

Mr. Speaker:

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

S. F. No. 1876, A bill for an act relating to public finance; imposing and modifying conditions and limitations on the use of public debt; reenacting certain provisions relating to taxes, abatements, and tax increments; requiring a study of the taxation of forest land; amending Minnesota Statutes 1998, sections 126C.55, subdivision 7; 272.02, by adding a subdivision; 373.01, subdivision 3; 410.32; 412.301; 469.015, subdivision 4; 469.155, subdivision 4; 473.39, by adding a subdivision; 475.56; and 475.60, subdivisions 1 and 3.

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

Senators Pogemiller, Betzold and Olson.

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

Abrams 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. 1876. The motion prevailed.

ANNOUNCEMENT BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 1876:

Abrams, McElroy and Rest.

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 Report was received:

CONFERENCE COMMITTEE REPORT ON H. F. NO. 2333

A bill for an act relating to education; prekindergarten through grade 12; providing for general education; special programs; lifework development; facilities and technology; education excellence; other programs; nutrition programs; libraries; education policy; and state agencies; appropriating money; amending Minnesota Statutes 1998, sections 13.46, subdivision 2; 43A.18, subdivision 4a; 119A.01, subdivisions 1 and 2; 120A.22, subdivision 5; 120A.24, subdivision 1; 120A.41; 121A.15, subdivision 1; 121A.23; 121A.45, subdivision 2; 122A.07, subdivision 1;

122A.18, by adding a subdivision; 122A.28; 122A.60, subdivision 3; 122A.61, subdivisions 1 and 2; 123A.05, subdivision 2; 123A.48, subdivision 10; 123B.195; 123B.36, subdivision 1; 123B.49, subdivision 4; 123B.53, subdivisions 4, 5, and 6; 123B.54; 123B.57, subdivision 4; 123B.61; 123B.75, by adding a subdivision; 123B.79, by adding a subdivision; 123B.92, subdivision 9; 123B.93; 124C.55, by adding a subdivision; 124D.10, subdivisions 3, 4, 5, 6, 10, 11, and by adding a subdivision; 124D.11, subdivisions 4, 6, 7, 8, and by adding a subdivision; 124D.453, subdivision 3; 124D.454; 124D.68, subdivision 9; 124D.69, subdivision 1; 124D.87; 124D.88, subdivision 3; 124D.94, subdivisions 3, 6, and 7; 125A.09, subdivision 4; 125A.50, subdivisions 2 and 5; 125A.75, subdivision 8; 125A.76, subdivisions 1, 4, and 5; 125A.79, subdivisions 1, 2, and by adding subdivisions; 125B.05, subdivision 3; 125B.20; 126C.05, subdivisions 1, 3, 15, and by adding a subdivision; 126C.10, subdivisions 1, 2, 3, 4, 10, 14, 19, 21, and by adding subdivisions; 126C.12; 126C.13, subdivisions 1 and 2; 126C.15; 126C.17, subdivisions 2, 5, and 6; 126C.40, subdivision 4; 126C.42, subdivisions 1 and 2; 126C.46; 126C.63, subdivisions 5 and 8; 126C.69, subdivisions 2 and 9; 127A.44, subdivision 2; 127A.45, subdivisions 2, 3, 4, 13, and by adding a subdivision; 127A.47, subdivisions 2 and 7; 127A.49, subdivisions 2 and 3; 128C.01, subdivisions 4 and 5; 128C.02, by adding a subdivision; 128C.12, subdivision 1; 128C.20; and 626.556, by adding a subdivision; Laws 1993, chapter 224, article 3, section 32, as amended; Laws 1995, First Special Session chapter 3, article 12, section 7, as amended; Laws 1996, chapter 412, article 1, section 35; Laws 1997, First Special Session chapter 4, article 1, section 61, subdivisions 1, 2, 3, as amended, and 4; article 2, section 51, subdivision 29, as amended; article 8, section 4; article 9, section 13; and Laws 1998, chapter 397, article 12, section 8; chapter 398, article 6, sections 38 and 39; proposing coding for new law in Minnesota Statutes, chapters 120B; 121A; 124D; 125A; 125B; 128C; and 134; repealing Minnesota Statutes 1998, sections 120B.05; 122A.31, subdivision 4; 123B.05; 123B.64, subdivisions 1, 2, 3, and 4; 123B.92, subdivisions 2, 4, 6, 7, 8, and 10; 124D.112; 124D.113; 124D.116; 124D.24; 124D.25; 124D.26; 124D.27; 124D.28; 124D.29; 124D.30; 124D.32; 124D.453; 124D.65, subdivision 3; 124D.67; 124D.70; 124D.90; 125A.76, subdivision 6; 125A.77; 125A.79, subdivision 3; 126C.05, subdivision 4; 126C.06; 127A.45, subdivision 5; 134.155; 135A.081; Laws 1995, First Special Session chapter 3, article 3, section 11; Laws 1997, First Special Session chapter 4, article 1, section 62, subdivision 5; article 2, section 51, subdivision 10; article 3, section 5; and article 8, section 5; and Laws 1998, chapter 398, article 2, section 57.

May 17, 1999

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. 2333, 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. 2333 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

GENERAL EDUCATION

Section 1. Minnesota Statutes 1998, section 123B.92, subdivision 9, is amended to read:

Subd. 9. [NONPUBLIC PUPIL TRANSPORTATION AID.] (a) A district's nonpublic pupil transportation aid for the 1996-1997 and later school years for transportation services for nonpublic school pupils according to sections 123B.88, 123B.84 to 123B.86, and this section, equals the sum of the amounts computed in paragraphs (b) and (c). This aid does not limit the obligation to transport pupils under sections 123B.84 to 123B.87.

(b) For regular and excess transportation according to subdivision 1, paragraph (b), clauses (1) and (2), an amount equal to the product of:

(1) the district's actual expenditure per pupil transported in the regular and excess transportation categories during the second preceding school year; times

(2) the number of nonpublic school pupils residing in the district who receive regular or excess transportation service or reimbursement for the current school year; times

(3) the ratio of the formula allowance pursuant to section 126C.10, subdivision 2, for the current school year to the formula allowance pursuant to section 126C.10, subdivision 2, for the second preceding school year.

(c) For nonpublic nonregular transportation according to subdivision 1, paragraph (b), clause (5), an amount equal to the product of:

(1) the district's actual expenditure for nonpublic nonregular transportation during the second preceding school year; times

(2) the ratio of the formula allowance pursuant to section 126C.10, subdivision 2, for the current school year to the formula allowance pursuant to section 126C.10, subdivision 2, for the second preceding school year.

(d) Notwithstanding the amount of the formula allowance for fiscal years ~~1997 and 1998~~ 2000, 2001, and 2002 in section 126C.10, subdivision 2, the commissioner shall use the amount of the formula allowance for the current year ~~less \$300 plus \$87~~ in determining the nonpublic pupil transportation revenue in paragraphs (b) and (c) for fiscal years ~~1997 and 1998~~ year 2000, and the amount of the formula allowance less \$110 in determining the nonpublic pupil transportation revenue in paragraphs (b) and (c) for fiscal years 2001 and 2002.

Sec. 2. Minnesota Statutes 1998, section 124D.11, subdivision 1, is amended to read:

Subdivision 1. [GENERAL EDUCATION REVENUE.] 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.

Sec. 3. Minnesota Statutes 1998, section 124D.65, subdivision 1, is amended to read:

Subdivision 1. [ADJUSTED LEP BASE REVENUE.] (a) A district's adjusted limited English proficiency programs base revenue for fiscal year ~~1996 and later~~ 2000 equals the product of:

(1) the district's base revenue for limited English proficiency programs under this section and section 125A.77, times

(2) the ratio of:

(i) the greater of 20 or the number of pupils of limited English proficiency enrolled in the district during the current fiscal year to

(ii) the greater of 20 or the number of pupils of limited English proficiency enrolled in the district during the base year.

(b) For the purposes of this section, the base year for fiscal year 1996 is fiscal year 1995. The base year for later fiscal years is the second fiscal year preceding the fiscal year for which aid shall be paid. The current year is the fiscal year for which aid shall be paid.

(c) For the purposes of this section, a teacher includes nonlicensed personnel who provide direct instruction to students of limited English proficiency under the supervision of a licensed teacher.

Sec. 4. Minnesota Statutes 1998, section 124D.65, subdivision 5, is amended to read:

Subd. 5. [SCHOOL DISTRICT LEP REVENUE.] (a) A school district's limited English proficiency programs revenue for fiscal year ~~1996 and later 2000~~ equals the state total limited English proficiency programs revenue, minus the amount determined under paragraph (b), times the ratio of the district's adjusted limited English proficiency programs base revenue to the state total adjusted limited English proficiency programs base revenue.

(b) Notwithstanding paragraph (a), if the limited English proficiency programs base revenue for a district equals zero, the limited English proficiency programs revenue equals the sum of the following amounts, computed using current year data:

(1) 68 percent of the salary of one full-time equivalent teacher for each 40 pupils of limited English proficiency enrolled, or 68 percent of the salary of one-half of a full-time teacher in a district with 20 or fewer pupils of limited English proficiency enrolled; and

(2) for supplies and equipment purchased or rented for use in the instruction of pupils of limited English proficiency an amount equal to 47 percent of the sum actually spent by the district but not to exceed an average of \$47 in any one school year for each pupil of limited English proficiency receiving instruction.

(c) A district's limited English proficiency programs revenue for fiscal year 2001 and later equals the product of \$584 times the greater of 20 or the number of adjusted marginal cost pupils of limited English proficiency enrolled in the district during the current fiscal year.

Sec. 5. Minnesota Statutes 1998, 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 ~~compensatory basic skills~~ revenue to the eligible program and ten percent of the district's average general education revenue less ~~compensatory basic skills~~ revenue to the resident 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 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. ~~Compensatory Basic skills~~ revenue shall be paid according to section 126C.10, subdivision ~~3~~ 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.

Sec. 6. Minnesota Statutes 1998, section 124D.69, subdivision 1, is amended to read:

Subdivision 1. [AID.] If a pupil enrolls in an alternative program, eligible under section 124D.68, subdivision 3, paragraph (d), or subdivision 4, operated by a private organization that has contracted with a school district to provide educational services for eligible pupils under section 124D.68, subdivision 2, the district contracting with the private organization must reimburse the provider an amount equal to at least 90 percent of the district's average general education less ~~compensatory basic skills~~ revenue per pupil unit times the number of pupil units for pupils

attending the program. Basic skills revenue shall be paid according to section 126C.10, subdivision 4. Compensatory revenue must be allocated according to section 126C.15, subdivision 2. For a pupil attending the program part time, the revenue paid to the program must be reduced proportionately, according to the amount of time the pupil attends the program, and revenue paid to the district shall be reduced accordingly. Pupils for whom a district provides reimbursement may not be counted by the district for any purpose other than computation of general education revenue. If payment is made to a district or program for a pupil under this section, the department must not make a payment for the same pupil under section 124D.68, subdivision 9.

Sec. 7. Minnesota Statutes 1998, section 124D.86, subdivision 3, is amended to read:

Subd. 3. [INTEGRATION REVENUE.] For fiscal year ~~1999~~ 2000 and later fiscal years, integration revenue equals the following amounts:

(1) for independent school district No. 709, Duluth, ~~\$193~~ \$207 times the ~~resident~~ adjusted pupil units for the school year;

(2) for independent school district No. 625, St. Paul, ~~\$427~~ \$446 times the ~~resident~~ adjusted pupil units for the school year;

(3) for special school district No. 1, Minneapolis, ~~\$523~~ \$536 times the ~~resident~~ 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 3535.0200 to 3535.2200, the lesser of the actual cost of implementing the plan during the fiscal year or \$93 times the ~~resident~~ adjusted pupil units for the school year.

Sec. 8. Minnesota Statutes 1998, section 126C.05, subdivision 1, is amended to read:

Subdivision 1. [PUPIL UNIT.] Pupil units for each Minnesota resident pupil in average daily membership enrolled in the district of residence, in another district under sections 123A.05 to 123A.08, 124D.03, 124D.06, 124D.07, 124D.08, or 124D.68; in a charter school under section 124D.10; or for whom the resident district 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, shall be counted according to this subdivision.

(a) A prekindergarten pupil with a disability who is enrolled in a program approved by the commissioner and has an individual education plan is counted as the ratio of the number of hours of assessment and education service to 825 ~~times~~ 1.25 with a minimum of 0.28, but not more than ~~one~~ 1.25.

(b) A prekindergarten pupil who is assessed but determined not to be handicapped is counted as the ratio of the number of hours of assessment service to 825 ~~times~~ 1.25.

(c) A kindergarten pupil with a disability who is enrolled in a program approved by the commissioner is counted as the ratio of the number of hours of assessment and education services required in the fiscal year by the pupil's individual education program plan to 875, but not more than one.

(d) A kindergarten pupil who is not included in paragraph (c) is counted as ~~.53~~ .557 of a pupil unit for fiscal year ~~1995~~ 2000 and thereafter.

(e) A pupil who is in any of grades 1 to 3 is counted as 1.115 pupil units for fiscal year 2000 and thereafter.

(f) ~~A pupil who is any of grades 4 to 6~~ is counted as 1.06 pupil units for fiscal year 1995 and thereafter.

(~~f~~) (g) A pupil who is in any of grades 7 to 12 is counted as 1.3 pupil units.

(~~g~~) (h) A pupil who is in the post-secondary enrollment options program is counted as 1.3 pupil units.

Sec. 9. Minnesota Statutes 1998, section 126C.05, subdivision 3, is amended to read:

Subd. 3. [COMPENSATION REVENUE PUPIL UNITS.] Compensation revenue pupil units for fiscal year 1998 and thereafter must be computed according to this subdivision.

(a) The compensation revenue concentration percentage for each building in a district equals the product of 100 times the ratio of:

(1) the sum of the number of pupils enrolled in the building eligible to receive free lunch plus one-half of the pupils eligible to receive reduced priced lunch on October 1 of the previous fiscal year; to

(2) the number of pupils enrolled in the building on October 1 of the previous fiscal year.

(b) The compensation revenue pupil weighting factor for a building equals the lesser of one or the quotient obtained by dividing the building's compensation revenue concentration percentage by 80.0.

(c) The compensation revenue pupil units for a building equals the product of:

(1) the sum of the number of pupils enrolled in the building eligible to receive free lunch and one-half of the pupils eligible to receive reduced priced lunch on October 1 of the previous fiscal year; times

(2) the compensation revenue pupil weighting factor for the building; times

(3) .60.

(d) Notwithstanding paragraphs (a) to (c), for charter schools and contracted alternative programs in the first year of operation, compensation revenue pupil units shall be computed using data for the current fiscal year. If the charter school or contracted alternative program begins operation after October 1, compensatory revenue pupil units shall be computed based on pupils enrolled on an alternate date determined by the commissioner, and the compensation revenue pupil units shall be prorated based on the ratio of the number of days of student instruction to 170 days.

(e) The percentages in this subdivision must be based on the count of individual pupils and not on a building average or minimum.

Sec. 10. Minnesota Statutes 1998, 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 ~~resident~~ pupil units served, according to subdivision ~~1g~~ 7, plus

(2) ~~shared time pupil units, according to section 126C.01, subdivision 6, plus~~

~~(3) pupil units according to subdivision 1 for pupils attending the district for which general education aid adjustments are made according to section 127A.47, subdivision 7, minus~~

~~(4) pupil units according to subdivision 1 for resident pupils attending other districts for which general education aid adjustments are made according to section 127A.47, subdivision 7, 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 sum of .9 times the pupil units defined in paragraph (a) for the current school year and .1 times the pupil units defined in paragraph (a) for the previous school year.

Sec. 11. Minnesota Statutes 1998, 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 sum of .9 times the pupil units defined in paragraph (a) for the current year and .1 times the pupil units defined in paragraph (a) for the previous school year.

Sec. 12. Minnesota Statutes 1998, section 126C.05, subdivision 7, is amended to read:

Subd. 7. [PUPIL UNITS SERVED.] Pupil units served for a district or charter school means the number of pupil units according to subdivision 1 enrolled in the district or charter school.

Sec. 13. Minnesota Statutes 1998, section 126C.10, subdivision 1, is amended to read:

Subdivision 1. [GENERAL EDUCATION REVENUE.] For fiscal year ~~1999~~ 2000 and thereafter, the general education revenue for each district equals the sum of the district's basic revenue, basic skills revenue, training and experience revenue, secondary sparsity revenue, elementary sparsity revenue, transportation sparsity revenue, total operating capital revenue, ~~graduation standards implementation revenue,~~ equity revenue, referendum offset adjustment, transition revenue, and supplemental revenue.

Sec. 14. Minnesota Statutes 1998, 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 pupil units for the school year. ~~The formula allowance for fiscal year 1997 is \$3,505. The formula allowance for fiscal year 1998 is \$3,581 and. The formula allowance for fiscal year 1999 and fiscal year 2000 is \$3,530. The formula allowance for fiscal year 2001 and subsequent fiscal years is \$3,597~~ \$3,875.

Sec. 15. Minnesota Statutes 1998, section 126C.10, subdivision 4, is amended to read:

Subd. 4. [BASIC SKILLS REVENUE.] For fiscal year 1999 and thereafter, a school district's basic skills revenue equals the sum of:

- (1) compensatory revenue under subdivision 3; plus
- (2) limited English proficiency revenue according to section 124D.65, subdivision 5; plus
- (3) \$190 times the limited English proficiency pupil units according to section 126C.05, subdivision 17; plus
- (4) ~~the lesser of: (i) \$22.50 times the number of adjusted marginal cost pupil units in kindergarten to grade 8; or (ii) the amount of district money provided to match basic skills revenue for the purposes described in section 126C.15.~~

Sec. 16. Minnesota Statutes 1998, section 126C.10, subdivision 5, is amended to read:

Subd. 5. [TRAINING AND EXPERIENCE REVENUE.] The training and experience revenue for each district equals the greater of zero or the result of the following computation:

- (1) subtract .8 from the training and experience index;
- (2) multiply the result in clause (1) by the product of \$660 times the ~~resident~~ adjusted marginal cost pupil units for the school year.

Sec. 17. Minnesota Statutes 1998, section 126C.10, subdivision 6, is amended to read:

Subd. 6. [DEFINITIONS.] The definitions in this subdivision apply only to subdivisions 7 and 8.

(a) "High school" means a secondary school that has pupils enrolled in at least the 10th, 11th, and 12th grades. If there is no secondary school in the district that has pupils enrolled in at least the 10th, 11th, and 12th grades, and the school is at least 19 miles from the next nearest school, the commissioner must designate one school in the district as a high school for the purposes of this section.

(b) "Secondary average daily membership" means, for a district that has only one high school, the average daily membership of ~~resident~~ pupils served in grades 7 through 12. For a district that has more than one high school, "secondary average daily membership" for each high school means the product of the average daily membership of ~~resident~~ pupils served in grades 7 through 12 in the high school, times the ratio of six to the number of grades in the high school.

(c) "Attendance area" means the total surface area of the district, in square miles, divided by the number of high schools in the district. For a district that does not operate a high school and is less than 19 miles from the nearest operating high school, the attendance area equals zero.

(d) "Isolation index" for a high school means the square root of 55 percent of the attendance area plus the distance in miles, according to the usually traveled routes, between the high school and the nearest high school. For a district in which there is located land defined in section 84A.01, 84A.20, or 84A.31, the distance in miles is the sum of:

- (1) the square root of one-half of the attendance area; and
- (2) the distance from the border of the district to the nearest high school.

(e) "Qualifying high school" means a high school that has an isolation index greater than 23 and that has secondary average daily membership of less than 400.

(f) "Qualifying elementary school" means an elementary school that is located 19 miles or more from the nearest elementary school or from the nearest elementary school within the district and, in either case, has an elementary average daily membership of an average of 20 or fewer per grade.

(g) "Elementary average daily membership" means, for a district that has only one elementary school, the average daily membership of ~~resident~~ pupils served in kindergarten through grade 6. For a district that has more than one elementary school, "average daily membership" for each school means the average daily membership of pupils served in kindergarten through grade 6 multiplied by the ratio of seven to the number of grades in the elementary school. ~~For a building in a district where the nearest elementary school is at least 65 miles distant, pupils served must be used to determine average daily membership.~~

Sec. 18. Minnesota Statutes 1998, section 126C.10, subdivision 7, is amended to read:

Subd. 7. [SECONDARY SPARSITY REVENUE.] (a) A district's secondary sparsity revenue for a school year equals the sum of the results of the following calculation for each qualifying high school in the district:

- (1) the formula allowance for the school year, multiplied by
- (2) the secondary average daily membership of pupils served in the high school, multiplied by
- (3) the quotient obtained by dividing 400 minus the secondary average daily membership by 400 plus the secondary daily membership, multiplied by
- (4) the lesser of 1.5 or the quotient obtained by dividing the isolation index minus 23 by ten.

(b) A newly formed district that is the result of districts combining under the cooperation and combination program or consolidating under section 123A.48 must receive secondary sparsity revenue equal to the greater of: (1) the amount calculated under paragraph (a) for the combined district; or (2) the sum of the amounts of secondary sparsity revenue the former districts had in the year prior to consolidation, increased for any subsequent changes in the secondary sparsity formula.

Sec. 19. Minnesota Statutes 1998, section 126C.10, subdivision 8, is amended to read:

Subd. 8. [ELEMENTARY SPARSITY REVENUE.] A district's elementary sparsity revenue equals the sum of the following amounts for each qualifying elementary school in the district:

(1) the formula allowance for the year, multiplied by

(2) the elementary average daily membership of pupils served in the school, multiplied by

(3) the quotient obtained by dividing 140 minus the elementary average daily membership by 140 plus the average daily membership.

Sec. 20. Minnesota Statutes 1998, section 126C.10, subdivision 9, is amended to read:

Subd. 9. [SUPPLEMENTAL REVENUE.] (a) A district's supplemental revenue allowance for fiscal year 1994 and later fiscal years equals the district's supplemental revenue for fiscal year 1993 divided by the district's 1992-1993 resident pupil units.

(b) A district's supplemental revenue allowance is reduced for fiscal year 1995 and later according to subdivision 12.

(c) A district's supplemental revenue equals the supplemental revenue allowance, if any, times its resident adjusted marginal cost pupil units for that year.

(d) A district may cancel its supplemental revenue by notifying the commissioner of education prior to June 30, 1994. A district that is reorganizing under section 122A.35, 123A.46, or 123A.48 may cancel its supplemental revenue by notifying the commissioner of children, families, and learning before July 1 of the year of the reorganization. If a district cancels its supplemental revenue according to this paragraph, its supplemental revenue allowance for fiscal year 1993 for purposes of subdivision 12 and section 124A.03, subdivision 3b, equals zero.

Sec. 21. Minnesota Statutes 1998, section 126C.10, subdivision 10, is amended to read:

Subd. 10. [SUPPLEMENTAL LEVY.] To obtain supplemental revenue, a district may levy an amount not more than the product of its supplemental revenue for the school year times the lesser of one or the ratio of its adjusted net tax capacity per resident adjusted marginal cost pupil unit to ~~\$10,000~~ \$8,404.

Sec. 22. Minnesota Statutes 1998, section 126C.10, is amended by adding a subdivision to read:

Subd. 12a. [SUPPLEMENTAL REVENUE REDUCTION.] If a district's ratio of 1992 adjusted net tax capacity divided by 1994-1995 actual pupil units to \$9,025 is less than or equal to .25, then the difference under subdivision 12, clause (2), is equal to \$0 for purposes of computing the district's supplemental revenue under subdivision 9.

Sec. 23. Minnesota Statutes 1998, section 126C.10, subdivision 13, is amended to read:

Subd. 13. [TOTAL OPERATING CAPITAL REVENUE.] (a) For fiscal year ~~1999~~ 2000 and thereafter, total operating capital revenue for a district equals the amount determined under paragraph (b) or (c), plus \$68 times the resident 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 subdivision 14.

(b) For fiscal years ~~1999~~ 2000 and later, capital revenue for a district equals \$100 times the district's maintenance cost index times its ~~resident~~ adjusted marginal cost pupil units for the school year.

(c) ~~For 1996 and later fiscal years, the previous formula revenue for a district equals \$128 times its resident pupil units for the school year.~~

(~~d~~) For fiscal years ~~1998~~ 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 ~~resident~~ marginal cost pupil units served at the site where the program is implemented.

Sec. 24. Minnesota Statutes 1998, 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;
- (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 ~~capital expenditure equipment-related~~ 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 or technology;

(22) to purchase vehicles;

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

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

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

(iii) other classroom information management needs; and

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

Sec. 25. Minnesota Statutes 1998, section 126C.10, subdivision 18, is amended to read:

Subd. 18. [TRANSPORTATION SPARSITY REVENUE ALLOWANCE.] (a) A district's transportation sparsity allowance equals the greater of zero or the result of the following computation:

(i) Multiply the formula allowance according to subdivision 2, by .1469.

(ii) Multiply the result in clause (i) by the district's sparsity index raised to the 26/100 power.

(iii) Multiply the result in clause (ii) by the district's density index raised to the 13/100 power.

(iv) Multiply the formula allowance according to subdivision 2, by .0485.

(v) Subtract the result in clause (iv) from the result in clause (iii).

(b) Transportation sparsity revenue is equal to the transportation sparsity allowance times the ~~resident~~ adjusted marginal cost pupil units.

Sec. 26. Minnesota Statutes 1998, section 126C.10, subdivision 19, is amended to read:

Subd. 19. [TRANSITION ALLOWANCE.] (a) A district's transportation transition allowance for fiscal year 1998 and later equals the result of the following:

(1) if the result in subdivision 18, paragraph (a), clause (iii), for fiscal year 1998 is less than the fiscal year 1996 base allowance, the transportation transition allowance equals the fiscal year 1996 base allowance minus the result in subdivision 18, paragraph (a), clause (iii); or

(2) if the result in subdivision 18, paragraph (a), clause (iii), for fiscal year 1998 and later is greater than or equal to the fiscal year 1996 base allowance, the transportation transition allowance equals zero.

(b) A district's compensatory transition allowance equals the greater of zero or the difference between:

(1) the amount of compensatory revenue the district would have received under Minnesota Statutes 1996, section 124A.22, subdivision 3, for fiscal year 1998 computed using a basic formula allowance of \$3,281; and

(2) the amount the district receives under subdivision 3; divided by

(3) the district's actual pupil units for fiscal year 1998.

(c) A district's cooperation transition allowance for fiscal year 2001 and later equals the greater of zero or the difference between:

(1) \$25,000; and

(2) \$67 times the district's resident pupil units for fiscal year 2001 divided by;

(3) the district's resident pupil units for fiscal year 2001.

(d) A district's transition allowance for fiscal ~~year~~ years 1999 and 2000 is equal to the sum of its transportation transition allowance and its compensatory transition allowance. A district's transition allowance for fiscal year ~~2000~~ 2001 and thereafter is equal to the sum of its transportation transition allowance, its compensatory transition allowance, and its cooperation transition allowance.

Sec. 27. Minnesota Statutes 1998, section 126C.10, subdivision 20, is amended to read:

Subd. 20. [TRANSITION REVENUE ADJUSTMENT.] A district's transition revenue adjustment equals the district's transition allowance times the ~~resident adjusted marginal cost~~ pupil units for the school year.

Sec. 28. Minnesota Statutes 1998, section 126C.10, subdivision 21, is amended to read:

Subd. 21. [TRANSITION LEVY ADJUSTMENT.] A district's general education levy shall be adjusted by an amount equal to the district's transition revenue times the lesser of 1 or the ratio of its adjusted net tax capacity per ~~resident adjusted marginal cost~~ pupil unit to ~~\$10,000~~ \$8,404.

Sec. 29. Minnesota Statutes 1998, section 126C.10, is amended by adding a subdivision 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 pupil unit.

Sec. 30. Minnesota Statutes 1998, section 126C.10, is amended by adding a subdivision to read:

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

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

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

Sec. 31. Minnesota Statutes 1998, section 126C.10, is amended by adding a subdivision to read:

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

Sec. 32. Minnesota Statutes 1998, section 126C.10, is amended by adding a subdivision to read:

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

Sec. 33. Minnesota Statutes 1998, section 126C.10, is amended by adding a subdivision to read:

Subd. 27. [DISTRICT EQUITY INDEX.] A district's equity index equals the ratio of the sum of the district equity gap amount to the regional equity gap amount.

Sec. 34. Minnesota Statutes 1998, section 126C.10, is amended by adding a subdivision to read:

Subd. 28. [EQUITY REGION.] For the purposes of computing equity revenue under subdivision 23, a district whose administrative offices on July 1, 1999, is located in Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington county is part of the metro equity region. Districts whose administrative offices on July 1, 1999, are not located in Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington county are part of the rural equity region.

Sec. 35. Minnesota Statutes 1998, section 126C.12, subdivision 1, is amended to read:

Subdivision 1. [REVENUE.] Of a district's general education revenue an amount equal to the sum of the number of elementary fund balance pupils in average daily membership defined in section 126C.05, subdivision 5, and one-half of the number of kindergarten fund balance pupils in average daily membership as defined in section 126C.05, subdivision 5, times .06 for fiscal year 1995 and thereafter times the formula allowance must be reserved according to this section: 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 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 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 in average daily membership, according to section 126C.05, subdivision 5, in grades 4 to 6 times .06.

Sec. 36. Minnesota Statutes 1998, section 126C.12, subdivision 4, is amended to read:

Subd. 4. [REVENUE USE.] (a) Revenue must be used according to either paragraph (b) or (c).

(b) Revenue must be used to reduce and maintain the district's instructor to learner ratios in kindergarten through grade 6 to a level of 1 to 17 on average. The district must prioritize the use of the revenue to attain this level initially in kindergarten and grade 1 and then through the subsequent grades as revenue is available.

(c) The revenue may be used to prepare and use an individualized learning plan for each learner. A district must not increase the district wide instructor-to-learner ratios in other grades as a result of reducing instructor-to-learner ratios in kindergarten through grade 6. Revenue may not be used to provide instructor preparation time ~~or to provide the district's share of revenue required under section 124D.67.~~ A district may use a portion of the revenue reserved under this section to employ up to the same number of full-time equivalent education assistants or aides as the district employed during the 1992-1993 school year under Minnesota Statutes 1992, section 124.331, subdivision 2.

Sec. 37. Minnesota Statutes 1998, section 126C.13, subdivision 1, is amended to read:

Subdivision 1. [GENERAL EDUCATION TAX RATE.] The commissioner must establish the general education tax rate by July 1 of each year for levies payable in the following year. The general education tax capacity rate must be a rate, rounded up to the nearest hundredth of a percent, that, when applied to the adjusted net tax capacity for all districts, raises the amount specified in this subdivision. The general education tax rate must be the rate that raises ~~\$1,385,500,000 for fiscal year 1999, \$1,325,500,000 for fiscal year 2000, and \$1,387,100,000~~ \$1,330,000,000 for fiscal year 2001, and later fiscal years. The general education tax rate may not be changed due to changes or corrections made to a district's adjusted net tax capacity after the tax rate has been established. ~~If the levy target for fiscal year 1999 or fiscal year 2000 is changed by another law enacted during the 1997 or 1998 session, the commissioner shall reduce the general education levy target in this section by the amount of the reduction in the enacted law.~~

Sec. 38. Minnesota Statutes 1998, section 126C.13, subdivision 2, is amended to read:

Subd. 2. [GENERAL EDUCATION LEVY.] To obtain general education revenue, excluding transition revenue and supplemental revenue, a district may levy an amount not to exceed the general education tax rate times the adjusted net tax capacity of the district for the preceding year. If the amount of the general education levy would exceed the general education revenue, excluding transition revenue and supplemental revenue, the general education levy must be determined according to subdivision 3.

Sec. 39. Minnesota Statutes 1998, section 126C.15, is amended to read:

126C.15 [COMPENSATORY EDUCATION REVENUE.]

Subdivision 1. [USE OF THE REVENUE.] The ~~compensatory education~~ basic skills revenue under section 126C.10, subdivision 3 ~~4~~, and the portion of the transition revenue adjustment under section 126C.10, subdivision 20, attributable to the compensatory transition allowance under section 126C.10, subdivision 19, paragraph (b), must be reserved and used to meet the educational needs of pupils who enroll under-prepared to learn and whose progress toward meeting state or local content or performance standards is below the level that is appropriate for learners of their age. Any of the following may be provided to meet these learners' needs:

- (1) direct instructional services under the assurance of mastery program according to section 124D.66;
- (2) remedial instruction in reading, language arts, mathematics, other content areas, or study skills to improve the achievement level of these learners;
- (3) additional teachers and teacher aides to provide more individualized instruction to these learners through individual tutoring, lower instructor-to-learner ratios, or team teaching;
- (4) a longer school day or week during the regular school year or through a summer program that may be offered directly by the site or under a performance-based contract with a community-based organization;
- (5) comprehensive and ongoing staff development consistent with district and site plans according to section 122A.60, for teachers, teacher aides, principals, and other personnel to improve their ability to identify the needs of these learners and provide appropriate remediation, intervention, accommodations, or modifications;

- (6) instructional materials and technology appropriate for meeting the individual needs of these learners;
- (7) programs to reduce truancy, encourage completion of high school, enhance self-concept, provide health services, provide nutrition services, provide a safe and secure learning environment, provide coordination for pupils receiving services from other governmental agencies, provide psychological services to determine the level of social, emotional, cognitive, and intellectual development, and provide counseling services, guidance services, and social work services;
- (8) bilingual programs, bicultural programs, and programs for learners of limited English proficiency;
- (9) all day kindergarten;
- (10) extended school day and extended school year programs;
- (11) substantial parent involvement in developing and implementing remedial education or intervention plans for a learner, including learning contracts between the school, the learner, and the parent that establish achievement goals and responsibilities of the learner and the learner's parent or guardian; and
- (12) other methods to increase achievement, as needed.

Subd. 2. [BUILDING ALLOCATION.] (a) A district must allocate its compensatory revenue to each school building in the district where the children who have generated the revenue are served.

(b) Notwithstanding paragraph (a), for fiscal years 1999, ~~and 2000, and 2001~~, upon approval by the commissioner, a district may allocate up to five percent of the amount of compensatory revenue that the district would have received under Minnesota Statutes 1996, section 126C.10 124A.22, subdivision 3, for fiscal year 1998, computed using a basic formula allowance of \$3,581 to school sites according to a plan adopted by the school board.

(c) For the purposes of this section and section 126C.05, subdivision 3, "building" means education site as defined in section 123B.04, subdivision 1.

(d) If the pupil is served at a site other than one owned and operated by the district, the revenue shall be paid to the district and used for services for pupils who generate the revenue.

Subd. 3. [RECOMMENDATION.] A school site decision-making team, as defined in section 123B.04, subdivision 3, paragraph (a), or the instruction and curriculum advisory committee under section 120B.11, if the school has no school site decision team, shall recommend how the compensatory education revenue will be used to carry out the purpose of this section.

Subd. 4. [SEPARATE ACCOUNTS.] Each district that receives ~~compensatory education~~ basic skills revenue shall maintain separate accounts to identify expenditures for salaries and programs related to basic skills revenue.

Subd. 5. [ANNUAL EXPENDITURE REPORT.] Each year a district that receives ~~compensatory education~~ basic skills revenue must submit a report identifying the expenditures it incurred to meet the needs of eligible learners under subdivision 1. The report must conform to uniform financial and reporting standards established for this purpose.

Sec. 40. Minnesota Statutes 1998, section 126C.17, subdivision 1, is amended to read:

Subdivision 1. [REFERENDUM ALLOWANCE.] A district's referendum revenue allowance equals the referendum revenue authority for that year divided by its resident marginal cost pupil units for that school year.

Sec. 41. Minnesota Statutes 1998, section 126C.17, subdivision 2, is amended to read:

Subd. 2. [REFERENDUM ALLOWANCE LIMIT.] Notwithstanding subdivision 1, a district's referendum allowance must not exceed the greater of:

(1) the district's referendum allowance for fiscal year 1994;

(2) 25 percent of the formula allowance ~~minus \$300 for fiscal year 1997 and later~~; or

(3) for a newly reorganized district created after July 1, 1994, the sum of the referendum revenue authority for the reorganizing districts for the fiscal year preceding the reorganization, divided by the sum of the resident marginal cost pupil units of the reorganizing districts for the fiscal year preceding the reorganization.

Sec. 42. Minnesota Statutes 1998, section 126C.17, subdivision 4, is amended to read:

Subd. 4. [TOTAL REFERENDUM REVENUE.] The total referendum revenue for each district equals the district's referendum allowance times the resident marginal cost pupil units for the school year.

Sec. 43. Minnesota Statutes 1998, section 126C.17, subdivision 5, is amended to read:

Subd. 5. [REFERENDUM EQUALIZATION REVENUE.] ~~(a)~~ A district's referendum equalization revenue equals ~~\$350 the referendum equalization allowance~~ times the district's resident marginal cost pupil units for that year.

~~(b) The referendum equalization allowance equals \$350 for fiscal year 2000 and \$415 for fiscal year 2001 and later.~~

~~(c) Referendum equalization revenue must not exceed a district's total referendum revenue for that year.~~

Sec. 44. Minnesota Statutes 1998, section 126C.17, subdivision 6, is amended to read:

Subd. 6. [REFERENDUM EQUALIZATION LEVY.] ~~(a) For fiscal year 1999 and thereafter,~~ A district's referendum equalization levy for a referendum levied against the referendum market value of all taxable property as defined in section 126C.01, subdivision 3, equals the district's referendum equalization revenue times the lesser of one or the ratio of the district's referendum market value per resident marginal cost pupil unit to \$476,000.

~~(b) For fiscal year 1999 and thereafter,~~ A district's referendum equalization levy for a referendum levied against the net tax capacity of all taxable property equals the district's referendum equalization revenue times the lesser of one or the ratio of the district's adjusted net tax capacity per resident marginal cost pupil unit to ~~\$10,000~~ \$8,404.

Sec. 45. Minnesota Statutes 1998, 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 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 pupil units 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 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.

Sec. 46. Minnesota Statutes 1998, section 126C.41, subdivision 2, is amended to read:

Subd. 2. [RETIRED EMPLOYEE HEALTH BENEFITS.] ~~For taxes payable in 1996, 1997, 1998, and 1999 only,~~ A district may levy an amount up to the amount the district is required by the collective bargaining agreement in effect on March 30, 1992, to pay for health insurance or unreimbursed medical expenses for licensed and nonlicensed employees who have terminated services in the employing district and withdrawn from active teaching service or other active service, as applicable, before July 1, 1992. The total amount of the levy each year may not exceed \$300,000.

Sec. 47. Minnesota Statutes 1998, section 127A.44, subdivision 2, is amended to read:

Subd. 2. [ADJUSTMENT TO AIDS.] (a) The amount specified in subdivision 1 shall be used to adjust the following state aids and credits in the order listed:

- (1) general education aid authorized in section 126C.13;
- (2) secondary vocational aid authorized in section 124D.453;
- (3) special education aid authorized in sections 125A.75 and 125A.76;
- (4) ~~school-to-work~~ career and technical program aid for children with a disability authorized in section 124D.454;
- (5) ~~aid for pupils of limited English proficiency authorized in section 124D.65;~~
- ~~(6)~~ transportation aid authorized in section 123B.92;
- ~~(7)~~ (6) community education programs aid authorized in section 124D.20;
- ~~(8)~~ (7) adult education aid authorized in section 124D.52;
- ~~(9)~~ (8) early childhood family education aid authorized in section 124D.135;
- ~~(10)~~ (9) capital expenditure aid authorized in section 123B.57;
- ~~(11)~~ (10) school district cooperation aid authorized in section 126C.22;
- ~~(12)~~ ~~assurance of mastery aid according to section 124D.67;~~
- ~~(13)~~ (11) homestead and agricultural credit aid, disparity credit and aid, and changes to credits for prior year adjustments according to section 273.1398, subdivisions 2, 3, 4, and 7;
- ~~(14)~~ (12) attached machinery aid authorized in section 273.138, subdivision 3;

- ~~(15) alternative delivery aid authorized in section 125A.78;~~
~~(16) special education equalization aid authorized in section 125A.77;~~
~~(17) (13) special education excess cost aid authorized in section 125A.79; and~~
~~(18) (14) learning readiness aid authorized in section 124D.16; and~~
~~(19) cooperation-combination aid authorized in section 123A.39, subdivision 3.~~

(b) The commissioner shall schedule the timing of the adjustments to state aids and credits specified in subdivision 1, as close to the end of the fiscal year as possible.

Sec. 48. Minnesota Statutes 1998, section 127A.47, subdivision 1, is amended to read:

Subdivision 1. [AID TO SERVING DISTRICT OF RESIDENCE.] ~~(a) Unless otherwise specifically provided by law, general education aid must be paid to the district of residence unless otherwise specifically provided by law according to this subdivision.~~

~~(b) Except as provided in paragraph (c), general education aid must be paid to the serving district.~~

~~(c) If the resident district pays tuition for a pupil 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, general education aid, excluding basic skills revenue under section 126C.10, subdivision 4, must be paid to the resident district.~~

Sec. 49. Minnesota Statutes 1998, section 127A.47, subdivision 7, is amended to read:

Subd. 7. [ALTERNATIVE ATTENDANCE PROGRAMS.] The general education aid for districts must be adjusted for each pupil attending a nonresident district under sections 123A.05 to 123A.08, 124D.03, 124D.06, 124D.07, 124D.08, and 124D.68. The adjustments must be made according to this subdivision.

(a) General education aid paid to a resident district must be reduced by an amount equal to the ~~general education revenue exclusive of basic skills revenue~~ referendum equalization aid attributable to the pupil in the resident district.

(b) General education aid paid to a district serving a pupil in programs listed in this subdivision must be increased by an amount equal to the ~~general education revenue exclusive of basic skills revenue~~ referendum equalization aid attributable to the pupil in the nonresident district.

(c) If the amount of the reduction to be made from the general education aid of the resident district is greater than the amount of general education aid otherwise due the district, the excess reduction must be made from other state aids due the district.

(d) The district of residence must pay tuition to a district or an area learning center, operated according to paragraph (e), providing special instruction and services to a pupil with a disability, as defined in section 125A.02, or a pupil, as defined in section 125A.51, who is enrolled in a program listed in this subdivision. The tuition must be equal to (1) the actual cost of providing special instruction and services to the pupil, including a proportionate amount for debt service and for capital expenditure facilities and equipment, and debt service but not including any amount for transportation, minus (2) the amount of general education ~~aid~~ revenue and special education aid but not including any amount for transportation, attributable to that pupil, that is received by the district providing special instruction and services.

(e) An area learning center operated by a service cooperative, intermediate district, education district, or a joint powers cooperative may elect through the action of the constituent boards to charge tuition for pupils rather than to calculate general education aid adjustments under paragraph (a), (b), or (c). The tuition must be equal to the greater of the average general education revenue per pupil unit attributable to the pupil, or the actual cost of providing the instruction, excluding transportation costs, if the pupil meets the requirements of section 125A.02 or 125A.51.

Sec. 50. Minnesota Statutes 1998, section 127A.47, subdivision 8, is amended to read:

Subd. 8. [CHARTER SCHOOLS.] (a) The general education aid for districts must be adjusted for each pupil attending a charter school under section 124D.10. The adjustments must be made according to this subdivision.

~~(b) General education aid paid to a resident district must be reduced by an amount equal to the general education revenue exclusive of basic skills revenue.~~

~~(c)~~ General education aid paid to a district in which a charter school not providing transportation according to section 124D.10, subdivision 16, is located must be increased by an amount equal to the product of: (1) the sum of an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times .0485, plus the transportation sparsity allowance for the district, plus the transportation transition allowance for the district; times (2) the pupil units attributable to the pupil.

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

Sec. 51. Minnesota Statutes 1998, section 127A.49, subdivision 2, is amended to read:

Subd. 2. [ABATEMENTS.] Whenever by virtue of chapter 278, sections 270.07, 375.192, or otherwise, the net tax capacity of any district for any taxable year is changed after the taxes for that year have been spread by the county auditor and the local tax rate as determined by the county auditor based upon the original net tax capacity is applied upon the changed net tax capacities, the county auditor shall, prior to February 1 of each year, certify to the commissioner of children, families, and learning the amount of any resulting net revenue loss that accrued to the district during the preceding year. Each year, the commissioner shall pay an abatement adjustment to the district in an amount calculated according to the provisions of this subdivision. This amount shall be deducted from the amount of the levy authorized by section 126C.46. The amount of the abatement adjustment must be the product of:

(1) the net revenue loss as certified by the county auditor, times

(2) the ratio of:

(i) the sum of the amounts of the district's certified levy in the preceding year according to the following:

(A) section 126C.13 if the district received general education aid according to that section for the second preceding year;

~~(B) section 124.226, subdivisions 1 and 4, if the district received transportation aid according to section 123B.92 for the second preceding year;~~

~~(C) section 124.243, if the district received capital expenditure facilities aid according to that section for the second preceding year;~~

~~(D) section 124.244, if the district received capital expenditure equipment aid according to that section for the second preceding year;~~

~~(E)~~ section 123B.57, if the district received health and safety aid according to that section for the second preceding year;

~~(F)~~ (C) sections 124D.20, 124D.21, and 124D.56, if the district received aid for community education programs according to any of those sections for the second preceding year;

~~(G)~~ (D) section 124D.135, subdivision 3, if the district received early childhood family education aid according to section 124D.135 for the second preceding year; and

~~(H)~~ section 125A.77, subdivision 3, if the district received special education levy equalization aid according to that section for the second preceding year;

~~(I)~~ (E) section 126C.17, subdivision 6, if the district received referendum equalization aid according to that section for the second preceding year; and

~~(J)~~ section 124A.22, subdivision 4a, if the district received training and experience aid according to that section for the second preceding year; to

(ii) the total amount of the district's certified levy in the preceding ~~October~~ December, plus or minus auditor's adjustments.

Sec. 52. Minnesota Statutes 1998, section 127A.49, subdivision 3, is amended to read:

Subd. 3. [EXCESS TAX INCREMENT.] (a) If a return of excess tax increment is made to a district pursuant to section 469.176, subdivision 2, or upon decertification of a tax increment district, the school district's aid and levy limitations must be adjusted for the fiscal year in which the excess tax increment is paid under the provisions of this subdivision.

(b) An amount must be subtracted from the district's aid for the current fiscal year equal to the product of:

(1) the amount of the payment of excess tax increment to the district, times

(2) the ratio of:

(i) the sum of the amounts of the district's certified levy for the fiscal year in which the excess tax increment is paid according to the following:

(A) section 126C.13, if the district received general education aid according to that section for the second preceding year;

(B) section 124.226, subdivisions 1 and 4, if the district received transportation aid according to section 123B.92 for the second preceding year;

~~(C)~~ section 124.243, if the district received capital expenditure facilities aid according to that section for the second preceding year;

~~(D)~~ section 124.244, if the district received capital expenditure equipment aid according to that section for the second preceding year;

~~(E)~~ section 123B.57, if the district received health and safety aid according to that section for the second preceding year;

~~(F)~~ (C) sections 124D.20, 124D.21, and 124D.56, if the district received aid for community education programs according to any of those sections for the second preceding year;

~~(G)~~ (D) section 124D.135, subdivision 3, if the district received early childhood family education aid according to section 124D.135 for the second preceding year; and

~~(H)~~ section 125A.77, subdivision 3, if the district received special education levy equalization aid according to that section for the second preceding year;

~~(F)~~(E) section 126C.17, subdivision 6, if the district received referendum equalization aid according to that section for the second preceding year; and

~~(J)~~ section 124A.22, subdivision 4a, if the district received training and experience aid according to that section for the second preceding year; to

(ii) the total amount of the district's certified levy for the fiscal year, plus or minus auditor's adjustments.

(c) An amount must be subtracted from the school district's levy limitation for the next levy certified equal to the difference between:

(1) the amount of the distribution of excess increment; and

(2) the amount subtracted from aid pursuant to clause (a).

If the aid and levy reductions required by this subdivision cannot be made to the aid for the fiscal year specified or to the levy specified, the reductions must be made from aid for subsequent fiscal years, and from subsequent levies. The school district must use the payment of excess tax increment to replace the aid and levy revenue reduced under this subdivision.

(d) This subdivision applies only to the total amount of excess increments received by a district for a calendar year that exceeds \$25,000.

Sec. 53. Minnesota Statutes 1998, 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 ~~resident~~ 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, 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.

Sec. 54. Laws 1992, chapter 499, article 7, section 31, as amended by Laws 1998, chapter 398, article 1, section 39, 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, ~~2001~~ 2002; Laws 1991, chapter 265, article 7, section 35, is repealed.

Sec. 55. Laws 1996, chapter 412, article 1, section 35, is amended to read:

Sec. 35. [REPEALER.]

Laws 1993, chapter 224, article 1, section 34, subdivision 1, is repealed. ~~Section 8 is repealed July 1, 1999.~~

Sec. 56. Laws 1997, First Special Session chapter 4, article 1, section 61, subdivision 1, is amended to read:

Subdivision 1. [REVENUE CONVERSION.] For taxes payable in 1998 and 1999, the commissioner of children, families, and learning shall adjust each school district's revenue authority that is established as a rate times net tax capacity or adjusted net tax capacity under Minnesota Statutes, chapters ~~124 and 124A~~ 120B, 122A, 123A, 123B, 124D, 125A, 126C, and 127A, by multiplying each revenue amount by the ratio of the statewide tax capacity as calculated using the class rates in effect for assessment year 1996 to the statewide tax capacity using the class rates for that assessment year. Tax rates for referendum revenues according to Minnesota Statutes, section 126C.17, and operating debt levies according to Minnesota Statutes, section 126C.42, established for an individual district under this subdivision for taxes payable in 1999 shall remain in effect for later years for which the revenue is authorized to be computed as a rate times net tax capacity or adjusted net tax capacity.

Sec. 57. Laws 1997, First Special Session chapter 4, article 1, section 61, subdivision 2, is amended to read:

Subd. 2. [TAX RATE ADJUSTMENT.] For taxes payable in 1998 and 1999, the commissioner shall adjust each tax rate established under Minnesota Statutes, chapters ~~124 and 124A~~ 120B, 122A, 123A, 123B, 124D, 125A, 126C, and 127A, by multiplying the rate by the ratio of the statewide tax capacity as calculated using the class rates in effect for assessment year 1996 to the statewide tax capacity using the class rates for that assessment year.

Sec. 58. Laws 1997, First Special Session chapter 4, article 1, section 61, subdivision 3, as amended by Laws 1998, chapter 398, article 1, section 41, is amended to read:

Subd. 3. [EQUALIZING FACTORS.] For taxes payable in 1998 and 1999, the commissioner shall adjust each equalizing factor established using adjusted net tax capacity per actual pupil unit under Minnesota Statutes, chapters ~~124 and 124A~~ 120B, 122A, 123A, 123B, 124D, 125A, 126C, and 127A, by dividing the equalizing factor by the ratio of the statewide tax capacity as calculated using the class rates in effect for assessment year 1996 to the statewide tax capacity using the class rates for that assessment year.

Sec. 59. Laws 1997, First Special Session chapter 4, article 1, section 61, subdivision 4, is amended to read:

Subd. 4. [QUALIFYING RATE.] For taxes payable in 1998 and 1999, the commissioner shall adjust the qualifying rate under Minnesota Statutes, section 124.95, subdivision 3, by multiplying the qualifying rate times the ratio of the statewide tax capacity, as calculated using the class rates in effect for assessment year 1996, to the statewide tax capacity using the class rates for that assessment year.

Sec. 60. [FUND TRANSFERS.]

Subdivision 1. [MONTICELLO.] Notwithstanding Minnesota Statutes, sections 123B.79, 123B.80, and 475.61, subdivision 4, on June 30, 1999, independent school district No. 882, Monticello, may permanently transfer up to \$650,000 from its debt redemption fund to its general fund.

Subd. 2. [WHITE BEAR LAKE.] Notwithstanding Minnesota Statutes, sections 123B.79, 123B.80, and 475.61, subdivision 4, on June 30, 1999, independent school district No. 624, White Bear Lake, a district recently out of statutory operating debt, may permanently transfer up to \$650,000 from its debt redemption fund to its general fund without making a levy reduction.

Subd. 3. [OKLEE.] Notwithstanding Minnesota Statutes, section 123B.53, on June 30, 1999, independent school district No. 627, Oklee, may permanently transfer \$44,300 from its debt service fund to its general fund.

Subd. 4. [DEER RIVER.] Notwithstanding Minnesota Statutes, sections 123B.79, 123B.80, and 475.61, subdivision 4, on June 30, 1999, independent school district No. 317, Deer River, may permanently transfer up to \$315,000 from the debt redemption fund to its building construction fund without making a levy reduction.

Subd. 5. [FARIBAULT.] Notwithstanding Minnesota Statutes, section 123B.79, or other law, on or before June 30, 2000, independent school district No. 656, Faribault, may transfer an amount equal to the sale of the school district's excess property from its capital operating account to the undesignated general fund, not to exceed \$1,000,000. This transfer shall be used for the purposes of defraying the district's operating debt and shall not be subject to salary negotiations.

Subd. 6. [WESTONKA.] Notwithstanding Minnesota Statutes, sections 123B.79, 123B.80, and 475.61, subdivision 4, on June 30, 1999, independent school district No. 277, Westonka, may permanently transfer up to \$235,000 from its debt redemption fund to its general fund without making a levy reduction to help the school district out of statutory operating debt.

Sec. 61. [LEASE LEVY FOR ADMINISTRATIVE SPACE; EDEN PRAIRIE.]

Each year, independent school district No. 272, Eden Prairie, may levy the amount necessary to rent or lease administrative space so that space previously used for administrative purposes may be used for instructional purposes.

Sec. 62. [OPERATING DEBT LEVY FOR TRACY SCHOOL DISTRICT.]

Subdivision 1. [OPERATING DEBT ACCOUNT.] On July 1, 1999, independent school district No. 417, Tracy, shall establish a reserve account in the general fund. The balance in this fund shall equal the unreserved undesignated fund balance in the operating funds of the district as of June 30, 1999.

Subd. 2. [LEVY.] For taxes payable in each of the years 2000 to 2004, the district may levy an amount up to 20 percent of the balance in the account on July 1, 1999. The balance in the account shall be adjusted each year by the amount of the proceeds of the levy. The proceeds of the levy shall be used only for cash flow requirements and shall not be used to supplement district revenues or income for the purposes of increasing the district's expenditures or budgets.

Subd. 3. [NO LOCAL APPROVAL.] Pursuant to Minnesota Statutes, section 645.023, subdivision 1, paragraph (a), this section is effective without local approval.

Sec. 63. [DIRECTION TO THE DEPARTMENT.]

For fiscal year 2000 only, the department of children, families, and learning shall make appropriate weighting adjustments to fiscal year 1999 pupil units to reflect the impact of Minnesota Statutes, section 126C.05, subdivision 5, paragraph (b), and subdivision 6, paragraph (b).

Sec. 64. [CONTINGENT FORMULA INCREASE.]

(a) If on the basis of the November 1999 forecast there is an available unrestricted general fund balance projected for June 30, 2001, the commissioner of finance shall implement the provisions in paragraphs (b) to (f) before giving effect to Minnesota Statutes, section 16A.152, subdivision 2.

(b) The general education formula allowance, as defined in Minnesota Statutes, section 126C.10, subdivision 2, shall be increased in fiscal year 2001 and later years by an amount not to exceed \$50, rounded to the nearest dollar, if the planning estimates in the November 1999 forecast for fiscal year 2002 and fiscal year 2003 show that projected revenues, excluding prior year balances and excluding settlement payments received pursuant to section IIB of the settlement document filed May 18, 1998, in State v. Philip Morris, Inc., No. C1-94-8565 (Minnesota District Court, Second Judicial District), will be greater than projected expenditures for each year.

(c) The amount available to fund the increase in paragraph (b) is the lesser of:

(1) the available unrestricted general fund balance projected for June 30, 2001; or

(2) the lowest amount to which projected revenues, excluding prior year balances and excluding settlement payments received pursuant to section IIB of the settlement document filed May 18, 1998, in State v. Philip Morris, Inc., No. C1-94-8565 (Minnesota District Court, Second Judicial District), exceed projected expenditures for any year.

(d) The amount necessary to implement this section is appropriated from the general fund.

(e) The amount available to increase the formula allowance shall be certified to the commissioner of children, families, and learning the day after release of the November 1999 forecast.

(f) The commissioner of the department of children, families, and learning shall notify school districts of the resulting increase in the formula within two weeks of the certification.

Sec. 65. [SUPPLEMENTAL REVENUE.]

Supplemental revenue for fiscal years 2000 and later under Minnesota Statutes, section 126C.10, subdivision 9, is increased by the following amounts:

(1) for independent school district No. 11, Anoka, \$2,000,000; and

(2) for independent school district No. 279, Osseo, \$500,000.

Supplemental revenue increased under this section is not subject to reduction under Minnesota Statutes, section 126C.10, subdivision 12.

Sec. 66. [EQUITY REVENUE ADJUSTMENT.]

For fiscal years 2000 and 2001, a school district that does not have an operating referendum is eligible for additional equity revenue under section 30 equal to \$12 times the district's adjusted marginal cost pupil units for that year.

Sec. 67. [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 Minnesota Statutes, section 123B.04, subdivision 1.

Sec. 68. [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. [GENERAL AND SUPPLEMENTAL EDUCATION AID.] For general and supplemental education aid:

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

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

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

Subd. 3. [TRANSPORTATION SAFETY.] For student transportation safety aid according to Minnesota Statutes, section 123B.92, subdivision 4:

<u>\$144,000</u>	: : : : :	<u>2000</u>
------------------	-----------	-------------

The 2000 appropriation includes \$144,000 for 1999.

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:

<u>\$102,000</u>	: : : : :	<u>2000</u>
------------------	-----------	-------------

<u>\$102,000</u>	: : : : :	<u>2001</u>
------------------	-----------	-------------

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

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

<u>\$5,940,000</u>	: : : : :	<u>2000</u>
--------------------	-----------	-------------

<u>\$563,000</u>	: : : : :	<u>2001</u>
------------------	-----------	-------------

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

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

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. 70. [EFFECTIVE DATES.]

Sections 13, 14, 26, 30, 37, and 39 are effective for revenue for fiscal year 2000 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.

ARTICLE 2

SPECIAL PROGRAMS

Section 1. Minnesota Statutes 1998, section 121A.23, is amended to read:

121A.23 [HEALTH-RELATED PROGRAMS.]

Subdivision 1. [~~AIDS SEXUALLY TRANSMITTED DISEASES PROGRAM.~~] The commissioner of children, families, and learning, in consultation with the commissioner of health, shall assist districts in developing and implementing a program to prevent and reduce the risk of ~~acquired immune deficiency syndrome~~ sexually transmitted infections and diseases, including but not exclusive to human immune deficiency virus and human papilloma virus. Each district must have a program that includes at least:

- (1) planning materials, guidelines, and other technically accurate and updated information;
- (2) a comprehensive, technically accurate, and updated curriculum that includes helping students to abstain from sexual activity until marriage;
- (3) cooperation and coordination among districts and SCs;
- (4) a targeting of adolescents, especially those who may be at high risk of contracting ~~AIDS~~ sexually transmitted infections and diseases, for prevention efforts;
- (5) involvement of parents and other community members;
- (6) in-service training for appropriate district staff and school board members;
- (7) collaboration with state agencies and organizations having ~~an AIDS~~ a sexually transmitted infection and disease prevention or AIDS sexually transmitted infection and disease risk reduction program;
- (8) collaboration with local community health services, agencies and organizations having ~~an AIDS~~ a sexually transmitted infection and disease prevention or AIDS sexually transmitted infection and disease risk reduction program; and
- (9) participation by state and local student organizations.

The department may provide assistance at a neutral site to a nonpublic school participating in a district's program. District programs must not conflict with the health and wellness curriculum developed under Laws 1987, chapter 398, article 5, section 2, subdivision 7.

If a district fails to develop and implement a program to prevent and reduce the risk of ~~AIDS~~ sexually transmitted infection and disease, the department must assist the service cooperative in the region serving that district to develop or implement the program.

Subd. 2. [FUNDING SOURCES.] Districts may accept funds for ~~AIDS~~ sexually transmitted infection and disease prevention programs developed and implemented under this section from public and private sources including public health funds and foundations, department professional development funds, federal block grants or other federal or state grants.

Sec. 2. Minnesota Statutes 1998, section 121A.43, as amended by Laws 1999, chapter 123, section 2, is amended to read:

121A.43 [EXCLUSION AND EXPULSION OF PUPILS WITH A DISABILITY.]

When a pupil who has an individual education plan is excluded or expelled under sections 121A.40 to 121A.56 for misbehavior that is not a manifestation of the pupil's disability, the district shall continue to provide special education and related services after a period of suspension, if suspension is imposed. The district shall initiate a

review of the student's pupil's individual education plan and conduct a review of the relationship between the student's pupil's disability and the behavior subject to disciplinary action and determine the appropriateness of the student's pupil's education plan before commencing an expulsion or exclusion.

Sec. 3. Minnesota Statutes 1998, section 122A.28, is amended to read:

122A.28 [TEACHERS OF DEAF AND HARD-OF-HEARING STUDENTS; LICENSURE REQUIREMENTS.]

Subdivision 1. [K-12 LICENSE TO TEACH DEAF AND HARD-OF-HEARING STUDENTS.] The board of teaching must review and determine appropriate licensure requirements for a candidate for a license or an applicant for a continuing license to teach deaf and hard-of-hearing students in prekindergarten through grade 12. In addition to other requirements, a candidate must demonstrate the minimum level of proficiency in American sign language as determined by the board.

Subd. 2. [LICENSURE FOR TEACHING ORAL/AURAL DEAF EDUCATION PROGRAMS.] (a) The board of teaching shall adopt a separate licensure rule for a candidate for a license or an applicant for a continuing license to teach in oral/aural deaf education programs or to provide services, including itinerant oral/aural deaf education services, to deaf and hard-of-hearing students in prekindergarten through grade 12.

(b) The board shall design rule requirements for teaching oral/aural deaf education in collaboration with representatives of parents and educators of deaf and hard-of-hearing students, post-secondary programs preparing teachers of deaf and hard-of-hearing students, and the department of children, families, and learning.

(c) Rule requirements for teaching oral/aural deaf education shall reflect best practice research in oral/aural deaf education. Advanced competencies in teaching deaf and hard-of-hearing students through oral/aural modes shall be included.

(d) Licensure requirements for teachers of oral/aural deaf education must include minimum competency in American sign language, but are not subject to the guidelines established in Laws 1993, chapter 224, article 3, section 32, as amended by Laws 1998, chapter 398, article 2, section 47. The signed communication proficiency interview shall not be required for teachers licensed to teach deaf and hard-of-hearing students through oral/aural deaf education methods.

(e) Requirements for teachers or oral/aural deaf education shall include appropriate continuing education requirements for renewing this licensure.

Sec. 4. Minnesota Statutes 1998, section 123A.05, subdivision 2, is amended to read:

Subd. 2. [RESERVE REVENUE.] Each district that is a member of an area learning center must reserve revenue in an amount equal to at least 90 percent of the district average general education revenue ~~less compensatory per pupil unit 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~~ ~~unit~~, ~~transportation sparsity revenue, and the transportation portion of the transition revenue adjustment~~, times the number of pupil units attending an area learning center program under this section. The amount of reserved revenue under this subdivision may only be spent on program costs associated with the area learning center. Compensatory revenue must be allocated according to section 126C.15, subdivision 2.

Sec. 5. Minnesota Statutes 1998, section 123A.05, subdivision 3, is amended to read:

Subd. 3. [ACCESS TO SERVICES.] A center shall have access to the district's regular education programs, special education programs, technology facilities, and staff. It may contract with individuals or post-secondary institutions. It shall seek the involvement of community education programs, post-secondary institutions, interagency collaboratives, culturally based organizations, mutual assistance associations, and other community resources, businesses, and other federal, state, and local public agencies.

Sec. 6. Minnesota Statutes 1998, section 123A.06, subdivision 1, is amended to read:

Subdivision 1. [PROGRAM FOCUS.] (a) The programs and services of a center must focus on academic and learning skills, applied learning opportunities, trade and vocational skills, work-based learning opportunities, work experience, youth service to the community, ~~and transition services,~~ and English language and literacy programs for children whose primary language is a language other than English. Applied learning, work-based learning, and service learning may best be developed in collaboration with a local education and transitions partnership, culturally based organizations, mutual assistance associations, or other community resources. In addition to offering programs, the center shall coordinate the use of other available educational services, special education services, social services, health services, and post-secondary institutions in the community and services area.

(b) Consistent with the requirements of sections 121A.40 to 121A.56, a school district may provide an alternative education program for a student who is within the compulsory attendance age under section 120A.20, and who is involved in severe or repeated disciplinary action.

Sec. 7. Minnesota Statutes 1998, section 123A.06, subdivision 2, is amended to read:

Subd. 2. [PEOPLE TO BE SERVED.] A center shall provide programs for secondary pupils and adults. A center may also provide programs and services for elementary and secondary pupils who are not attending the center to assist them in being successful in school. A center shall use research-based best practices for serving limited English proficient students and their parents. An individual education plan team may identify a center as an appropriate placement to the extent a center can provide the student with the appropriate special education services described in the student's plan. Pupils eligible to be served are those age five to adults 22 and older who qualify under the graduation incentives program in section 124D.68, subdivision 2, or those pupils who are eligible to receive special education services under sections 125A.03 to 125A.24, and 125A.65.

Sec. 8. Minnesota Statutes 1998, section 123B.75, is amended by adding a subdivision to read:

Subd. 6a. [INTEGRATION AID.] Integration aid received under section 127A.45, subdivision 12a, must be recognized in the same fiscal year as the integration levy.

Sec. 9. Minnesota Statutes 1998, section 124D.081, subdivision 3, is amended to read:

Subd. 3. [QUALIFYING SCHOOL SITE.] (a) The commissioner shall rank all school sites with kindergarten programs that do not exclusively serve students under sections 125A.03 to 125A.24, and 125A.65. The ranking must be from highest to lowest based on the site's free and reduced lunch count as a percent of the fall enrollment using the preceding October 1 enrollment data. Once a school site is calculated to be eligible, it remains eligible for the duration of the pilot program, unless the site's ranking falls below the state average for elementary schools. For each school site, the percentage used to calculate the ranking must be the greater of (1) the percent of the fall kindergarten enrollment receiving free and reduced lunch, or (2) the percent of the total fall enrollment receiving free and reduced lunch. The list of ranked sites must be separated into the following geographic areas: Minneapolis district, St. Paul district, suburban Twin Cities districts in the seven-county metropolitan area, and school districts in greater Minnesota.

(b) The commissioner shall establish a process and timelines to qualify school sites for the next school year. School sites must be qualified in each geographic area from the list of ranked sites until the estimated revenue available for this program has been allocated. The total estimated revenue must be distributed to qualified school sites in each geographic area as follows: 25 percent for Minneapolis sites, 25 percent for St. Paul sites, 25 percent for suburban Twin Cities sites, and 25 percent for greater Minnesota.

Sec. 10. Minnesota Statutes 1998, section 124D.454, subdivision 5, is amended to read:

Subd. 5. [STATE TOTAL SCHOOL-TO-WORK PROGRAM-DISABLED REVENUE.] The state total school-to-work program-disabled revenue for fiscal year ~~1998~~ 2000 equals ~~\$8,924,000~~ \$8,982,000. The state total

school-to-work program-disabled revenue for fiscal year ~~1999~~ 2001 equals ~~\$8,976,000~~ \$8,966,000. The state total school-to-work program-disabled revenue for later fiscal years equals:

- (1) the state total school-to-work program-disabled revenue for the preceding fiscal year; times
- (2) the program growth factor; times
- (3) the ratio of the state total average daily membership for the current fiscal year to the state total average daily membership for the preceding fiscal year.

Sec. 11. Minnesota Statutes 1998, 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 ~~1998~~ 2000 equals ~~\$14,629,000~~ \$27,454,000. The state total limited English proficiency programs revenue for fiscal year ~~1999~~ 2001 equals ~~\$16,092,000~~ \$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.

Sec. 12. Minnesota Statutes 1998, section 124D.87, is amended to read:

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

(a) A district that provides transportation of pupils to and from an interdistrict program for desegregation or integration purposes ~~may apply to the commissioner~~ is eligible for a grant state aid to cover the additional costs of transportation.

(b) A district in the metropolitan area may apply to the commissioner for ~~a grant state aid~~ aid to cover the costs of transporting pupils who are enrolled under section 124D.03 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 ~~the grant amount aid amounts~~, the commissioner shall consider other revenue received by the district for transportation for desegregation or integration purposes.

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

Sec. 13. Minnesota Statutes 1998, section 125A.09, subdivision 4, is amended to read:

Subd. 4. [DISPUTE RESOLUTION.] Parents and guardians must have an opportunity to meet with appropriate district staff in at least one conciliation conference, mediation, or other method of alternative dispute resolution that the parties agree to, if they object to any proposal of which they are notified under subdivision 1. The state intends to encourage parties to resolve disputes through mediation or other form of alternative dispute resolution. A school district and a parent or guardian must participate in mediation using mediation services acceptable to both parties, unless a party objects to the mediation. Mediation shall remain available to the parties until a party objects to the mediation, or the mediator determines that further efforts to mediate a dispute are not warranted. All mediation is subject to the confidentiality requirements under rule 114.08 of the general rules of practice for the district courts.

Alternative dispute resolution must not be used to deny or delay a parent or guardian's right to a due process hearing. If the parent or guardian refuses efforts by the district to conciliate the dispute with the district, the requirement of an opportunity for conciliation or other alternative dispute resolution must be deemed to be satisfied. Notwithstanding other law, in any proceeding following a conciliation conference, the district must not offer a conciliation conference memorandum into evidence, except for any portions that describe the district's final proposed offer of service. Otherwise, with respect to forms of dispute resolution, mediation, or conciliation, Minnesota Rule of Evidence 408 applies. ~~The department may reimburse the districts or directly pay the costs of lay advocates, not to exceed \$150 per dispute, used in conjunction with alternative dispute resolution.~~

Sec. 14. Minnesota Statutes 1998, 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. 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) 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. 15. [125A.155] [SPECIAL EDUCATION RECIPROCITY; COMMISSIONER DUTIES.]

The commissioner of children, families, and learning must develop a special education reciprocity agreement form. The reciprocity form must specify the procedures used to calculate special education tuition charges for both Minnesota students that are served in other states and for out-of-state students who are served in Minnesota. The commissioner shall attempt to enter into reciprocity agreements with any state that sends students to Minnesota and any state that provides services to Minnesota students.

Sec. 16. Minnesota Statutes 1998, section 125A.50, subdivision 2, is amended to read:

Subd. 2. [APPLICATION CONTENTS.] The application must set forth:

(1) instructional services available to eligible pupils under section ~~124D.67~~ 124D.66, subdivision 3 2, and pupils with a disability under section 125A.02;

- (2) criteria to select pupils for the program and the assessment procedures to determine eligibility;
- (3) involvement in the program of parents of pupils in the program, parent advocates, and community special education advocates;
- (4) accounting procedures to document that federal special education money is used to supplement or increase the level of special education instruction and related services provided with state and local revenue, but in no case to supplant the state and local revenue, and that districts are expending at least the amount for special education instruction and related services required by federal law;
- (5) the role of regular and special education teachers in planning and implementing the program; and
- (6) other information requested by the commissioner.

Sec. 17. Minnesota Statutes 1998, section 125A.50, subdivision 5, is amended to read:

Subd. 5. [ANNUAL REPORT.] Each year the district must submit to the commissioner a report containing the information described in subdivision 3 ~~and section 124D.67, subdivision 7.~~

Sec. 18. Minnesota Statutes 1998, 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 state board, 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 ~~or the district designated by the commissioner if neither parent nor guardian is living within the state and tuition has been denied.~~

(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.

~~(b)~~ (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.

~~(c)~~ (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. 19. [125A.515] [PLACEMENT OF CHILDREN WITHOUT DISABILITIES; APPROVAL OF EDUCATION PROGRAM.]

The commissioner shall approve education programs in care and treatment facilities for placement of children without disabilities, including detention centers, before being licensed by the department of human services or the department of corrections.

Sec. 20. Minnesota Statutes 1998, section 125A.62, is amended to read:

125A.62 [DUTIES OF STATE ~~THE BOARD OF EDUCATION~~ THE MINNESOTA STATE ACADEMIES.]

Subdivision 1. [GOVERNANCE.] The board of the ~~Faribault academy~~ Minnesota state academies shall govern the state academies for the deaf and the state academy for the blind. The board must promote academic standards based on high expectation and an assessment system to measure academic performance toward the achievement of those standards. The board must focus on the academies' needs as a whole and not prefer one school over the other. The board of the ~~Faribault~~ Minnesota state academies shall consist of ~~seven~~ nine persons. The members of the board shall be appointed by the governor with the advice and consent of the senate. ~~Three members~~ One member must be from the seven-county metropolitan area, ~~three members one member~~ must be from greater Minnesota, and one member may be appointed at-large. The board must be composed of:

- (1) one present or former superintendent of an independent school district;
- (2) one present or former special education director;
- (3) the commissioner of children, families, and learning or the commissioner's designee;
- (4) one member of the blind community;
- (5) one member of the deaf community; ~~and~~
- (6) two members of the general public with business, administrative, or financial expertise;
- (7) one nonvoting, unpaid ex officio member appointed by the site council for the state academy for the deaf; and
- (8) one nonvoting, unpaid ex officio member appointed by the site council for the state academy for the blind.

Subd. 2. [TERMS; COMPENSATION; AND OTHER.] The membership terms, compensation, removal of members, and filling of vacancies shall be as provided for in section 15.0575. Notwithstanding section 15.0575, a member may serve not more than two consecutive four-year terms.

Subd. 3. [MEETINGS.] All meetings of the board shall be as provided in section 471.705 and must be held in Faribault.

Subd. 4. [MOST BENEFICIAL, LEAST RESTRICTIVE.] The board must do what is necessary to provide the most beneficial and least restrictive program of education for each pupil at the academies who is handicapped by visual disability or deafness.

Subd. 5. [PLANNING, EVALUATION, AND REPORTING.] To the extent required in school districts, the board must establish a process for the academies to include parent and community input in the planning, evaluation, and reporting of curriculum and pupil achievement.

Subd. 6. [SITE COUNCILS.] The board ~~may~~ must establish, and appoint members to, a site council at each academy. The site councils shall exercise power and authority granted by the board. The board must appoint to each site council the exclusive representative's employee designee from each exclusive representative at the academies. The site councils may make a recommendation to the governor regarding board appointments no more than 30 days after receiving the list of applicants from the governor.

Subd. 7. [TRUSTEE OF ACADEMIES' PROPERTY.] The board is the trustee of the academies' property. Securities and money, including income from the property, must be deposited in the state treasury according to section 16A.275. The deposits are subject to the order of the board.

Subd. 8. [GRANTS.] The board, through the chief administrators of the academies, may apply for all competitive grants administered by agencies of the state and other government or nongovernment sources. Application may not be made for grants over which the board has discretion.

Sec. 21. Minnesota Statutes 1998, section 125A.64, is amended to read:

125A.64 [POWERS OF BOARD OF THE ~~FARIBAULT~~ MINNESOTA STATE ACADEMIES.]

Subdivision 1. [PERSONNEL.] The board of the ~~Faribault~~ Minnesota state academies may employ central administrative staff members and other personnel necessary to provide and support programs and services at each academy.

Subd. 2. [GET HELP FROM DEPARTMENT.] The board of the ~~Faribault~~ Minnesota state academies may require the department of children, families, and learning to provide program leadership, program monitoring, and technical assistance at the academies.

Subd. 3. [UNCLASSIFIED POSITIONS.] The board of the ~~Faribault~~ Minnesota state academies may place any position other than residential academies administrator in the unclassified service. The position must meet the criteria in section 43A.08, subdivision 1a.

Subd. 4. [RESIDENTIAL AND BUILDING MAINTENANCE SERVICES.] The board of the ~~Faribault~~ Minnesota state academies may enter into agreements with public or private agencies or institutions to provide residential and building maintenance services. The board of the ~~Faribault~~ Minnesota state academies must first decide that contracting for the services is more efficient and less expensive than not contracting for them.

Subd. 5. [STUDENT TEACHERS AND PROFESSIONAL TRAINEES.] (a) The board of the ~~Faribault~~ Minnesota state academies may enter into agreements with teacher preparation institutions for student teachers to get practical experience at the academies. A licensed teacher must provide appropriate supervision of each student teacher.

(b) The board of the ~~Faribault~~ Minnesota state academies may enter into agreements with accredited higher education institutions for certain student trainees to get practical experience at the academies. The students must be preparing themselves in a professional field that provides special services to children with a disability in school programs. To be a student trainee in a field, a person must have completed at least two years of an approved program in the field. A person who is licensed or registered in the field must provide appropriate supervision of each student trainee.

Sec. 22. Minnesota Statutes 1998, section 125A.65, subdivision 3, is amended to read:

Subd. 3. [EDUCATIONAL PROGRAM; TUITION.] When it is determined pursuant to section 125A.69, subdivision 1 or 2, that the child is entitled to attend either school, the board of the ~~Faribault~~ Minnesota state academies must provide the appropriate educational program for the child. The board of the ~~Faribault~~ Minnesota state academies must make a tuition charge to the child's district of residence for the cost of providing the program. The amount of tuition charged must not exceed the basic revenue of the district for that child, for the amount of time the child is in the program. For purposes of this subdivision, "basic revenue" has the meaning given it in section 126C.10, subdivision 2. The district of the child's residence must pay the tuition and may claim general education aid for the child. Tuition received by the board of the ~~Faribault~~ Minnesota state academies, except for tuition received under subdivision 4, must be deposited in the state treasury as provided in subdivision 8.

Sec. 23. Minnesota Statutes 1998, section 125A.65, subdivision 5, is amended to read:

Subd. 5. [PROVIDING APPROPRIATE EDUCATIONAL PROGRAMS.] When it is determined that the child can benefit from public school enrollment but that the child should also remain in attendance at the applicable school, the district where the institution is located must provide an appropriate educational program for the child and must make a tuition charge to the board of the ~~Faribault~~ Minnesota state academies for the actual cost of providing the program, less any amount of aid received pursuant to section 125A.75. The board of the ~~Faribault~~ Minnesota state academies must pay the tuition and other program costs including the unreimbursed transportation costs. Aids for children with a disability must be paid to the district providing the special instruction and services. Special transportation must be provided by the district providing the educational program and the state must reimburse that district within the limits provided by law.

Sec. 24. Minnesota Statutes 1998, section 125A.65, subdivision 6, is amended to read:

Subd. 6. [TUITION REDUCTION.] Notwithstanding the provisions of subdivisions 3 and 5, the board of the ~~Faribault~~ Minnesota state academies may agree to make a tuition charge for less than the amount specified in subdivision 3 for pupils attending the applicable school who are residents of the district where the institution is located and who do not board at the institution, if that district agrees to make a tuition charge to the board of the ~~Faribault~~ Minnesota state academies for less than the amount specified in subdivision 5 for providing appropriate educational programs to pupils attending the applicable school.

Sec. 25. Minnesota Statutes 1998, section 125A.65, subdivision 7, is amended to read:

Subd. 7. [STAFF ALLOCATION.] Notwithstanding the provisions of subdivisions 3 and 5, the board of the ~~Faribault~~ Minnesota state academies may agree to supply staff from the Minnesota state academy for the deaf and the Minnesota state academy for the blind to participate in the programs provided by the district where the institutions are located when the programs are provided to students in attendance at the state schools.

Sec. 26. Minnesota Statutes 1998, section 125A.65, subdivision 8, is amended to read:

Subd. 8. [STUDENT COUNT; TUITION.] On May 1 of each year, the board of the ~~Faribault~~ Minnesota state academies shall count the actual number of Minnesota resident kindergarten and elementary students and the actual number of Minnesota resident secondary students enrolled and receiving education services at the Minnesota state academy for the deaf and the Minnesota state academy for the blind. The board of the ~~Faribault~~ Minnesota state academies shall deposit in the state treasury an amount equal to all tuition received less:

(1) the total number of students on May 1 less 175, times the ratio of the number of kindergarten and elementary students to the total number of students on May 1, times the general education formula allowance; plus

(2) the total number of students on May 1 less 175, times the ratio of the number of secondary students on May 1 to the total number of students on May 1, times 1.3, times the general education formula allowance.

Sec. 27. Minnesota Statutes 1998, section 125A.65, subdivision 10, is amended to read:

Subd. 10. [ANNUAL APPROPRIATION.] There is annually appropriated to the department for the ~~Faribault~~ Minnesota state academies the tuition amounts received and credited to the general operation account of the academies under this section. A balance in an appropriation under this paragraph does not cancel but is available in successive fiscal years.

Sec. 28. Minnesota Statutes 1998, section 125A.68, subdivision 1, is amended to read:

Subdivision 1. [SUBJECTS.] The board of the ~~Faribault~~ Minnesota state academies must establish procedures for:

- (1) admission, including short-term admission, to the academies;
- (2) discharge from the academies;
- (3) decisions on a pupil's program at the academies; and
- (4) evaluation of a pupil's progress at the academies.

Sec. 29. Minnesota Statutes 1998, section 125A.69, subdivision 1, is amended to read:

Subdivision 1. [TWO KINDS.] There are two kinds of admission to the Minnesota state academies.

(a) A pupil who is deaf, hard of hearing, or blind-deaf, may be admitted to the academy for the deaf. A pupil who is blind or visually impaired, blind-deaf, or multiply handicapped may be admitted to the academy for the blind. For a pupil to be admitted, two decisions must be made under sections 125A.03 to 125A.24 and 125A.65.

(1) It must be decided by the individual education planning team that education in regular or special education classes in the pupil's district of residence cannot be achieved satisfactorily because of the nature and severity of the deafness or blindness or visual impairment respectively.

(2) It must be decided by the individual education planning team that the academy provides the most appropriate placement within the least restrictive alternative for the pupil.

(b) A deaf or hard of hearing child or a visually impaired pupil may be admitted to get socialization skills or on a short-term basis for skills development.

Sec. 30. Minnesota Statutes 1998, section 125A.69, subdivision 3, is amended to read:

Subd. 3. [OUT-OF-STATE ADMISSIONS.] An applicant from another state who can benefit from attending either academy may be admitted to the academy if the admission does not prevent an eligible Minnesota resident from being admitted. ~~The state board of education~~ board of the Minnesota state academies must obtain reimbursement from the other state for the costs of the out-of-state admission. The state board may enter into an agreement with the appropriate authority in the other state for the reimbursement. Money received from another state must be deposited in the general fund and credited to the general operating account of the academies. The money is appropriated to the academies.

Sec. 31. Minnesota Statutes 1998, section 125A.70, subdivision 2, is amended to read:

Subd. 2. [LOCAL SOCIAL SERVICES AGENCY.] If the person liable for support of a pupil cannot support the pupil, the local social services agency of the county of the pupil's residence must do so. The commissioner of children, families, and learning must decide how much the local social services agency must pay. The board of the ~~Faribault~~ Minnesota state academies must adopt rules that tell how the commissioner is to fix the amount. The local social services agency must make the payment to the superintendent of the school district of residence.

Sec. 32. Minnesota Statutes 1998, section 125A.71, subdivision 3, is amended to read:

Subd. 3. [CONTRACTS; FEES; APPROPRIATION.] The ~~state~~ board of the Minnesota state academies may enter into agreements for the academies to provide respite care and supplemental educational instruction and services including assessments and counseling. The agreements may be made with public or private agencies or institutions, school districts, service cooperatives, or counties. The board may authorize the academies to provide conferences, seminars, nondistrict and district requested technical assistance, and production of instructionally related materials.

Sec. 33. Minnesota Statutes 1998, section 125A.72, is amended to read:

125A.72 [STUDENT ACTIVITIES ACCOUNT.]

Subdivision 1. [STUDENT ACTIVITIES; RECEIPTS; APPROPRIATION.] All receipts of any kind generated to operate student activities, including student fees, donations and contributions, and gate receipts must be deposited in the state treasury. The receipts are appropriated annually to the ~~residential~~ Minnesota state academies for student activities purposes. They are not subject to budgetary control by the commissioner of finance.

Subd. 2. [TO STUDENT ACTIVITIES ACCOUNT.] The money appropriated in subdivision 1 to the ~~residential~~ Minnesota state academies for student activities must be credited to a ~~Faribault~~ Minnesota state academies' student activities account and may be spent only for ~~Faribault~~ Minnesota state academies' student activities purposes.

Subd. 3. [CARRYOVER.] An unexpended balance in the ~~Faribault~~ Minnesota state academies' student activities account may be carried over from the first fiscal year of the biennium into the second fiscal year of the biennium and from one biennium to the next. The amount carried over must not be taken into account in determining state appropriations and must not be deducted from a later appropriation.

Subd. 4. [MONEY FROM CERTAIN STUDENT ACTIVITIES SPECIFICALLY INCLUDED AMONG RECEIPTS.] Any money generated by a ~~Faribault~~ Minnesota state academies' student activity that involves:

- (1) state employees who are receiving compensation for their involvement with the activity;
- (2) the use of state facilities; or
- (3) money raised for student activities in the name of the ~~residential~~ Minnesota state academies

is specifically included among the kinds of receipts that are described in subdivision 1.

Sec. 34. Minnesota Statutes 1998, section 125A.73, is amended to read:

125A.73 [DUTIES OF STATE DEPARTMENTS.]

Subdivision 1. [DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING.] The department of children, families, and learning must assist the board of the ~~Faribault~~ Minnesota state academies in preparing reports on the academies.

Subd. 2. [DEPARTMENT OF EMPLOYEE RELATIONS.] The department of employee relations, in cooperation with the board of the ~~Fairbault~~ Minnesota state academies, must develop a statement of necessary qualifications and skills for all staff members of the academies.

Sec. 35. Minnesota Statutes 1998, section 125A.75, subdivision 3, is amended to read:

Subd. 3. [FULL STATE PAYMENT.] The state must pay each district the actual cost incurred in providing instruction and services for a child ~~with a disability~~ whose district of residence has been determined by section 125A.17 or 125A.51, paragraph (b), and who is temporarily placed in a state institution ~~or~~ a licensed residential facility, or foster facility for care and treatment. ~~This section does not apply to a child placed in a foster home or a foster group home. The regular education program at the facility must be an approved program according to section 125A.515.~~

Upon following the procedure specified by the commissioner, the district may bill the state the actual cost incurred in providing the services including transportation costs and a proportionate amount of capital expenditures and debt service, minus the amount of the basic revenue, as defined in section 126C.10, subdivision 2, of the district for the child and the special education aid, transportation aid, and any other aid earned on behalf of the child. The limit in subdivision 2 applies to aid paid pursuant to this subdivision.

To the extent possible, the commissioner shall obtain reimbursement from another state for the cost of serving any child whose parent or guardian resides in that state. The commissioner may contract with the appropriate authorities of other states to effect reimbursement. All money received from other states must be paid to the state treasury and placed in the general fund.

Sec. 36. Minnesota Statutes 1998, section 125A.75, subdivision 8, is amended to read:

Subd. 8. [LITIGATION AND HEARING COSTS.] (a) For fiscal year 1999 and thereafter, the commissioner of children, families, and learning, or the commissioner's designee, shall use state funds to pay school districts for the administrative costs of a due process hearing incurred under section 125A.09, subdivisions 6, 10, and 11, including hearing officer fees, court reporter fees, mileage costs, transcript costs, interpreter and transliterator fees, independent evaluations ordered by the hearing officer, and rental of hearing rooms, but not including district attorney fees. To receive state aid under this paragraph, a school district shall submit to the commissioner ~~at the end of the school year by August 1~~ an itemized list of unreimbursed actual costs for fees and other expenses under this paragraph incurred after June 30, 1998, for hearings completed during the previous fiscal year. State funds used for aid to school districts under this paragraph shall be based on the unreimbursed actual costs and fees submitted by a district ~~from previous school years.~~

(b) For fiscal year 1999 and thereafter, a school district, to the extent to which it prevails under United States Code, title 20, section 1415(i)(3)(B)(D) and Rule 68 of the Federal Rules of Civil Procedure, shall receive state aid equal to 50 percent of the total actual cost of attorney fees incurred after a request for a due process hearing under section 125A.09, subdivisions 6, 9, and 11, is served upon the parties. A district is eligible for reimbursement for attorney fees under this paragraph only if:

(1) a court of competent jurisdiction determines that the parent is not the prevailing party under United States Code, title 20, section 1415(i)(3)(B)(D), or the parties stipulate that the parent is not the prevailing party;

(2) the district has made a good faith effort to resolve the dispute through mediation, but the obligation to mediate does not compel the district to agree to a proposal or make a concession; and

(3) ~~the district made an offer of settlement under Rule 68 of the Federal Rules of Civil Procedure.~~

To receive aid, a school district that meets the criteria of this paragraph shall submit to the commissioner at the end of the school year an itemized list of unreimbursed actual attorney fees associated with a due process hearing under section 125A.09, subdivisions 6, 9, and 11. ~~Aid under this paragraph for each school district is based on unreimbursed actual attorney fees submitted by the district from previous school years.~~

~~(c) For fiscal year 1999 and thereafter, a school district is eligible to receive state aid for 50 percent of the total actual cost of attorney fees it incurs in appealing to a court of competent jurisdiction the findings, conclusions, and order of a due process hearing under section 125A.09, subdivisions 6, 9, and 11. The district is eligible for reimbursement under this paragraph only if the commissioner authorizes the reimbursement after evaluating the merits of the case. In a case where the commissioner is a named party in the litigation, the commissioner of the bureau of mediation services shall make the determination regarding reimbursement. The commissioner's decision is final.~~

~~(d) The commissioner shall provide districts with a form on which to annually report litigation costs under this section and shall base aid estimates on those preliminary reports submitted by the district during the current fiscal year.~~

Sec. 37. Minnesota Statutes 1998, section 125A.76, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For the purposes of this section ~~and section 125A.77~~, 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 ~~1.00~~ 1.012 for fiscal year ~~2000~~ 2002 and later.

~~(f) "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 years 2000 and later.~~

~~(g) "Levy percentage factor" means 100 minus the aid percentage factor for that year.~~

Sec. 38. Minnesota Statutes 1998, section 125A.76, subdivision 2, is amended to read:

Subd. 2. [SPECIAL EDUCATION BASE REVENUE.] (a) The special education base revenue equals the sum of the following amounts computed using base year data:

(1) 68 percent of the salary of each essential person employed in the district's program for children with a disability during the fiscal year, not including the share of salaries for personnel providing health-related services counted in clause (8), whether the person is employed by one or more districts or a Minnesota correctional facility operating on a fee-for-service basis;

(2) for the Minnesota state academy for the deaf or the Minnesota state academy for the blind, 68 percent of the salary of each instructional aide assigned to a child attending the academy, if that aide is required by the child's individual education plan;

(3) for special instruction and services provided to any pupil by contracting with public, private, or voluntary agencies other than school districts, in place of special instruction and services provided by the district, 52 percent of the difference between the amount of the contract and the basic revenue of the district for that pupil for the fraction of the school day the pupil receives services under the contract;

(4) for special instruction and services provided to any pupil by contracting for services with public, private, or voluntary agencies other than school districts, that are supplementary to a full educational program provided by the school district, 52 percent of the amount of the contract for that pupil;

(5) for supplies and equipment purchased or rented for use in the instruction of children with a disability, not including the portion of the expenses for supplies and equipment used to provide health-related services counted in clause (8), an amount equal to 47 percent of the sum actually expended by the district, or a Minnesota correctional facility operating on a fee-for-service basis, but not to exceed an average of \$47 in any one school year for each child with a disability receiving instruction;

(6) for fiscal years 1997 and later, special education base revenue shall include amounts under clauses (1) to (5) for special education summer programs provided during the base year for that fiscal year; ~~and~~

(7) for fiscal years 1999 and later, the cost of providing transportation services for children with disabilities under section 123B.92, subdivision 1, paragraph (b), clause (4); ~~and~~

(8) for fiscal years 2001 and later the cost of salaries, supplies and equipment, and other related costs actually expended by the district for the nonfederal share of medical assistance services according to section 256B.0625, subdivision 26.

(b) If requested by a school district operating a special education program during the base year for less than the full fiscal year, or a school district in which is located a Minnesota correctional facility operating on a fee-for-service basis for less than the full fiscal year, the commissioner may adjust the base revenue to reflect the expenditures that would have occurred during the base year had the program been operated for the full fiscal year.

(c) Notwithstanding paragraphs (a) and (b), the portion of a school district's base revenue attributable to a Minnesota correctional facility operating on a fee-for-service basis during the facility's first year of operating on a fee-for-service basis shall be computed using current year data.

Sec. 39. Minnesota Statutes 1998, section 125A.76, subdivision 4, is amended to read:

Subd. 4. [STATE TOTAL SPECIAL EDUCATION ~~REVENUE AID.~~] The state total special education ~~revenue aid~~ for fiscal year ~~1998~~ 2000 equals ~~\$358,542,000~~ \$463,000,000. The state total special education ~~revenue aid~~ for fiscal year ~~1999~~ 2001 equals ~~\$435,322,000~~ \$474,000,000. The state total special education ~~revenue aid~~ for later fiscal years equals:

- (1) the state total special education ~~revenue aid~~ for the preceding fiscal year; times
- (2) the program growth factor; times
- (3) the ratio of the state total average daily membership for the current fiscal year to the state total average daily membership for the preceding fiscal year.

Sec. 40. Minnesota Statutes 1998, section 125A.76, subdivision 5, is amended to read:

Subd. 5. [SCHOOL DISTRICT SPECIAL EDUCATION ~~REVENUE AID.~~] (a) A school district's special education ~~revenue aid~~ for fiscal year ~~1996~~ 2000 and later equals the state total special education ~~revenue aid~~, minus the amount determined under ~~paragraph~~ paragraphs (b) and (c), times the ratio of the district's adjusted special education base revenue to the state total adjusted special education base revenue. If the state board of education modifies its rules for special education in a manner that increases a district's special education obligations or service requirements, the commissioner shall annually increase each district's special education ~~revenue aid~~ by the amount necessary to compensate for the increased service requirements. The additional ~~revenue aid~~ equals the cost in the current year attributable to rule changes not reflected in the computation of special education base revenue, multiplied by the appropriate percentages from subdivision 2.

(b) Notwithstanding paragraph (a), if the special education base revenue for a district equals zero, the special education ~~revenue aid~~ equals the amount computed according to subdivision 2 using current year data.

(c) Notwithstanding paragraphs (a) and (b), if the special education base revenue for a district is greater than zero, and the base year amount for the district under subdivision 2, paragraph (a), clause (7), equals zero, the special education ~~revenue aid~~ equals the sum of the amount computed according to paragraph (a), plus the amount computed according to subdivision 2, paragraph (a), clause (7), using current year data.

Sec. 41. Minnesota Statutes 1998, section 125A.79, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For the purposes of this section, the definitions in this subdivision apply.

(a) "Unreimbursed special education cost" means the sum of the following:

(1) expenditures for teachers' salaries, contracted services, supplies, equipment, and transportation services eligible for revenue under section 125A.76; plus

(2) expenditures for tuition bills received under sections 125A.03 to 125A.24 and 125A.65 for services eligible for revenue under sections 125A.76, subdivision 2, and 124.3202, subdivision 1; minus

(3) revenue for teachers' salaries, contracted services, supplies, and equipment under sections 124.3202 and 124A.76; minus

(4) tuition receipts under sections 125A.03 to 125A.24 and 125A.65 for services eligible for revenue under sections 124.3202, subdivision 1, and 124A.76, subdivision 2.

(b) "General revenue" means for fiscal year 1996, the sum of the general education revenue according to section 126C.10, subdivision 1, as adjusted according to section 127A.47, subdivision 7, plus the total referendum revenue according to section 126C.17, subdivision 4. For fiscal years 1997 and later, "general revenue" means the sum of the general education revenue according to section 126C.10, subdivision 1, as adjusted according to section 127A.47, ~~subdivision subdivisions 7 and 8~~, plus the total referendum revenue minus transportation sparsity revenue minus total operating capital revenue.

(c) "Average daily membership" has the meaning given it in section 126C.05.

(d) "Program growth factor" means 1.044 for fiscal year 2002 and 1.02 for fiscal year 2003 and later.

Sec. 42. Minnesota Statutes 1998, section 125A.79, subdivision 2, is amended to read:

Subd. 2. [EXCESS COST ~~REVENUE AID, FISCAL YEARS 2000 AND 2001.~~] For ~~1997 and later~~ fiscal years 2000 and 2001, a district's special education excess cost ~~revenue aid~~ equals the greatest of:

(a) ~~70~~ 75 percent of the difference between (1) the district's unreimbursed special education cost and (2) ~~5.7~~ 4.4 percent ~~for fiscal year 1997 and later years~~ 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. 43. Minnesota Statutes 1998, section 125A.79, is amended by adding a subdivision 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 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. 44. Minnesota Statutes 1998, section 125A.79, is amended by adding a subdivision to read:

Subd. 6. [STATE TOTAL SPECIAL EDUCATION EXCESS COST AID.] The state total special education excess cost aid for fiscal year 2002 and later fiscal years equals:

(1) the state total special education excess cost aid for the preceding fiscal year; times

(2) the program growth factor; times

(3) the ratio of the state total average daily membership for the current fiscal year to the state total average daily membership for the preceding fiscal year.

Sec. 45. Minnesota Statutes 1998, section 125A.79, is amended by adding a subdivision to read:

Subd. 7. [DISTRICT SPECIAL EDUCATION EXCESS COST AID.] A district's special education excess cost aid for fiscal year 2002 and later equals the state total special education excess cost aid times the ratio of the district's initial excess cost aid to the state total initial excess cost aid.

Sec. 46. Minnesota Statutes 1998, section 125A.79, is amended by adding a subdivision 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, 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. 47. [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. 48. Minnesota Statutes 1998, section 126C.44, is amended to read:

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

~~For taxes levied in 1991 and subsequent years, payable in 1992 and subsequent years,~~ Each district may make a levy on all taxable property located within the district for the purposes specified in this subdivision. The maximum amount which may be levied for all costs under this subdivision shall be equal to \$1.50 multiplied by the population of the school district. 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 services in the district's middle and secondary schools; (2) to pay the costs for a drug abuse prevention program as defined in Minnesota Statutes 1991 Supplement, section 609.101, subdivision 3, paragraph (f), in the elementary schools; ~~or~~ (3) to pay the costs for a gang resistance education training curriculum in the middle schools; or (4) to pay the costs for other crime prevention and drug abuse and violence prevention measures taken by the school district. The district must initially attempt to contract for ~~these~~ 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 is not included in determining the school district's levy limitations.

Sec. 49. Minnesota Statutes 1998, section 127A.45, is amended by adding a subdivision to read:

Subd. 12a. [FORWARD SHIFTED AID PAYMENTS.] 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.

Sec. 50. Minnesota Statutes 1998, section 127A.45, subdivision 13, is amended to read:

Subd. 13. [AID PAYMENT PERCENTAGE.] Except as provided in subdivisions 11, 12, 12a, and 14, each fiscal year, all education aids and credits in this chapter and chapters 120A, 120B, 121A, 122A, 123A, 123B, 124B, 124D, 125A, 125B, 126C, 134, and section 273.1392, shall be paid at 90 percent of the estimated entitlement during the fiscal year of the entitlement. The final adjustment payment, according to subdivision 9, must be the amount of the actual entitlement, after adjustment for actual data, minus the payments made during the fiscal year of the entitlement.

Sec. 51. Minnesota Statutes 1998, section 127A.47, subdivision 2, is amended to read:

Subd. 2. [REPORTING; REVENUE FOR HOMELESS.] For all school purposes, unless otherwise specifically provided by law, a homeless pupil is a resident of the school district ~~in which the homeless shelter or other program, center, or facility assisting the homeless pupil or the pupil's family is located~~ that enrolls the pupil.

Sec. 52. Minnesota Statutes 1998, section 241.021, subdivision 1, is amended to read:

Subdivision 1. [SUPERVISION OVER CORRECTIONAL INSTITUTIONS.] (1) The commissioner of corrections shall inspect and license all correctional facilities throughout the state, whether public or private, established and operated for the detention and confinement of persons detained or confined therein according to law except to the extent that they are inspected or licensed by other state regulating agencies. The commissioner shall promulgate pursuant to chapter 14, rules establishing minimum standards for these facilities with respect to their management, operation, physical condition, and the security, safety, health, treatment, and discipline of persons detained or confined therein. Commencing September 1, 1980, no individual, corporation, partnership, voluntary association, or other private organization legally responsible for the operation of a correctional facility may operate the facility unless licensed by the commissioner of corrections. The commissioner shall review the correctional facilities described in this subdivision at least once every biennium, except as otherwise provided herein, to determine compliance with the minimum standards established pursuant to this subdivision. The commissioner shall grant a license to any facility found to conform to minimum standards or to any facility which, in the commissioner's judgment, is making satisfactory progress toward substantial conformity and the interests and well-being of the persons detained or confined therein are protected. The commissioner may grant licensure up to two years. The commissioner shall have access to the buildings, grounds, books, records, staff, and to persons detained or confined in these facilities. The commissioner may require the officers in charge of these facilities to furnish all information and statistics the commissioner deems necessary, at a time and place designated by the commissioner. The commissioner may require that any or all such information be provided through the department of corrections detention information system. The education program offered in a correctional facility for the detention or confinement of juvenile offenders must be approved by the commissioner of children, families, and learning before the commissioner of corrections may grant a license to the facility.

(2) Any state agency which regulates, inspects, or licenses certain aspects of correctional facilities shall, insofar as is possible, ensure that the minimum standards it requires are substantially the same as those required by other state agencies which regulate, inspect, or license the same aspects of similar types of correctional facilities, although at different correctional facilities.

(3) Nothing in this section shall be construed to limit the commissioner of corrections' authority to promulgate rules establishing standards of eligibility for counties to receive funds under sections 401.01 to 401.16, or to require counties to comply with operating standards the commissioner establishes as a condition precedent for counties to receive that funding.

(4) When the commissioner finds that any facility described in clause (1), except foster care facilities for delinquent children and youth as provided in subdivision 2, does not substantially conform to the minimum standards established by the commissioner and is not making satisfactory progress toward substantial conformance, the commissioner shall promptly notify the chief executive officer and the governing board of the facility of the deficiencies and order that they be remedied within a reasonable period of time. The commissioner may by written order restrict the use of any facility which does not substantially conform to minimum standards to prohibit the detention of any person therein for more than 72 hours at one time. When, after due notice and hearing, the commissioner finds that any facility described in this subdivision, except county jails and lockups as provided in sections 641.26, 642.10, and 642.11, does not conform to minimum standards, or is not making satisfactory progress toward substantial compliance therewith, the commissioner may issue an order revoking the license of that facility. After revocation of its license, that facility shall not be used until its license is renewed. When the commissioner is satisfied that satisfactory progress towards substantial compliance with minimum standard is being made, the commissioner may, at the request of the appropriate officials of the affected facility supported by a written schedule for compliance, grant an extension of time for a period not to exceed one year.

(5) As used in this subdivision, "correctional facility" means any facility, including a group home, having a residential component, the primary purpose of which is to serve persons placed therein by a court, court services department, parole authority, or other correctional agency having dispositional power over persons charged with, convicted, or adjudicated to be guilty or delinquent.

Sec. 53. Minnesota Statutes 1998, section 245A.04, is amended by adding a subdivision to read:

Subd. 11. [EDUCATION PROGRAM; ADDITIONAL REQUIREMENT.] The education program offered in a residential or nonresidential program, except for child care, foster care, or services for adults, must be approved by the commissioner of children, families, and learning before the commissioner of human services may grant a license to the program.

Sec. 54. Minnesota Statutes 1998, section 626.556, is amended by adding a subdivision to read:

Subd. 3b. [AGENCY RESPONSIBLE FOR ASSESSING OR INVESTIGATING REPORTS OF MALTREATMENT.] The department of children, families, and learning is the agency responsible for assessing or investigating allegations of child maltreatment in schools as defined in sections 120A.05, subdivisions 9, 11, and 13; and 124D.10.

Sec. 55. Laws 1993, chapter 224, article 3, section 32, as amended by Laws 1998, chapter 398, article 2, section 47, is amended to read:

Sec. 32. [ASL GUIDELINES.]

(a) In determining appropriate licensure requirements for teachers of deaf and ~~hard-of-hearing~~ hard-of-hearing students under Minnesota Statutes, section ~~125.189~~ 122A.28, subdivision 1, the board of teaching shall develop the requirements according to the guidelines described in this section.

(b) Each teacher must complete the American sign language sign communication proficiency interview or a comparable American sign language evaluation that the board of teaching, the Minnesota association of deaf citizens, and the Minnesota council for the hearing impaired accept as a means for establishing the teacher's baseline level of American sign language skills. A teacher shall not be charged for this evaluation.

(c) Each teacher must complete 60 continuing education credits in American sign language, American sign language linguistics, or deaf culture for every 120 continuing education credits the teacher is required to complete to renew a teaching license.

(d) In order to obtain an initial license to teach deaf and ~~hard-of-hearing~~ hard-of-hearing students, or to apply for a Minnesota teaching license, after being licensed to teach in another state, a person must demonstrate in the sign communication proficiency interview an intermediate plus level of proficiency in American sign language.

(e) Each teacher applying to renew a teaching license must take the American sign language sign communication proficiency interview or a comparable American sign language evaluation every five years until the teacher demonstrates a minimum, or survival plus, level of proficiency in American sign language.

(f) A teacher working directly with students whose primary language is American sign language should demonstrate at least an advanced level of proficiency in American sign language. The board should not consider a minimum, or survival plus, level of proficiency adequate for providing direct instruction to students whose primary language is American sign language.

(g) To renew a teaching license, a teacher must comply with paragraphs (c) and (e) in addition to other applicable board requirements. A teacher's ability to demonstrate a minimum, or survival plus, level of proficiency in American sign language is not a condition for renewing the teacher's license.

(h) A teacher who demonstrates an increased proficiency in American sign language skill in the American sign language sign communication proficiency interview or a comparable American sign language evaluation shall receive credit toward completing the requirements of paragraph (c). The number of continuing education credits the teacher receives is based on the teacher's increased level of proficiency from the teacher's baseline level:

- (1) 35 continuing education credits for demonstrating an intermediate level of proficiency;
- (2) 40 continuing education credits for demonstrating an intermediate plus level of proficiency;
- (3) 45 continuing education credits for demonstrating an advanced level of proficiency;
- (4) 50 continuing education credits for demonstrating an advanced plus level of proficiency;
- (5) 55 continuing education credits for demonstrating a superior level of proficiency; and
- (6) 60 continuing education credits for demonstrating a superior plus level of proficiency.

(i) This section shall not apply to teachers of oral/aural deaf education.

Sec. 56. Laws 1997, First Special Session chapter 4, article 2, section 51, subdivision 29, as amended by Laws 1998, chapter 398, article 2, section 52, is amended to read:

Subd. 29. [FIRST GRADE PREPAREDNESS.] (a) For grants for the first grade preparedness program under Minnesota Statutes, section 124.2613, and for school sites that have provided a full-day kindergarten option for kindergarten students enrolled in fiscal years 1996 and 1997:

\$5,000,000	.....	1998
\$6,500,000	.....	1999

(b) \$4,200,000 in fiscal year 1998 must be distributed according to Minnesota Statutes, section 124.2613, subdivision 3, and \$4,200,000 in fiscal year 1999 must be distributed according to Minnesota Statutes, section 124D.081, subdivision 3.

(c) \$800,000 in fiscal year 1998 must be divided equally among the four geographic regions defined in Minnesota Statutes, section 124.2613, subdivision 3, and \$800,000 in fiscal year 1999 must be divided equally among the four geographic regions defined in Minnesota Statutes, section 124D.081, subdivision 3, and must first be used to provide funding for school sites that offered an optional full-day kindergarten program during the 1996-1997 school year, but did not receive funding for fiscal year 1997 under Minnesota Statutes, section 124.2613. To be a qualified site, licensed teachers must have taught the optional full-day kindergarten classes. A district that charged a fee for students participating in an optional full-day program is eligible to receive the grant to provide full-day kindergarten for all students as required by Minnesota Statutes, section ~~124.2613~~ 124D.08, subdivision 4. Districts with eligible sites must apply to the commissioner of children, families, and learning for a grant.

(e) This appropriation must first be used to fund programs operating during the 1996-1997 school year under paragraph (b) and Minnesota Statutes, section 124.2613. Any remaining funds may be used to expand the number of sites providing first grade preparedness programs according to Minnesota Statutes, section 124D.081, subdivision 3.

(d) \$1,500,000 in fiscal year 1999 shall be divided equally among the four geographic regions defined in Minnesota Statutes, section 124D.081, subdivision 3, and must first be used to eliminate aid proration for sites qualifying under paragraphs (b) and (c). Any remaining funds may be used to expand the number of sites providing first grade preparedness programs according to Minnesota Statutes, section 124.2613, subdivision 3.

Sec. 57. Laws 1999, chapter 123, section 22, is amended to read:

Sec. 22. [EFFECTIVE DATE.]

Sections 1, 2, 5 to 18, 20, and 21 are effective July 1, 1999, except that the requirement under section 3 5 to provide special instruction and services until the child with a disability becomes 21 years old, instead of 22 years old, is effective July 1, 2002. Sections 3 and 4 are effective July 1, 2002. Section 19 is effective the day following final enactment.

Sec. 58. [DESIGN AND IMPLEMENTATION OF UNIFORM BILLING SYSTEM.]

The commissioner of children, families, and learning shall design a uniform billing system according to Minnesota Statutes, section 125A.80. In designing a system, the commissioner shall seek the input from the appropriate users of the billing system.

The commissioner shall implement a uniform billing system for education services for children placed out of the home, according to Minnesota Statutes, section 125A.80, by July 1, 2000. The commissioner shall provide training to school districts on the uniform billing system.

Sec. 59. [RECOMMENDATIONS FOR A SYSTEM TO APPROVE EDUCATION PROGRAMS SERVING CHILDREN AT CARE AND TREATMENT FACILITIES.]

The commissioner of children, families, and learning shall convene a task force to make recommendations on a system to approve education programs serving children at care and treatment facilities, including detention facilities. The task force shall be chaired by a representative of the department of children, families, and learning and, at a minimum, must include representatives from each of the following organizations: the department of human services, the department of corrections, the Minnesota school boards association, the Minnesota association of school administrators, Education Minnesota, association of Minnesota counties, Minnesota county attorney association, conference of chief judges, and the Minnesota council of child caring agencies.

By February 1, 2000, the commissioner shall submit the task force's recommendations to the education committees of the legislature. The task force sunsets on February 1, 2000.

Sec. 60. [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. [AMERICAN INDIAN LANGUAGE AND CULTURE PROGRAMS.] For grants to American Indian language and culture education programs according to Minnesota Statutes, section 124D.81, subdivision 1:

<u>\$730,000</u>	.....	<u>2000</u>
<u>\$730,000</u>	.....	<u>2001</u>

The 2000 appropriation includes \$73,000 for 1999 and \$657,000 for 2000.

The 2001 appropriation includes \$73,000 for 2000 and \$657,000 for 2001.

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

Subd. 3. [AMERICAN INDIAN EDUCATION.] (a) For certain American Indian education programs in school districts:

<u>\$175,000</u>	.....	<u>2000</u>
<u>\$175,000</u>	.....	<u>2001</u>

The 2000 appropriation includes \$17,000 for 1999 and \$158,000 for 2000.

The 2001 appropriation includes \$17,000 for 2000 and \$158,000 for 2001.

(b) These appropriations are available for expenditure with the approval of the commissioner of the department of children, families, and learning.

(c) The commissioner must not approve the payment of any amount to a school district or school under this subdivision unless that school district or school is in compliance with all applicable laws of this state.

(d) Up to the following amounts may be distributed to the following schools and school districts for each fiscal year: \$54,800 Pine Point School; \$9,800 to independent school district No. 166, Cook county; \$14,900 to independent school district No. 432, Mahanomen; \$14,200 to independent school district No. 435, Waubun; \$42,200 to independent school district No. 707, Nett Lake; and \$39,100 to independent school district No. 38, Red Lake. These amounts must be spent only for the benefit of American Indian pupils and to meet established state educational standards or statewide requirements.

(e) Before a district or school can receive money under this subdivision, the district or school must submit, to the commissioner, evidence that it has complied with the uniform financial accounting and reporting standards act, Minnesota Statutes, sections 123B.75 to 123B.83.

Subd. 4. [AMERICAN INDIAN POST-SECONDARY PREPARATION GRANTS.] For American Indian post-secondary preparation grants according to Minnesota Statutes, section 124D.85:

<u>\$982,000</u>	.....	<u>2000</u>
<u>\$982,000</u>	.....	<u>2001</u>

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

Subd. 5. [AMERICAN INDIAN SCHOLARSHIPS.] For American Indian scholarships according to Minnesota Statutes, section 124D.84:

<u>\$1,875,000</u>	.....	<u>2000</u>
<u>\$1,875,000</u>	.....	<u>2001</u>

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

Subd. 6. [INDIAN TEACHER PREPARATION GRANTS.] (a) For joint grants to assist Indian people to become teachers:

<u>\$190,000</u>	.....	<u>2000</u>
<u>\$190,000</u>	.....	<u>2001</u>

(b) Up to \$70,000 each year is for a joint grant to the University of Minnesota at Duluth and independent school district No. 709, Duluth.

(c) Up to \$40,000 each year is for a joint grant to each of the following:

(1) Bemidji state university and independent school district No. 38, Red Lake;

(2) Moorhead state university and a school district located within the White Earth reservation; and

(3) Augsburg college, independent school district No. 625, St. Paul, and special school district No. 1, Minneapolis.

(d) Money not used for students at one location may be transferred for use at another location.

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

Subd. 7. [TRIBAL CONTRACT SCHOOLS.] For tribal contract school aid according to Minnesota Statutes, section 124D.83:

<u>\$2,706,000</u>	<u>.....</u>	<u>2000</u>
<u>\$2,790,000</u>	<u>.....</u>	<u>2001</u>

The 2000 appropriation includes \$283,000 for 1999 and \$2,423,000 for 2000.

The 2001 appropriation includes \$269,000 for 2000 and \$2,521,000 for 2001.

Subd. 8. [EARLY CHILDHOOD PROGRAMS AT TRIBAL SCHOOLS.] For early childhood family education programs at tribal contract schools:

<u>\$68,000</u>	<u>.....</u>	<u>2000</u>
<u>\$68,000</u>	<u>.....</u>	<u>2001</u>

Subd. 9. [MAGNET SCHOOL GRANTS.] For magnet school and program grants:

<u>\$1,750,000</u>	<u>.....</u>	<u>2000</u>
<u>\$1,750,000</u>	<u>.....</u>	<u>2001</u>

These amounts may be used for magnet school programs according to Minnesota Statutes, section 124D.88.

Subd. 10. [INTEGRATION PROGRAMS.] For minority fellowship grants according to Laws 1994, chapter 647, article 8, section 29; minority teacher incentives according to Minnesota Statutes, section 122A.65; teachers of color grants according to Minnesota Statutes, section 122A.64; and cultural exchange grants according to Minnesota Statutes, section 124D.89:

<u>\$1,000,000</u>	<u>.....</u>	<u>2000</u>
<u>\$1,000,000</u>	<u>.....</u>	<u>2001</u>

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

In awarding teacher of color grants, priority must be given to districts that have students who are currently in the process of completing their academic program.

Subd. 11. [SPECIAL EDUCATION AID.] For special education aid according to Minnesota Statutes, section 125A.75:

<u>\$456,015,000</u>	.....	<u>2000</u>
<u>\$472,900,000</u>	.....	<u>2001</u>

The 2000 appropriation includes \$39,300,000 for 1999 and \$416,715,000 for 2000.

The 2001 appropriation includes \$46,300,000 for 2000 and \$426,600,000 for 2001.

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:

<u>\$443,000</u>	.....	<u>2000</u>
<u>\$1,064,000</u>	.....	<u>2001</u>

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.

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:

<u>\$133,000</u>	.....	<u>2000</u>
<u>\$139,000</u>	.....	<u>2001</u>

The 2000 appropriation includes \$11,000 for 1999 and \$122,000 for 2000.

The 2001 appropriation includes \$13,000 for 2000 and \$126,000 for 2001.

Subd. 14. [SPECIAL EDUCATION EXCESS COST AID.] For excess cost aid:

<u>\$60,498,000</u>	.....	<u>2000</u>
<u>\$79,405,000</u>	.....	<u>2001</u>

The 2000 appropriation includes \$4,693,000 for 1999 and \$55,805,000 for 2000.

The 2001 appropriation includes \$6,200,000 for 2000 and \$73,205,000 for 2001.

Subd. 15. [CAREER AND TECHNICAL PROGRAMS; CHILDREN WITH DISABILITIES.] For aid for career and technical programs for children with disabilities according to Minnesota Statutes, section 124D.454:

<u>\$8,892,000</u>	.....	<u>2000</u>
<u>\$8,968,000</u>	.....	<u>2001</u>

The 2000 appropriation includes \$808,000 for 1999 and \$8,084,000 for 2000.

The 2001 appropriation includes \$898,000 for 2000 and \$8,070,000 for 2001.

Subd. 16. [SPECIAL PROGRAMS EQUALIZATION AID.] For special education levy equalization aid according to Minnesota Statutes, section 125A.77:

<u>\$526,000</u>	<u>2000</u>
------------------	-----------	-------------

The 2000 appropriation includes \$526,000 for 1999 and \$0 for 2000.

Subd. 17. [INTEGRATION AID.] For integration aid:

<u>\$37,182,000</u>	<u>2000</u>
---------------------	-----------	-------------

<u>\$43,787,000</u>	<u>2001</u>
---------------------	-----------	-------------

The 2000 appropriation includes \$2,902,000 for 1999 and \$34,280,000 for 2000.

The 2001 appropriation includes \$3,809,000 for 2000 and \$39,978,000 for 2001.

Subd. 18. [ADDITIONAL REVENUE FOR HOMELESS STUDENTS.] For additional revenue for homeless students according to Minnesota Statutes, section 124D.70:

<u>\$20,000</u>	<u>2000</u>
-----------------	-----------	-------------

The 2000 appropriation includes \$20,000 for 1999 and \$0 for 2000.

Subd. 19. [INTERDISTRICT DESEGREGATION OR INTEGRATION TRANSPORTATION AID.] For interdistrict desegregation or integration transportation aid under Minnesota Statutes, section 124D.87:

<u>\$970,000</u>	<u>2000</u>
------------------	-----------	-------------

<u>\$970,000</u>	<u>2001</u>
------------------	-----------	-------------

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

Subd. 20. [ADOLESCENT PARENTING GRANTS.] For adolescent parenting grants under Laws 1997, chapter 162, article 2, section 28:

<u>\$300,000</u>	<u>2000</u>
------------------	-----------	-------------

This appropriation is available until June 30, 2001.

Subd. 21. [CENTER FOR VICTIMS OF TORTURE.] For the center for victims of torture to provide training, consultation, and support services in public schools with significant populations of traumatized refugee and immigrant students:

<u>\$75,000</u>	<u>2000</u>
-----------------	-----------	-------------

<u>\$75,000</u>	<u>2001</u>
-----------------	-----------	-------------

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

Subd. 22. [OUT-OF-STATE TUITION.] For out-of-state tuition under Minnesota Statutes, section 125A.79, subdivision 8:

<u>\$250,000</u>	<u>2001</u>
------------------	-----------	-------------

If the appropriation under this section is insufficient to cover the expenses submitted by districts, the commissioner shall prorate the aid to districts based on the expenses submitted by districts.

Subd. 23. [UNIFORM BILLING SYSTEM; TECHNICAL ASSISTANCE.] For implementing an effective and efficient uniform billing system for the educational costs of students placed out of the home:

<u>\$50,000</u>	: : : : :	<u>2000</u>
-----------------	-----------	-------------

Subd. 24. [STATE APPROVAL OF EDUCATION PROGRAMS AT CARE AND TREATMENT FACILITIES.] For developing and implementing a system to approve education costs of students placed out of the home:

<u>\$50,000</u>	: : : : :	<u>2000</u>
-----------------	-----------	-------------

This appropriation is available until June 30, 2001.

Subd. 25. [FIRST-GRADE PREPAREDNESS GRANTS.] For grants for the first-grade preparedness program under Minnesota Statutes, section 124D.081:

<u>\$7,000,000</u>	: : : : :	<u>2000</u>
--------------------	-----------	-------------

<u>\$7,000,000</u>	: : : : :	<u>2001</u>
--------------------	-----------	-------------

For each year, the appropriation must first be used to fund programs operating during the 1998-1999 school year, unless the site's ranking, as determined by Minnesota Statutes, section 124D.081, subdivision 3, falls below the state average for elementary schools. Any remaining funds may be used to expand the number of sites according to Minnesota Statutes, section 124D.081, subdivision 3.

Subd. 26. [LITIGATION COSTS.] For paying the costs a district incurs under Minnesota Statutes, section 125A.75, subdivision 8:

<u>\$375,000</u>	: : : : :	<u>2000</u>
------------------	-----------	-------------

<u>\$375,000</u>	: : : : :	<u>2001</u>
------------------	-----------	-------------

Subd. 27. [COURT-PLACED SPECIAL EDUCATION REVENUE.] For reimbursing serving school districts for unreimbursed eligible expenditures attributable to children placed in the serving school district by court action under Minnesota Statutes, section 125A.79, subdivision 4:

<u>\$350,000</u>	: : : : :	<u>2000</u>
------------------	-----------	-------------

<u>\$350,000</u>	: : : : :	<u>2001</u>
------------------	-----------	-------------

This appropriation is available until June 30, 2001.

Subd. 28. [ROCHESTER SCHOOL DISTRICT.] For a special education revenue adjustment for independent school district No. 535, Rochester:

<u>\$150,000</u>	: : : : :	<u>2000</u>
------------------	-----------	-------------

<u>\$15,000</u>	: : : : :	<u>2001</u>
-----------------	-----------	-------------

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

Sec. 61. [REVISOR INSTRUCTION.]

In the next and subsequent editions of Minnesota Statutes and Minnesota Rules, the revisor shall change all references to the "Faribault academies" to the "Minnesota state academies."

Sec. 62. [REPEALER.]

(a) Minnesota Statutes 1998, sections 124D.081, subdivisions 7 and 8; 124D.65, subdivision 3; 125A.76, subdivision 6; 125A.77; and 125A.79, subdivision 3, are repealed.

(b) Minnesota Statutes 1998, section 124D.70, is repealed effective July 1, 2000.

Sec. 63. [EFFECTIVE DATES.]

Sections 8, 49, and 50 are effective the day following final enactment for revenue for fiscal year 1999 and later. Sections 19, 21, 22, 35, 38, 46, 52, and 53 are effective July 1, 2000. Sections 20 and 23 to 34 are effective December 31, 1999. Sections 36 and 56 are effective the day following final enactment.

ARTICLE 3

LIFEWORk DEVELOPMENT

Section 1. Minnesota Statutes 1998, section 124D.453, subdivision 3, is amended to read:

Subd. 3. [SECONDARY VOCATIONAL AID.] A district's secondary vocational education aid for a fiscal year 2000 equals the lesser of:

(a) ~~\$80~~ \$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 secondary vocational 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 secondary vocational education personnel;

(4) necessary travel by licensed secondary vocational 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 secondary vocational education personnel for noncollegiate credit bearing professional development; and

(7) specialized vocational instructional supplies.

(c) Up to ten percent of a district's secondary vocational aid may be spent on equipment purchases. Districts using secondary vocational aid for equipment purchases must report to the department on the improved learning opportunities for students that result from the investment in equipment.

Sec. 2. Laws 1997, First Special Session chapter 4, article 3, section 25, subdivision 6, is amended to read:

Subd. 6. [SOUTHWEST STAR CONCEPT SCHOOL.] For a grant to independent school district No. 330, Heron Lake-Okabena, to establish the Southwest Star Concept School:

\$193,000	1998
-----------	-----------	------

This appropriation may be used for equipment, activities beyond the classroom walls, professional planning assistance, monitoring, evaluating, and reporting activities related to the case study prepared in section 22.

This appropriation is available until June 30, 1999.

Sec. 3. [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. [SECONDARY VOCATIONAL EDUCATION AID.] For secondary vocational education aid according to Minnesota Statutes, section 124D.453:

<u>\$11,335,000</u>	. . . . .	<u>2000</u>
<u>\$1,130,000</u>	. . . . .	<u>2001</u>

The 2000 appropriation includes \$1,159,000 for 1999 and \$10,176,000 for 2000. The 2001 appropriation includes \$1,130,000 for 2000.

Subd. 3. [YOUTHWORKS PROGRAMS.] For funding youthworks programs according to Minnesota Statutes, sections 124D.37 to 124D.45:

<u>\$1,788,000</u>	. . . . .	<u>2000</u>
<u>\$1,788,000</u>	. . . . .	<u>2001</u>

A grantee organization may provide health and child care coverage to the dependents of each participant enrolled in a full-time youthworks program to the extent such coverage is not otherwise available.

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

Subd. 4. [EDUCATION AND EMPLOYMENT TRANSITIONS PROGRAM GRANTS.] For education and employment transitions programming under Minnesota Statutes, section 124D.46:

<u>\$3,225,000</u>	. . . . .	<u>2000</u>
<u>\$3,225,000</u>	. . . . .	<u>2001</u>

\$200,000 each year is for the development and implementation of the ISEEK Internet-based education and employment information system.

\$1,000,000 each year 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.

Subd. 5. [LEARN AND EARN GRADUATION ACHIEVEMENT PROGRAM.] For the learn and earn graduation achievement program under Minnesota Statutes, section 124D.32:

<u>\$725,000</u>	.....	<u>2000</u>
<u>\$725,000</u>	.....	<u>2001</u>

This appropriation is available until June 30, 2001.

Subd. 6. [MINNESOTA SCHOOL-TO-WORK STUDENT ORGANIZATION FOUNDATION.] For the Minnesota school-to-work student organization foundation under Minnesota Statutes, section 124D.34:

<u>\$625,000</u>	.....	<u>2000</u>
<u>\$625,000</u>	.....	<u>2001</u>

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

Sec. 4. [REVISOR INSTRUCTION.]

In the next and subsequent editions of Minnesota Statutes the revisor shall:

(1) in Minnesota Statutes, section 124D.34, subdivisions 2 and 3, change all references to "Minnesota school-to-work student organization foundation" to "Minnesota Foundation for Student Organizations";

(2) in Minnesota Statutes, sections 124D.34 and 124D.453, change all references to "secondary vocational" to "career and technical";

(3) in Minnesota Statutes, section 124D.454, change all references to "school-to-work" to "transition."

Sec. 5. [REPEALER.]

Minnesota Statutes 1998, section 124D.453, is repealed effective for revenue for fiscal year 2001.

Sec. 6. [EFFECTIVE DATE.]

Section 2 is effective retroactive to July 1, 1997.

ARTICLE 4

FACILITIES AND TECHNOLOGY

Section 1. Minnesota Statutes 1998, section 123B.53, subdivision 2, is amended to read:

Subd. 2. [ELIGIBILITY.] (a) The following portions of a district's debt service levy qualify for debt service equalization:

- (1) debt service for repayment of principal and interest on bonds issued before July 2, 1992;
- (2) debt service for bonds refinanced after July 1, 1992, if the bond schedule has been approved by the commissioner and, if necessary, adjusted to reflect a 20-year maturity schedule; and
- (3) debt service for bonds issued after July 1, 1992, for construction projects that have received a positive review and comment according to section 123B.71, if the commissioner has determined that the district has met the criteria under section 126C.69, subdivision 3, except section 126C.69, subdivision 3, paragraph (a), clause (2), and if the bond schedule has been approved by the commissioner and, if necessary, adjusted to reflect a 20-year maturity schedule.

~~(b) The criterion in section 126C.69, subdivision 3, paragraph (a), clause (2), shall be considered to have been met if the district in the fiscal year in which the bonds are authorized at an election conducted under chapter 475:~~

~~(i) if grades 9 through 12 are to be served by the facility, and an average of at least 66 pupils per grade in these grades are served; or~~

~~(ii) is eligible for elementary or secondary sparsity revenue.~~

~~(c) The criterion in section 126C.69, subdivision 3, paragraph (a), clause (2), shall also be considered to have been met if the construction project under review serves students in kindergarten to grade 8. Only the debt service levy for that portion of the facility serving students in prekindergarten to grade 8, as determined by the commissioner, shall be eligible for debt service equalization under this paragraph.~~

~~(d) The criterion described in section 126C.69, subdivision 3, paragraph (a), clause (9), does not apply to bonds authorized by elections held before July 1, 1992.~~

~~(e) (c) For the purpose of this subdivision the department shall determine the eligibility for sparsity at the location of the new facility, or the site of the new facility closest to the nearest operating school if there is more than one new facility.~~

~~(f) (d) Notwithstanding paragraphs (a) to (e) (c), debt service for repayment of principal and interest on bonds issued after July 1, 1997, does not qualify for debt service equalization aid unless the primary purpose of the facility is to serve students in kindergarten through grade 12.~~

Sec. 2. Minnesota Statutes 1998, section 123B.53, subdivision 4, is amended to read:

Subd. 4. [DEBT SERVICE EQUALIZATION REVENUE.] ~~(a) For fiscal years 1995 and later,~~ The debt service equalization revenue of a district equals the eligible debt service revenue minus the amount raised by a levy of ~~ten~~ 12 percent times the adjusted net tax capacity of the district.

~~(b) For fiscal year 1993, debt service equalization revenue equals one-third of the amount calculated in paragraph (a).~~

~~(c) For fiscal year 1994, debt service equalization revenue equals two-thirds of the amount calculated in paragraph (a).~~

Sec. 3. Minnesota Statutes 1998, section 123B.53, subdivision 5, is amended to read:

Subd. 5. [EQUALIZED DEBT SERVICE LEVY.] To obtain debt service equalization revenue, a district must levy an amount not to exceed the district's debt service equalization revenue times the lesser of one or the ratio of:

(1) the quotient derived by dividing the adjusted net tax capacity of the district for the year before the year the levy is certified by the ~~resident~~ adjusted pupil units in the district for the school year ending in the year prior to the year the levy is certified; to

(2) ~~\$4,707.50~~ \$4,000.

Sec. 4. Minnesota Statutes 1998, section 123B.53, subdivision 6, is amended to read:

Subd. 6. [DEBT SERVICE EQUALIZATION AID.] A district's debt service equalization aid is the difference between the debt service equalization revenue and the equalized debt service levy. ~~If the amount of debt service equalization aid actually appropriated for the fiscal year in which this calculation is made is insufficient to fully fund debt service equalization aid, the commissioner shall prorate the amount of aid across all eligible districts.~~

Sec. 5. Minnesota Statutes 1998, section 123B.53, subdivision 7, is amended to read:

Subd. 7. [DEBT SERVICE EQUALIZATION AID PAYMENT SCHEDULE.] Debt service equalization aid must be paid as follows: ~~30 percent before September 15, 30 percent before December 15, 30 percent before March 15, and a final payment of ten percent by July 15 of the subsequent fiscal year according to section 127A.45, subdivision 10.~~

Sec. 6. Minnesota Statutes 1998, section 123B.54, is amended to read:

123B.54 [DEBT SERVICE APPROPRIATION.]

(a) ~~\$35,480,000~~ \$33,165,000 in fiscal year ~~1998~~ 2000, ~~\$38,159,000~~ \$32,057,000 in fiscal year ~~1999~~ 2001, and ~~\$38,390,000~~ \$31,280,000 in fiscal year ~~2000~~ 2002 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 ~~2000~~ 2002 appropriation includes ~~\$3,842,000~~ \$3,201,000 for ~~1999~~ 2001 and ~~\$34,548,000~~ \$29,079,000 for ~~2000~~ 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. 7. Minnesota Statutes 1998, section 123B.57, subdivision 4, is amended to read:

Subd. 4. [HEALTH AND SAFETY LEVY.] To receive health and safety revenue, a district may levy an amount equal to the district's health and safety revenue as defined in subdivision 3 multiplied by the lesser of one, or the ratio of the quotient derived by dividing the adjusted net tax capacity of the district for the year preceding the year the levy is certified by the ~~resident~~ adjusted marginal cost pupil units in the district for the school year to which the levy is attributable, to ~~\$4,707.50~~ \$3,956.

Sec. 8. Minnesota Statutes 1998, section 123B.59, subdivision 1, is amended to read:

Subdivision 1. [TO QUALIFY.] An independent or special school district qualifies to participate in the alternative facilities bonding and levy program if the district has:

- (1) more than 66 students per grade;
- (2) over 1,850,000 square feet of space;
- (3) average age of building space is ~~20~~ 15 years or older;
- (4) insufficient funds from projected health and safety revenue and capital facilities revenue to meet the requirements for deferred maintenance, to make accessibility improvements, or to make fire, safety, or health repairs; and
- (5) a ten-year facility plan approved by the commissioner according to subdivision 2.

Sec. 9. Minnesota Statutes 1998, section 123B.61, is amended to read:

123B.61 [PURCHASE OF CERTAIN EQUIPMENT.]

The board of a district may issue general obligation certificates of indebtedness or capital notes subject to the district debt limits to ~~purchase~~: (a) purchase vehicles, computers, telephone systems, cable equipment, photocopy and office equipment, technological equipment for instruction, and other capital equipment having an expected useful life at least as long as the terms of the certificates or notes; ~~and~~ (b) purchase computer hardware and software, without regard to its expected useful life, whether bundled with machinery or equipment or unbundled, together with application development services and training related to the use of the computer; ~~and~~ (c) prepay special assessments. The certificates or notes must be payable in not more than five years and must be issued on the terms and in the manner determined by the board, except that certificates or notes issued to prepay special assessments must be payable in not more than 20 years. The certificates or notes may be issued by resolution and without the requirement for an election. The certificates or notes are general obligation bonds for purposes of section 126C.55. A tax levy must be made for the payment of the principal and interest on the certificates or notes, in accordance with section 475.61, as in the case of bonds. The sum of the tax levies under this section and section 123B.62 for each year must not exceed the amount of the district's total operating capital revenue for the year the initial debt service levies are certified. The district's general education levy for each year must be reduced by the sum of (1) the amount of the tax levies for debt service certified for each year for payment of the principal and interest on the certificates or notes as required by section 475.61, and (2) any excess amount in the debt redemption fund used to retire certificates or notes issued after April 1, 1997, other than amounts used to pay capitalized interest. A district using an excess amount in the debt redemption fund to retire the certificates or notes shall report the amount used for this purpose to the commissioner by July 15 of the following fiscal year. A district having an outstanding capital loan under section 126C.69 or an outstanding debt service loan under section 126C.68 must not use an excess amount in the debt redemption fund to retire the certificates or notes.

Sec. 10. Minnesota Statutes 1998, 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)~~(i)~~(1) may apply for a magnet school grant in an amount not to exceed ~~\$15,000,000~~ \$20,800,000 for the approved costs or expansion of a magnet school facility.

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

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

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

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

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

(ii) (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)(i)(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.

(ii) (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)(ii)(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. 11. Minnesota Statutes 1998, section 125B.20, is amended to read:

125B.20 [TELECOMMUNICATION ACCESS GRANT AND STATEWIDE COORDINATION.]

Subdivision 1. [ESTABLISHMENT; PURPOSE.] The purpose of developing a statewide school district telecommunications network is to expand the availability of a broad range of courses and degrees to students throughout the state, to share information resources to improve access, quality, and efficiency, to improve learning, and distance cooperative learning opportunities, and to promote the exchange of ideas among students, parents, teachers, media generalists, librarians, and the public. In addition, through the development of this statewide telecommunications network emphasizing cost-effective, competitive connections, all Minnesotans will benefit by enhancing access to telecommunications technology throughout the state. Network connections for school districts and public libraries ~~will be~~ are coordinated and fully integrated into the existing state telecommunications and interactive television networks to achieve comprehensive and efficient interconnectivity of school districts and libraries to higher education institutions, state agencies, other governmental units, agencies, and institutions throughout Minnesota. A school district may apply to the commissioner for a grant under subdivision 2, and a regional public library may apply under subdivision 3. The Minnesota education telecommunication council established in Laws 1995, First Special Session chapter 3, article 12, section 7, shall establish priorities for awarding grants, making grant awards, and being responsible for the coordination of networks.

Subd. 2. [SCHOOL DISTRICT TELECOMMUNICATIONS GRANT.] (a) Priority will be given to a school district that has not received access to interactive video, data connection, or both under the telecommunications access grant program. Districts may apply for a grant under this subdivision to: (1) establish connections among school districts, and between school districts and the state information infrastructure administered by the department of administration under section 16B.465; or (2) if such a connection meeting minimum electronic connectivity

standards is already established, enhance telecommunications capacity for a school district. ~~The minimum standards of capacity are a 56 kilobyte data line and 768 kilobyte IPv connection, subject to change based on the recommendations by the Minnesota education telecommunications council.~~ A district may submit a grant application for interactive television with higher capacity connections in order to maintain multiple simultaneous connections. To ensure coordination among school districts, a school district must submit its grant application to the council through ~~an organization that coordinates the applications and connections of at least ten school districts or through an existing technology cooperative~~ the telecommunications access grant cluster of which the district is a member.

(b) The application must, at a minimum, contain information to document for each applicant school district the following:

(1) that the proposed connection meets the minimum standards and employs an open network architecture that will ensure interconnectivity and interoperability with other education institutions and libraries;

(2) that the proposed connection and system will be connected to the state information infrastructure through the department of administration under section 16B.465 ~~and that a network service and management agreement is in place;~~

(3) that the proposed connection and system will be connected to the higher education telecommunication network and that a governance agreement has been adopted which includes agreements between the school district system, a higher education regional council, libraries, and coordinating entities;

(4) the telecommunication vendor selected to provide service from the district to a state information infrastructure hub or to a more cost-effective connection point to the state information infrastructure; and

(5) other information, as determined by the commissioner in consultation with the education telecommunications council, to ensure that connections are coordinated, meet state standards and are cost-effective, and that service is provided in an efficient and cost-effective manner.

(c) A school district may include, in its grant application, telecommunications access for collaboration with nonprofit arts organizations for the purpose of educational programs, or access for a secondary media center that: (1) is a member of a multitype library system; (2) is open during periods of the year when classroom instruction is occurring; and (3) has licensed school media staff on site.

(d) The Minnesota education telecommunications council shall award grants and the funds shall be dispersed by the commissioner. ~~The highest priority for these grants shall be to bring school districts up to the minimum connectivity standards. A grant to enhance telecommunications capacity beyond the minimum connectivity standards shall be no more than 75 percent of the maximum grant under this subdivision. Grant applications for minimum connection and enhanced telecommunications capacity grants must be submitted to the commissioner by a coordinating organization including, but not limited to, service cooperatives and education districts. Grant applications must be submitted to the commissioner by a telecommunications access grant cluster organization.~~ For the purposes of the grant, a school district may include a charter school under section 124D.10, or the Faribault academies. Based on the award made by the council, all grants under this subdivision shall be paid by the commissioner directly to a school district (unless this application requests that the funds be paid to the coordinating agency). Nonpublic schools as defined in section 237.065, subdivision 2, located within the district may access the network. The nonpublic school is responsible for actual costs for connection from the school to the access site.

(e) Money awarded under this section may be used only for the purposes explicitly stated in the grant application.

Subd. 3. [REGIONAL LIBRARY TELECOMMUNICATION GRANT.] (a) A regional public library system may apply for a telecommunication access grant. Priority will be given to public libraries that have not received access to data connection under the telecommunications access grant program. The grant must be used to create or expand the capacity of electronic data access and connect the library system with the state information infrastructure administered by the department of administration under section 16B.465. ~~Connections must meet minimum system~~

~~standards of a 56 kilobyte data line and 768 kilobyte ITV connection. To be eligible for a telecommunications access grant, a regional public library system must: (1) meet the level of local support required under section 134.34; and (2) be open at least 20 hours per week.~~

(b) Any grant award under this subdivision may not be used to substitute for any existing local funds allocated to provide electronic access, or equipment for library staff or the public, or local funds previously dedicated to other library operations.

(c) An application for a regional public library telecommunications access grant must, at a minimum, contain information to document the following:

(1) that the connection meets the minimum standards and employs an open network architecture that will ensure interconnectivity and interoperability with other libraries and the educational system;

(2) that the connection is being established through the most cost-effective means and that the public library has explored and coordinated connections through school districts or other governmental agencies;

(3) that the proposed connection and system will be connected to the state information infrastructure through the department of administration under section 16B.465 ~~and that a network service and management agreement is in place;~~

(4) that the proposed connection and system will be connected to the higher education and to the school district telecommunication networks subject to a governance agreement with one or more school districts and a higher education regional council specifying how the system will be coordinated;

(5) the telecommunication vendor selected to provide service from the library to a state information infrastructure hub or through a more cost-effective connection point to the state information infrastructure; and

(6) other information, as determined by the commissioner, to ensure that connections are coordinated, meet state standards, are cost-effective, and that service is provided in an efficient and cost-effective manner so that libraries throughout the state are connected in as seamless a manner as technically possible.

Subd. 4. [AWARD OF GRANTS.] The council shall develop application forms and procedures for ~~school district minimum connectivity grants, enhanced telecommunications grants, and regional library telecommunication access grants.~~ The council shall select the grant recipient and shall promptly notify any applicant that is found not to be qualified. The commissioner shall make the grant payments directly to the school district or regional library system. At the request of the district or regional library system, the commissioner may make the grant payment directly to the coordinating organization. ~~If appropriations are insufficient to fund all applications, the commissioner shall first fully fund the minimum connectivity grants. Unsuccessful applicants may reapply for a grant.~~

Subd. 5. [E-RATES.] The telecommunication access grant clusters are required to file e-rate applications for telecommunication access grant-related expenditures on behalf of grant participants in their clusters. Discounts received on telecommunication access grant expenditures shall be used to offset or reduce operations funding provided by the state.

Sec. 12. Minnesota Statutes 1998, section 126C.40, subdivision 4, is amended to read:

Subd. 4. [INTERACTIVE TELEVISION.] (a) A district with its central administrative office located within economic development region one, two, three, four, five, six, seven, eight, nine, and ten may apply to the commissioner for ITV revenue up to the greater of ~~5~~ 6 percent of the adjusted net tax capacity of the district or \$25,000. Eligible interactive television expenditures include the construction, maintenance, and lease costs of an interactive television system for instructional purposes. An eligible school district that has completed the construction of its interactive television system may also purchase computer hardware and software used primarily for instructional purposes and access to the Internet provided that its total expenditures for interactive television

maintenance and lease costs and for computer hardware and software under this subdivision do not exceed its interactive television revenue for fiscal year 1998. The approval by the commissioner and the application procedures set forth in subdivision 1 shall apply to the revenue in this subdivision. In granting the approval, the commissioner shall consider whether the district is maximizing efficiency through peak use and off-peak use pricing structures.

(b) To obtain ITV revenue, a district may levy an amount not to exceed the district's ITV revenue times the lesser of one or the ratio of:

(1) the quotient derived by dividing the adjusted net tax capacity of the district for the year before the year the levy is certified by the ~~resident~~ adjusted marginal cost pupil units in the district for the year to which the levy is attributable; to

(2) ~~\$10,000~~ \$8,404.

(c) A district's ITV aid is the difference between its ITV revenue and the ITV levy.

(d) The revenue in the first year after reorganization for a district that has reorganized under sections 123A.35 to 123A.41, 123A.46, or 123A.48 shall be the greater of:

(1) the revenue computed for the reorganized district under paragraph (a), or

(2)(i) for two districts that reorganized, 75 percent of the revenue computed as if the districts involved in the reorganization were separate, or

(ii) for three or more districts that reorganized, 50 percent of the revenue computed as if the districts involved in the reorganization were separate.

(e) The revenue in paragraph (d) is increased by the difference between the initial revenue and ITV lease costs for leases that had been entered into by the preexisting districts on the effective date of the consolidation or combination and with a term not exceeding ten years. This increased revenue is only available for the remaining term of the lease. However, in no case shall the revenue exceed the amount available had the preexisting districts received revenue separately.

(f) Effective for fiscal year 2000, the revenue under this section shall be 75 percent of the amount determined in paragraph (a); for fiscal year 2001, 50 percent of the amount in paragraph (a); and for fiscal year 2002, 25 percent of the amount in paragraph (a).

(g) This ~~section~~ subdivision expires effective for revenue for fiscal year 2003; ~~or when leases in existence on the effective date of Laws 1997, First Special Session chapter 4, expire.~~

Sec. 13. Minnesota Statutes 1998, section 126C.55, is amended by adding a subdivision to read:

Subd. 10. [CONTINUING DISCLOSURE AGREEMENTS.] The commissioner of finance may enter into written agreements or contracts relating to the continuing disclosure of information needed to facilitate the ability of school districts to issue debt obligations according to federal securities laws, rules, and regulations, including securities and exchange commission rules and regulations, section 240.15c2-12. Such agreements or contracts may be in any form the commissioner of finance deems reasonable and in the state's best interests.

Sec. 14. Minnesota Statutes 1998, section 126C.63, subdivision 5, is amended to read:

Subd. 5. [LEVY.] "Levy" means a district's net debt service levy after the reduction of debt service equalization aid under section 123B.53, subdivision 6. For taxes payable in 1994 and later, each district's maximum effort debt service levy for purposes of subdivision 8, must be reduced by an equal number of percentage points if the commissioner determines that the levy reduction will not result in a statewide property tax as would be required under Minnesota Statutes 1992, section 124.46, subdivision 3. A district's levy that is adjusted under this section must not be reduced below ~~18.74~~ 22.3 percent of the district's adjusted net tax capacity.

Sec. 15. Minnesota Statutes 1998, section 126C.63, subdivision 8, is amended to read:

Subd. 8. [MAXIMUM EFFORT DEBT SERVICE LEVY.] "Maximum effort debt service levy" means the lesser of:

(1) a levy in whichever of the following amounts is applicable:

(a) in any district receiving a debt service loan for a debt service levy payable in 1991 and thereafter, or granted a capital loan after January 1, 1990, a levy in a total dollar amount computed at a rate of ~~20~~ 24 percent of adjusted net tax capacity for taxes payable in 1991 and thereafter;

(b) in any district granted a debt service loan after July 31, 1981, or granted a capital loan which is approved after July 31, 1981, a levy in a total dollar amount computed as a ~~tax rate of 13.08 percent on the adjusted gross tax capacity for taxes payable in 1990 or a tax rate of 18.42~~ 21.92 percent on the adjusted net tax capacity for taxes payable in 1991 and thereafter;

~~(c) in any district granted a debt service loan before August 1, 1981, or granted a capital loan which was approved before August 1, 1981, a levy in a total dollar amount computed as a tax rate of 12.26 percent on the adjusted gross tax capacity for taxes payable in 1990 or a tax rate of 17.17 percent on the adjusted net tax capacity for taxes payable in 1991 and thereafter, until and unless the district receives an additional loan; or~~

~~(2) a levy in whichever of the following amounts is applicable:~~

~~(a) in any district which received a debt service or capital loan from the state before January 1, 1965, a levy in a total dollar amount computed as 4.10 mills on the market value in each year, unless the district applies or has applied for an additional loan subsequent to January 1, 1965, or issues or has issued bonds on the public market, other than bonds refunding state loans, subsequent to January 1, 1967;~~

~~(b) in any district granted a debt service or capital loan between January 1, 1965, and July 1, 1969, a levy in a total dollar amount computed as 5-1/2 mills on the market value in each year, until and unless the district receives an additional loan;~~

~~(c) in any district granted a debt service or capital loan between July 1, 1969, and July 1, 1975, a levy in a total dollar amount computed as 6.3 mills on market value in each year until and unless the district has received an additional loan;~~

~~(d) in any district for which a capital loan was approved prior to August 1, 1981, a levy in a total dollar amount equal to the sum of the amount of the required debt service levy and an amount which when levied annually will in the opinion of the commissioner be sufficient to retire the remaining interest and principal on any outstanding loans from the state within 30 years of the original date when the capital loan was granted.~~

The board in any district affected by the provisions of clause (2)~~(d)~~ may elect instead to determine the amount of its levy according to the provisions of clause (1). If a district's capital loan is not paid within 30 years because it elects to determine the amount of its levy according to the provisions of clause (2)~~(d)~~, the liability of the district for the amount of the difference between the amount it levied under clause (2)~~(d)~~ and the amount it would have levied under clause (1), and for interest on the amount of that difference, must not be satisfied and discharged pursuant to Minnesota Statutes 1988, or an earlier edition of Minnesota Statutes if applicable, section 124.43, subdivision 4.

Sec. 16. Minnesota Statutes 1998, section 126C.69, subdivision 2, is amended to read:

Subd. 2. [CAPITAL LOANS ELIGIBILITY.] Beginning July 1, ~~1992~~ 1999, a district is not eligible for a capital loan unless the district's estimated net debt tax rate as computed by the commissioner after debt service equalization aid would be more than ~~20~~ 24 percent of adjusted net tax capacity. The estimate must assume a 20-year maturity schedule for new debt.

Sec. 17. Minnesota Statutes 1998, section 126C.69, subdivision 9, is amended to read:

Subd. 9. [LOAN AMOUNT LIMITS.] (a) A loan must not be recommended for approval for a district exceeding an amount computed as follows:

(1) the amount requested by the district under subdivision 6;

(2) plus the aggregate principal amount of general obligation bonds of the district outstanding on June 30 of the year following the year the application was received, not exceeding the limitation on net debt of the district in section 475.53, subdivision 4, or ~~305~~ 363 percent of its adjusted net tax capacity as most recently determined, whichever is less;

(3) less the maximum net debt permissible for the district on December 1 of the year the application is received, under the limitation in section 475.53, subdivision 4, or ~~305~~ 363 percent of its adjusted net tax capacity as most recently determined, whichever is less;

(4) less any amount by which the amount voted exceeds the total cost of the facilities for which the loan is granted.

(b) The loan may be approved in an amount computed as provided in paragraph (a), clauses (1) to (3), subject to later reduction according to paragraph (a), clause (4).

Sec. 18. Laws 1995, First Special Session chapter 3, article 12, section 7, as amended by Laws 1997, First Special Session chapter 4, article 9, section 2, Laws 1998, chapter 270, section 4, and Laws 1998, chapter 359, section 20, is amended to read:

Sec. 7. [MINNESOTA EDUCATION TELECOMMUNICATIONS COUNCIL.]

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

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

~~(2) recommend to the commissioner and the legislature by December 15, 1996, a plan for long-term governance and a proposed structure for statewide and regional telecommunications;~~

~~(3)~~ recommend educational policy relating to telecommunications;

~~(4)~~ (3) determine priorities for use;

~~(5)~~ (4) oversee coordination of networks for post-secondary campuses, ~~K-12~~ kindergarten through grade 12 education, and regional and community libraries;

~~(7)~~ (5) review application for telecommunications access grants under Minnesota Statutes, section ~~124C.74~~ 125B.20, and recommend to the department grants for funding;

~~(7)~~ (6) determine priorities for grant funding proposals; and

~~(8)~~ (7) work with the information policy office to ensure consistency of the operation of the learning network with standards of an open system architecture.

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

Subd. 2. [DISTRICT COUNCIL MEMBERSHIP.] District organizations that coordinate applications for telecommunication access grants are encouraged to become members of the regional higher education telecommunication council in their area.

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 Minnesota Statutes, section 124C.74 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. 19. Laws 1997, First Special Session chapter 4, article 9, section 13, is amended to read:

Sec. 13. [REPEALER.]

(a) Minnesota Statutes 1996, section 124C.74, is repealed effective July 1, ~~1999~~ 2001.

(b) Minnesota Statutes 1996, section 134.46, is repealed.

Sec. 20. Laws 1998, chapter 404, section 5, subdivision 5, is amended to read:

Subd. 5. Metropolitan Magnet Schools

22,200,000

For awarding metropolitan magnet school grants to groups of qualified metropolitan school districts under Minnesota Statutes, section 124C.498.

\$1,900,000 is for the completion of the Downtown Integration magnet school in Minneapolis.

\$3,800,000 is for planning, design, acquisition of land, architectural fees, and engineering fees for the East Metropolitan Integration magnet school in the East Metropolitan area. Of that amount, \$2,800,000 is for land acquisition and site development.

\$14,500,000 is for the construction of the Metropolitan Integration magnet school in Robbinsdale.

\$2,000,000 is for the Southwest Metropolitan Integration magnet school in Edina.

Sec. 21. [REORGANIZATION DEBT; HOWARD LAKE-WAVERLY-WINSTED.]

Notwithstanding Laws 1994, chapter 647, article 6, section 38, or any other law to the contrary, the unreserved operating fund balance used to compute the reorganization operating debt levy authority for independent school district No. 2687, Howard Lake-Waverly-Winsted, is June 30, 1995.

Sec. 22. [FISCAL YEARS 2000 TO 2003 DECLINING PUPIL UNIT AID; ST. PETER.]

Subdivision 1. [FISCAL YEAR 2000.] For fiscal year 2000 only, independent school district No. 508, St. Peter, is eligible for declining pupil unit aid equal to the product of the general education formula allowance for fiscal year 2000 times the difference between the district's adjusted marginal cost pupil units for the 1996-1997 school year and the district's adjusted marginal cost pupil units for the 1999-2000 school year.

Subd. 2. [FISCAL YEAR 2001.] For fiscal year 2001 only, independent school district No. 508, St. Peter, is eligible for declining pupil unit aid equal to the product of the general education formula allowance for fiscal year 2001 times 75 percent of the difference between the district's adjusted marginal cost pupil units for the 1996-1997 school year and the district's adjusted marginal cost pupil units for the 2000-2001 school year.

Subd. 3. [FISCAL YEAR 2002.] For fiscal year 2002 only, independent school district No. 508, St. Peter, is eligible for declining pupil unit aid equal to the product of the general education formula allowance for fiscal year 2002 times 50 percent of the difference between the district's adjusted marginal cost pupil units for the 1996-1997 school year and the district's adjusted marginal cost pupil units for the 2001-2002 school year.

Subd. 4. [FISCAL YEAR 2003.] For fiscal year 2003 only, independent school district No. 508, St. Peter, is eligible for declining pupil unit aid equal to the product of the general education formula allowance for fiscal year 2003 times 25 percent of the difference between the district's adjusted marginal cost pupil units for the 1996-1997 school year and the district's adjusted marginal cost pupil units for the 2002-2003 school year.

Sec. 23. [FISCAL YEARS 2000 to 2002 DECLINING PUPIL UNIT AID; CLIMAX, KITTSOON CENTRAL, ADA-BORUP, WARREN-ALVARADO-OSLO, BRECKENRIDGE, EAST GRAND FORKS, AND STEPHEN-ARGYLE CENTRAL.]

Subdivision 1. [FISCAL YEAR 2000.] For fiscal year 2000 only, independent school district Nos. 592, Climax; 2171, Kittson Central; 2854, Ada-Borup; 2176, Warren-Alvarado-Oslo; 846, Breckenridge; 595, East Grand Forks; and 2856, Stephen-Argyle Central are eligible for declining pupil unit aid equal to the product of the general education formula allowance for fiscal year 2000 times 75 percent of the difference between the districts' adjusted marginal cost pupil units for the 1996-1997 school year and the districts' adjusted marginal cost pupil units for the 1999-2000 school year.

Subd. 2. [FISCAL YEAR 2001.] For fiscal year 2001 only, independent school district Nos. 592, Climax; 2171, Kittson Central; 2854, Ada-Borup; 2176, Warren-Alvarado-Oslo; 846, Breckenridge; 595, East Grand Forks; and 2856, Stephen-Argyle Central are eligible for declining pupil unit aid equal to the product of the general education formula allowance for fiscal year 2001 times 50 percent of the difference between the districts' adjusted marginal cost pupil units for the 1996-1997 school year and the districts' adjusted marginal cost pupil units for the 2000-2001 school year.

Subd. 3. [FISCAL YEAR 2002.] For fiscal year 2002 only, independent school district Nos. 592, Climax; 2171, Kittson Central; 2854, Ada-Borup; 2176, Warren-Alvarado-Oslo; 846, Breckenridge; 595, East Grand Forks; and 2856, Stephen-Argyle Central are eligible for declining pupil unit aid equal to the product of the general education formula allowance for fiscal year 2002 times 25 percent of the difference between the districts' adjusted marginal cost pupil units for the 1996-1997 school year and the districts' adjusted marginal cost pupil units for the 2001-2002 school year.

Sec. 24. [HEALTH AND SAFETY; PROCTOR.]

Notwithstanding any law to the contrary, independent school district No. 704, Proctor, may include in its health and safety program the amounts necessary to make health and safety improvements to an ice arena located within the district boundaries in order for the district to use the facility to meet the district's curriculum needs under the state graduation rule. The district must attempt to renegotiate its lease agreement with the county that operates the arena before it is eligible for health and safety revenue under this section. The total amount of revenue approved for this purpose shall not exceed \$150,000.

Sec. 25. [ALTERNATIVE FACILITIES REVENUE PROGRAM.]

Subdivision 1. [INDEPENDENT SCHOOL DISTRICT NO. 622, NORTH ST. PAUL-MAPLEWOOD-OAKDALE.] Independent school district No. 622, North St. Paul-Maplewood-Oakdale, is eligible for the alternative facilities revenue program under Minnesota Statutes, section 123B.59, for the purposes of financing school facilities in the district.

Subd. 2. [STILLWATER.] Independent school district No. 834, Stillwater, is eligible for the alternative facilities revenue program under Minnesota Statutes, section 123B.59, for the purposes of financing school facilities in the district.

Sec. 26. [RESIDENTIAL ACADEMIES.]

(a) If a recipient has been awarded a grant under Laws 1998, chapter 398, article 5, section 46, and fails to meet the requirements under the application process for implementing the program after June 30, 1999, any grant money awarded but not paid shall not cancel but is appropriated to the commissioner for additional capital grants to new or existing grantees. The commissioner may reopen the application process with any funds made available.

(b) All projects awarded grants must submit updated capital and operating budget plans to the department of children, families, and learning by June 11, 1999. The commissioner shall approve all educationally and economically advisable plans by June 15, 1999. Only projects with approved updated plans shall be eligible to receive funds. If any project is found ineligible to receive funds, the commissioner may reallocate the funds formerly allocated to that project to the remaining eligible projects.

Sec. 27. [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. [HEALTH AND SAFETY AID.] For health and safety aid according to Minnesota Statutes, section 123B.57, subdivision 5:

<u>\$14,528,000</u>	. . . . .	<u>2000</u>
<u>\$14,957,000</u>	. . . . .	<u>2001</u>

The 2000 appropriation includes \$1,415,000 for 1999 and \$13,113,000 for 2000.

The 2001 appropriation includes \$1,456,000 for 2000 and \$13,501,000 for 2001.

Subd. 3. [DEBT SERVICE AID.] For debt service aid according to Minnesota Statutes, section 123B.53, subdivision 6:

<u>\$33,165,000</u>	.....	<u>2000</u>
<u>\$32,084,000</u>	.....	<u>2001</u>

The 2000 appropriation includes \$3,842,000 for 1999 and \$29,323,000 for 2000.

The 2001 appropriation includes \$3,256,000 for 2000 and \$28,828,000 for 2001.

Subd. 4. [INTERACTIVE TELEVISION (ITV) AID.] For interactive television (ITV) aid under Minnesota Statutes, section 126C.40, subdivision 4:

<u>\$4,197,000</u>	.....	<u>2000</u>
<u>\$2,851,000</u>	.....	<u>2001</u>

The 2000 appropriation includes \$405,000 for 1999 and \$3,792,000 for 2000.

The 2001 appropriation includes \$421,000 for 2000 and \$2,430,000 for 2001.

Subd. 5. [ALTERNATIVE FACILITIES BONDING AID.] For alternative facilities bonding aid, according to Minnesota Statutes, section 123B.59:

<u>\$19,058,000</u>	.....	<u>2000</u>
<u>\$19,286,000</u>	.....	<u>2001</u>

The 2000 appropriation includes \$1,700,000 for 2000 and \$17,358,000 for 2001.

The 2001 appropriation includes \$1,928,000 for 2000 and \$17,358,000 for 2001.

Subd. 6. [URBAN LEAGUE STREET ACADEMY.] For a grant to special school district No. 1, Minneapolis, for the urban league street academy for the costs of acquiring and moving to a larger building to expand the academy's program:

<u>\$750,000</u>	<u>2000</u>
------------------	-------	-------------

This appropriation is available until June 30, 2001.

Subd. 7. [TELECOMMUNICATION ACCESS GRANTS.] (a) For telecommunication access grants according to Minnesota Statutes, section 125B.20:

<u>\$5,000,000</u>	<u>2000</u>
--------------------	-------	-------------

(b) Any balance in the first year does not cancel but is available in the second year. This amount shall not be included as part of the base for fiscal year 2002-2003.

Subd. 8. [DISASTER RELIEF FACILITIES GRANT; ST. PETER.] For a disaster relief facilities grant to independent school district No. 508, St. Peter:

<u>\$250,000</u>	<u>2000</u>
------------------	-------	-------------

This grant is for facilities replacement costs not covered by the district's insurance settlement or through federal emergency management agency payments.

This appropriation is available until June 30, 2001.

Subd. 9. [DISASTER RELIEF FACILITIES GRANT; COMFREY.] For a disaster relief facilities grant to independent school district No. 81, Comfrey:

<u>\$450,000</u>	<u>2000</u>
------------------	-----------	-------------

This appropriation is available until June 30, 2001.

This grant is for facilities replacement costs not covered by the district's insurance settlement or through federal emergency management agency payments.

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:

<u>\$105,000</u>	<u>2000</u>
------------------	-----------	-------------

<u>\$278,000</u>	<u>2001</u>
------------------	-----------	-------------

Subd. 11. [FLOODS; DECLINING PUPIL AID.] For declining pupil aid under section 23:

<u>\$2,132,000</u>	<u>2000</u>
--------------------	-----------	-------------

<u>\$1,758,000</u>	<u>2001</u>
--------------------	-----------	-------------

Sec. 28. [REVISOR INSTRUCTION.]

In the next and subsequent editions of Minnesota Statutes, the revisor shall codify section 18 as Minnesota Statutes, section 125B.21.

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; 123B.66; 123B.67; 123B.68; and 123B.69, are 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.

Sec. 30. [EFFECTIVE DATES.]

Sections 2, 7, 12, 14, 15, 16, and 17 are effective for revenue for fiscal year 2000 and later. Sections 9, 10, 13, 18, 19, 20, and 26 are effective the day following final enactment. Section 21 is effective retroactive to July 1, 1996.

ARTICLE 5

EDUCATION EXCELLENCE

Section 1. Minnesota Statutes 1998, section 41D.02, subdivision 2, is amended to read:

Subd. 2. [ELEMENTARY AND SECONDARY AGRICULTURAL EDUCATION.] The council may provide grants for:

- (1) planning and establishment costs for elementary and secondary agriculture education programs;
- (2) new instructional and communication technologies; and
- (3) curriculum updates.

Sec. 2. Minnesota Statutes 1998, section 122A.18, is amended by adding a subdivision to read:

Subd. 7a. [PERMISSION TO SUBSTITUTE TEACH.] The board of teaching may allow a person who is enrolled in and making satisfactory progress in a board-approved teacher program and who has successfully completed student teaching to be employed as a short-call substitute teacher.

Sec. 3. Minnesota Statutes 1998, section 122A.60, subdivision 3, is amended to read:

Subd. 3. [STAFF DEVELOPMENT OUTCOMES.] The advisory staff development committee must adopt a staff development plan for improving student achievement ~~of education outcomes~~. The plan must be consistent with education outcomes that the school board determines. The plan must include ongoing staff development activities that contribute toward continuous improvement in achievement of the following goals:

- (1) improve student achievement of state and local education standards in all areas of the curriculum by using best practices methods;
- (2) effectively meet the needs of a diverse student population, including at-risk children, children with disabilities, and gifted children, within the regular classroom and other settings;
- (3) provide an inclusive curriculum for a racially, ethnically, and culturally diverse student population that is consistent with the state education diversity rule and the district's education diversity plan;
- (4) improve staff ~~ability to collaborate and consult with one another and to resolve conflicts~~ collaboration and develop mentoring and peer coaching programs for teachers new to the school or district;
- (5) effectively teach and model violence prevention policy and curriculum that address early intervention alternatives, issues of harassment, and teach nonviolent alternatives for conflict resolution; and
- (6) provide teachers and other members of site-based management teams with appropriate management and financial management skills.

Sec. 4. Minnesota Statutes 1998, 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 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 ~~basic 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 ~~that demonstrate exemplary use of allocated staff development revenue 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 ~~decision-making professional development~~ team. The site ~~decision-making 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. 5. Minnesota Statutes 1998, section 123B.36, subdivision 1, is amended to read:

Subdivision 1. [SCHOOL BOARDS MAY REQUIRE FEES.] (a) For purposes of this subdivision, "home school" means a home school as defined in sections 120A.22 and 120A.24 with five or fewer students receiving instruction.

(b) A school board is authorized to require payment of fees in the following areas:

(1) in any program where the resultant product, in excess of minimum requirements and at the pupil's option, becomes the personal property of the pupil;

(2) admission fees or charges for extra curricular activities, where attendance is optional and where the admission fees or charges a student must pay to attend or participate in an extracurricular activity is the same for all students, regardless of whether the student is enrolled in a public or a home school;

(3) a security deposit for the return of materials, supplies, or equipment;

(4) personal physical education and athletic equipment and apparel, although any pupil may personally provide it if it meets reasonable requirements and standards relating to health and safety established by the board;

(5) items of personal use or products that a student has an option to purchase such as student publications, class rings, annuals, and graduation announcements;

(6) fees specifically permitted by any other statute, including but not limited to section 171.05, subdivision 2; provided (i) driver education fees do not exceed the actual cost to the school and school district of providing driver education, and (ii) the driver education courses are open to enrollment to persons between the ages of 15 and 18 who reside or attend school in the school district;

(7) field trips considered supplementary to a district educational program;

(8) any authorized voluntary student health and accident benefit plan;

(9) for the use of musical instruments owned or rented by the district, a reasonable rental fee not to exceed either the rental cost to the district or the annual depreciation plus the actual annual maintenance cost for each instrument;

(10) transportation of pupils to and from extra curricular activities conducted at locations other than school, where attendance is optional;

(11) transportation of pupils to and from school for which aid for fiscal year 1996 is not authorized under Minnesota Statutes 1994, section 124.223, subdivision 1, and for which levy for fiscal year 1996 is not authorized under Minnesota Statutes 1994, section 124.226, subdivision 5, if a district charging fees for transportation of pupils establishes guidelines for that transportation to ensure that no pupil is denied transportation solely because of inability to pay;

(12) motorcycle classroom education courses conducted outside of regular school hours; provided the charge must not exceed the actual cost of these courses to the school district;

(13) transportation to and from post-secondary institutions for pupils enrolled under the post-secondary enrollment options program under section 123B.88, subdivision 22. Fees collected for this service must be reasonable and must be used to reduce the cost of operating the route. Families who qualify for mileage reimbursement under section 124D.09, subdivision 22, may use their state mileage reimbursement to pay this fee. If no fee is charged, districts must allocate costs based on the number of pupils riding the route.

Sec. 6. Minnesota Statutes 1998, section 123B.49, subdivision 4, is amended to read:

Subd. 4. [BOARD CONTROL OF EXTRACURRICULAR ACTIVITIES.] (a) The board may take charge of and control all extracurricular activities of the teachers and children of the public schools in the district. Extracurricular activities means all direct and personal services for ~~public school~~ pupils for their enjoyment that are managed and operated under the guidance of an adult or staff member. The board shall allow all resident pupils receiving instruction in a home school as defined in section 123B.36, subdivision 1, paragraph (a), to be eligible to fully participate in extracurricular activities on the same basis as public school students.

(b) Extracurricular activities have all of the following characteristics:

- (1) they are not offered for school credit nor required for graduation;
- (2) they are generally conducted outside school hours, or if partly during school hours, at times agreed by the participants, and approved by school authorities;
- (3) the content of the activities is determined primarily by the pupil participants under the guidance of a staff member or other adult.

(c) If the board does not take charge of and control extracurricular activities, these activities shall be self-sustaining with all expenses, except direct salary costs and indirect costs of the use of school facilities, met by dues, admissions, or other student fundraising events. The general fund must reflect only those salaries directly related to and readily identified with the activity and paid by public funds. Other revenues and expenditures for extra curricular activities must be recorded according to the "Manual of Instruction for Uniform Student Activities Accounting for Minnesota School Districts and Area Vocational-Technical Colleges." Extracurricular activities not under board control must have an annual financial audit and must also be audited annually for compliance with this section.

(d) If the board takes charge of and controls extracurricular activities, any or all costs of these activities may be provided from school revenues and all revenues and expenditures for these activities shall be recorded in the same manner as other revenues and expenditures of the district.

(e) If the board takes charge of and controls extracurricular activities, the teachers or pupils in the district must not participate in such activity, nor shall the school name or any allied name be used in connection therewith, except by consent and direction of the board.

Sec. 7. Minnesota Statutes 1998, section 124D.10, subdivision 3, is amended to read:

Subd. 3. [SPONSOR.] A school board, intermediate school district school board, education districts organized under sections 123A.15 to 123A.19, private college, community college, state university, technical college, or the University of Minnesota may sponsor one or more charter schools.

Sec. 8. Minnesota Statutes 1998, section 124D.10, subdivision 4, is amended to read:

Subd. 4. [FORMATION OF SCHOOL.] (a) A sponsor may authorize one or more licensed teachers under section 122A.18, subdivision 1, to operate a charter school subject to approval by the state board. A board must vote on charter school application for sponsorship no later than 90 days after receiving the application. After 90 days, the applicant may apply to the state board. If a board elects not to sponsor a charter school, the applicant may appeal the board's decision to the state board ~~if two members of the board voted to sponsor the school.~~ If the state board authorizes the school, the state board must sponsor the school according to this section. The school must be organized and operated as a cooperative under chapter 308A or nonprofit corporation under chapter 317A.

(b) Before the operators may form and operate a school, the sponsor must file an affidavit with the state board stating its intent to authorize a charter school. The affidavit must state the terms and conditions under which the sponsor would authorize a charter school. The state board must approve or disapprove the sponsor's proposed authorization within 60 days of receipt of the affidavit. Failure to obtain state board approval precludes a sponsor from authorizing the charter school that was the subject of the affidavit.

(c) The operators authorized to organize and operate a school must hold an election for members of the school's board of directors in a timely manner after the school is operating. Any staff members who are employed at the school, including teachers providing instruction under a contract with a cooperative, and all parents of children enrolled in the school may participate in the election. Licensed teachers employed at the school, including teachers providing instruction under a contract with a cooperative, must be a majority of the members of the board of directors, unless the state board waives the requirement for the school. A provisional board may operate before the election of the school's board of directors. Board of director meetings must comply with section 471.705.

(d) The granting or renewal of a charter by a sponsoring entity must not be conditioned upon the bargaining unit status of the employees of the school.

Sec. 9. Minnesota Statutes 1998, section 124D.10, subdivision 5, is amended to read:

Subd. 5. [CONVERSION OF EXISTING SCHOOLS.] A board may convert one or more of its existing schools to charter schools under this section if ~~90~~ 60 percent of the full-time teachers at the school sign a petition seeking conversion. The conversion must occur at the beginning of an academic year.

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

Subd. 6. [CONTRACT.] The sponsor's authorization for a charter school must be in the form of a written contract signed by the sponsor and the board of directors of the charter school. The contract must be completed within 90 days of the state board approval of the sponsor's proposed authorization. The contract for a charter school must be in writing and contain at least the following:

- (1) a description of a program that carries out one or more of the purposes in subdivision 1;
- (2) specific outcomes pupils are to achieve under subdivision 10;
- (3) admission policies and procedures;
- (4) management and administration of the school;
- (5) requirements and procedures for program and financial audits;
- (6) how the school will comply with subdivisions 8, 13, 16, and 23;
- (7) assumption of liability by the charter school;

(8) types and amounts of insurance coverage to be obtained by the charter school;

(9) the term of the contract, which may be up to three years; and

(10) if the board of directors or the operators of the charter school provide special instruction and services for children with a disability under sections 125A.03 to 125A.24, and 125A.65, a description of the financial parameters within which the charter school will operate to provide the special instruction and services to children with a disability.

Sec. 11. Minnesota Statutes 1998, 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 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.

Sec. 12. Minnesota Statutes 1998, section 124D.11, subdivision 4, is amended to read:

Subd. 4. [BUILDING LEASE AID.] When a charter school finds it economically advantageous to rent or lease a building or land for any instructional purposes and it determines that the total operating capital revenue under section 126C.10, subdivision 13, is insufficient for this purpose, it may apply to the commissioner for building lease aid for this purpose. Criteria for aid approval and revenue uses shall be as defined for the building lease levy in section 126C.40, subdivision 1, paragraphs (a) and (b). The amount of building lease aid per pupil unit served for a charter school for any year shall not exceed the lesser of (a) ~~80~~ 90 percent of the approved cost or (b) the product of the pupil units served for the current school year times ~~the sum of the state average debt redemption fund revenue plus capital revenue, according to section 126C.40, per pupil unit served for the current fiscal year~~ \$1,500.

Sec. 13. Minnesota Statutes 1998, 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, ~~except that, notwithstanding section 127A.45, subdivision 3, the payments must be of an equal amount on each of the 23 payment dates unless a charter school is in its first year of operation in which case it shall receive on its first payment date ten percent of its cumulative amount guaranteed for the year and 22 payments of an equal amount thereafter the sum of which shall be 90 percent of the cumulative amount guaranteed. However, it~~

(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.

~~(b)~~ (d) A charter school may receive money from any source for capital facilities needs. In the year-end report to the state board of education, 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 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. 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.

Sec. 14. Minnesota Statutes 1998, section 124D.11, is amended by adding a subdivision to read:

Subd. 9. [PAYMENT OF AIDS TO CHARTER SCHOOLS.] (a) Notwithstanding section 127A.45, subdivision 3, aid payments for the current fiscal year to a charter school not in its first year of operation shall be of an equal amount on each of the 23 payment dates. A charter school in its first year of operation shall receive, on its first payment date, ten percent of its cumulative amount guaranteed for the year and 22 payments of an equal amount thereafter the sum of which shall be 90 percent of the cumulative amount guaranteed.

(b) Notwithstanding section 127A.45, subdivision 3, and paragraph (a), 90 percent of the start-up cost aid under subdivision 8 shall be paid within 45 days after the first day of student attendance for that school year.

Sec. 15. Minnesota Statutes 1998, section 125B.05, subdivision 3, is amended to read:

~~Subd. 3. [SOFTWARE DEVELOPMENT.] The commissioner may charge school districts or cooperative units for the actual cost of software development used by the district or cooperative unit. Any amount received is annually appropriated to the department of children, families, and learning for this purpose. A school district, charter school, or cooperative unit may not implement a payroll financial, student, or staff software system after June 30, 1994, until the system has been reviewed by the department to ensure that it provides the required data elements and format.~~

Sec. 16. Laws 1997, First Special Session chapter 4, article 9, section 6, is amended to read:

Sec. 6. [LEARNING ACADEMY.]

Subdivision 1. [ESTABLISHMENT.] The commissioner shall develop standards and requirements and certify courses for a Minnesota learning academy to provide training opportunities for educators, administrators, school media and information technology professionals, and librarians in the use of technology and its integration into learning activities for meeting the educational needs of all students. Only certified classes may be used to fulfill the requirements of the learning academy.

Subd. 2. [DEVELOPMENT OF THE LEARNING ACADEMY.] To develop the learning academy, the commissioner shall consult with representatives of public schools, higher education, teacher organizations, students, private business, state agencies, libraries, and political subdivisions to do the following:

- (1) set measures for teacher training opportunities on technical skills and technology integration skills;
- (2) identify and establish outcomes for a series of training courses that provide for technical skills and technology classroom integration skills, including skills to enable school media and information specialists to train school staff;
- (3) identify existing education organizations, public, or private institutions to develop and provide training courses;
- (4) evaluate prerequisites for the classroom integration skills course;
- (5) certify or decertify classes and courses for inclusion in or exclusion from the learning academy; and
- (6) coordinate and make certified classes and courses available to eligible participants.

Subd. 3. [FUNDING.] The commissioner shall use available appropriations to provide start-up and initial operating subsidies for the learning academy sites. Appropriated funds may also be used to partially subsidize costs of attendees of the academy.

Sec. 17. [SALARY CREDIT FOR PRIOR EXPERIENCE AND TRAINING.]

For purposes of determining the placement on the salary schedule of a program graduate of the collaborative urban educator, southeast Asian teacher licensure, or circles of support in educational leadership program, a school district that employs a program graduate may give additional credit on the salary schedule for that person's teaching experience and academic preparation attained while participating in the program, and also may consider the person's employment experience and academic preparation attained before enrolling in any of these three programs.

Sec. 18. [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. [ST. PAUL COMMUNITY-BASED SCHOOL PROGRAM.] For a grant to independent school district No. 625, St. Paul, for the operation of a community-based school program. The school district must report to the legislature on the academic and social results of this program by January 15, 2000.

<u>\$3,000,000</u>	: : : : :	<u>2000</u>
--------------------	-----------	-------------

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

Subd. 3. [ADVANCED PLACEMENT AND INTERNATIONAL BACCALAUREATE PROGRAMS.] For the state advanced placement and international baccalaureate programs:

<u>\$1,875,000</u>	: : : : :	<u>2000</u>
--------------------	-----------	-------------

<u>\$1,875,000</u>	: : : : :	<u>2001</u>
--------------------	-----------	-------------

Notwithstanding Minnesota Statutes, section 120B.13, subdivisions 1 and 2, \$375,000 each year is for teachers to attend subject matter summer training programs and follow-up support workshops approved by the advanced placement or international baccalaureate programs. The amount of the subsidy for each teacher attending an advanced placement or international baccalaureate summer training program or workshop shall be the same. The commissioner shall determine the payment process and the amount of the subsidy.

Notwithstanding Minnesota Statutes, section 120B.13, subdivision 3, in each year to the extent of available appropriations, the commissioner shall pay all examination fees for all students sitting for an advanced placement examination, international baccalaureate examination, or both. If this amount is not adequate, the commissioner may pay less than the full examination fee.

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

Subd. 4. [STATEWIDE TESTING.] For supporting implementation of the graduation standards:

<u>\$9,000,000</u>	: : : : :	<u>2000</u>
--------------------	-----------	-------------

<u>\$9,000,000</u>	: : : : :	<u>2001</u>
--------------------	-----------	-------------

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

Subd. 5. [CHARTER SCHOOL BUILDING LEASE AID.] For building lease aid according to Minnesota Statutes, section 124D.11, subdivision 4:

<u>\$2,992,000</u>	: : : : :	<u>2000</u>
--------------------	-----------	-------------

<u>\$3,616,000</u>	: : : : :	<u>2001</u>
--------------------	-----------	-------------

The 2000 appropriation includes \$194,000 for 1999 and \$2,798,000 for 2000.

The 2001 appropriation includes \$311,000 for 2000 and \$3,305,000 for 2001.

Subd. 6. [CHARTER SCHOOL START-UP GRANTS.] For charter school start-up cost aid under Minnesota Statutes, section 124D.11:

<u>\$1,789,000</u>	<u>2000</u>
--------------------	-----------	-------------

<u>\$1,876,000</u>	<u>2001</u>
--------------------	-----------	-------------

The 2000 appropriation includes \$100,000 for 1999 and \$1,689,000 for 2000.

The 2001 appropriation includes \$188,000 for 1999 and \$1,688,000 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.

Subd. 7. [GRADUATION RULE RESOURCE GRANTS.] For graduation rule resource grants according to Laws 1998, chapter 398, article 5, section 40:

<u>\$600,000</u>	<u>2000</u>
------------------	-----------	-------------

This appropriation is available until June 30, 2001.

Of this amount, \$500,000 is for a current recipient of funding from the National Geographic Society Education Foundation; and \$100,000 is for a program offering horse riding as an alternative educational program for children with a disability.

Subd. 8. [CHARTER SCHOOL INTEGRATION AID.] For new integration aid to go to charter schools according to Minnesota Statutes, section 124D.11, subdivision 6, paragraph (e):

<u>\$50,000</u>	<u>2000</u>
-----------------	-----------	-------------

<u>\$50,000</u>	<u>2001</u>
-----------------	-----------	-------------

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

Subd. 9. [HOMEWORK HOTLINE.] For grants for homework hotline providers:

<u>\$40,000</u>	<u>2000</u>
-----------------	-----------	-------------

<u>\$40,000</u>	<u>2001</u>
-----------------	-----------	-------------

This appropriation is available to assist students with homework by telephone or other interactive technology. The program providers must offer assistance to students at least four days per week. The state aid is contingent upon the program matching each \$1 of state revenue with \$2 of local or private funding or in-kind contributions.

Subd. 10. [MINNESOTA TALENTED YOUTH MATH PROJECT.] For a grant to the South Central Service Cooperative for the Minnesota talented youth math project program operated by the South Central Service Cooperative and as fiscal agent for the talented youth math project programs established and operated by the Northwest Service Cooperative, Northeast Service Cooperative, North Central Service Cooperative, and Southwest/West Central Service Cooperative.

<u>\$145,000</u>	.....	<u>2000</u>
<u>\$175,000</u>	.....	<u>2001</u>

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

Subd. 11. [PROGRAMS TRAINING TEACHERS OF SPECIAL NEEDS STUDENTS.] For programs training teachers of special needs students under Laws 1998, chapter 398, article 5, section 42:

<u>\$1,500,000</u>	<u>2000</u>
--------------------	-------	-------------

This appropriation is available until June 30, 2001.

Sec. 19. [EFFECTIVE DATES.]

Sections 5, 6, 11, and 17 are effective for the 1999-2000 school year and later.

ARTICLE 6

OTHER PROGRAMS

Section 1. Minnesota Statutes 1998, section 120A.24, subdivision 1, is amended to read:

Subdivision 1. [REPORTS TO SUPERINTENDENT.] The person in charge of providing instruction to a child must submit the following information to the superintendent of the district in which the child resides:

- (1) by October 1 of each school year, the name, ~~age~~ birth date, and address of each child receiving instruction;
- (2) the name of each instructor and evidence of compliance with one of the requirements specified in section 120A.22, subdivision 10;
- (3) an annual instructional calendar; and
- (4) for each child instructed by a parent who meets only the requirement of section 120A.22, subdivision 10, clause (6), a quarterly report card on the achievement of the child in each subject area required in section 120A.22, subdivision 9.

Sec. 2. Minnesota Statutes 1998, section 123A.48, subdivision 10, is amended to read:

Subd. 10. [DISTRICT BOARD ADOPTION OF PROPOSED PLAT.] The board of any independent district maintaining a secondary school, the board of any common district maintaining a secondary school, all or part of whose land is included in the proposed new district, must, within 45 days of the approval of the plat by the commissioner, either adopt or reject the plan as proposed in the approved plat. If the board of any such district entitled to act on the petition rejects the proposal, the proceedings are terminated and dismissed. If any board fails to act on the plat within the time allowed, the proceedings are terminated. If any school board is unable to obtain a majority of its members' votes to accept or reject the plat and plan, a petition of residents of the district unable to obtain a majority of votes equal to 20 percent of the votes cast in the last school district general election in that district may be submitted to the county auditor requesting a public vote to accept or reject the plat and plan. The vote shall be scheduled on the next available election date. The county auditor shall notify the commissioner of the scheduled vote, conduct the election in that district and certify the results of the election to the commissioner. Other affected school boards that approve the plat and plan may choose to hold an election. If elections are conducted in each affected school district, results shall be separate and a majority vote to approve the plat and plan must be reached in each of the affected districts. If the plat and plan are rejected by the voters, a new plat and plan cannot be submitted, except by school board resolution in a district where the plat and plan were rejected, until January 1 of the year following the next school district general election.

Sec. 3. Minnesota Statutes 1998, section 123B.195, is amended to read:

123B.195 [BOARD MEMBERS' RIGHT TO EMPLOYMENT.]

Notwithstanding section 471.88, subdivision 5, a school board member may be newly employed or may continue to be employed by a school district as an employee only if there is a reasonable expectation at the beginning of the fiscal year or at the time the contract is entered into or extended that the amount to be earned by that officer under that contract or employment relationship will not exceed \$5,000 in that fiscal year. Notwithstanding section 122A.40 or 122A.41 or other law, if the officer does not receive ~~unanimous~~ majority approval to be initially employed or to continue in employment at a meeting at which all board members are present, that employment is immediately terminated and that officer has no further rights to employment while serving as a school board member in the district.

Sec. 4. Minnesota Statutes 1998, section 124D.94, subdivision 3, is amended to read:

Subd. 3. [BOARD OF DIRECTORS.] The board of directors of the foundation shall consist of the commissioner of children, families, and learning, ~~a member of the state board of education selected by the state board who shall serve as chair~~ and 20 members to be appointed by the governor. Of the 20 members appointed by the governor, eight shall represent a variety of education groups and 12 shall represent a variety of business groups. The members of the board of directors shall select one member to serve as chair. The commissioner of children, families, and learning shall serve as secretary for the board of directors and provide administrative support to the foundation. An executive committee of the foundation board composed of the board officers and chairs of board committees, may only advise and make recommendations to the foundation board.

Sec. 5. Minnesota Statutes 1998, section 124D.94, subdivision 6, is amended to read:

Subd. 6. [CONTRACTS.] The foundation board shall review and approve each contract of the board. Each contract of the foundation board shall be subject to the same review and approval procedures as a contract of the ~~state board of education~~ department of children, families, and learning.

Sec. 6. Minnesota Statutes 1998, section 124D.94, subdivision 7, is amended to read:

Subd. 7. [FOUNDATION STAFF.] (a) The ~~state board~~ foundation board with review by the commissioner shall appoint the executive director and other staff who shall perform duties and have responsibilities solely related to the foundation.

(b) As part of the annual plan of work, the foundation, ~~under the direction of~~ with review by the state board commissioner, may appoint up to three employees. The employees appointed under this paragraph are not state employees under chapter 43A, but are covered under section 3.736. At the foundation board's discretion, the employees may participate in the state health and state insurance plans for employees in unclassified service. The employees shall be supervised by the executive director.

Sec. 7. Minnesota Statutes 1998, section 126C.42, subdivision 1, is amended to read:

Subdivision 1. [1977 STATUTORY OPERATING DEBT.] (a) In each year in which so required by this subdivision, a district must make an additional levy to eliminate its statutory operating debt, determined as of June 30, 1977, and certified and adjusted by the commissioner. This levy shall not be made in more than 30 successive years and each year before it is made, it must be approved by the commissioner and the approval shall specify its amount. This levy shall be an amount which is equal to the amount raised by a levy of a net tax rate of ~~1.66~~ 1.98 percent times the adjusted net tax capacity of the district for the preceding year for taxes payable in ~~1991~~ 2000 and thereafter; provided that in the last year in which the district is required to make this levy, it must levy an amount not to exceed the amount raised by a levy of a net tax rate of ~~1.66~~ 1.98 percent times the adjusted net tax capacity of the district for the preceding year for taxes payable in ~~1991~~ 2000 and thereafter. When the sum of the cumulative levies made pursuant to this subdivision and transfers made according to section 123B.79, subdivision 6, equals an amount equal to the statutory operating debt of the district, the levy shall be discontinued.

(b) The district must establish a special account in the general fund which shall be designated "appropriated fund balance reserve account for purposes of reducing statutory operating debt" on its books and records. This account shall reflect the levy authorized pursuant to this subdivision. The proceeds of this levy must be used only for cash flow requirements and must not be used to supplement district revenues or income for the purposes of increasing the district's expenditures or budgets.

(c) Any district which is required to levy pursuant to this subdivision must certify the maximum levy allowable under section 126C.13, subdivision 2, in that same year.

(d) Each district shall make permanent fund balance transfers so that the total statutory operating debt of the district is reflected in the general fund as of June 30, 1977.

Sec. 8. Minnesota Statutes 1998, section 126C.42, subdivision 2, is amended to read:

Subd. 2. [1983 OPERATING DEBT.] (1) Each year, a district may make an additional levy to eliminate a deficit in the net unappropriated operating funds of the district, determined as of June 30, 1983, and certified and adjusted by the commissioner. This levy may in each year be an amount not to exceed the amount raised by a levy of a net tax rate of ~~4.85~~ 2.2 percent times the adjusted net tax capacity for taxes payable in ~~1991~~ 2000 and thereafter of the district for the preceding year as determined by the commissioner. However, the total amount of this levy for all years it is made must not exceed the lesser of (a) the amount of the deficit in the net unappropriated operating funds of the district as of June 30, 1983, or (b) the amount of the aid reduction, according to Laws 1981, Third Special Session chapter 2, article 2, section 2, but excluding clauses (l), (m), (n), (o), and (p), and Laws 1982, Third Special Session chapter 1, article 3, section 6, to the district in fiscal year 1983. When the cumulative levies made pursuant to this subdivision equal the total amount permitted by this subdivision, the levy must be discontinued.

(2) The proceeds of this levy must be used only for cash flow requirements and must not be used to supplement district revenues or income for the purposes of increasing the district's expenditures or budgets.

(3) A district that levies pursuant to this subdivision must certify the maximum levy allowable under section 126C.13, subdivision 2, in that same year.

Sec. 9. Minnesota Statutes 1998, section 126C.46, is amended to read:

126C.46 [ABATEMENT LEVY.]

(a) Each year, a school district may levy an amount to replace the net revenue lost to abatements that have occurred under chapter 278, section 270.07, 375.192, or otherwise. The maximum abatement levy is the sum of:

(1) the amount of the net revenue loss determined under section 127A.49, subdivision 2, that is not paid in state aid including any aid amounts not paid due to proration;

(2) the difference of (i) the amount of any abatements that have been reported by the county auditor for the first six months of the calendar year during which the abatement levy is certified that the district chooses to levy, (ii) less any amount actually levied under this clause that was certified in the previous calendar year for the first six months of the previous calendar year; and

(3) an amount equal to any interest paid on abatement refunds.

(b) A district may spread this levy over a period not to exceed ~~three~~ two years. With the approval of the commissioner, a district may spread this levy over a period not to exceed three years.

By July 15, the county auditor shall separately report the abatements that have occurred during the first six calendar months of that year to the commissioner and each district located within the county.

Sec. 10. Minnesota Statutes 1998, section 127A.45, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] (a) The term "other district receipts" means payments by county treasurers pursuant to section 276.10, apportionments from the school endowment fund pursuant to section 127A.33, apportionments by the county auditor pursuant to section 127A.34, subdivision 2, and payments to school districts by the commissioner of revenue pursuant to chapter 298.

(b) The term "cumulative amount guaranteed" means ~~the sum of the following:~~

~~(1) one-third of the final adjustment payment according to subdivision 9; plus~~

~~(2) the product of~~

~~(i) (1) the cumulative disbursement percentage shown in subdivision 3; times~~

~~(ii) (2) the sum of~~

~~(i) 90 percent of the estimated aid and credit entitlements paid according to subdivision 13; plus~~

~~(ii) 100 percent of the entitlements paid according to subdivisions 11 and 12; plus~~

~~(iii) the other district receipts; plus~~

~~(iv) the final adjustment payment according to subdivision 9.~~

(c) The term "payment date" means the date on which state payments to districts are made by the electronic funds transfer method. If a payment date falls on a Saturday, a Sunday, or a weekday which is a legal holiday, the payment shall be made on the immediately ~~following~~ preceding business day. The commissioner may make payments on dates other than those listed in subdivision 3, but only for portions of payments from any preceding payment dates which could not be processed by the electronic funds transfer method due to documented extenuating circumstances.

Sec. 11. Minnesota Statutes 1998, section 127A.45, subdivision 3, is amended to read:

Subd. 3. [PAYMENT DATES AND PERCENTAGES.] The commissioner shall pay to a district on the dates indicated an amount computed as follows: the cumulative amount guaranteed minus the sum of (a) the district's other district receipts through the current payment, and (b) the aid and credit payments through the immediately preceding payment. For purposes of this computation, the payment dates and the cumulative disbursement percentages are as follows:

	Payment date	Percentage
Payment 1	July 15:	2.25 <u>4.6</u>
Payment 2	July 30:	4.50 <u>6.9</u>
Payment 3	August 15: the greater of (a) the final adjustment for the prior fiscal year for the state paid property tax credits established in section 273.1392, or (b) the amount needed to provide 6.75 <u>15.2</u> percent	
Payment 4	August 30:	9.0 <u>17.4</u>
Payment 5	September 15:	12.75 <u>19.6</u>
Payment 6	September 30:	16.50 <u>21.8</u>
Payment 7	October 15: the greater of (a) one-half of the final adjustment for the prior fiscal year for all aid entitlements except state paid property tax credits, or (b) the amount needed to provide 20.75 <u>24</u> percent	

Payment 8	October 30: the greater of (a) one-half of the final adjustment for the prior fiscal year for all aid entitlements except state paid property tax credits, or (b) the amount needed to provide 25.0 <u>27.3</u> percent		
Payment 9	November 15:	31.0	<u>33.3</u>
Payment 10	November 30:	37.0	<u>39.3</u>
Payment 11	December 15:	40.0	<u>42.3</u>
Payment 12	December 30:	43.0	<u>45.3</u>
Payment 13	January 15:	47.25	<u>49.5</u>
Payment 14	January 30:	51.5	<u>53.8</u>
Payment 15	February 15:	56.0	<u>58.3</u>
Payment 16	February 28:	60.5	<u>62.8</u>
Payment 17	March 15:	65.25	<u>67.6</u>
Payment 18	March 30:	70.0	<u>72.3</u>
Payment 19	April 15:	73.0	<u>75.3</u>
Payment 20	April 30:	79.0	<u>81.3</u>
Payment 21	May 15:	82.0	<u>84.3</u>
Payment 22	May 30:	90.0	<u>92.3</u>
Payment 23	June 20:	100.0	

Sec. 12. Minnesota Statutes 1998, section 127A.45, subdivision 4, is amended to read:

Subd. 4. [APPEAL.] (a) The commissioner, in consultation with the commissioner of finance, may revise the payment dates and percentages in subdivision 3 for a district if it is determined that:

(1) there is an emergency; or

(2) there are serious cash flow problems in the district that cannot be resolved by issuing warrants or other forms of indebtedness; or

(3) the district is facing a serious cash flow problem because of an abatement that exceeds \$100 times the resident pupil units of the district.

(b) The commissioner shall establish a process and criteria for districts to appeal the payment dates and percentages established in subdivision 3.

Sec. 13. [LEVY AUTHORITY; CONTINUATION.]

Subdivision 1. [EXTENSION OF AUTHORITY.] The levy authority granted under Laws 1992, chapter 499, article 6, section 35, to the Lac qui Parle joint powers district is extended to independent school district No. 2853, Lac qui Parle Valley.

Subd. 2. [LEVY AUTHORITY.] For taxes payable in 2000 to 2004, independent school district No. 2853, Lac qui Parle Valley, may levy an amount not to exceed \$80,000 for costs associated with operating the cooperative secondary high school.

Sec. 14. [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. [ABATEMENT AID.] For abatement aid according to Minnesota Statutes, section 127A.49:

<u>\$9,110,000</u>	.....	<u>2000</u>
<u>\$8,947,000</u>	.....	<u>2001</u>

The 2000 appropriation includes \$1,352,000 for 1999 and \$7,758,000 for 2000.

The 2001 appropriation includes \$861,000 for 2000 and \$8,086,000 for 2001.

Subd. 3. [NONPUBLIC PUPIL AID.] For nonpublic pupil education aid according to Minnesota Statutes, sections 123B.40 to 123B.48 and 123B.87:

<u>\$10,996,000</u>	.....	<u>2000</u>
<u>\$11,878,000</u>	.....	<u>2001</u>

The 2000 appropriation includes \$970,000 for 1999 and \$10,026,000 for 2000.

The 2001 appropriation includes \$1,114,000 for 2000 and \$10,764,000 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.

Subd. 4. [CONSOLIDATION TRANSITION AID.] For districts consolidating under Minnesota Statutes, section 123A.485:

<u>\$451,000</u>	.....	<u>2000</u>
<u>\$375,000</u>	.....	<u>2001</u>

The 2000 appropriation includes \$113,000 for 1999 and \$338,000 for 2000.

The 2001 appropriation includes \$37,000 for 2000 and \$338,000 for 2001.

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

Subd. 5. [NONPUBLIC PUPIL TRANSPORTATION.] For nonpublic pupil transportation aid under Minnesota Statutes, section 123B.92, subdivision 9:

<u>\$18,586,000</u>	.....	<u>2000</u>
<u>\$20,922,000</u>	.....	<u>2001</u>

The 2000 appropriation includes \$1,848,000 for 2000 and \$16,738,000 for 2001.

The 2001 appropriation includes \$1,860,000 for 2000 and \$19,062,000 for 2001.

Subd. 6. [MINNESOTA LEARNING RESOURCE CENTER.] For a grant to A Chance To Grow/New Visions for start-up costs related to implementing the Minnesota learning resource center's comprehensive training program for education professionals charged with helping children acquire basic reading and math skills:

<u>\$450,000</u>	<u>2000</u>
------------------	-------	-------------

This appropriation is available until June 30, 2001. This is a one-time appropriation.

Subd. 7. [HIV EDUCATION TRAINING SITES.] For regional training sites for HIV education in schools established according to Laws 1997, First Special Session chapter 4, article 6, section 18:

<u>\$458,000</u>	*****	<u>2000</u>
------------------	-------	-------------

Of this amount, \$150,000 must be used for continued development of the existing sites; \$150,000 for adding two additional training sites; \$75,000 for coordination, technical assistance, evaluation, and contract management services for the sites; and \$50,000 for a report and recommendations on the effectiveness of HIV education in public schools according to Minnesota Statutes, section 121A.23.

This appropriation is available until June 30, 2001.

Subd. 8. [MAGNET SCHOOL GRANTS.] For a magnet school grant:

<u>\$50,000</u>	*****	<u>2000</u>
-----------------	-------	-------------

This appropriation is for a planning grant for an urban agricultural high school for curriculum, design, coordination with the state's graduation standards, demographic research, development of partnerships, site acquisition, market assessment of student interest, collaboration with the local municipality and school district on any proposed site prior to acquisition, and facility predesign purposes.

This appropriation is available until June 30, 2001.

Subd. 9. [ONE ROOM SCHOOLHOUSE.] For a grant to independent school district No. 690, Warroad, to operate the Angle Inlet School:

<u>\$25,000</u>	*****	<u>2000</u>
<u>\$25,000</u>	*****	<u>2001</u>

Sec. 15. [REPEALER.]

Minnesota Statutes 1998, section 127A.45, subdivision 5, is repealed.

Sec. 16. [EFFECTIVE DATES.]

Section 4 is effective December 31, 1999. Sections 10, 11, and 12 are effective for the payment of state aids for fiscal year 2000 and later. Section 13 is effective for taxes payable in 2000.

ARTICLE 7

NUTRITION PROGRAMS

Section 1. [124D.1155] [FAST BREAK TO LEARNING GRANTS.]

Subdivision 1. [ESTABLISHMENT.] A grant program is established to ensure that all children have an opportunity to eat a nutritious breakfast each school day and that barriers such as the social stigma of poverty, or inadequate facilities or transportation do not deny student access to nutritious food.

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 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.

Subd. 3. [APPLICATION PROCESS.] To obtain a grant to receive reimbursement for providing breakfasts to all children, a public or nonpublic elementary school must submit an application to the commissioner in the form and manner the commissioner prescribes. The application must describe how the applicant will encourage all children in the school to participate in the breakfast program. The applicant also must demonstrate to the commissioner that the applicant will collect a \$1 local funding match for every \$3 of state funding the applicant receives. The applicant must raise the local match either by charging student households not eligible for federal free or reduced price meals or by soliciting funds from nonpublic sources. The applicant can determine the method for charging student households for school breakfast, but must consider the household's ability to pay. The applicant cannot charge student households for school breakfast so that the total charges exceed the difference between the revenue from federal and state aids and the actual cost of providing the breakfast. The commissioner may require additional information from the applicant.

Subd. 4. [GRANT AWARDS.] The commissioner shall award grants to the 41 grant recipients under Laws 1997, First Special Session chapter 4, article 6, section 19, and then according to need as determined by the percentage of students enrolled in the school who are eligible for federal free or reduced price meals and that meet the requirements of subdivisions 2 and 3 until funding under this section is expended. The commissioner shall determine the amount of the grant using average statewide statistics and individual school statistics adjusted for other state and federal reimbursements. Grant recipients must use the proceeds to provide breakfast to school children every day school is in session.

Subd. 5. [EXPIRATION.] This section expires June 30, 2001.

Sec. 2. [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. [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:

<u>\$8,200,000</u>	.....	<u>2000</u>
<u>\$8,200,000</u>	.....	<u>2001</u>

(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.

Subd. 3. [SUMMER FOOD SERVICE REPLACEMENT AID.] For summer food service replacement aid under Minnesota Statutes, section 124D.119:

<u>\$150,000</u>	.....	<u>2000</u>
<u>\$150,000</u>	.....	<u>2001</u>

Subd. 4. [FAST BREAK TO LEARNING GRANTS.] For fast break to learning grants under Minnesota Statutes, section 124D.1155:

<u>\$2,500,000</u>	.....	<u>2000</u>
<u>\$2,500,000</u>	.....	<u>2001</u>

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

Subd. 5. [SCHOOL BREAKFAST.] To operate the school breakfast program according to Minnesota Statutes, sections 124D.115 and 124D.117:

<u>\$456,000</u>	.....	<u>2000</u>
<u>\$456,000</u>	.....	<u>2001</u>

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.

Sec. 3. [REPEALER.]

Minnesota Statutes 1998, sections 124D.112; 124D.113; and 124D.116, are repealed.

ARTICLE 8

LIBRARIES

Section 1. Laws 1997, First Special Session chapter 4, article 8, section 4, is amended to read:

Sec. 4. [LIBRARY PLOT PROJECT.]

Subdivision 1. [ESTABLISHMENT.] Notwithstanding law to the contrary and subject to approvals in subdivision 2, a public library may operate as a pilot library project jointly with the school library at Nashwauk-Keewatin high school, located in the city of Nashwauk. The public library is established to serve persons within the boundaries of independent school district No. 319, except the city of Keewatin.

Subd. 2. [APPROVALS.] Operation of the public library is contingent upon ~~a resolution approved by~~ 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 to the agreement withdraws from 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 ~~resolution joint powers agreement~~ in subdivision 2 shall provide for a library board of ~~five~~ 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, 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 ~~pitot program~~ library project. An appointing authority may remove for misconduct or neglect any member it has appointed to the board and may replace that member by appointment. Board members shall receive no compensation for their services but may be reimbursed for actual and necessary travel expenses incurred in the discharge of library board duties and activities.

Subd. 5. [FUNDING.] For taxes payable in 1998 ~~and~~, 1999, 2000, 2001, 2002, and 2003 only, 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 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 ~~and~~, 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.

~~Subd. 10. [REPORT.] The library board shall report to the department of children, families, and learning by February 1, 1999, about the costs of providing the library service and the number of patrons served.~~

~~Subd. 11. [EXPIRATION.] This section expires January 31, 2000.~~

Sec. 2. Laws 1997, First Special Session chapter 4, article 9, section 7, subdivision 2, is amended to read:

Subd. 2. [APPLICATION; ELIGIBILITY.] The commissioner of children, families, and learning shall establish a process and application forms for library sites to apply for grant funds. Libraries must describe how they will cooperate with schools. An applicant must submit a technology plan with the application. Eligible applicants must, at a minimum, describe how the proposed project is consistent with the technology plan; describe how it ensures interoperability of hardware, software, and telecommunication and meets existing Minnesota technical standards appropriate to the project; identify the specific site needs that the project will address; define the project's expected outcomes; and provide the source, type, and amounts of all matching funds. To be eligible for a site-based technology learning grant, a library site must:

(1) be a school library, a public library, or a partnership of public and school libraries or be a publicly funded or nonprofit library in partnership with school libraries, public libraries, or public library systems;

(2) be a member of a regional multicounty, multitype library cooperation system;

(3) have each dollar of grant money matched by at least \$1 of library site money, including in-kind contributions;

- (3) (4) agree to disseminate and share information about its project;
- (4) (5) provide a benefit to the greater community; and
- (5) (6) maintain any ongoing costs of support for the technology project after the initial funding under the grant program.

Sec. 3. Laws 1998, chapter 398, article 9, section 7, is amended to read:

Sec. 7. [DATABASE ACCESS PROGRAM FOR PUBLIC LIBRARIES AND SCHOOL MEDIA CENTERS.]

Subdivision 1. [ESTABLISHMENT.] The commissioner of children, families, and learning and the director of the higher education services office shall establish a program to provide statewide licenses to commercial electronic databases of periodicals, encyclopedias, and associated reference materials for school media centers ~~and~~ public libraries, state government agency libraries, and public or private college or university libraries. The commissioner, in consultation with Minitex and in cooperation with the Library Planning Task Force, shall solicit proposals for access licenses to commercial vendors of the databases. Responses to those proposals shall be evaluated by staff of the office of library development and services in the department of children, families, and learning, Minitex staff, and a representative panel of librarians and school media specialists ~~and public librarians.~~

Subd. 2. [ELIGIBILITY.] Access to the selected databases shall be made available to a ~~school or school district that is a member of a multicounty, multitype library system as defined in Minnesota Statutes, section 134.001, subdivision 6, or a public library as defined in Minnesota Statutes, section 134.001, subdivision 2, that is a member of a multicounty, multitype library system~~ school media center or library that is eligible to participate in MnLink. With appropriate authentication any user of ~~an eligible library~~ a school media center or library that is eligible to participate in MnLink may have access to the databases from a remote site.

~~Subd. 3. [RESOURCE GRANTS.] Graduation rule resource grants are available for the purposes of this section.~~

Sec. 4. [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. [BASIC SUPPORT GRANTS.] For basic support grants according to Minnesota Statutes, sections 134.32 to 134.35:

<u>\$8,495,000</u>	.....	<u>2000</u>
<u>\$8,570,000</u>	.....	<u>2001</u>

The 2000 appropriation includes \$782,000 for 1999 and \$7,713,000 for 2000.

The 2001 appropriation includes \$857,000 for 2000 and \$7,713,000 for 2001.

Subd. 3. [MULTICOUNTY, MULTITYPE LIBRARY SYSTEMS.] For grants according to Minnesota Statutes, sections 134.353 and 134.354, to multicounty, multitype library systems:

<u>\$903,000</u>	.....	<u>2000</u>
<u>\$903,000</u>	.....	<u>2001</u>

The 2000 appropriation includes \$90,000 for 1999 and \$813,000 for 2000.

The 2001 appropriation includes \$90,000 for 2000 and \$813,000 for 2001.

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 2001

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

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

Subd. 6. [DATABASE ACCESS PROGRAM.] For the database access program for public libraries and school media centers under section 3:

\$250,000 2000

\$250,000 2001

Sec. 5. [REPEALER.]

Minnesota Statutes 1998, section 134.155, is repealed.

ARTICLE 9

EDUCATION POLICY

Section 1. Minnesota Statutes 1998, section 13.46, subdivision 2, is amended to read:

Subd. 2. [GENERAL.] (a) Unless the data is summary data or a statute specifically provides a different classification, data on individuals collected, maintained, used, or disseminated by the welfare system is private data on individuals, and shall not be disclosed except:

- (1) according to section 13.05;
- (2) according to court order;
- (3) according to a statute specifically authorizing access to the private data;
- (4) to an agent of the welfare system, including a law enforcement person, attorney, or investigator acting for it in the investigation or prosecution of a criminal or civil proceeding relating to the administration of a program;
- (5) to personnel of the welfare system who require the data to determine eligibility, amount of assistance, and the need to provide services of additional programs to the individual;
- (6) to administer federal funds or programs;
- (7) between personnel of the welfare system working in the same program;
- (8) the amounts of cash public assistance and relief paid to welfare recipients in this state, including their names, social security numbers, income, addresses, and other data as required, upon request by the department of revenue to administer the property tax refund law, supplemental housing allowance, early refund of refundable tax credits,

and the income tax. "Refundable tax credits" means the dependent care credit under section 290.067, the Minnesota working family credit under section 290.0671, the property tax refund under section 290A.04, and, if the required federal waiver or waivers are granted, the federal earned income tax credit under section 32 of the Internal Revenue Code;

(9) between the department of human services and the Minnesota department of economic security for the purpose of monitoring the eligibility of the data subject for reemployment insurance, for any employment or training program administered, supervised, or certified by that agency, for the purpose of administering any rehabilitation program, whether alone or in conjunction with the welfare system, or to monitor and evaluate the statewide Minnesota family investment program by exchanging 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;

(10) to appropriate parties in connection with an emergency if knowledge of the information is necessary to protect the health or safety of the individual or other individuals or persons;

(11) data maintained by residential programs as defined in section 245A.02 may be disclosed to the protection and advocacy system established in this state according to Part C of Public Law Number 98-527 to protect the legal and human rights of persons with mental retardation or other related conditions who live in residential facilities for these persons if the protection and advocacy system receives a complaint by or on behalf of that person and the person does not have a legal guardian or the state or a designee of the state is the legal guardian of the person;

(12) to the county medical examiner or the county coroner for identifying or locating relatives or friends of a deceased person;

(13) data on a child support obligor who makes payments to the public agency may be disclosed to the higher education services office to the extent necessary to determine eligibility under section 136A.121, subdivision 2, clause (5);

(14) participant social security numbers and names collected by the telephone assistance program may be disclosed to the department of revenue to conduct an electronic data match with the property tax refund database to determine eligibility under section 237.70, subdivision 4a;

(15) the current address of a recipient of aid to families with dependent children or Minnesota family investment program-statewide may be disclosed to law enforcement officers who provide the name of the recipient and notify the agency that:

(i) the recipient:

(A) is a fugitive felon fleeing to avoid prosecution, or custody or confinement after conviction, for a crime or attempt to commit a crime that is a felony under the laws of the jurisdiction from which the individual is fleeing; or

(B) is violating a condition of probation or parole imposed under state or federal law;

(ii) the location or apprehension of the felon is within the law enforcement officer's official duties; and

(iii) the request is made in writing and in the proper exercise of those duties;

(16) the current address of a recipient of general assistance or general assistance medical care may be disclosed to probation officers and corrections agents who are supervising the recipient and to law enforcement officers who are investigating the recipient in connection with a felony level offense;

(17) information obtained from food stamp applicant or recipient households may be disclosed to local, state, or federal law enforcement officials, upon their written request, for the purpose of investigating an alleged violation of the Food Stamp Act, according to Code of Federal Regulations, title 7, section 272.1(c);

(18) the address, social security number, and, if available, photograph of any member of a household receiving food stamps shall be made available, on request, to a local, state, or federal law enforcement officer if the officer furnishes the agency with the name of the member and notifies the agency that:

(i) the member:

(A) is fleeing to avoid prosecution, or custody or confinement after conviction, for a crime or attempt to commit a crime that is a felony in the jurisdiction the member is fleeing;

(B) is violating a condition of probation or parole imposed under state or federal law; or

(C) has information that is necessary for the officer to conduct an official duty related to conduct described in subitem (A) or (B);

(ii) locating or apprehending the member is within the officer's official duties; and

(iii) the request is made in writing and in the proper exercise of the officer's official duty;

(19) certain information regarding child support obligors who are in arrears may be made public according to section 518.575;

(20) data on child support payments made by a child support obligor and data on the distribution of those payments excluding identifying information on obligees may be disclosed to all obligees to whom the obligor owes support, and data on the enforcement actions undertaken by the public authority, the status of those actions, and data on the income of the obligor or obligee may be disclosed to the other party;

(21) data in the work reporting system may be disclosed under section 256.998, subdivision 7;

(22) to the department of children, families, and learning for the purpose of matching department of children, families, and learning student data with public assistance data to determine students eligible for free and reduced price meals, meal supplements, and free milk according to United States Code, title 42, sections 1758, 1761, 1766, 1766a, 1772, and 1773; ~~to produce accurate numbers of students receiving aid to families with dependent children or Minnesota family investment program statewide as required by section 126C.06;~~ to allocate federal and state funds that are distributed based on income of the student's family; and to verify receipt of energy assistance for the telephone assistance plan;

(23) the current address and telephone number of program recipients and emergency contacts may be released to the commissioner of health or a local board of health as defined in section 145A.02, subdivision 2, when the commissioner or local board of health has reason to believe that a program recipient is a disease case, carrier, suspect case, or at risk of illness, and the data are necessary to locate the person;

(24) to other state agencies, statewide systems, and political subdivisions of this state, including the attorney general, 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;

(25) to personnel of public assistance programs as defined in section 256.741, for access to the child support system database for the purpose of administration, including monitoring and evaluation of those public assistance programs; or

(26) to monitor and evaluate the statewide Minnesota family investment program by exchanging data between the departments of human services and children, families, and learning, 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.

(b) Information on persons who have been treated for drug or alcohol abuse may only be disclosed according to the requirements of Code of Federal Regulations, title 42, sections 2.1 to 2.67.

(c) Data provided to law enforcement agencies under paragraph (a), clause (15), (16), (17), or (18), or paragraph (b), are investigative data and are confidential or protected nonpublic while the investigation is active. The data are private after the investigation becomes inactive under section 13.82, subdivision 5, paragraph (a) or (b).

(d) Mental health data shall be treated as provided in subdivisions 7, 8, and 9, but is not subject to the access provisions of subdivision 10, paragraph (b).

Sec. 2. Minnesota Statutes 1998, section 120A.40, is amended to read:

120A.40 [SCHOOL CALENDAR.]

(a) Except for learning programs during summer, flexible learning year programs authorized under sections 124D.12 to 124D.127, and learning year programs under section 124D.128, a district must not commence an elementary or secondary school year ~~prior to~~ before September 1, except as provided under paragraph (b). Days ~~which are~~ devoted to teachers' workshops may be held before September 1. Districts that enter into cooperative agreements are encouraged to adopt similar school calendars.

(b) A district may begin the school year on any day before September 1 to accommodate a construction or remodeling project of \$400,000 or more affecting a district school facility.

Sec. 3. Minnesota Statutes 1998, 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.

(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, ~~in consultation with the state board of education,~~ 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.

Sec. 4. Minnesota Statutes 1998, section 120B.35, is amended to read:

120B.35 [STUDENT ACHIEVEMENT LEVELS.]

(a) Each school year, a school district must determine if the student achievement levels at each school site meet state expectations. If student achievement levels at a school site do not meet state expectations for two out of three consecutive school years, beginning with the ~~1999-2000~~ 2000-2001 school year, the district must work with the school site to adopt a plan to raise student achievement levels to state expectations. The legislature will determine state expectations after receiving a recommendation from the commissioner of children, families, and learning. The commissioner must submit its recommendations to the legislature by ~~December 15, 1998~~ January 15, 2000.

(b) The department must assist the district and the school site in developing a plan to improve student achievement. The plan must include parental involvement components.

Sec. 5. Minnesota Statutes 1998, section 121A.61, subdivision 1, is amended to read:

Subdivision 1. [REQUIRED POLICY.] Each school board must adopt a written districtwide school discipline policy which includes written rules of conduct for students, minimum consequences for violations of the rules, and grounds and procedures for removal of a student from class. The policy must be developed in consultation with the participation of administrators, teachers, employees, pupils, parents, community members, law enforcement agencies, county attorney offices, social service agencies, and such other individuals or organizations as the board determines appropriate. A school site council may adopt additional provisions to the policy subject to the approval of the school board.

Sec. 6. [121A.68] [CRISIS MANAGEMENT POLICY.]

Subdivision 1. [MODEL POLICY.] By December 1, 1999, the commissioner shall maintain and make available to school boards a model crisis management policy.

Subd. 2. [SCHOOL DISTRICT POLICY.] By July 1, 2000, a school board must adopt a district crisis management policy to address potential violent crisis situations in the district. The policy must be developed in consultation with administrators, teachers, employees, students, parents, community members, law enforcement agencies, county attorney offices, social service agencies, and any other appropriate individuals or organizations.

Sec. 7. Minnesota Statutes 1998, section 122A.09, subdivision 4, is amended to read:

Subd. 4. [LICENSE AND RULES.] (a) The board must adopt rules to license public school teachers and interns subject to chapter 14.

(b) The board must adopt rules requiring a person to successfully complete a skills examination in reading, writing, and mathematics as a requirement for initial teacher licensure. Such rules must require college and universities offering a board approved teacher preparation program to provide remedial assistance to persons who did not achieve a qualifying score on the skills examination, including those for whom English is a second language.

(c) The board must adopt rules to approve teacher preparation programs. The board, upon the request of a post-secondary student preparing for teacher licensure or a licensed graduate of a teacher preparation program shall assist in resolving a dispute between the person and a post-secondary institution providing a teacher preparation program when the dispute involves an institution's recommendation for licensure affecting the person or the person's credentials. At the board's discretion, assistance may include the application of chapter 14.

(d) The board must provide the leadership and shall adopt rules for the redesign of teacher education programs to implement a research based, results-oriented curriculum that focuses on the skills teachers need in order to be effective. The board shall implement new systems of teacher preparation program evaluation to assure program effectiveness based on proficiency of graduates in demonstrating attainment of program outcomes.

(e) The board must adopt rules requiring successful completion of an examination of general pedagogical knowledge and examinations of licensure-specific teaching skills. The rules shall be effective on the dates determined by the board, but not later than ~~July 1, 1999~~ September 1, 2001.

(f) The board must adopt rules requiring teacher educators to work directly with elementary or secondary school teachers in elementary or secondary schools to obtain periodic exposure to the elementary or secondary teaching environment.

(g) The board must grant licenses to interns and to candidates for initial licenses.

(h) The board must design and implement an assessment system which requires a candidate for an initial license and first continuing license to demonstrate the abilities necessary to perform selected, representative teaching tasks at appropriate levels.

(i) The board must receive recommendations from local committees as established by the board for the renewal of teaching licenses.

(j) The board must grant life licenses to those who qualify according to requirements established by the board, and suspend or revoke licenses pursuant to sections 122A.20 and 214.10. The board must not establish any expiration date for application for life licenses.

(k) The board must adopt rules that require all licensed teachers who are renewing their continuing license to include in their renewal requirements further preparation in the areas of using positive behavior interventions and in accommodating, modifying, and adapting curricula, materials, and strategies to appropriately meet the needs of individual students and ensure adequate progress toward the state's graduation rule. The rules adopted under this paragraph apply to teachers who renew their licenses in year 2001 and later.

(1) In adopting rules to license public school teachers who provide health-related services for disabled children, the board shall adopt rules consistent with license or registration requirements of the commissioner of health and the health-related boards who license personnel who perform similar services outside of the school.

Sec. 8. Minnesota Statutes 1998, section 122A.18, is amended by adding a subdivision to read:

Subd. 10. [READING STRATEGIES.] All colleges and universities approved by the board of teaching to prepare persons for classroom teacher licensure must include in their teacher preparation programs reading best practices that enable classroom teacher licensure candidates to know how to teach reading, such as phonics or other research-based best practices.

Sec. 9. Minnesota Statutes 1998, section 122A.19, subdivision 4, is amended to read:

Subd. 4. [TEACHER PREPARATION PROGRAMS.] For the purpose of licensing bilingual and English as a second language teachers, the board may approve programs at colleges or universities designed for their training subject to the approval of the state board of education.

Sec. 10. Minnesota Statutes 1998, section 122A.20, subdivision 1, is amended to read:

Subdivision 1. [GROUNDS FOR REVOCATION, SUSPENSION, OR DENIAL.] The board of teaching ~~or the state board of education, or the commissioner,~~ with the advice from an advisory task force of supervisory personnel established under section 15.014, whichever has jurisdiction over a teacher's licensure, may, on the written complaint of the school board employing a teacher, a teacher organization, or any other interested person, refuse to issue, refuse to renew, suspend, or revoke a teacher's license to teach for any of the following causes:

- (1) Immoral character or conduct;
- (2) Failure, without justifiable cause, to teach for the term of the teacher's contract;
- (3) Gross inefficiency or willful neglect of duty; or
- (4) Failure to meet licensure requirements; or
- (5) Fraud or misrepresentation in obtaining a license.

The written complaint must specify the nature and character of the charges. For purposes of this subdivision, the board of teaching is delegated the authority to suspend or revoke coaching licenses ~~under the jurisdiction of the state board of education.~~

Sec. 11. Minnesota Statutes 1998, section 122A.20, subdivision 2, is amended to read:

Subd. 2. [MANDATORY REPORTING.] A school board must report to the board of teaching, ~~the state board of education,~~ or the board of trustees of the Minnesota state colleges and universities, whichever has jurisdiction over the teacher's license, when its teacher is discharged or resigns from employment after a charge is filed with the school board under section 122A.41, subdivisions 6, clauses (1), (2), and (3), and 7, or after charges are filed that are ground for discharge under section 122A.40, subdivision 13, clauses (a), (b), (c), (d), and (e), or when a teacher is suspended or resigns while an investigation is pending under section 122A.40, subdivision 13, clauses (a), (b), (c), (d), and (e); 122A.41, subdivisions 6, clauses (1), (2), and (3), and 7; or 626.556. The report must be made to the appropriate licensing board within ten days after the discharge, suspension, or resignation has occurred. The licensing board to which the report is made must investigate the report for violation of subdivision 1 and the reporting board must cooperate in the investigation. Notwithstanding any provision in chapter 13 or any law to the contrary, upon written request from the licensing board having jurisdiction over the teacher's license, a board or school superintendent shall provide the licensing board with information about the teacher from the district's files, any termination or disciplinary proceeding, any settlement or compromise, or any investigative file. Upon written

request from the appropriate licensing board, a board or school superintendent may, at the discretion of the board or school superintendent, solicit the written consent of a student and the student's parent to provide the licensing board with information that may aid the licensing board in its investigation and license proceedings. The licensing board's request need not identify a student or parent by name. The consent of the student and the student's parent must meet the requirements of chapter 13 and Code of Federal Regulations, title 34, section 99.30. The licensing board may provide a consent form to the district. Any data transmitted to any board under this section is private data under section 13.02, subdivision 12, notwithstanding any other classification of the data when it was in the possession of any other agency.

The licensing board to which a report is made must transmit to the attorney general's office any record or data it receives under this subdivision for the sole purpose of having the attorney general's office assist that board in its investigation. When the attorney general's office has informed an employee of the appropriate licensing board in writing that grounds exist to suspend or revoke a teacher's license to teach, that licensing board must consider suspending or revoking or decline to suspend or revoke the teacher's license within 45 days of receiving a stipulation executed by the teacher under investigation or a recommendation from an administrative law judge that disciplinary action be taken.

Sec. 12. Minnesota Statutes 1998, section 122A.21, is amended to read:

122A.21 [TEACHERS' AND ADMINISTRATORS' LICENSES; FEES.]

Each application for the issuance, renewal, or extension of a license to teach and each application for the issuance, renewal, or extension of a license as supervisory personnel must be accompanied by a processing fee in an amount set by the board of teaching by rule. ~~Each application for the issuance, renewal, or extension of a license as supervisory personnel must be accompanied by a processing fee in an amount set by the state board of education by rule.~~ The processing fee for a teacher's license and for the licenses of supervisory personnel must be paid to the executive secretary of the board of teaching. ~~The processing fee for the licenses of supervisory personnel must be paid to the commissioner.~~ The executive secretary of the board of teaching ~~and the commissioner~~ shall deposit the fees with the state treasurer, as provided by law, and report each month to the commissioner of finance the amount of fees collected. The fees as set by the ~~boards~~ board are nonrefundable for applicants not qualifying for a license. However, a fee must be refunded by the state treasurer in any case in which the applicant already holds a valid unexpired license. The ~~boards~~ board may waive or reduce fees for applicants who apply at the same time for more than one license, ~~even if the licenses are under the jurisdiction of different boards.~~

Sec. 13. Minnesota Statutes 1998, section 122A.40, subdivision 5, is amended to read:

Subd. 5. [PROBATIONARY PERIOD.] The first three consecutive years of a teacher's first teaching experience in Minnesota in a single district is deemed to be a probationary period of employment, and after completion thereof, the probationary period in each district in which the teacher is thereafter employed shall be one year. The school board must adopt a plan for written evaluation of teachers during the probationary period. Evaluation must occur at least three times each year for a teacher performing services on 120 or more school days, at least two times each year for a teacher performing services on 60 to 119 school days, and at least one time each year for a teacher performing services on fewer than 60 school days. Days devoted to parent-teacher conferences, teachers' workshops, and other staff development opportunities and days on which a teacher is absent from school must not be included in determining the number of school days on which a teacher performs services. During the probationary period any annual contract with any teacher may or may not be renewed as the school board shall see fit. However, the board must give any such teacher whose contract it declines to renew for the following school year written notice to that effect before ~~June~~ July 1. If the teacher requests reasons for any nonrenewal of a teaching contract, the board must give the teacher its reason in writing, including a statement that appropriate supervision was furnished describing the nature and the extent of such supervision furnished the teacher during the employment by the board, within ten days after receiving such request. The school board may, after a hearing held upon due notice, discharge a teacher during the probationary period for cause, effective immediately, under section 122A.44.

Sec. 14. Minnesota Statutes 1998, section 122A.40, subdivision 7, is amended to read:

Subd. 7. [TERMINATION OF CONTRACT AFTER PROBATIONARY PERIOD.] A teacher who has completed a probationary period in any district, and who has not been discharged or advised of a refusal to renew the teacher's contract pursuant to subdivision 5, shall have a continuing contract with such district. Thereafter, the teacher's contract must remain in full force and effect, except as modified by mutual consent of the board and the teacher, until terminated by a majority roll call vote of the full membership of the board prior to April 1 upon one of the grounds specified in subdivision 9 or ~~prior to June~~ July 1 upon one of the grounds specified in subdivision 10 or 11, or until the teacher is discharged pursuant to subdivision 13, or by the written resignation of the teacher submitted prior to April 1. If an agreement as to the terms and conditions of employment for the succeeding school year has not been adopted pursuant to the provisions of sections 179A.01 to 179A.25 prior to March 1, the teacher's right of resignation is extended to the 30th calendar day following the adoption of said contract in compliance with section 179A.20, subdivision 5. Such written resignation by the teacher is effective as of June 30 if submitted prior to that date and the teachers' right of resignation for the school year then beginning shall cease on July 15. Before a teacher's contract is terminated by the board, the board must notify the teacher in writing and state its ground for the proposed termination in reasonable detail together with a statement that the teacher may make a written request for a hearing before the board within 14 days after receipt of such notification. If the grounds are those specified in subdivision 9 or 13, the notice must also state a teacher may request arbitration under subdivision 15. Within 14 days after receipt of this notification the teacher may make a written request for a hearing before the board or an arbitrator and it shall be granted upon reasonable notice to the teacher of the date set for hearing, before final action is taken. If no hearing is requested within such period, it shall be deemed acquiescence by the teacher to the board's action. Such termination shall take effect at the close of the school year in which the contract is terminated in the manner aforesaid. Such contract may be terminated at any time by mutual consent of the board and the teacher and this section does not affect the powers of a board to suspend, discharge, or demote a teacher under and pursuant to other provisions of law.

Sec. 15. Minnesota Statutes 1998, section 122A.40, subdivision 16, is amended to read:

Subd. 16. [DECISION.] After the hearing, the board must issue a written decision and order. If the board orders termination of a continuing contract or discharge of a teacher, its decision must include findings of fact based upon competent evidence in the record and must be served on the teacher, accompanied by an order of termination or discharge, prior to April 1 in the case of a contract termination for grounds specified in subdivision 9, prior to ~~June~~ July 1 for grounds specified in subdivision 10 or 11, or within ten days after conclusion of the hearing in the case of a discharge. If the decision of the board or of a reviewing court is favorable to the teacher, the proceedings must be dismissed and the decision entered in the board minutes, and all references to such proceedings must be excluded from the teacher's record file.

Sec. 16. Minnesota Statutes 1998, section 122A.41, subdivision 4, is amended to read:

Subd. 4. [PERIOD OF SERVICE AFTER PROBATIONARY PERIOD; DISCHARGE OR DEMOTION.] After the completion of such probationary period, without discharge, such teachers as are thereupon reemployed shall continue in service and hold their respective position during good behavior and efficient and competent service and must not be discharged or demoted except for cause after a hearing.

A probationary teacher is deemed to have been reemployed for the ensuing school year, unless the school board in charge of such school gave such teacher notice in writing before ~~June~~ July 1 of the termination of such employment. ~~In event of such notice the employment terminates at the close of the school sessions of the current school year.~~

Sec. 17. Minnesota Statutes 1998, section 122A.60, subdivision 1, is amended to read:

Subdivision 1. [STAFF DEVELOPMENT COMMITTEE.] A school board must use the revenue authorized in section 122A.61 for in-service education for programs under section 120B.22, subdivision 2, or for staff development plans under this section. The board must establish a an advisory staff development committee to develop the plan,

assist site ~~decision-making~~ professional development teams in developing a site plan consistent with the goals of the plan, and evaluate staff development efforts at the site level. A majority of the advisory committee and the site professional development team must be teachers representing various grade levels, subject areas, and special education. The advisory committee must also include nonteaching staff, parents, and administrators. Districts must report staff development results and expenditures to the commissioner in the form and manner determined by the commissioner. The expenditure report must include expenditures by the board for district level activities and expenditures made by the staff. The report must provide a breakdown of expenditures for (1) curriculum development and programs, (2) in-service education, workshops, and conferences, and (3) the cost of teachers or substitute teachers for staff development purposes. Within each of these categories, the report must also indicate whether the expenditures were incurred at the district level or the school site level, and whether the school site expenditures were made possible by the grants to school sites that demonstrate exemplary use of allocated staff development revenue. These expenditures are to be reported using the UFARS system. The commissioner shall report the staff development expenditure data to the education committees of the legislature by February 15 each year.

Sec. 18. [123A.245] [COOPERATIVE UNITS; ELIGIBILITY FOR GRANTS.]

A cooperative unit, through its governing board, may apply for all competitive grants administered by agencies of the state and other government or nongovernment sources.

Sec. 19. Minnesota Statutes 1998, section 123B.02, subdivision 3, is amended to read:

Subd. 3. [LIMITATION ON PARTICIPATION AND FINANCIAL SUPPORT.] (a) A district must not be required by any type of formal or informal agreement except an agreement to provide building space according to paragraph (f), including a joint powers agreement, or membership in any cooperative unit defined in section 123A.24, subdivision 2, to participate in or provide financial support for the purposes of the agreement for a time period in excess of four fiscal years, or the time period set forth in this subdivision. Any agreement, part of an agreement, or other type of requirement to the contrary is void. This paragraph applies only to agreements entered into between July 1, 1993, and June 30, 1999.

(b) This subdivision shall not affect the continued liability of a district for its share of bonded indebtedness or other debt incurred as a result of any agreement before July 1, 1993. The district is liable only until the obligation or debt is discharged and only according to the payment schedule in effect on July 1, 1993, except that the payment schedule may be altered for the purpose of restructuring debt or refunding bonds outstanding on July 1, 1993, if the annual payments of the district are not increased and if the total obligation of the school district for its share of outstanding bonds or other debt is not increased.

(c) To cease participating in or providing financial support for any of the services or activities relating to the agreement or to terminate participation in the agreement, the board must adopt a resolution and notify other parties to the agreement of its decision on or before February 1 of any year. The cessation or withdrawal shall be effective June 30 of the same year except that for a member of an education district organized under sections 123A.15 to 123A.19 or an intermediate district organized under chapter 136D, cessation or withdrawal shall be effective June 30 of the following fiscal year. At the option of the board, cessation or withdrawal may be effective June 30 of the following fiscal year for a district participating in any type of agreement.

(d) Before issuing bonds or incurring other debt, the governing body responsible for implementing the agreement must adopt a resolution proposing to issue bonds or incur other debt and the proposed financial effect of the bonds or other debt upon each participating district. The resolution must be adopted within a time sufficient to allow the board to adopt a resolution within the time permitted by this paragraph and to comply with the statutory deadlines set forth in sections 122A.40, 122A.41, and 123A.33. The governing body responsible for implementing the agreement shall notify each participating board of the contents of the resolution. Within 120 days of receiving the resolution of the governing body, the school board of the participating district shall adopt a resolution stating:

- (1) its concurrence with issuing bonds or incurring other debt;

(2) its intention to cease participating in or providing financial support for the service or activity related to the bonds or other debt; or

(3) its intention to terminate participation in the agreement.

A board adopting a resolution according to clause (1) is liable for its share of bonded indebtedness or other debt as proposed by the governing body implementing the agreement. A school board adopting a resolution according to clause (2) is not liable for the bonded indebtedness or other debt, as proposed by the governing body, related to the services or activities in which the district ceases participating or providing financial support. A board adopting a resolution according to clause (3) is not liable for the bonded indebtedness or other debt proposed by the governing body implementing the agreement.

(e) After July 1, 1993, a district is liable according to paragraph (d) for its share of bonded indebtedness or other debt incurred by the governing body implementing the agreement to the extent that the bonds or other debt are directly related to the services or activities in which the district participates or for which the district provides financial support. The district has continued liability only until the obligation or debt is discharged and only according to the payment schedule in effect at the time the governing body implementing the agreement provides notice to the school board, except that the payment schedule may be altered for the purpose of refunding the outstanding bonds or restructuring other debt if the annual payments of the district are not increased and if the total obligation of the district for the outstanding bonds or other debt is not increased.

(f) A district that is a member of a cooperative unit as defined in section 123A.24, subdivision 2, may obligate itself to participate in and provide financial support for an agreement with a cooperative unit to provide school building space for a term not to exceed two years with an option on the part of the district to renew for an additional two years.

(g) Notwithstanding any limitations imposed under this subdivision, a school district may, according to section 123B.51, subdivision 4, enter into a lease of all or a portion of a schoolhouse that is not needed for school purposes, including, but not limited to, a lease with a term of more than one year.

Sec. 20. Minnesota Statutes 1998, section 123B.77, subdivision 4, is amended to read:

Subd. 4. [BUDGET APPROVAL.] Prior to July 1 of each year, the board of each district must approve and adopt its revenue and expenditure budgets for the next school year. The budget document so adopted must be considered an expenditure-authorizing or appropriations document. No funds shall be expended by any board or district for any purpose in any school year prior to the adoption of the budget document which authorizes that expenditure, or prior to an amendment to the budget document by the board to authorize the expenditure. Expenditures of funds in violation of this subdivision shall be considered unlawful expenditures. Prior to the appropriation of revenue for the next school year in the initial budget, the board shall calculate the general education revenue, basic skills revenue, and referendum revenue for that year that it estimates will be generated by the pupils in attendance at each site, and shall inform each site of that estimate and report this information to the department of children, families, and learning.

Sec. 21. Minnesota Statutes 1998, section 123B.83, subdivision 4, is amended to read:

Subd. 4. [SPECIAL OPERATING PLAN.] (1) If the net negative unappropriated operating 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 ~~of the curriculum~~ high school graduation requirements ~~of the state board~~.

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. 22. Minnesota Statutes 1998, 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; ~~and~~

(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 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 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. 23. Minnesota Statutes 1998, section 123B.90, subdivision 3, is amended to read:

Subd. 3. [MODEL TRAINING PROGRAM.] The commissioner shall develop a comprehensive model school bus safety training program for pupils who ride the bus that includes bus safety curriculum for both classroom and practical instruction, methods for assessing attainment of school bus safety competencies, and age-appropriate instructional materials. The model training program for students riding buses with lap belts or lap and shoulder belts must include information on the appropriate use of lap belts or lap and shoulder belts. The program must be adaptable for use by students with disabilities.

Sec. 24. Minnesota Statutes 1998, section 123B.91, subdivision 1, is amended to read:

Subdivision 1. [COMPREHENSIVE POLICY.] Each district must develop and implement a comprehensive, written policy governing pupil transportation safety, including transportation of nonpublic school students, when applicable. The policy shall, at minimum, 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.

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" 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.

Sec. 25. Minnesota Statutes 1998, section 124D.03, is amended by adding a subdivision to read:

Subd. 12. [TERMINATION OF ENROLLMENT.] A district may terminate the enrollment of a nonresident student enrolled under this section or section 124D.07 or 124D.08 at the end of a school year if the student meets the definition of a habitual truant under section 260.015, subdivision 19, the student has been provided appropriate services under chapter 260A, and the student's case has been referred to juvenile court. A district may also terminate the enrollment of a nonresident student over the age of 16 enrolled under this section if the student is absent without lawful excuse for one or more periods on 15 school days and has not lawfully withdrawn from school under section 120A.22, subdivision 8.

Sec. 26. Minnesota Statutes 1998, 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 ~~mandated by the state board~~ or under court order, to increase learning opportunities and reduce the learning gap between learners living in high concentrations of poverty and their peers.

Sec. 27. Minnesota Statutes 1998, section 124D.86, subdivision 3, is amended to read:

Subd. 3. [INTEGRATION REVENUE.] For fiscal year 1999 and later fiscal years, integration revenue equals the following amounts:

- (1) for independent school district No. 709, Duluth, \$193 times the resident pupil units for the school year;
- (2) for independent school district No. 625, St. Paul, \$427 times the resident pupil units for the school year;
- (3) for special school district No. 1, Minneapolis, \$523 times the resident 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 ~~3535.0200 to 3535.2200~~ 3535.0100 to 3535.0180, as proposed in 23 State Register 1344, December 7, 1998, the lesser of the actual cost of implementing the plan during the fiscal year or \$93 times the resident pupil units for the school year.

Sec. 28. Minnesota Statutes 1998, section 124D.89, subdivision 1, is amended to read:

Subdivision 1. [CULTURAL EXCHANGE PROGRAM GOALS.] (a) A cultural exchange grant program is established to develop and create opportunities for children and staff of different ethnic, racial, and other cultural backgrounds to experience educational and social exchange. ~~Student and staff exchanges under this section may only take place between a district with a desegregation plan approved by the state board of education and a district without a desegregation plan.~~ Participating school districts shall offer ~~summer~~ programs for credit with the goals set forth in paragraphs (b) to (e).

(b) The program must develop curriculum reflective of particular ethnic, racial, and other cultural aspects of various demographic groups in the state.

(c) The program must develop immersion programs that are coordinated with the programs offered in paragraph (b).

(d) The program must create opportunities for students from across the state to enroll in ~~summer~~ programs in districts other than the one of residence, or in other schools within their district of residence.

(e) The program must create opportunities for staff exchanges on a cultural basis.

Sec. 29. Minnesota Statutes 1998, section 125A.09, subdivision 11, is amended to read:

Subd. 11. [HEARING REVIEW OFFICER'S QUALIFICATIONS.] The commissioner must select an individual who has the qualifications enumerated in this subdivision to serve as the hearing review officer:

(1) the individual must be knowledgeable and impartial;

(2) the individual must not have a personal interest in or specific involvement with the student who is a party to the hearing;

(3) the individual must not have been employed as an administrator by the district that is a party to the hearing;

(4) the individual must not have been involved in the selection of the administrators of the district that is a party to the hearing;

(5) the individual must not have a personal, economic, or professional interest in the outcome of the hearing other than the proper administration of the federal and state laws, rules, and policies;

(6) the individual must not have substantial involvement in the development of a state or local policy or procedures that are challenged in the appeal;

(7) the individual is not a current employee or board member of a Minnesota public school district, education district, intermediate unit or regional education agency; or the department; ~~and the state board of education;~~ and

(8) the individual is not a current employee or board member of a disability advocacy organization or group.

Sec. 30. Minnesota Statutes 1998, section 127A.05, subdivision 1, is amended to read:

Subdivision 1. [APPOINTMENT AND DUTIES.] The department shall be under the administrative control of the commissioner of children, families, and learning which office is established. ~~The commissioner shall be the secretary of the state board.~~ The governor shall appoint the commissioner under the provisions of section 15.06.

The commissioner shall be a person who possesses educational attainment and breadth of experience in the administration of public education and of the finances pertaining thereto commensurate with the spirit and intent of this code. Notwithstanding any other law to the contrary, the commissioner may appoint two deputy commissioners who shall serve in the unclassified service. The commissioner shall also appoint other employees as may be necessary for the organization of the department. The commissioner shall perform such duties as the law and ~~the rules of the state board~~ may provide and be held responsible for the efficient administration and discipline of the department. The commissioner shall make recommendations to the board and ~~be~~ is charged with the execution of powers and duties ~~which the state board may prescribe, from time to time;~~ to promote public education in the state; and to safeguard the finances pertaining thereto; ~~and to enable the state board to carry out its duties.~~

Sec. 31. [127A.25] [SURVEY OF DISTRICTS.]

The commissioner of children, families, and learning shall survey the state's school districts and report to the education committees of the legislature by January 15 of each odd-numbered year on the status of the teacher shortage and the substitute teacher shortage, including 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.

Sec. 32. Minnesota Statutes 1998, section 127A.41, subdivision 5, is amended to read:

Subd. 5. [DISTRICT APPEAL OF AID REDUCTION; INSPECTION OF DISTRICT SCHOOLS AND ACCOUNTS AND RECORDS.] ~~A reduction of aid under this section may be appealed to the state board of education and its decision shall be final.~~ Public schools shall at all times be open to the inspection of the commissioner. The accounts and records of any district must be open to inspection by the state auditor, ~~the state board,~~ or the commissioner for the purpose of audits conducted under this section. Each district shall keep for a minimum of three years at least the following: (1) identification of the annual session days held, together with a record of the length of each session day, (2) a record of each pupil's daily attendance, with entrance and withdrawal dates, and (3) identification of the pupils transported who are reported for transportation aid.

Sec. 33. Minnesota Statutes 1998, section 127A.42, subdivision 5, is amended to read:

Subd. 5. [DISPUTE VIOLATIONS; HEARING.] The board to which such notice is given may, by a majority vote of the whole board, decide to dispute that the specified violation exists or that the time allowed is reasonable or the correction specified is correct, or that the commissioner may reduce aids. The board must give the commissioner written notice of the decision. If the commissioner, after further investigation as the commissioner deems necessary, adheres to the previous notice, ~~the board shall be entitled to a hearing by the state board~~ the commissioner shall notify the school board of its decision. ~~The state board must set a hearing time and place and the board of the district must be given notice by mail. The state board must adopt rules governing the proceedings for hearings. The hearings must be designed to give a full and fair hearing and permit interested parties an opportunity to produce evidence relating to the issues involved. The rules may provide that any question of fact to be determined at the hearing may be referred to one or more members of the board or to an employee of the state board acting as a referee to hear evidence and report the testimony taken to the state board. The state board, or a person designated to receive evidence at a hearing, shall have the same right to issue subpoenas and administer oaths and parties to the hearing shall have the same right to subpoenas issued as are allowed for proceedings before the industrial commission. A stenographic record must be made of all testimony given and other proceedings during the hearing. If practicable, rules governing admission of evidence in courts shall apply to the hearing. The decision of the state board must be in writing and the controlling facts upon which the decision is made must be stated in sufficient detail to apprise the parties and the reviewing court of the basis and reason for the decision. The decision must be confined to whether any of the specified violations existed at the date of the commissioner's first notice, whether the violations were corrected within the time permitted, and whether the violations require reduction of the state aids under this section.~~

Sec. 34. Minnesota Statutes 1998, section 127A.42, subdivision 6, is amended to read:

Subd. 6. [VIOLATION; AID REDUCTION.] The commissioner shall not reduce state aids payable to the district if the violation specified is corrected within the time permitted, or if the commissioner on being notified of the district board's decision to dispute decides the violation does not exist, ~~or if the state board decides after hearing no violation specified in the commissioner's notice existed at the time of the notice, or that the violations were corrected within the time permitted.~~ Otherwise state aids payable to the district for the year in which the violation occurred shall be reduced as follows: The total amount of state aids to which the district may be entitled shall be reduced in the proportion that the period during which a specified violation continued, computed from the last day of the time permitted for correction, bears to the total number of days school is held in the district during the year in which a violation exists, multiplied by 60 percent of the basic revenue, as defined in section 126C.10, subdivision 2, of the district for that year.

Sec. 35. Minnesota Statutes 1998, section 127A.60, subdivision 1, is amended to read:

Subdivision 1. [DEPARTMENT.] A state department of children, families, and learning is hereby created ~~which shall be maintained under the direction of a state board of education composed of nine representative citizens of the state, at least one of whom shall reside in each congressional district in the state.~~

~~Of the nine representative citizens of the state who are appointed to the state board of education not less than three members thereof shall previously thereto have served as an elected member of a board of education of a school district however organized.~~

~~The members of the state board shall be appointed by the governor, with the advice and consent of the senate. One member shall be chosen annually as president, but no member shall serve as president more than three consecutive years. The state board shall hold its annual meeting in August. It shall hold meetings on dates and at places as it designates. No member shall hold any public office, or represent or be employed by any board of education or school district, public or private, and shall not voluntarily have any personal financial interest in any contract with a board of education or school district, or be engaged in any capacity where a conflict of interest may arise.~~

Sec. 36. Minnesota Statutes 1998, section 127A.66, subdivision 2, is amended to read:

Subd. 2. [ADMINISTRATIVE RULES.] ~~The state board commissioner~~ may adopt new rules and amend them or amend any ~~of its~~ existing rules only under specific authority and consistent with the requirements of chapter 14. ~~The state board commissioner~~ may repeal any of ~~its~~ the commissioner's existing rules. Notwithstanding the provisions of section 14.05, subdivision 4, ~~the state board commissioner~~ may grant a variance to ~~its~~ the commissioner's rules upon application by a school district for purposes of implementing experimental programs in learning or school management. This subdivision shall not prohibit the ~~state board commissioner~~ from making technical changes or corrections to ~~its~~ the commissioner's rules.

Sec. 37. Minnesota Statutes 1998, section 128C.01, subdivision 4, is amended to read:

Subd. 4. [BOARD.] (a) The league must have a 20-member governing board.

(1) The governor must appoint four members according to section 15.0597. Each of the four appointees must be a parent. At least one of them must be an American Indian, an Asian, a Black, or a Hispanic.

(2) The Minnesota association of secondary school principals must appoint two of its members.

(3) The remaining 14 members must be selected according to league bylaws.

(b) The terms, compensation, removal of members, and the filling of membership vacancies are governed by section 15.0575, except that the four-year terms begin on August 1 and end on July 31. As provided by section 15.0575, members who are full-time state employees or full-time employees of school districts or other political subdivisions of the state may not receive any per diem payment for service on the board.

Sec. 38. Minnesota Statutes 1998, section 128C.02, is amended by adding a subdivision to read:

Subd. 9. [PURCHASING.] In purchasing goods and services, the league must follow all laws that apply to school districts under sections 123B.52 and 471.345.

Sec. 39. Minnesota Statutes 1998, section 128C.20, subdivision 1, is amended to read:

Subdivision 1. [ANNUALLY.] Each year the commissioner of children, families, and learning shall obtain and review the following information about the league:

(1) an accurate and concise summary of the annual financial and compliance audit prepared by the state auditor that includes information about the compensation of and the expenditures by the executive director of the league and league staff;

(2) a list of all complaints filed with the league and all lawsuits filed against the league and the disposition of those complaints and lawsuits;

(3) an explanation of the executive director's performance review;

(4) information about the extent to which the league has implemented its affirmative action policy, its comparable worth plan, and its sexual harassment and violence policy and rules; and

(5) an evaluation of any proposed changes in league policy.

The commissioner may examine any league activities or league-related issues when the commissioner believes this review is warranted.

Sec. 40. Minnesota Statutes 1998, section 169.01, subdivision 6, is amended to read:

Subd. 6. [SCHOOL BUS.] "School bus" means a motor vehicle used to transport pupils to or from a school defined in section 120A.22, or to or from school-related activities, by the school or a school district, or by someone under an agreement with the school or a school district. A school bus does not include a motor vehicle transporting children to or from school for which parents or guardians receive direct compensation from a school district, a motor coach operating under charter carrier authority, a transit bus providing services as defined in section 174.22, subdivision 7, or a vehicle otherwise qualifying as a type III vehicle under paragraph (5), when the vehicle is properly registered and insured and being driven by an employee or agent of a school district for nonscheduled transportation. A school bus may be type A, type B, type C, or type D, or type III as follows:

(1) A "type A school bus" is a conversion or body constructed upon a van-type or cutaway front section vehicle with a left-side driver's door, designed for carrying more than ten persons. This definition includes two classifications: type A-I, with a gross vehicle weight rating (GVWR) over 10,000 pounds; and type A-II, with a GVWR of 10,000 pounds or less.

(2) A "type B school bus" is a conversion or body constructed and installed upon a van or front-section vehicle chassis, or stripped chassis, with a gross vehicle weight rating of more than 10,000 pounds, designed for carrying more than ten persons. Part of the engine is beneath or behind the windshield and beside the driver's seat. The entrance door is behind the front wheels.

(3) A "type C school bus" is a body installed upon a flat back cowl chassis with a gross vehicle weight rating of more than 10,000 pounds, designed for carrying more than ten persons. All of the engine is in front of the windshield and the entrance door is behind the front wheels. A type C school bus has a maximum length of 45 feet.

(4) A "type D school bus" is a body installed upon a chassis, with the engine mounted in the front, midship or rear, with a gross vehicle weight rating of more than 10,000 pounds, designed for carrying more than ten persons. The engine may be behind the windshield and beside the driver's seat; it may be at the rear of the bus, behind the rear wheels, or midship between the front and rear axles. The entrance door is ahead of the front wheels. A type D school bus has a maximum length of 45 feet.

(5) Type III school buses and type III Head Start buses are restricted to passenger cars, station wagons, vans, and buses ~~in service after January 1, 1999, having an original~~ a maximum manufacturer's rated seating capacity of ten or fewer people, including the driver, and a gross vehicle weight rating of 10,000 pounds or less. In this subdivision, "gross vehicle weight rating" means the value specified by the manufacturer as the loaded weight of a single vehicle. A "type III school bus" and "type III Head Start bus" must not be outwardly equipped and identified as a type A, B, C, or D school bus or type A, B, C, or D Head Start bus. A van or bus converted to a seating capacity of ten or fewer and placed in service on or after August 1, 1999, must have been originally manufactured to comply with the passenger safety standards.

Sec. 41. Minnesota Statutes 1998, section 169.03, subdivision 6, is amended to read:

Subd. 6. [WORKING ON HIGHWAY.] (a) The provisions of this chapter shall not apply to persons, motor vehicles, and other equipment while actually engaged in work upon the highway, except as provided in paragraphs (b) and (c).

(b) This chapter shall apply to those persons and vehicles when traveling to or from such work, except that persons operating equipment owned, rented or hired by road authorities shall be exempt from the width, height and length provisions of sections 169.80 and 169.81 and shall be exempt from the weight limitations of this chapter while engaged in snow or ice removal and while engaged in flood control operations on behalf of the state or a local governmental unit.

(c) Sections 169.121 to 169.129 and 169.444 apply to persons while actually engaged in work upon the highway.

Sec. 42. Minnesota Statutes 1998, section 171.3215, subdivision 2, is amended to read:

Subd. 2. [CANCELLATION FOR DISQUALIFYING AND OTHER OFFENSES.] Within ten days of receiving notice under section 631.40, subdivision 1a, or otherwise receiving notice for a nonresident driver, that a school bus driver has been convicted of a disqualifying offense, the commissioner shall permanently cancel the school bus driver's endorsement on the offender's driver's license and in the case of a nonresident, the driver's privilege to operate a school bus in Minnesota. A school bus driver whose endorsement or privilege to operate a school bus in Minnesota has been permanently canceled may not apply for reinstatement. Within ten days of receiving notice under section 631.40, subdivision 1a, or otherwise receiving notice for a nonresident driver, that a school bus driver has been convicted of a ~~gross misdemeanor~~, or a violation of section 169.121, 169.129, or a similar statute or ordinance from another state, and within ten days of revoking a school bus driver's license under section 169.123, the commissioner shall cancel the school bus driver's endorsement on the offender's driver's license or the nonresident's privilege to operate a school bus in Minnesota for five years. After five years, a school bus driver may apply to the commissioner for reinstatement. Even after five years, cancellation of a school bus driver's endorsement or a nonresident's privilege to operate a school bus in Minnesota for a violation under section 169.121, 169.123, 169.129, or a similar statute or ordinance from another state, shall remain in effect until the driver provides proof of successful completion of an alcohol or controlled substance treatment program. For a first offense, proof of completion is required only if treatment was ordered as part of a chemical use assessment. Within ten days of receiving notice under section 631.40, subdivision 1a, or otherwise receiving notice for a nonresident driver, that a school bus driver has been convicted of a fourth moving violation in the last three years, the commissioner shall cancel the school bus driver's endorsement on the offender's driver's license or the nonresident's privilege to operate a school bus in Minnesota until one year has elapsed since the last conviction. A school bus driver who has no new convictions after one year may apply for reinstatement. Upon canceling the offender's school bus driver's endorsement, the commissioner shall immediately notify the licensed offender of the cancellation in writing, by depositing in the United States post office a notice addressed to the licensed offender at the licensed offender's last known address, with postage prepaid thereon.

Sec. 43. Minnesota Statutes 1998, section 171.3215, subdivision 4, is amended to read:

Subd. 4. [WAIVER OF PERMANENT CANCELLATION.] (a) The commissioner of public safety or the commissioner's designee, in consultation with the division of driver and vehicle services, may waive the permanent cancellation requirement of this section 171.3215 for a person convicted of a misdemeanor, a gross misdemeanor, a nonfelony violation of chapter 152, or a felony that is not a violent crime under section 609.1095.

(b) After notice to the requesting school district and contract provider of school bus transportation, the commissioner may waive the permanent cancellation requirement after ten years have elapsed since the person was convicted of a violation of section 609.582, subdivision 2, 3, or 4.

Sec. 44. Minnesota Statutes 1998, section 181.101, is amended to read:

181.101 [WAGES; HOW OFTEN PAID.]

Every employer must pay all wages earned by an employee at least once every ~~30~~ 31 days on a regular pay day designated in advance by the employer regardless of whether the employee requests payment at longer intervals. Unless paid earlier, the wages earned during the first half of the first ~~30-day~~ 31-day pay period become due on the first regular payday following the first day of work. If wages earned are not paid, the commissioner of labor and industry or the commissioner's representative may demand payment on behalf of an employee. If payment is not made within ten days of demand, the commissioner may charge and collect the wages earned and a penalty in the amount of the employee's average daily earnings at the rate agreed upon in the contract of employment, not exceeding 15 days in all, for each day beyond the ten-day limit following the demand. Money collected by the commissioner must be paid to the employee concerned. ~~This subdivision section~~ does not prevent an employee from prosecuting a claim for wages. This section does not prevent a school district or other public school entity from paying any wages earned by its employees during a school year on regular pay days in the manner provided by an applicable contract or collective bargaining agreement, or a personnel policy adopted by the governing board. For purposes of this section, "employee" includes a person who performs agricultural labor as defined in section 181.85, subdivision 2. For purposes of this section, wages are earned on the day an employee works.

Sec. 45. Minnesota Statutes 1998, section 209.07, is amended by adding a subdivision to read:

Subd. 4. [SCHOOL DISTRICT BOARD ELECTION; SURETY BOND REQUIREMENTS.] If an election approving the issuance of bonds by a school district is contested, the contestant shall file in the district court a surety bond of at least \$5,000 or a greater amount determined necessary by the court to provide security for costs of the contest to the school district, including any additional costs that may be incurred by the school district if the bond issue is delayed. The court may waive the requirements of this subdivision to the extent it finds that there is a reasonable likelihood that the contestant will prevail and that filing the bond would impose an undue hardship. If the surety bond is not filed within the time allowed by the court, the contest shall be dismissed with prejudice.

Sec. 46. Laws 1997, First Special Session chapter 4, article 5, section 22, is amended to read:

Sec. 20. [GRANT PROGRAM TO PROMOTE PROFESSIONAL TEACHING STANDARDS.]

Subdivision 1. [ESTABLISHMENT.] A grant program to promote professional teaching standards through the national board for professional teaching standards ~~for fiscal year 1998~~ is established to provide eligible teachers with the opportunity to receive national board for professional teaching standards certification and to reward teachers who have already received such certification.

Subd. 2. [ELIGIBILITY.] An applicant for a grant must be a licensed K-12 school teacher employed in a state school. To be eligible for a grant, the teacher must have been employed as a teacher for a minimum of five school years and demonstrate either that the national board for professional teaching standards has accepted the teacher as a candidate for board certification or that the teacher already has received board certification.

Subd. 3. [APPLICATION PROCESS.] To obtain a grant to participate in the national board for professional teaching standards certification process or to receive a reward for already completing the board certification process, a teacher must submit an application to the commissioner of children, families, and learning in the form and manner the commissioner establishes. The applicant must demonstrate either that the national board for professional teaching standards has accepted the teacher as a candidate for board certification or that the teacher already has received board certification. The commissioner shall consult with the state board of teaching when reviewing the applications.

Subd. 4. [GRANT AWARDS; PROCEEDS.] (a) The commissioner may award matching grants of \$1,000 each ~~to~~ for eligible teachers who provide a matching amount through collaboration with either a school district, professional organization, or both and are accepted as candidates for national board for professional teaching

standards certification. Grant recipients shall use the grant to participate in the certification process. The grant award shall be paid to the national board for professional teaching standards in the teacher's name. Within 24 months of receiving certification, a grant recipient must satisfactorily complete one year of teaching service in a state school the certification process or repay the state the amount of the grant, except if the commissioner determines that death or disability prevents the grant recipient from providing the one year of teaching service.

(b) The commissioner may award grants to eligible teachers who have earned national board for professional teaching standards certification. The amount of each grant shall not exceed \$1,000 and the commissioner shall establish criteria to determine the actual amount of each grant. Grant recipients shall use the grant proceeds for educational purposes, including purchasing instructional materials, equipment, or supplies and realizing professional development opportunities.

Subd. 5. [REGIONAL COORDINATORS.] The state shall provide the equivalent of four full-time regional coordinators with two located in the seven-county metropolitan area and two located in greater Minnesota. \$25,000 per year, for the first two years only, shall be provided to cover expenses of the regional coordinators including, but not limited to, travel, meetings, web page maintenance, and cost related to supporting candidate's expenses. After the first two years, individual school districts must negotiate with the exclusive representative of the teachers in the district for coordinator positions.

Sec. 47. [ALTERNATIVE PATHWAYS FOR TEACHER PREPARATION.]

Subdivision 1. [ESTABLISHMENT.] A program is established to allow Minnesota school districts, in collaboration with accredited teacher preparation institutions, to offer undergraduate and graduate teacher preparation opportunities. The program must provide teacher preparation opportunities that effectively address the needs of different types of schools, students, and teachers.

Subd. 2. [ELIGIBILITY; PROGRAM USES; EMPLOYMENT TERMS.] (a) An applicant under this program must be a school district. The school district must collaborate with an accredited teacher preparation program and an exclusive representative of the teachers in the district. The program must be used to assist in improving teacher preparation by placing teacher education students in preschool, elementary, and secondary classrooms or other education settings under the supervision of a licensed classroom teacher.

(b) Each school district participating in this program may select the teacher preparation model that best promotes understanding the needs of each educational system or institution. For example:

(1) a public school educator may teach courses that assist in preparing future educators or take professional development courses; or

(2) a post-secondary teacher may teach courses at the school district or mentor student teachers.

Participation is not limited to one school or institution and may involve other participants, including parent/community groups, teacher organizations, and business groups. Participating schools and institutions are encouraged to develop program components that engage nontraditional teacher preparation students.

(c) Temporary placements made under this program must not have a negative effect on participants' salaries, seniority, or other benefits. Specifically, temporary placements of teachers may not displace or cause any reduction in the number of nonovertime hours worked, wages, or benefits of a currently employed teacher. Notwithstanding Minnesota Statutes, sections 122A.16 and 123B.02, subdivision 14, a member of the staff of a post-secondary institution may teach in a preschool, elementary school, secondary school, or other education settings, or perform a service agreed upon under this section for which a license would otherwise be required without holding the applicable license. In addition, a licensed educator employed by a school district may teach or perform a service, agreed upon under this section, at a post-secondary institution without meeting the applicable qualifications of the post-secondary institution. A district is not subject to Minnesota Statutes, section 127A.43, as a result of entering into an agreement according to this section that enables a post-secondary educator to teach or provide services in

the district. All arrangements and details regarding an exchange must be mutually agreed to by each participating school district and post-secondary institution before implementing the exchange and must not violate any term or condition of the participating school district's collective bargaining agreement.

(d) An educator who held a temporary position or an exchanged position under this section must be continued in or restored to the position previously held, or to a position of like seniority, status, and pay upon return. Retirement benefits under an employer-sponsored pension or retirement plan must not be reduced because of time spent on an exchange or temporary position under this section.

(e) An educator who is continued in or restored to a position under paragraph (d):

(1) must be continued or restored without loss of seniority; and

(2) may participate in insurance or other benefits offered by the employer under its established rules and practices.

Subd. 3. [APPLICATION PROCESS.] To participate in this program, a school district must submit an application to the commissioner of children, families, and learning in the form and manner established by the commissioner. The application must describe how the applicant will improve teacher education by providing undergraduate or graduate teacher preparation opportunities in order to effectively address the needs of different types of schools, students, and teachers, and how the applicant will use technology to implement the program. The commissioner may require additional information from an applicant.

Subd. 4. [PROGRAM PARTICIPANTS; MONETARY AWARDS.] (a) When selecting program participants, the commissioner must determine:

(1) whether an applicant has met the requirements of this section;

(2) whether the location of a program is particularly suitable for realizing the purpose of this section;

(3) the number of teacher candidates, teachers, and students who would participate in the program;

(4) the ability of the applicant to demonstrate the positive effect of the existing program on students enrolled in a participating school district by using standardized test scores, the rate at which students pass the state's reading, math, and writing basic skills test, or other valid and reliable assessment measures;

(5) whether public post-secondary institutions with board of teaching approved teacher preparation programs and other organizations representing parents, business interests, and community interests are integral participants in the proposed program;

(6) whether the program addresses the shortage of teachers in any areas identified by the commissioner of children, families, and learning; and

(7) the ability of the applicant to provide information about the program to interested school districts and post-secondary institutions.

(b) The commissioner may select applicants to participate in this program for the 1999-2000 school year and later. Participants must be located throughout the state. The commissioner must provide one-time start-up costs of up to \$20,000 per participating site.

Subd. 5. [POST-SECONDARY INSTITUTION FUNDING.] Notwithstanding other law to the contrary, and consistent with subdivision 6, a post-secondary institution participating in this program must provide the instructional costs of educating students in teacher preparation programs and may charge the students the costs of tuition.

Subd. 6. [PARTICIPANTS' FEES.] A school district participating in this program may charge reasonable fees to a student in a teacher preparation program placed in a preschool, elementary, or secondary classroom to receive teacher training.

Subd. 7. [EVALUATION.] The commissioner must contract with an independent qualified expert to evaluate the impact of the program on teacher efficacy and student performance and present a report to the commissioner and the education committees of the legislature by February 15, 2005.

Sec. 48. [BOARD OF TEACHING.]

The board of teaching must communicate with school districts, including district human resources personnel, on the procedures available to districts for expediting the hiring of substitute teachers.

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, shall have their term end on July 31 of the year following the last year of their appointment.

Sec. 50. [MODEL STATE POLICY ON STUDENT RECORDS.]

Subdivision 1. [COMMISSIONER OF ADMINISTRATION.] By December 1, 1999, the commissioner of administration shall compile and make available a model policy that accurately reflects state and federal data regulations regarding access to and dissemination of educational data by schools and by other government agencies who serve school-aged children, and access by schools to data about students who have exhibited violent behaviors. The model policy shall include procedures and other guidelines detailing allowable use and transfer of educational data according to state and federal law.

Subd. 2. [RECOMMENDATIONS TO THE LEGISLATURE.] By January 15, 2000, the commissioner, in consultation with representatives from federal agencies, state agencies, county governments, school districts, cities, and parents who have an interest in educational and other applicable data, shall make recommendations to the legislature regarding necessary clarifications of state law and any enforcement mechanisms identified as essential for the proper sharing of data.

Sec. 51. [SCHOOL YEAR START DATE.]

Subdivision 1. [GOODHUE.] Notwithstanding Minnesota Statutes, section 120A.40, and Laws 1997, First Special Session chapter 4, article 7, section 49, subdivision 1, for the 1999-2000 school year independent school district No. 253, Goodhue, may begin the school year on August 30, 1999.

Subd. 2. [MILACA.] Notwithstanding Minnesota Statutes 1996, section 126.12, subdivision 1, and Laws 1997, First Special Session chapter 4, article 7, section 49, subdivision 1, for the 1998-1999 school year only, independent school district No. 912, Milaca, may begin the school year on August 24, 1998.

Subd. 3. [WORTHINGTON.] Notwithstanding Minnesota Statutes, section 120A.40, and Laws 1997, First Special Session chapter 4, article 7, section 49, subdivision 1, for the 1999-2000 school year, independent school district No. 518, Worthington, may begin the school year on August 23, 1999.

Sec. 52. [STATE BOARD OF EDUCATION CHANGED TO COMMISSIONER OF CHILDREN, FAMILIES, AND LEARNING; OTHER CHANGES.]

The provisions of Laws 1998, chapter 398, article 5, section 55, and related sections apply except as provided under this article.

Sec. 53. [APPROPRIATIONS.]

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

Subd. 2. [ALTERNATIVE PATHWAYS FOR TEACHER PREPARATION.] For providing program participants under section 58 with start-up costs:

<u>\$100,000</u>	<u>2000</u>
------------------	-----------	-------------

This appropriation is available until June 30, 2001.

The commissioner shall award a \$20,000 grant to independent school district No. 138, North Branch, if the district meets the requirements of the program.

Subd. 3. [COLLABORATIVE URBAN EDUCATOR PROGRAMS.] For collaborative urban educator programs providing alternative pathways to licensure:

<u>\$1,300,000</u>	<u>2000</u>
--------------------	-----------	-------------

<u>\$1,300,000</u>	<u>2001</u>
--------------------	-----------	-------------

\$400,000 each year is for the Collaborative Urban Educators Program at St. Thomas University; \$400,000 each year is for Hamline University and \$500,000 each year is for the South East Asia Teachers Program at Concordia University, St. Paul.

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

Subd. 4. [PILLAGER REIMBURSEMENT.] For independent school district No. 116, Pillager, for reimbursement of extraordinary legal expenses due to a lawsuit with statewide implications:

<u>\$325,000</u>	<u>2000</u>
------------------	-----------	-------------

Subd. 5. [PARTNERS FOR QUALITY SCHOOL IMPROVEMENT.] For the school improvement pilot training program established in Laws 1997, First Special Session chapter 4, article 7, section 47:

<u>\$500,000</u>	<u>2000</u>
------------------	-----------	-------------

This appropriation is available until June 30, 2001.

Subd. 6. [PROFESSIONAL TEACHING STANDARDS.] For grant awards for national board for professional teaching standards certification and for regional coordinators to counsel and assist teacher candidates for the certification:

<u>\$400,000</u>	<u>2000</u>
------------------	-----------	-------------

This appropriation is available until June 30, 2001. This is a one-time appropriation.

Sec. 54. [REPEALER.]

Minnesota Statutes 1998, sections 127A.42, subdivision 8; 127A.60, subdivisions 2, 3, and 4; 127A.61; 127A.62, subdivision 2; 127A.64; and 127A.66, subdivision 1, are repealed effective December 31, 1999.

Sec. 55. [EFFECTIVE DATES.]

Sections 1; 7, paragraphs (c) and (e); 27; 28; 37; 44; 47, and 49 are effective the day following final enactment. Notwithstanding any law to the contrary, section 2 is effective for the 1999-2000 school year and thereafter. Sections 3, 9 to 12, 21, 26, 29, 30, 32 to 36, and 52 are effective December 31, 1999. Section 38 is effective for the 1999-2000 school year and thereafter. Section 51, subdivision 2, is effective retroactive to July 1, 1998.

ARTICLE 10

STATE AGENCIES

Section 1. Minnesota Statutes 1998, section 125A.64, is amended by adding a subdivision to read:

Subd. 6. [EXEMPTION TO SEPTEMBER 1 SCHOOL START RESTRICTION.] Notwithstanding Minnesota Statutes, section 120A.40, subdivision 1, the board of the Minnesota state academies for the deaf and blind may begin the school year any day prior to September 1.

Sec. 2. Minnesota Statutes 1998, section 129C.10, is amended by adding a subdivision to read:

Subd. 8. [EXEMPTION TO SEPTEMBER 1 SCHOOL START RESTRICTION.] Notwithstanding Minnesota Statutes, section 120A.40, subdivision 1, the Lola and Rudy Perpich Minnesota center for arts education may begin the school year any day prior to September 1.

Sec. 3. Minnesota Statutes 1998, section 626.556, subdivision 10b, is amended to read:

Subd. 10b. [DUTIES OF COMMISSIONER; NEGLECT OR ABUSE IN FACILITY.] (a) This section applies to the commissioner of children, families, and learning. The commissioner of the agency responsible for assessing or investigating the report shall immediately investigate if the report alleges that:

(1) a child who is in the care of a facility as defined in subdivision 2 is neglected, physically abused, or sexually abused by an individual in that facility, or has been so neglected or abused by an individual in that facility within the three years preceding the report; or

(2) a child was neglected, physically abused, or sexually abused by an individual in a facility defined in subdivision 2, while in the care of that facility within the three years preceding the report.

The commissioner shall arrange for the transmittal to the commissioner of reports received by local agencies and may delegate to a local welfare agency the duty to investigate reports. In conducting an investigation under this section, the commissioner has the powers and duties specified for local welfare agencies under this section. The commissioner or local welfare agency may interview any children who are or have been in the care of a facility under investigation and their parents, guardians, or legal custodians.

(b) Prior to any interview, the commissioner or local welfare agency shall notify the parent, guardian, or legal custodian of a child who will be interviewed in the manner provided for in subdivision 10d, paragraph (a). If reasonable efforts to reach the parent, guardian, or legal custodian of a child in an out-of-home placement have failed, the child may be interviewed if there is reason to believe the interview is necessary to protect the child or other children in the facility. The commissioner or local agency must provide the information required in this subdivision to the parent, guardian, or legal custodian of a child interviewed without parental notification as soon as possible after the interview. When the investigation is completed, any parent, guardian, or legal custodian notified under this subdivision shall receive the written memorandum provided for in subdivision 10d, paragraph (c).

(c) In conducting investigations under this subdivision the commissioner or local welfare agency shall obtain access to information consistent with subdivision 10, paragraphs (h), (i), and (j).

(d) Except for foster care and family child care, the commissioner has the primary responsibility for the investigations and notifications required under subdivisions 10d and 10f for reports that allege maltreatment related to the care provided by or in facilities licensed by the commissioner. The commissioner may request assistance from the local social service agency.

Sec. 4. [TRANSFER OF PROGRAMS.]

The powers and duties of the department of children, families, and learning with respect to drug policy and violence prevention under Minnesota Statutes 1998, sections 119A.25, 119A.26, 119A.27, 119A.28, 119A.29, 119A.31, 119A.32, 119A.33, and 119A.34, are transferred to the department of public safety under Minnesota Statutes, section 15.039.

Sec. 5. [APPROPRIATIONS; DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING.]

Subdivision 1. [DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING.] 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.

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

<u>\$9,979,000</u>	.....	<u>2000</u>
<u>\$9,926,000</u>	.....	<u>2001</u>

(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.

Subd. 3. [LIFEWORk DEVELOPMENT PROGRAM.] For the lifework development program in the department of children, families, and learning:

<u>\$1,162,000</u>	.....	<u>2000</u>
<u>\$1,183,000</u>	.....	<u>2001</u>

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

Subd. 4. [MANAGEMENT AND SUPPORT SERVICES PROGRAM.] (a) For the management and support services program in the department of children, families, and learning:

<u>\$16,987,000</u>	.....	<u>2000</u>
<u>\$14,421,000</u>	.....	<u>2001</u>

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

(c) \$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.

(d) \$2,000,000 in 2000 is for litigation costs and may only be used for those purposes. This is a one-time appropriation.

Subd. 5. [OFFICE OF COMMUNITY SERVICES PROGRAM.] For the office of community services program in the department of children, families, and learning:

<u>\$4,188,000</u>	<u>.....</u>	<u>2000</u>
<u>\$4,255,000</u>	<u>.....</u>	<u>2001</u>

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

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:

<u>\$7,239,000</u>	<u>.....</u>	<u>2000</u>
<u>\$7,400,000</u>	<u>.....</u>	<u>2001</u>

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 is to fund the center for arts education base for asset preservation and facility repair. The guidelines for the education residency project and the pass program shall be developed and defined by the center for arts education in cooperation with the Minnesota arts board. The Minnesota arts board shall participate in the review and allocation process. The center for arts education and the Minnesota arts board shall cooperate to fund these projects.

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

Sec. 7. [APPROPRIATIONS; MINNESOTA STATE ACADEMIES.]

(a) The sums indicated in this section are appropriated from the general fund to the Minnesota state academies for the deaf and the blind for the fiscal years designated:

<u>\$10,039,000</u>	<u>.....</u>	<u>2000</u>
<u>\$10,258,000</u>	<u>.....</u>	<u>2001</u>

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

(c) \$75,000 each year is for asset preservation and facility repair.

(d) \$15,000 each year is for the cost of holding board meetings in Faribault.

Sec. 8. [REVISOR INSTRUCTION.]

(a) In the next and subsequent editions of Minnesota Statutes and Minnesota Rules, the revisor shall change all references of the "Lola and Rudy Perpich Minnesota center for arts education" to the "Perpich center for arts education."

(b) In the next and subsequent editions of Minnesota Statutes the revisor shall renumber each section in column A with the corresponding number in column B. The revisor shall correct all cross-references to be consistent with the renumbering.

<u>Column A</u>	<u>Column B</u>
<u>119A.25</u>	<u>299A.291</u>
<u>119A.26</u>	<u>299A.292</u>
<u>119A.27</u>	<u>299A.293</u>
<u>119A.28</u>	<u>299A.294</u>
<u>119A.29</u>	<u>299A.295</u>
<u>119A.31</u>	<u>299A.296</u>
<u>119A.32</u>	<u>299A.297</u>
<u>119A.33</u>	<u>299A.298</u>
<u>119A.34</u>	<u>299A.299</u>

Sec. 9. [REPEALER.]

Minnesota Statutes 1998, section 119A.04, subdivision 5, is repealed.

Sec. 10. [EFFECTIVE DATE.]

Section 2 is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to education; prekindergarten through grade 12; providing for general education; special programs; lifework development; facilities and technology; education excellence; other programs; nutrition programs; libraries; education policy; and state agencies; appropriating money; amending Minnesota Statutes 1998, sections 13.46, subdivision 2; 41D.02, subdivision 2; 120A.24, subdivision 1; 120A.40; 120B.30, subdivision 1; 120B.35; 121A.23; 121A.43, as amended; 121A.61, subdivision 1; 122A.09, subdivision 4; 122A.18, by adding subdivisions; 122A.19, subdivision 4; 122A.20, subdivisions 1 and 2; 122A.21; 122A.28; 122A.40, subdivisions 5, 7, and 16; 122A.41, subdivision 4; 122A.60, subdivisions 1 and 3; 122A.61, subdivision 1; 123A.05, subdivisions 2 and 3; 123A.06, subdivisions 1 and 2; 123A.48, subdivision 10; 123B.02, subdivision 3; 123B.195; 123B.36, subdivision 1; 123B.49, subdivision 4; 123B.53, subdivisions 2, 4, 5, 6, and 7; 123B.54; 123B.57, subdivision 4; 123B.59, subdivision 1; 123B.61; 123B.75, by adding a subdivision; 123B.77, subdivision 4; 123B.83, subdivision 4; 123B.90, subdivisions 2 and 3; 123B.91, subdivision 1; 123B.92, subdivision 9; 124D.03, by adding a subdivision; 124D.081, subdivision 3; 124D.10, subdivisions 3, 4, 5, 6, and 11; 124D.11, subdivisions 1, 4, 6, and by adding a subdivision; 124D.453, subdivision 3; 124D.454, subdivision 5; 124D.65, subdivisions 1, 4, and 5; 124D.68, subdivision 9; 124D.69, subdivision 1; 124D.86, subdivisions 1 and 3; 124D.87; 124D.88, subdivision 3; 124D.89, subdivision 1; 124D.94, subdivisions 3, 6, and 7; 125A.09, subdivisions 4 and 11; 125A.15; 125A.50, subdivisions 2 and 5; 125A.51; 125A.62; 125A.64; 125A.65, subdivisions 3, 5, 6, 7, 8, and 10; 125A.68, subdivision 1; 125A.69, subdivisions 1 and 3; 125A.70, subdivision 2; 125A.71, subdivision 3; 125A.72; 125A.73; 125A.75, subdivisions 3 and 8; 125A.76, subdivisions 1, 2, 4, and 5; 125A.79, subdivisions 1, 2, and by adding subdivisions; 125B.05, subdivision 3; 125B.20; 126C.05, subdivisions 1, 3, 5, 6, and 7; 126C.10, subdivisions 1, 2, 4, 5, 6, 7, 8, 9, 10, 13, 14, 18, 19, 20, 21, and by adding subdivisions; 126C.12, subdivisions 1 and 4; 126C.13, subdivisions 1 and 2; 126C.15; 126C.17, subdivisions 1, 2, 4, 5, 6, and 9; 126C.40, subdivision 4; 126C.41, subdivision 2; 126C.42, subdivisions 1 and 2; 126C.44; 126C.46; 126C.55, by adding a subdivision; 126C.63, subdivisions 5 and 8; 126C.69, subdivisions 2 and 9; 127A.05, subdivision 1; 127A.41, subdivision 5; 127A.42, subdivisions 5 and 6; 127A.44,

subdivision 2; 127A.45, subdivisions 2, 3, 4, 13, and by adding a subdivision; 127A.47, subdivisions 1, 2, 7, and 8; 127A.49, subdivisions 2 and 3; 127A.51; 127A.60, subdivision 1; 127A.66, subdivision 2; 128C.01, subdivision 4; 128C.02, by adding a subdivision; 128C.20, subdivision 1; 129C.10, by adding a subdivision; 169.01, subdivision 6; 169.03, subdivision 6; 171.3215, subdivisions 2 and 4; 181.101; 209.07, by adding a subdivision; 241.021, subdivision 1; 245A.04, by adding a subdivision; and 626.556, subdivision 10b, and by adding a subdivision; Laws 1992, chapter 499, article 7, section 31, as amended; Laws 1993, chapter 224, article 3, section 32, as amended; Laws 1995 First Special Session chapter 3, article 12, section 7, as amended; Laws 1996, chapter 412, article 1, section 35; Laws 1997 First Special Session chapter 4, article 1, section 61, subdivisions 1, 2, 3, as amended, and 4; article 2, section 51, subdivision 29, as amended; article 3, section 25, subdivision 6; article 5, section 22; article 8, section 4; article 9, sections 6, 7, subdivision 2, and 13; Laws 1998, chapter 398, article 9, section 7; chapter 404, section 5, subdivision 5; and Laws 1999, chapter 123, section 22; proposing coding for new law in Minnesota Statutes, chapters 121A; 123A; 124D; 125A; 127A; repealing Minnesota Statutes 1998, sections 119A.04, subdivision 5; 120B.05; 123A.44; 123A.441; 123A.442; 123A.443; 123A.444; 123A.445; 123A.446; 123B.57, subdivisions 4, 5, and 7; 123B.58; 123B.59, subdivision 7; 123B.63, subdivisions 1 and 2; 123B.64, subdivisions 1, 2, 3, and 4; 123B.66; 123B.67; 123B.68; 123B.69; 123B.89; 123B.92, subdivisions 2, 4, 6, 7, 8, and 10; 124D.081, subdivisions 7 and 8; 124D.112; 124D.113; 124D.116; 124D.453; 124D.65, subdivisions 1, 2, and 3; 124D.67; 124D.70; 125A.76, subdivision 6; 125A.77; 125A.79, subdivision 3; 126C.05, subdivision 4; 126C.06; 127A.42, subdivision 8; 127A.45, subdivision 5; 127A.60, subdivisions 2, 3, and 4; 127A.61; 127A.62, subdivision 2; 127A.64; 127A.66, subdivision 1; and 134.155; Minnesota Rules, parts 3500.3900; 3500.4000; 3500.4100; 3500.4200; and 3500.4300."

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

House Conferees: ALICE SEAGREN, HARRY MARES, TONY KIELKUCKI, KEN WOLF AND JOHN DORN.

Senate Conferees: LAWRENCE J. POGEMILLER, LINDA SCHEID, SANDRA L. PAPPAS, KENRIC J. SCHEEVEL AND MARTHA R. ROBERTSON.

Seagren moved that the report of the Conference Committee on H. F. No. 2333 be adopted and that the bill be repassed as amended by the Conference Committee.

POINT OF ORDER

Goodno raised a point of order pursuant to section 101, of "Mason's Manual of Legislative Procedure," relating to Debate Being Limited to the Question Before the House. The Speaker ruled the point of order not well taken.

The question recurred on the Seagren motion that the report of the Conference Committee on H. F. No. 2333 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 2333, A bill for an act relating to education; prekindergarten through grade 12; providing for general education; special programs; lifework development; facilities and technology; education excellence; other programs; nutrition programs; libraries; education policy; and state agencies; appropriating money; amending Minnesota Statutes 1998, sections 13.46, subdivision 2; 43A.18, subdivision 4; 119A.01, subdivisions 1 and 2; 120A.22, subdivision 5; 120A.24, subdivision 1; 120A.41; 121A.15, subdivision 1; 121A.23; 121A.45, subdivision 2; 122A.07, subdivision 1; 122A.18, by adding a subdivision; 122A.28; 122A.60, subdivision 3; 122A.61, subdivisions 1 and 2; 123A.05, subdivision 2; 123A.48, subdivision 10; 123B.195; 123B.36, subdivision 1; 123B.49, subdivision 4; 123B.53, subdivisions 4, 5, and 6; 123B.54; 123B.57, subdivision 4; 123B.61; 123B.75, by adding a subdivision; 123B.79, by adding a subdivision; 123B.92, subdivision 9; 123B.93; 124C.55, by adding a subdivision; 124D.10, subdivisions 3, 4, 5, 6, 10, 11, and by adding a subdivision; 124D.11, subdivisions 4, 6, 7, 8, and by adding a subdivision; 124D.453, subdivision 3; 124D.454; 124D.68, subdivision 9; 124D.69, subdivision 1; 124D.87;

124D.88, subdivision 3; 124D.94, subdivisions 3, 6, and 7; 125A.09, subdivision 4; 125A.50, subdivisions 2 and 5; 125A.75, subdivision 8; 125A.76, subdivisions 1, 4, and 5; 125A.79, subdivisions 1, 2, and by adding subdivisions; 125B.05, subdivision 3; 125B.20; 126C.05, subdivisions 1, 3, 15, and by adding a subdivision; 126C.10, subdivisions 1, 2, 3, 4, 10, 14, 19, 21, and by adding subdivisions; 126C.12; 126C.13, subdivisions 1 and 2; 126C.15; 126C.17, subdivisions 2, 5, and 6; 126C.40, subdivision 4; 126C.42, subdivisions 1 and 2; 126C.46; 126C.63, subdivisions 5 and 8; 126C.69, subdivisions 2 and 9; 127A.44, subdivision 2; 127A.45, subdivisions 2, 3, 4, 13, and by adding a subdivision; 127A.47, subdivisions 2 and 7; 127A.49, subdivisions 2 and 3; 128C.01, subdivisions 4 and 5; 128C.02, by adding a subdivision; 128C.12, subdivision 1; 128C.20; and 626.556, by adding a subdivision; Laws 1993, chapter 224, article 3, section 32, as amended; Laws 1995, First Special Session chapter 3, article 12, section 7, as amended; Laws 1996, chapter 412, article 1, section 35; Laws 1997, First Special Session chapter 4, article 1, section 61, subdivisions 1, 2, 3, as amended, and 4; article 2, section 51, subdivision 29, as amended; article 8, section 4; article 9, section 13; and Laws 1998, chapter 397, article 12, section 8; chapter 398, article 6, sections 38 and 39; proposing coding for new law in Minnesota Statutes, chapters 120B; 121A; 124D; 125A; 125B; 128C; and 134; repealing Minnesota Statutes 1998, sections 120B.05; 122A.31, subdivision 4; 123B.05; 123B.64, subdivisions 1, 2, 3, and 4; 123B.92, subdivisions 2, 4, 6, 7, 8, and 10; 124D.112; 124D.113; 124D.116; 124D.24; 124D.25; 124D.26; 124D.27; 124D.28; 124D.29; 124D.30; 124D.32; 124D.453; 124D.65, subdivision 3; 124D.67; 124D.70; 124D.90; 125A.76, subdivision 6; 125A.77; 125A.79, subdivision 3; 126C.05, subdivision 4; 126C.06; 127A.45, subdivision 5; 134.155; 135A.081; Laws 1995, First Special Session chapter 3, article 3, section 11; Laws 1997, First Special Session chapter 4, article 1, section 62, subdivision 5; article 2, section 51, subdivision 10; article 3, section 5; and article 8, section 5; and Laws 1998, chapter 398, article 2, section 57.

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 from voting on repassage of H. F. No. 2333, as amended by Conference.

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

There were 129 yeas and 2 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Gray Reuter

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. 1426, A bill for an act relating to health; modifying well notification fees; modifying provisions for grants to rural hospitals and community health centers; modifying student loan repayment provisions for health professionals; amending Minnesota Statutes 1998, sections 103I.208, subdivision 1; 144.147, subdivisions 2, 3, 4, and 5; 144.1484, subdivision 1; 144.1486, subdivisions 3, 4, and 8; 144.1488, subdivisions 1, 3, and 4; 144.1489, subdivisions 2 and 4; 144.1490, subdivision 2; 144.1494, subdivisions 2, 3, and 5; 144.1495, subdivisions 3 and 4; and 144.1496, subdivisions 2 and 5.

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. 2223.

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. 2223

A bill for an act relating to the organization and operation of state government; appropriating money for the general legislative and administrative expenses of state government with certain conditions; amending Minnesota Statutes 1998, sections 3.17; 3C.12, subdivision 2; 8.15, subdivisions 1, 2, and 3; 13.03, subdivision 2; 13.05, by adding a subdivision; 13.073, by adding a subdivision; 15.50, subdivision 2; 16A.102, subdivision 1; 16A.129, subdivision 3; 16A.45, subdivision 1; 16A.85, subdivision 1; 16B.03; 16B.104; 16B.24, subdivision 5; 16B.31, subdivision 2; 16B.32, subdivision 2; 16B.42, subdivision 1; 16B.465, subdivision 3; 16B.72; 16B.73; 16C.14, subdivision 1; 16D.04, subdivision 2; 16E.01, subdivision 1; 16E.02; 16E.08; 43A.047; 43A.22; 43A.23, subdivisions 1 and 2; 43A.30, by adding a subdivision; 43A.31, subdivision 2, and by adding a subdivision; 138.17, subdivisions 7 and 8; 192.49, subdivision 3; 197.79, subdivision 10; 204B.25, subdivision 2, and by adding a subdivision; 204B.27, by adding a subdivision; 204B.28, subdivision 1; 240A.09; 297F.08, by adding a subdivision;

325K.03, by adding a subdivision; 325K.04; 325K.05, subdivision 1; 325K.09, by adding a subdivision; 325K.10, subdivision 5; 325K.14, by adding a subdivision; 325K.15, by adding a subdivision; and 349.163, subdivision 4; Laws 1993, chapter 192, section 16; Laws 1994, chapter 643, section 69, subdivision 1; Laws 1995, First Special Session chapter 3, article 12, section 7, subdivision 1, as amended; Laws 1997, chapter 202, article 2, section 61; and Laws 1998, chapter 366, section 2; proposing coding for new law in Minnesota Statutes, chapters 16B; 43A; 240A; and 325F; repealing Minnesota Statutes 1998, sections 16A.103, subdivision 3; 16E.11; 16E.12; and 16E.13; Laws 1991, chapter 235, article 5, section 3, as amended; Minnesota Rules, part 8275.0045, subpart 2.

May 14, 1999

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. 2223, 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. 2223 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

APPROPRIATIONS

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 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

	2000	2001	BIENNIAL TOTAL
General	\$335,116,000	\$314,704,000	\$649,820,000
State Government Special Revenue	13,907,000	13,963,000	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	78,000
Workers' Compensation	6,938,000	7,045,000	13,983,000
TOTAL	\$360,977,000	\$340,707,000	\$701,684,000
For 1999 - \$465,000			

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

Sec. 2. LEGISLATURE

Subdivision 1. Total Appropriation		58,340,000	63,117,000
------------------------------------	--	------------	------------

Summary by Fund

General	58,151,000	62,928,000
Health Care Access	150,000	150,000
Trunk Highway	39,000	39,000

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

Subd. 2. Senate	19,138,000	20,523,000
-----------------	------------	------------

\$40,000 the first year is for senate media services to produce a videotape on the legislative process and to distribute it, along with a teachers' guide, to all secondary schools in the state, and for senate information services to construct and maintain a Worldwide Web site to publicize and promote the videotape.

Subd. 3. House of Representatives	25,361,000	27,670,000
-----------------------------------	------------	------------

Subd. 4. Legislative Coordinating Commission	13,841,000	14,924,000
----------------------------------------------	------------	------------

Summary by Fund

General	13,652,000	14,735,000
Health Care Access	150,000	150,000
Trunk Highway	39,000	39,000

\$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.

APPROPRIATIONS
Available for the Year
Ending June 30

2000 2001

Sec. 3. GOVERNOR AND LIEUTENANT GOVERNOR

4,052,000 4,171,000

This appropriation is to fund the offices of the governor and lieutenant governor.

\$19,000 the first year and \$19,000 the second year are for necessary expenses in the normal performance of the governor's and lieutenant governor's duties for which no other reimbursement is provided.

By September 1 of each year, the commissioner of finance shall report to the chairs of the senate governmental operations budget division and the house state government finance division any personnel costs incurred by the office of the governor and lieutenant governor that were supported by appropriations to other agencies during the previous fiscal year. The office of the governor shall inform the chairs of the divisions before initiating any interagency agreements.

Not later than September 30, 1999, the governor, in consultation with the commissioners of agriculture and trade and economic development, shall prepare and submit an application for federal permits as may be needed to authorize the growing of experimental and demonstration plots of industrial hemp. The governor shall also direct the commissioner of agriculture, in consultation with the commissioner of public safety and other appropriate commissioners, to establish standards and forms for persons wishing to register for growing experimental and demonstration plots of industrial hemp.

Sec. 4. STATE AUDITOR

8,967,000 9,311,000

Sec. 5. STATE TREASURER

2,260,000 2,308,000

\$1,030,000 the first year and \$1,061,000 the second year are for the treasurer to pay for banking services by fees rather than by compensating balances.

Sec. 6. ATTORNEY GENERAL

27,853,000 28,177,000

Summary by Fund

General	25,545,000	25,852,000
State Government Special Revenue	1,713,000	1,717,000
Environmental	135,000	138,000
Solid Waste	460,000	470,000

\$991,000 the first year and \$912,000 the second year are one-time appropriations to improve information technology.

The attorney general and commissioner of finance shall continue to review the funding mechanism for legal services. By

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

February 15, 2000, they shall submit a joint report to the committees responsible for funding the office of the attorney general that details further refinements to the legal services funding mechanism.

The report should attempt to do the following:

- (1) identify criteria that differentiate between a partner and a pooled agency;
- (2) clarify whose responsibility it is to request funding for pooled agencies: the attorney general, the agency, or both;
- (3) determine what process the billing rate should follow before implementation;
- (4) establish a mechanism to ensure that legal service resources are allocated as intended by the legislature and a process to address situations where demand exceeds resources;
- (5) determine if partner agencies should continue to have general fund dollars set aside in the attorney general's base; and
- (6) determine what method is used to ascertain how much funding for legal services the attorney general has in its base for each agency.

Sec. 7. SECRETARY OF STATE	11,770,000	6,234,000
Sec. 8. CAMPAIGN FINANCE AND PUBLIC DISCLOSURE BOARD	712,000	707,000
Sec. 9. INVESTMENT BOARD	2,310,000	2,376,000
Sec. 10. ADMINISTRATIVE HEARINGS	7,064,000	6,859,000
Summary by Fund		
General	400,000	
Workers' Compensation	6,664,000	6,859,000

The chief administrative law judge, in cooperation with the state court administrator, shall develop and present to the legislature by January 15, 2000, a plan for funding the cost of child support hearings out of appropriations to the judicial branch without increasing those appropriations.

The appropriation from the workers' compensation special compensation fund is for considering workers' compensation claims.

Sec. 11. OFFICE OF STRATEGIC AND LONG-RANGE PLANNING	6,841,000	4,417,000
------------------------------------------------------	-----------	-----------

\$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.

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

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

\$200,000 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 105. 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.

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

Sec. 12. ADMINISTRATION

Subdivision 1. Total Appropriation	39,981,000	36,907,000
------------------------------------	------------	------------

For 1999 - \$465,000

Summary by Fund

General	28,013,000	24,975,000
---------	------------	------------

State Government Special Revenue	11,794,000	11,846,000
-------------------------------------	------------	------------

For 1999 - \$465,000

Workers' Compensation	174,000	86,000
--------------------------	---------	--------

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

Subd. 2. Operations Management

	4,007,000	4,155,000
--	-----------	-----------

Subd. 3. Office of Technology

	2,734,000	2,472,000
--	-----------	-----------

The commissioner of administration shall develop 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 identifying the mission and goals of the office of technology. The appropriation for the second year is not available until the plan has been approved by a law enacted at the 2000 regular session.

Summary by Fund

General	2,471,000	2,307,000
---------	-----------	-----------

State Government Special Revenue	89,000	79,000
-------------------------------------	--------	--------

Workers' Compensation	174,000	86,000
--------------------------	---------	--------

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

(a) Administrative Services

	1,871,000	1,707,000
--	-----------	-----------

\$220,000 the first year is to continue the intergovernmental information systems advisory council for one more year.

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

(b) Small Agency Infrastructure

Summary by Fund		
General	600,000	600,000
State Government Special Revenue	89,000	79,000
Workers' Compensation	174,000	86,000

This appropriation is for a one-time transfer to eligible small agencies for the small agency infrastructure project. The commissioner of administration shall determine priorities for which projects should be funded. An agency whose strategic plan for information technology was not approved before April 1, 1999, may not receive money from this appropriation. Any balance the first year does not cancel but is available in the second year. Future costs for small agency information infrastructure will be included in each small agency's budget in the fiscal years 2002-2003 biennium and thereafter.

Subd. 4. Intertechnologies Group

	15,771,000	13,076,000
Summary by Fund		
General	4,066,000	1,309,000
State Government Special Revenue	11,705,000	11,767,000

For 1999 - \$465,000

\$350,000 is appropriated to the commissioner of administration for the fiscal year ending June 30, 2000, for costs related to the operation of the year 2000 project office.

\$2,150,000 is appropriated from the general fund to the commissioner of administration for the biennium ending June 30, 2001, to modify state business systems to address year 2000 changes. Up to \$150,000 of this appropriation may be allocated for year 2000 project office costs. The appropriation is available only upon approval of the commissioner of finance after the commissioner has determined that all other money allocated for replacement or enhancement of existing technology for year 2000 compliance will be expended.

The appropriation from the special revenue fund is for recurring costs of 911 emergency telephone service.

Subd. 5. Facilities Management

	9,410,000	9,418,000
--	-----------	-----------

\$5,447,000 the first year and \$5,460,000 the second year are for office space costs of the legislature and veterans organizations, for ceremonial space, and for statutorily free space.

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

\$1,950,000 of the revenue credited to the special revenue account created in Minnesota Statutes, section 16B.24, subdivision 5, paragraph (e), must be used to demolish the capitol square building, restructure the site as a temporary parking lot, and predesign a new building for the departments of commerce, labor and industry, and trade and economic development on the site.

\$520,000 of the revenue credited to the special revenue account created in Minnesota Statutes, section 16B.24, subdivision 5, paragraph (e), must be used to rebuild and upgrade electronic security systems in the capitol complex.

The commissioner of administration shall install on the automatically operated landscape irrigation system in the capitol area a device, commonly known as a rain check, to prevent the system from being activated when a predetermined amount of precipitation has accumulated.

\$100,000 the first year is for grants to places of public accommodation to assist them in achieving compliance with the bleacher safety requirements of new Minnesota Statutes, section 16B.616. The commissioner shall give highest priority to grant requests from political subdivisions for whom the cost of achieving compliance is the greatest financial hardship. State grants are available when the commissioner has determined that matching funds in an amount equal to the grant have been committed. Any unencumbered balance remaining in the first year does not cancel and is available for the second year of the biennium.

Subd. 6. Management Services

3,622,000	3,670,000
-----------	-----------

\$250,000 the first year and \$200,000 the second year are for the information policy training program under Minnesota Statutes, section 13.073.

\$150,000 the first year and \$150,000 the second year are for a one-time transfer to the Minnesota historical society for the information policy training program under Minnesota Statutes, sections 13.073 and 138.17, subdivisions 7 and 8.

\$192,000 the first year and \$196,000 the second year are for the office of the state archaeologist.

Subd. 7. Fiscal Agent

994,000	786,000
---------	---------

\$72,000 the first year and \$74,000 the second year are for the developmental disabilities council.

\$660,000 the first year and \$450,000 the second year are for the STAR program.

\$2,000 the first year and \$2,000 the second year are for the state employees' band.

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

\$260,000 the first year and \$260,000 the second year are for a grant to the Minnesota Children's Museum, of which \$100,000 the first year and \$100,000 the second year are an appropriation for administrative costs of Project Greenstart.

Subd. 8. Public Broadcasting

3,443,000 3,330,000

\$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.

\$113,000 the first year is for grants to noncommercial television stations to assist with conversion to a digital broadcast signal as mandated by the federal government. In order to qualify for a grant, a station must meet the criteria established for grants in Minnesota Statutes, section 129D.12, subdivision 2.

\$441,000 the first year and \$441,000 the second year are for grants for public information television transmission of legislative activities. At least one-half must go for programming to be broadcast in 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. 13. CAPITOL AREA ARCHITECTURAL AND PLANNING BOARD

888,000 306,000

\$586,000 the first year is to design and construct a memorial to Hubert H. Humphrey; to make a grant to the National World War II Memorial Fund, 2300 Clarendon Boulevard, Suite 501, Arlington, Virginia 22201, as a contribution to a national World War II memorial; and for the capitol area architectural and planning board,

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

in cooperation with the Minnesota historical society and the Philippine study group of Minnesota, to install in the capitol rotunda a plaque that corrects inaccurate historical information presented on the current Spanish-American War commemorative plaque.

Sec. 14. FINANCE

Subdivision 1. Total Appropriation

20,051,000 20,262,000

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

Subd. 2. State Financial Management

7,805,000 7,993,000

Subd. 3. Information and Management Services

12,246,000 12,269,000

The commissioner of finance shall develop and submit to the chairs of the senate governmental operations budget division and the house state government finance committee by January 15, 2000, a plan to wean the state from dependence on proprietary software to run the state's human resource and payroll system.

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.

Sec. 15. EMPLOYEE RELATIONS

Subdivision 1. Total Appropriation

17,058,000 14,119,000

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

Subd. 2. Employee Insurance

9,283,000 6,167,000

\$310,000 the first year is to implement an optional, participant-paid, long-term care insurance program to be available to state employees, retirees, and their respective family members as well as to selected public employer groups, as provided in new Minnesota Statutes, section 43A.318.

\$8,903,000 the first year and \$6,097,000 the second year are for transfer to the state employees insurance fund to establish the necessary contingency reserves and self-insure all medical coverage provided through the state employees group insurance program, including the University of Minnesota.

During the biennium ending June 30, 2001, the amount necessary to pay premiums for coverage by the workers' compensation reinsurance association under Minnesota Statutes, section 79.34, is appropriated from the general fund to the commissioner.

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

Subd. 3. Human Resources Management

7,775,000 7,952,000

\$123,000 the first year and \$115,000 the second year are for a grant to the government training service, of which \$48,000 the first year and \$40,000 the second year are a one-time appropriation for information technology and \$25,000 the first year and \$25,000 the second year are a one-time appropriation to conduct conferences.

Sec. 16. REVENUE

Subdivision 1. Total Appropriation

93,588,000 89,515,000

Summary by Fund

General	89,466,000	85,317,000
Health Care Access	1,692,000	1,721,000
Highway User Tax Distribution	2,129,000	2,173,000
Environmental	101,000	104,000
Solid Waste	200,000	200,000

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

Subd. 2. Tax System Management

91,102,000 86,958,000

Summary by Fund

General	86,980,000	82,760,000
Health Care Access	1,692,000	1,721,000
Highway User Tax Distribution	2,129,000	2,173,000
Environmental	101,000	104,000
Solid Waste	200,000	200,000

\$6,000,000 the first year is for the income tax reengineering initiative. Any balance the first year does not cancel but is available in the second year. Any unexpended balance at the end of the biennium does not cancel but may be carried forward until expended, upon approval of the commissioner of finance and the chairs of the funding committees overseeing the department and in accordance with the department's technology plan reviewed by the office of technology.

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

Subd. 3. Accounts Receivable Management

	2,486,000	2,557,000
--	-----------	-----------

Subd. 4. Other Provisions

The building located in the capitol complex at 600 North Robert Street, St. Paul, is designated and named the Harold E. Stassen building.

Sec. 17. MILITARY AFFAIRS

Subdivision 1. Total Appropriation

	10,896,000	11,041,000
--	------------	------------

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

Subd. 2. Maintenance of Training Facilities

	6,777,000	6,869,000
--	-----------	-----------

\$1,325,000 the first year and \$1,325,000 the second year are appropriated for asset preservation and facility repair. This appropriation may be transferred between programs, to the extent it is used for the same purpose. The adjutant general may use other available funding for this purpose, to the extent it is not inconsistent with any other law.

Subd. 3. General Support

	1,690,000	1,742,000
--	-----------	-----------

\$35,000 the first year and \$35,000 the second year are a one-time appropriation to assist in the operation and staffing of the Minnesota national guard youth camp at Camp Ripley. This appropriation is available only as matched, dollar for dollar, by money from nonstate sources.

Subd. 4. Enlistment Incentives

	2,354,000	2,355,000
--	-----------	-----------

Obligations for the reenlistment bonus program, suspended on December 31, 1991, shall be paid from the amounts available within the enlistment incentives program.

If appropriations for either year of the biennium are insufficient, the appropriation from the other year is available. The appropriations for enlistment incentives are available until expended.

Subd. 5. Emergency Services

	75,000	75,000
--	--------	--------

These appropriations are for expenses of military forces ordered to active duty under Minnesota Statutes, chapter 192. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

Sec. 18. VETERANS AFFAIRS

	5,885,000	4,369,000
--	-----------	-----------

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

APPROPRIATIONS
Available for the Year
Ending June 30

	2000	2001
Sec. 22. GAMBLING CONTROL	2,183,000	2,241,000
Sec. 23. RACING COMMISSION	390,000	402,000
Sec. 24. STATE LOTTERY	110,000	

This appropriation is from the lottery prize fund to the commissioner of human services for a grant to Project Turnabout in Granite Falls to provide compulsive gambling treatment and education. The appropriation is available until June 30, 2001, and must not become part of the base appropriation.

The director of the state lottery shall reimburse the general fund \$150,000 the first year and \$150,000 the second year for lottery-related costs incurred by the department of public safety.

Sec. 25. AMATEUR SPORTS COMMISSION	6,619,000	639,000
------------------------------------	-----------	---------

\$4,000,000 the first year is for grants for ice centers under Minnesota Statutes, section 240A.09, as amended by this act. The prohibition in Minnesota Statutes, section 240A.09, on grants to colleges and universities does not apply to the project at the University of Minnesota-Duluth for which a grant application was pending on the effective date of the amendment. Up to \$1,000,000 of this amount may be used for renovation grants for existing ice arenas, including renovation of bleachers to meet code requirements. Any unencumbered balance remaining in the first year does not cancel and is available for the second year of the biennium.

\$2,000,000 the first year is for grants for amateur athletic facilities and programs under section 88 and to prepare the plan for soccer facilities required by this section. \$200,000 may be used for special events or programs and \$30,000 may be used for the soccer plan. Any unencumbered balance remaining in the first year does not cancel and is available for the second year of the biennium.

The commission shall develop a plan to stimulate the development of new facilities primarily for soccer throughout the state and to make grants to assist with the development of these facilities. The plan shall include an assessment of needs, development and financing alternatives, geographic and demographic considerations, management and use policies, and standards for the design and construction of soccer fields. Before adopting the plan, the commission shall hold public meetings in at least three locations throughout the state to receive comment. The plan must cover a 20-year development period.

Sec. 26. BOARD OF THE ARTS

Subdivision 1. Total Appropriation	13,064,000	13,094,000
------------------------------------	------------	------------

Any unencumbered balance remaining in this section the first year does not cancel but is available for the second year of the biennium.

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

Subd. 2. Operations and Services			
989,000		1,019,000	
Subd. 3. Grants Program			
8,540,000		8,540,000	
Subd. 4. Regional Arts Councils			
3,535,000		3,535,000	
Sec. 27. MINNESOTA HUMANITIES COMMISSION		1,397,000	1,409,000
Any unencumbered balance remaining in the first year does not cancel but is available for the second year of the biennium.			
\$500,000 the first year and \$500,000 the second year are a one-time appropriation for the Motherhead/Fatheread program.			
Sec. 28. GENERAL CONTINGENT ACCOUNTS		600,000	600,000
Summary by Fund			
General	100,000	100,000	
State Government Special Revenue	400,000	400,000	
Workers' Compensation	100,000	100,000	
The appropriations in this section must be spent with the approval of the governor after consultation with the legislative advisory commission under Minnesota Statutes, section 3.30.			
If an appropriation in this section for either year is insufficient, the appropriation for the other year is available for it.			
The special revenue appropriation is available to be transferred to the attorney general when the costs to provide legal services to the health boards exceed the biennial appropriation to the attorney general from the special revenue fund and for transfer to the health boards if required for unforeseen expenditures of an emergency nature. The boards receiving the additional services or supplemental appropriations shall set their fees to cover the costs.			
Sec. 29. TORT CLAIMS		275,000	275,000
To be spent by the commissioner of finance.			
If the appropriation for either year is insufficient, the appropriation for the other year is available for it.			
Sec. 30. MINNESOTA STATE RETIREMENT SYSTEM		3,998,000	4,014,000
The amounts estimated to be needed for each program are as follows:			
(a) Legislators	3,800,000	3,800,000	

Under Minnesota Statutes, sections 3A.03, subdivision 2; 3A.04, subdivisions 3 and 4; and 3A.11.

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

(b) Constitutional Officers

198,000 214,000

Under Minnesota Statutes, sections 352C.031, subdivision 5; 352C.04, subdivision 3; and 352C.09, subdivision 2.

If an appropriation in this section for either year is insufficient, the appropriation for the other year is available for it.

Sec. 31. MINNEAPOLIS EMPLOYEES RETIREMENT FUND 6,442,000 6,442,000

\$5,892,000 the first year and \$5,892,000 the second year are to the commissioner of finance for payment to the Minneapolis employees retirement fund under Minnesota Statutes, section 422A.101, subdivision 3. Payment must be made in four equal installments, March 15, July 15, September 15, and November 15 each year.

\$550,000 the first year and \$550,000 the second year are to the commissioner of finance for payment to the Minneapolis employees retirement fund for the supplemental benefit for pre-1973 retirees under Minnesota Statutes, section 356.865.

Sec. 32. POLICE AND FIRE AMORTIZATION AID 6,295,000 6,303,000

\$4,925,000 the first year and \$4,925,000 the second year are to the commissioner of revenue for state aid to amortize the unfunded liability of local police and salaried firefighters relief associations under Minnesota Statutes, section 423A.02.

\$1,000,000 the first year and \$1,000,000 the second year are to the commissioner of revenue for supplemental state aid to amortize the unfunded liability of local police and salaried firefighters relief associations under Minnesota Statutes, section 423A.02, subdivision 1a.

\$370,000 the first year and \$378,000 the second year are to the commissioner of revenue to pay reimbursements to relief associations for firefighter supplemental benefits paid under Minnesota Statutes, section 424A.10.

Sec. 33. BOARD OF GOVERNMENT INNOVATION AND COOPERATION 1,014,000 1,018,000

Sec. 34. 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 \$521,419,000 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, and 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. 35. [STATEWIDE SYSTEMS ACCOUNT.]

Subdivision 1. [CONTINUATION.] The statewide systems account is a separate account in the general fund. All money resulting from billings for statewide systems services must be deposited in the account. For the purposes of this section, statewide systems includes the state accounting system, payroll system, human resources system, procurement system, and related information access systems.

Subd. 2. [BILLING PROCEDURES.] The commissioner of finance may bill up to \$7,520,000 in fiscal year 2000 and \$7,520,000 in fiscal year 2001 for statewide systems services provided to state agencies, judicial branch agencies, the University of Minnesota, the Minnesota state colleges and universities, and other entities. Billing must be based only on usage of services relating to statewide systems provided by the intertechnologies division. Each agency shall transfer from agency operating appropriations to the statewide systems account the amount billed by the commissioner. Billing policies and procedures related to statewide systems services must be developed by the commissioner of finance in consultation with the commissioners of employee relations and administration, the University of Minnesota, and the Minnesota state colleges and universities.

Subd. 3. [APPROPRIATION.] Money transferred into the account is appropriated to the commissioner of finance to pay for statewide systems services during fiscal years 2000 and 2001.

Sec. 36. Minnesota Statutes 1998, section 3.17, is amended to read:

3.17 [JOURNALS.]

A journal of the daily proceedings in each house shall be printed and laid before each member at the beginning of the next day's session. After it has been publicly read and corrected, a copy, kept by the secretary and chief clerk, respectively, and a transcript as approved shall be certified by the secretary or clerk to the printer, who shall print the corrected permanent journal. Executive messages, addresses, reports, communications, and voluminous documents other than amendments to the constitution or to bills and resolutions and the protests of members submitted under the constitution, article 4, section 11, shall be omitted from the journals, unless otherwise ordered by vote. Before distributing journals and other publications to members, legislative staff, and others, each house shall notify prospective recipients of the cost of the publications and the availability of the same information on the Internet.

Sec. 37. Minnesota Statutes 1998, section 3C.12, subdivision 2, is amended to read:

Subd. 2. [FREE DISTRIBUTION.] The revisor shall distribute without charge copies of each edition of Minnesota Statutes, supplements to Minnesota Statutes, and Laws of Minnesota to the persons or bodies listed in this subdivision. Before distributing the copies, the revisor shall ~~ask~~ inform these persons or bodies of the cost of the publication and the availability of statutes and session laws on the Internet, and shall ask whether their work requires the full number of copies authorized by this subdivision. Unless a smaller number is needed, the revisor shall distribute:

- (a) 30 copies to the supreme court;
- (b) 30 copies to the court of appeals;
- (c) one copy to each judge of a district court;
- (d) one copy to the court administrator of each district court for use in each courtroom of the district court;

- (e) one copy to each judge, district attorney, clerk of court of the United States, and deputy clerk of each division of the United States district court in Minnesota;
- (f) 100 copies to the office of the attorney general;
- (g) ten copies each to the governor's office, the departments of agriculture, commerce, corrections, children, families, and learning, finance, health, transportation, labor and industry, economic security, natural resources, public safety, public service, human services, revenue, and the pollution control agency;
- (h) two copies each to the lieutenant governor and the state treasurer;
- (i) 20 copies each to the department of administration, state auditor, and legislative auditor;
- (j) one copy each to other state departments, agencies, boards, and commissions not specifically named in this subdivision;
- (k) one copy to each member of the legislature;
- (l) 150 copies for the use of the senate and 200 copies for the use of the house of representatives;
- (m) 50 copies to the revisor of statutes from which the revisor shall send the appropriate number to the Library of Congress for copyright and depository purposes;
- (n) four copies to the secretary of the senate;
- (o) four copies to the chief clerk of the house of representatives;
- (p) 100 copies to the state law library;
- (q) 100 copies to the law school of the University of Minnesota;
- (r) five copies each to the Minnesota historical society and the secretary of state;
- (s) one copy each to the public library of the largest municipality of each county if the library is not otherwise eligible to receive a free copy under this section or section 15.18; and
- (t) one copy to each county library maintained pursuant to chapter 134, except in counties containing cities of the first class. If a county has not established a county library pursuant to chapter 134, the copy shall be provided to any public library in the county.

Sec. 38. Minnesota Statutes 1998, section 8.15, subdivision 1, is amended to read:

Subdivision 1. [FEE SCHEDULES.] The attorney general in consultation with the commissioner of finance shall develop a fee schedule to be used by the attorney general in developing the agreements authorized in subdivision 3. The attorney general must submit a billing rate for the next biennium to the commissioner of finance by August 1 of each even-numbered year.

The attorney general may not assess a county any fee for legal services rendered in connection with a commitment proceeding under section 253B.185 for which the attorney general assumes responsibility under section 8.01.

Sec. 39. Minnesota Statutes 1998, section 8.15, subdivision 2, is amended to read:

Subd. 2. [BIENNIAL BUDGET REQUEST.] (a) The attorney general in consultation with the commissioner of finance shall designate which agencies will have their legal service requests included in the budget request of the attorney general.

(b) All other agencies, in consultation with the attorney general and the commissioner of finance, shall include a request for legal services in their biennial budget requests.

(c) The budget request of the attorney general must include a consolidated listing that shows on one page all the appropriations that will be used to support the office of the attorney general and the finance division from which they will be requested.

Sec. 40. Minnesota Statutes 1998, section 8.15, subdivision 3, is amended to read:

Subd. 3. [AGREEMENTS.] (a) To facilitate the delivery of legal services, the attorney general may:

(1) enter into agreements with executive branch agencies, political subdivisions, or quasi-state agencies to provide legal services for the benefit of the citizens of Minnesota; and

(2) in addition to funds otherwise appropriated by the legislature, accept and spend funds received under any agreement authorized in clause (1) for the purpose set forth in clause (1), subject to a report of receipts to the chairs of the senate finance committee and the house ways and means committee by October 15 each year.

(b) When entering into an agreement for legal services, the attorney general must notify the committees responsible for funding the office of the attorney general. When the attorney general enters into an agreement with a state agency, the attorney general must also notify the committees responsible for funding that agency.

Funds received under this subdivision must be deposited in the general fund and are appropriated to the attorney general for the purposes set forth in this subdivision.

Sec. 41. Minnesota Statutes 1998, section 13.03, subdivision 2, is amended to read:

Subd. 2. [PROCEDURES.] (a) The responsible authority in every state agency, political subdivision, and statewide system shall establish procedures, consistent with this chapter, to insure that requests for government data are received and complied with in an appropriate and prompt manner.

(b) The responsible authority shall prepare public access procedures in written form and update them no later than August 1 of each year as necessary to reflect any changes in personnel or circumstances that might affect public access to government data. The responsible authority shall make copies of the written public access procedures easily available to the public by distributing free copies of the procedures to the public or by posting a copy of the procedures in a conspicuous place within the government entity that is easily accessible to the public.

(c) Full convenience and comprehensive accessibility shall be allowed to researchers including historians, genealogists and other scholars to carry out extensive research and complete copying of all records containing government data except as otherwise expressly provided by law.

A responsible authority may designate one or more designees.

Sec. 42. Minnesota Statutes 1998, section 13.05, is amended by adding a subdivision to read:

Subd. 11. [PRIVATIZATION.] (a) If a government entity enters into a contract with a private person to perform any of its functions, the government entity shall include in the contract terms that make it clear that all of the data created, collected, received, stored, used, maintained, or disseminated by the private person in performing those functions is subject to the requirements of this chapter and that the private person must comply with those requirements as if it were a government entity. The remedies in section 13.08 apply to the private person under this subdivision.

(b) This subdivision does not create a duty on the part of the private person to provide access to public data to the public if the public data are available from the government entity, except as required by the terms of the contract.

Sec. 43. Minnesota Statutes 1998, section 13.073, is amended by adding a subdivision to read:

Subd. 6. [PREPARATION OF MODEL POLICIES AND PROCEDURES.] The commissioner shall, in consultation with affected government entities, prepare model policies and procedures to assist government entities in complying with the requirements of this chapter that relate to public access to government data and rights of subjects of data. Upon completion of a model for a governmental level, the commissioner shall offer that model for formal adoption by that level of government. Government entities may adopt or reject the model offered by the commissioner. A government entity that adopts the commissioner's model shall notify the commissioner in a form prescribed by the commissioner.

Sec. 44. Minnesota Statutes 1998, section 15.50, subdivision 2, is amended to read:

Subd. 2. [CAPITOL AREA PLAN.] (a) The board shall prepare, prescribe, and from time to time, after a public hearing, amend a comprehensive use plan for the capitol area, called the area in this subdivision, which consists of that portion of the city of Saint Paul comprehended within the following boundaries: Beginning at the point of intersection of the center line of the Arch-Pennsylvania freeway and the center line of Marion Street, thence southerly along the center line of Marion Street extended to a point 50 feet south of the south line of Concordia Avenue, thence southeasterly along a line extending 50 feet from the south line of Concordia Avenue to a point 125 feet from the west line of John Ireland Boulevard, thence southwesterly along a line extending 125 feet from the west line of John Ireland Boulevard to the south line of Dayton Avenue, thence northeasterly from the south line of Dayton Avenue to the west line of John Ireland Boulevard, thence northeasterly to the center line of the intersection of Old Kellogg Boulevard and Summit Avenue, thence northeasterly along the center line of Summit Avenue to the center line of the new West Kellogg Boulevard, thence southerly along the east line of the new West Kellogg Boulevard, to the center line of West Seventh Street, thence northeasterly along the center line of West Seventh Street to the center line of the Fifth Street ramp, thence northwesterly along the center line of the Fifth Street ramp to the east line of the right-of-way of Interstate Highway 35-E, thence northeasterly along the east line of the right-of-way of Interstate Highway 35-E to the south line of the right-of-way of Interstate Highway 94, thence easterly along the south line of the right-of-way of Interstate Highway 94 to the west line of St. Peter Street, thence southerly to the south line of Exchange Street, thence easterly along the south line of Exchange Street to the west line of Cedar Street, thence northerly along the west line of Cedar Street to the center line of Tenth Street, thence northeasterly along the center line of Tenth Street to the center line of Minnesota Street, thence northwesterly along the center line of Minnesota Street to the center line of Eleventh Street, thence northeasterly along the center line of Eleventh Street to the center line of Jackson Street, thence northwesterly along the center line of Jackson Street to the center line of the Arch-Pennsylvania freeway extended, thence westerly along the center line of the Arch-Pennsylvania freeway extended and Marion Street to the point of origin. ~~If construction of the labor interpretive center does not commence prior to December 31, 2000, at the site recommended by the board, the boundaries of the capitol area revert to their configuration as of 1992.~~

Under the comprehensive plan, or a portion of it, the board may regulate, by means of zoning rules adopted under the Administrative Procedure Act, the kind, character, height, and location, of buildings and other structures constructed or used, the size of yards and open spaces, the percentage of lots that may be occupied, and the uses of land, buildings and other structures, within the area. To protect and enhance the dignity, beauty, and architectural integrity of the capitol area, the board is further empowered to include in its zoning rules design review procedures and standards with respect to any proposed construction activities in the capitol area significantly affecting the dignity, beauty, and architectural integrity of the area. No person may undertake these construction activities as defined in the board's rules in the capitol area without first submitting construction plans to the board, obtaining a zoning permit from the board, and receiving a written certification from the board specifying that the person has complied with all design review procedures and standards. Violation of the zoning rules is a misdemeanor. The board may, at its option, proceed to abate any violation by injunction. The board and the city of Saint Paul shall cooperate in assuring that the area adjacent to the capitol area is developed in a manner that is in keeping with the purpose of the board and the provisions of the comprehensive plan.

(b) The commissioner of administration shall act as a consultant to the board with regard to the physical structural needs of the state. The commissioner shall make studies and report the results to the board when it requests reports for its planning purpose.

(c) No public building, street, parking lot, or monument, or other construction may be built or altered on any public lands within the area unless the plans for the project conform to the comprehensive use plan as specified in paragraph (d) and to the requirement for competitive plans as specified in paragraph (e). No alteration substantially changing the external appearance of any existing public building approved in the comprehensive plan or the exterior or interior design of any proposed new public building the plans for which were secured by competition under paragraph (e) may be made without the prior consent of the board. The commissioner of administration shall consult with the board regarding internal changes having the effect of substantially altering the architecture of the interior of any proposed building.

(d) The comprehensive plan must show the existing land uses and recommend future uses including: areas for public taking and use; zoning for private land and criteria for development of public land, including building areas, open spaces, monuments, and other memorials; vehicular and pedestrian circulation; utilities systems; vehicular storage; elements of landscape architecture. No substantial alteration or improvement may be made to public lands or buildings in the area without the written approval of the board.

(e) The board shall secure by competitions plans for any new public building. Plans for any comprehensive plan, landscaping scheme, street plan, or property acquisition that may be proposed, or for any proposed alteration of any existing public building, landscaping scheme or street plan may be secured by a similar competition. A competition must be conducted under rules prescribed by the board and may be of any type which meets the competition standards of the American Institute of Architects. Designs selected become the property of the state of Minnesota, and the board may award one or more premiums in each competition and may pay the costs and fees that may be required for its conduct. At the option of the board, plans for projects estimated to cost less than \$1,000,000 may be approved without competition provided the plans have been considered by the advisory committee described in paragraph (h). Plans for projects estimated to cost less than \$400,000 and for construction of streets need not be considered by the advisory committee if in conformity with the comprehensive plan.

(f) Notwithstanding paragraph (e), an architectural competition is not required for the design of any light rail transit station and alignment within the capitol area. The board and its advisory committee shall select a preliminary design for any transit station in the capitol area. Each stage of any station's design through working drawings must be reviewed by the board's advisory committee and approved by the board to ensure that the station's design is compatible with the comprehensive plan for the capitol area and the board's design criteria. The guideway and track design of any light rail transit alignment within the capitol area must also be reviewed by the board's advisory committee and approved by the board.

(g) Of the amount available for the light rail transit design, adequate funds must be available to the board for design framework studies and review of preliminary plans for light rail transit alignment and stations in the capitol area.

(h) The board may not adopt any plan under paragraph (e) unless it first receives the comments and criticism of an advisory committee of three persons, each of whom is either an architect or a planner, who have been selected and appointed as follows: one by the board of the arts, one by the board, and one by the Minnesota Society of the American Institute of Architects. Members of the committee may not be contestants under paragraph (e). The comments and criticism must be a matter of public information. The committee shall advise the board on all architectural and planning matters. For that purpose, the committee must be kept currently informed concerning, and have access to, all data, including all plans, studies, reports and proposals, relating to the area as the data are developed or in the process of preparation, whether by the commissioner of administration, the commissioner of trade and economic development, the metropolitan council, the city of Saint Paul, or by any architect, planner, agency or organization, public or private, retained by the board or not retained and engaged in any work or planning relating to the area, and a copy of any data prepared by any public employee or agency must be filed with the board promptly upon completion.

The board may employ stenographic or technical help that may be reasonable to assist the committee to perform its duties.

When so directed by the board, the committee may serve as, and any member or members of the committee may serve on, the jury or as professional advisor for any architectural competition, and the board shall select the architectural advisor and jurors for any competition with the advice of the committee.

The city of Saint Paul shall advise the board.

(i) The comprehensive plan for the area must be developed and maintained in close cooperation with the commissioner of trade and economic development, the planning department and the council for the city of Saint Paul, and the board of the arts, and no plan or amendment of a plan may be effective without 90 days' notice to the planning department of the city of Saint Paul and the board of the arts and without a public hearing with opportunity for public testimony.

(j) The board and the commissioner of administration, jointly, shall prepare, prescribe, and from time to time revise standards and policies governing the repair, alteration, furnishing, appearance, and cleanliness of the public and ceremonial areas of the state capitol building. The board shall consult with and receive advice from the director of the Minnesota state historical society regarding the historic fidelity of plans for the capitol building. The standards and policies developed under this paragraph are binding upon the commissioner of administration. The provisions of chapter 14, including section 14.386, do not apply to this paragraph.

(k) The board in consultation with the commissioner of administration shall prepare and submit to the legislature and the governor no later than October 1 of each even-numbered year a report on the status of implementation of the comprehensive plan together with a program for capital improvements and site development, and the commissioner of administration shall provide the necessary cost estimates for the program. The board shall report any changes to the comprehensive plan adopted by the board to the committee on governmental operations and gambling of the house of representatives and the committee on governmental operations and reform of the senate and upon request shall provide testimony concerning the changes. The board shall also provide testimony to the legislature on proposals for memorials in the capitol area as to their compatibility with the standards, policies, and objectives of the comprehensive plan.

(l) The state shall, by the attorney general upon the recommendation of the board and within appropriations available for that purpose, acquire by gift, purchase, or eminent domain proceedings any real property situated in the area described in this section, and it may also acquire an interest less than a fee simple interest in the property, if it finds that the property is needed for future expansion or beautification of the area.

(m) The board is the successor of the state veterans service building commission, and as such may adopt rules and may reenact the rules adopted by its predecessor under Laws 1945, chapter 315, and amendments to it.

(n) The board shall meet at the call of the chair and at such other times as it may prescribe.

(o) The commissioner of administration shall assign quarters in the state veterans service building to (1) the department of veterans affairs, of which a part that the commissioner of administration and commissioner of veterans affairs may mutually determine must be on the first floor above the ground, and (2) the American Legion, Veterans of Foreign Wars, Disabled American Veterans, Military Order of the Purple Heart, United Spanish War Veterans, and Veterans of World War I, and their auxiliaries, incorporated, or when incorporated, under the laws of the state, and (3) as space becomes available, to other state departments and agencies as the commissioner may deem desirable.

Sec. 45. Minnesota Statutes 1998, section 16A.102, subdivision 1, is amended to read:

Subdivision 1. [GOVERNOR'S RECOMMENDATION.] By the fourth ~~Monday~~ Tuesday in January of each odd-numbered year, the governor shall submit to the legislature a recommended revenue target for the next two bienniums. The recommended revenue target must specify:

(1) the maximum share of Minnesota personal income to be collected in taxes and other revenues to pay for state and local government services;

(2) the division of the share between state and local government revenues; and

(3) the mix and rates of income, sales, and other state and local taxes including property taxes and other revenues.

The recommendations must be based on the November forecast prepared under section 16A.103.

Sec. 46. Minnesota Statutes 1998, section 16A.11, is amended by adding a subdivision to read:

Subd. 7. [FEES.] The detailed operating budget for each executive branch agency must include proposals for any new fees or any increases in existing fees. For purposes of this section, "fees" has the meaning given in section 16A.1283, but excludes charges listed in paragraph (b) of that section.

Sec. 47. [16A.1283] [LEGISLATIVE APPROVAL REQUIRED.]

(a) Notwithstanding any law to the contrary, an executive branch state agency may not impose a new fee or increase an existing fee unless the new fee or increase is approved by law. For purposes of this section, a fee is any charge for goods, services, regulation, or licensure, and, notwithstanding paragraph (b), clause (3), includes charges for admission to or for use of public facilities owned by the state.

(b) This section does not apply to:

(1) charges billed within or between state agencies, or billed to federal agencies;

(2) the Minnesota state colleges and universities system;

(3) charges for goods and services provided for the direct and primary use of a private individual, business, or other entity.

(c) An executive branch agency may reduce a fee that was set by rule before the effective date of this section without legislative approval. Chapter 14 does not apply to fee reductions under this paragraph.

Sec. 48. Minnesota Statutes 1998, 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. 49. Minnesota Statutes 1998, section 16A.45, subdivision 1, is amended to read:

Subdivision 1. [CANCEL; CREDIT.] Once each fiscal year the commissioner and the treasurer shall cancel upon their books all outstanding unpaid commissioner's warrants, except warrants issued for federal assistance programs, that have been issued and delivered for more than six months prior to that date and credit to the general fund the respective amounts of the canceled warrants on or before June 30 of the preceding year and credit state amounts subject to section 345.43 and federal amounts to the appropriate account in the federal fund. These warrants are presumed abandoned under section 345.38 and are subject to the provisions of sections 345.31 to 345.60. ~~The commissioner and the treasurer shall cancel upon their books all outstanding unpaid commissioner's warrants issued for federal assistance programs that have been issued and delivered for more than the period of time set pursuant to the federal program and credit to the general fund and the appropriate account in the federal fund, the amount of the canceled warrants.~~

Sec. 50. Minnesota Statutes 1998, section 16A.85, subdivision 1, is amended to read:

Subdivision 1. [AUTHORIZATION.] The commissioner of administration may determine, in conjunction with the commissioner of finance, the personal property needs of the various state departments, agencies, boards, commissions and the legislature of the kinds of property identified in this subdivision that may be economically funded through a master lease program and request the commissioner of finance to execute a master lease. ~~The master lease may be used only to finance the following kinds of purchases:~~

~~(a) The master lease may be used to finance purchases by the commissioner of administration with money from an internal services fund.~~

~~(b) The master lease may be used to refinance a purchase of equipment already purchased under a lease-purchase agreement.~~

~~(c) The master lease may be used to finance purchases of large equipment with a capital value of more than \$100,000 and a useful life of more than ten years.~~

~~(d) The legislature may specifically authorize a particular purchase to be financed using the master lease. The legislature anticipates that this authorization will be given only to finance the purchase of major pieces of equipment with a capital value of more than \$10,000.~~

The commissioner of finance may authorize the sale and issuance of certificates of participation relative to a master lease in an amount sufficient to fund these personal property needs. The term of the certificates must be less than the expected useful life of the equipment whose purchase is financed by the certificates. The commissioner of administration may use the proceeds from the master lease or the sale of the certificates of participation to acquire the personal property through the appropriate procurement procedure in chapter 16C. Money appropriated for the lease or acquisition of this personal property is appropriated to the commissioner of finance to make master lease payments.

Sec. 51. Minnesota Statutes 1998, section 16B.03, is amended to read:

16B.03 [APPOINTMENTS.]

The commissioner is authorized to appoint staff, including ~~a deputy commissioner~~ two deputy commissioners, in accordance with chapter 43A.

Sec. 52. Minnesota Statutes 1998, section 16B.104, is amended to read:

16B.104 [PROCUREMENT REQUIREMENTS.]

(a) The commissioner, ~~in consultation with the office of technology~~, shall develop nonvisual technology access standards. The standards must be included in all contracts for the procurement of information technology by, or for the use of, agencies, political subdivisions, and the Minnesota state colleges and universities. The University of Minnesota is encouraged to consider similar standards.

(b) The nonvisual access standards must include the following minimum specifications:

(1) that effective, interactive control and use of the technology including the operating system, applications programs, prompts, and format of the data presented, are readily achievable by nonvisual means;

(2) that the nonvisual access technology must be compatible with information technology used by other individuals with whom the blind or visually impaired individual must interact;

(3) that nonvisual access technology must be integrated into networks used to share communications among employees, program participants, and the public; and

(4) that the nonvisual access technology must have the capability of providing equivalent access by nonvisual means to telecommunications or other interconnected network services used by persons who are not blind or visually impaired.

(c) Nothing in this section requires the installation of software or peripheral devices used for nonvisual access when the information technology is being used by individuals who are not blind or visually impaired.

Sec. 53. Minnesota Statutes 1998, section 16B.24, subdivision 5, is amended to read:

Subd. 5. [RENTING OUT STATE PROPERTY.] (a) [AUTHORITY.] The commissioner may rent out state property, real or personal, that is not needed for public use, if the rental is not otherwise provided for or prohibited by law. The property may not be rented out for more than five years at a time without the approval of the state executive council and may never be rented out for more than 25 years. A rental agreement may provide that the state will reimburse a tenant for a portion of capital improvements that the tenant makes to state real property if the state does not permit the tenant to renew the lease at the end of the rental agreement.

(b) [RESTRICTIONS.] Paragraph (a) does not apply to state trust fund lands, other state lands under the jurisdiction of the department of natural resources, lands forfeited for delinquent taxes, lands acquired under section 298.22, or lands acquired under section 41.56 which are under the jurisdiction of the department of agriculture.

(c) [FORT SNELLING CHAPEL; RENTAL.] The Fort Snelling Chapel, located within the boundaries of Fort Snelling State Park, is available for use only on payment of a rental fee. The commissioner shall establish rental fees for both public and private use. The rental fee for private use by an organization or individual must reflect the reasonable value of equivalent rental space. Rental fees collected under this section must be deposited in the general fund.

(d) [RENTAL OF LIVING ACCOMMODATIONS.] The commissioner shall establish rental rates for all living accommodations provided by the state for its employees. Money collected as rent by state agencies pursuant to this paragraph must be deposited in the state treasury and credited to the general fund.

(e) [LEASE OF SPACE IN CERTAIN STATE BUILDINGS TO STATE AGENCIES.] The commissioner may lease portions of the state-owned buildings in the capitol complex, the capitol square building, the health building, the Duluth government center, and the building at 1246 University Avenue, St. Paul, Minnesota, to state agencies and the court administrator on behalf of the judicial branch of state government and charge rent on the basis of space occupied. Notwithstanding any law to the contrary, all money collected as rent pursuant to the terms of this section shall be deposited in the state treasury. Money collected as rent to recover the ~~depreciation and~~ bond interest costs of a building funded from the state bond proceeds fund shall be credited to the general fund. Money collected as rent to recover the depreciation costs of a building funded from the state bond proceeds fund and money collected as rent to recover capital expenditures from capital asset preservation and replacement appropriations and statewide building access appropriations shall be credited to a segregated account in a special revenue fund. Money in the account is appropriated to the commissioner to be expended for asset preservation projects as determined by the commissioner. Money collected as rent to recover the depreciation and interest costs of a building built with other state dedicated funds shall be credited to the dedicated fund which funded the original acquisition or construction. All other money received shall be credited to the general services revolving fund.

Sec. 54. Minnesota Statutes 1998, section 16B.31, subdivision 2, is amended to read:

Subd. 2. [APPROPRIATIONS.] Plans must be paid for out of money appropriated for the purpose of improving or constructing the building. No part of the balance may be expended until the commissioner has secured suitable plans and specifications, prepared by a competent architect or engineer, and accompanied by a detailed statement of the cost, quality, and description of all material and labor required for the completion of the work. No plan may be adopted, and no improvement made or building constructed by the commissioner or any other agency to whom an appropriation is made for a capital improvement, that contemplates the expenditure for its completion of more money than the appropriation for it, unless otherwise provided in this section or the act making the appropriation. The commissioner or other agency may not direct or permit any expenditure beyond that appropriated, and any agent of the commissioner violating this provision is guilty of a gross misdemeanor.

Sec. 55. Minnesota Statutes 1998, section 16B.32, subdivision 2, is amended to read:

Subd. 2. [ENERGY CONSERVATION GOALS; EFFICIENCY PROGRAM.] (a) The commissioner of administration in consultation with the department of public service, in cooperation with one or more public utilities or comprehensive energy services providers, may conduct a shared-savings program involving energy conservation expenditures on state-owned buildings. The public utility or energy services provider shall contract with appropriate state agencies to implement energy efficiency improvements in the selected buildings. A contract must require the public utility or energy services provider to include all energy efficiency improvements in selected buildings that are calculated to achieve a cost payback within ten years. The contract must require that the public utility or energy services provider be repaid solely from energy cost savings and only to the extent of energy cost savings. Repayments must be interest-free. The goal of the program in this paragraph is to demonstrate that through effective energy conservation the total energy consumption per square foot of state-owned and wholly state-leased buildings could be reduced by at least 25 percent from consumption in the base year of 1990. All agencies participating in the program must report to the commissioner of administration their monthly energy usage, building schedules, inventory of energy-consuming equipment, and other information as needed by the commissioner to manage and evaluate the program.

(b) The commissioner may exclude from the program of paragraph (a) a building in which energy conservation measures are carried out. "Energy conservation measures" means measures that are applied to a state building that improve energy efficiency and have a simple return of investment in ten years or within the remaining period of a lease, whichever time is shorter, and involves energy conservation, conservation facilities, renewable energy sources, improvements in operations and maintenance efficiencies, or retrofit activities.

(c) This subdivision expires January 1, 2001.

Sec. 56. Minnesota Statutes 1998, section 16B.415, is amended to read:

16B.415 [OPERATION OF INFORMATION SYSTEMS.]

The commissioner, through a division of technology management, is responsible for ongoing operations of state agency information technology activities. These include records management, activities relating to the Government Data Practices Act, ~~operation of administering~~ the state information infrastructure, and activities necessary to make state information systems year 2000 compliant.

Sec. 57. Minnesota Statutes 1998, section 16B.42, subdivision 1, is amended to read:

Subdivision 1. [COMPOSITION.] The intergovernmental information systems advisory council is composed of (1) two members from each of the following groups: counties outside of the seven-county metropolitan area, cities of the second and third class outside the metropolitan area, cities of the second and third class within the metropolitan area, and cities of the fourth class; (2) one member from each of the following groups: the metropolitan council, an outstate regional body, counties within the metropolitan area, cities of the first class, school districts in the metropolitan area, school districts outside the metropolitan area, and public libraries; (3) one member each appointed by the state departments of children, families, and learning, human services, revenue, and economic security, the office of strategic and long-range planning, ~~office of technology~~, administration, and the legislative auditor; (4) one member from the office of the state auditor, appointed by the auditor; (5) one member appointed by each of the following organizations: League of Minnesota Cities, Association of Minnesota Counties, Minnesota Association of Township Officers, and Minnesota Association of School Administrators; and (6) one member of the house of representatives appointed by the speaker and one member of the senate appointed by the subcommittee on committees of the committee on rules and administration. The legislative members appointed under clause (6) are nonvoting members. The commissioner of administration shall appoint members under clauses (1) and (2). The terms, compensation, and removal of the appointed members of the advisory council are as provided in section 15.059, but the council does not expire until June 30, ~~1999~~ 2000.

Sec. 58. Minnesota Statutes 1998, section 16B.46, is amended to read:

16B.46 [TELECOMMUNICATION; POWERS.]

The commissioner shall supervise and control the leasing of all state telecommunication ~~facilities~~ services including any transmission, emission, or reception of signs, signals, writing, images, and sounds or intelligence of any nature by wire, radio, optical, or other electromagnetic systems. Nothing in this section or section 16B.465 modifies, amends, or abridges any powers and duties presently vested in or imposed upon the commissioner of transportation or the commissioner of public safety relating to telecommunications facilities or the commissioner of transportation relating only to radio air navigation facilities or other air navigation facilities.

Sec. 59. Minnesota Statutes 1998, section 16B.465, is amended to read:

16B.465 [STATE INFORMATION INFRASTRUCTURE.]

Subdivision 1. [PURPOSE.] (a) The state of Minnesota and its departments and agencies are urged to seek ways to encourage the growth of the private sector in the area of telecommunications and not pursue policies that restrict market opportunities for the private sector. The state may provide only those telecommunication services that are not available through the private sector.

(b) This section does not preclude the state from purchasing, owning, or leasing customer premises equipment. Customer premises equipment consists of terminal and associated equipment and inside wire located at an end user's premises and connected with communication channels at the point established in a building or a complex to separate customer equipment from the network. Customer premises equipment also includes, but is not limited to communications devices eligible for distribution to communication impaired persons under section 237.51, subdivision 1.

(c) This section does not prohibit the state from operating and staffing a network operations center that allows the state to test, troubleshoot and maintain network operations.

~~Subdivision 1~~ Subd. 1a. [CREATION.] The state information infrastructure provides shall arrange for the provision of leased voice, data, video, and other telecommunications transmission services to state agencies; educational institutions, including public schools as defined in section 120A.05, subdivisions 9, 11, 13, and 17, nonpublic, church or religious organization schools that provide instruction in compliance with sections 120A.22, 120A.24, and 124A.41, and private colleges; public corporations; and state political subdivisions. It is not a telephone company for purposes of chapter 237. The state shall not purchase, own, or lease any telecommunication network facilities or equipment unless the state has sought bids or proposals and has determined that the private sector cannot provide the services as bid or proposed by the state using the facilities or equipment in a cost-effective manner. It shall not resell or sublease any services or facilities to nonpublic entities except it may serve private schools and colleges. The commissioner has the responsibility for planning, development, and operations of the state information infrastructure in order to provide cost-effective leased telecommunications transmission services to state information infrastructure users. For purposes of this section, "state information infrastructure" means the network facilities and telecommunications services provided by the state or through contracts administered by the commissioner.

~~Subd. 3. [DUTIES.] (a) The commissioner, after consultation with the office of technology, shall:~~

(1) ~~provide~~ negotiate, enter into, and administer contracts for voice, data, video, and other leased telecommunications ~~transmission~~ services to the state and to political subdivisions through an account in the intertechnologies revolving fund;

(2) manage vendor relationships, ~~network function,~~ and capacity planning in order to be responsive to the needs of the state information infrastructure users;

(3) set rates and fees for services;

(4) approve contracts for leased services relating to the system;

(5) ~~in consultation with the office of technology, develop the system a plan, including plans for the phasing of its implementation and maintenance of the initial system out the provision of telecommunications services and network operations, except as provided in paragraph (b), and for the annual program and fiscal plans for the leased system; and~~

(6) ~~in consultation with the office of technology, the department of children, families, and learning in regard to schools, assist state agencies, political subdivisions of the state, and higher education institutions, including private colleges and public and private schools, to identify their telecommunication needs, and develop a plan plans for interconnection of the provision of leased telecommunications services and equipment to ensure the integration of these needs into an interoperable statewide network with private colleges and public and private schools in the state.~~

(b) The commissioner may purchase, own, operate, or lease telecommunication network facilities or equipment if the commissioner has sought bids or proposals and has determined that the private sector cannot provide services that the state intends to provide using the facilities or equipment in a cost-effective manner.

(c) The commissioner, in consultation with the office of technology and the department of children, families, and learning in regard to schools, when requested, may assist state agencies, political subdivisions of the state, and higher education institutions, including private colleges and public and private schools, in identifying, purchasing, or leasing their customer premises equipment.

Subd. 4. [PROGRAM PARTICIPATION.] ~~(a) The commissioner may require the participation secure bids or proposals for services from private sector vendors to serve the needs of state agencies, the state board of education, and the board of trustees of the Minnesota state colleges and universities, and may request the participation of the board of regents of the University of Minnesota, in the planning and implementation of the network to provide interconnective technologies. Alternatively, those entities may seek bids or proposals for services directly from private sector vendors with the advice of the commissioner. The commissioner's advice is not binding on these entities.~~

Subd. 4a. [RATES.] The commissioner shall establish reimbursement rates in cooperation with the commissioner of finance to be billed to participating agencies and educational institutions sufficient to cover the operating, maintenance, and administrative costs of the system leased services.

~~(b) A direct appropriation made to an educational institution for usage costs associated with the state information infrastructure must only be used by the educational institution for payment of usage costs of the network as billed by the commissioner of administration.~~

Subd. 6. [APPROPRIATION.] Money appropriated for the state information infrastructure and fees for leased telecommunications services must be deposited in an account in the intertechnologies fund. Money in the account is appropriated annually to the commissioner to ~~operate telecommunications services~~ carry out the purposes of this section.

Subd. 7. [EXEMPTION.] The system is exempt from the five-year limitation on contracts set by sections 16C.05, subdivision 2, paragraph (a), clause (5), 16C.08, subdivision 3, clause (7), and 16C.09, clause (6).

Sec. 60. [16B.616] [BLEACHER SAFETY.]

Subdivision 1. [DEFINITIONS.] (a) For purposes of this section, the following terms have the meanings given.

(b) "Place of public accommodation" means a public or privately owned sports or entertainment arena, gymnasium, auditorium, stadium, hall, special event center in a public park, or other facility for public assembly.

(c) "Bleacher" refers to any tiered or stepped seating facility, whether temporary or permanent, used in a place of public accommodation for the seating of its occupants.

Subd. 2. [APPLICATION.] All places of public accommodation must comply with the provisions of this section.

Subd. 3. [SAFETY REQUIREMENTS.] In places of public accommodation using bleacher seating, all bleachers or bleacher open spaces 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;

(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.

Bleachers in existence on January 1, 2001, must comply with the structural provisions of the 1998 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 clauses (1), (2), and (3).

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 shall provide a signed certification of compliance to the commissioner by January 1, 2001. 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.

Subd. 5. [PENALTIES.] The commissioner, in addition to other remedies provided for violations of this chapter, shall forbid use of bleachers not in compliance with this section.

Subd. 6. [PERIODIC INSPECTIONS.] Bleacher footboards and guardrails must be reinspected at least every five years and a structural inspection must be made at least every ten years. Inspections may be completed in the same manner as provided in subdivision 4. This section does not preclude a municipal authority from establishing additional reinspections under the State Building Code.

Sec. 61. Minnesota Statutes 1998, section 16B.72, is amended to read:

16B.72 [REFERENDA ON STATE BUILDING CODE IN NONMETROPOLITAN COUNTIES.]

Notwithstanding any other provision of law to the contrary, a county that is not a metropolitan county as defined by section 473.121, subdivision 4, may provide, by a vote of the majority of its electors residing outside of municipalities that have adopted the State Building Code before January 1, 1977, that no part of the State Building Code except the building requirements for handicapped persons, the requirements for bleacher safety, and the requirements for elevator safety applies within its jurisdiction.

The county board may submit to the voters at a regular or special election the question of adopting the building code. The county board shall submit the question to the voters if it receives a petition for the question signed by a number of voters equal to at least five percent of those voting in the last general election. The question on the ballot must be stated substantially as follows:

"Shall the State Building Code be adopted in County?"

If the majority of the votes cast on the proposition is in the negative, the State Building Code does not apply in the subject county, outside home rule charter or statutory cities or towns that adopted the building code before January 1, 1977, except the building requirements for handicapped persons, the requirements for bleacher safety, and the requirements for elevator safety do apply.

Nothing in this section precludes a municipality or town that has not adopted the State Building Code from adopting and enforcing by ordinance or other legal means the State Building Code within its jurisdiction.

Sec. 62. Minnesota Statutes 1998, section 16B.73, is amended to read:

16B.73 [STATE BUILDING CODE IN MUNICIPALITIES UNDER 2,500; LOCAL OPTION.]

The governing body of a municipality whose population is less than 2,500 may provide that the State Building Code, except the requirements for handicapped persons, the requirements for bleacher safety, and the requirements for elevator safety, will not apply within the jurisdiction of the municipality, if the municipality is located in whole or in part within a county exempted from its application under section 16B.72. If more than one municipality has jurisdiction over an area, the State Building Code continues to apply unless all municipalities having jurisdiction over the area have provided that the State Building Code, except the requirements for handicapped persons, the requirements for bleacher safety, and the requirements for elevator safety, does not apply within their respective jurisdictions. Nothing in this section precludes a municipality or town from adopting and enforcing by ordinance or other legal means the State Building Code within its jurisdiction.

Sec. 63. [16C.065] [COST-BENEFIT ANALYSIS.]

(a) The commissioner or an agency official to whom the commissioner has delegated duties under section 16C.03, subdivision 16, may not approve a contract or purchase of goods or services in an amount greater than \$5,000,000 unless a cost-benefit analysis has been completed and shows a positive benefit to the public. The management analysis division must perform or direct the performance of the analysis. A cost-benefit analysis must be performed for a project if an aggregation of contracts or purchases for a project exceeds \$5,000,000.

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

(c) If a cost-benefit analysis does not show a positive benefit to the public, the governor may approve a contract or purchase of goods or services if a cost-effectiveness study had been done that shows the proposed project is the most effective way to provide a necessary public good.

(d) This section applies to contracts for goods or services that are expected to have a useful life of more than three years. This section does not apply for purchase of goods or services for response to a natural disaster if an emergency has been declared by the governor.

Sec. 64. Minnesota Statutes 1998, section 16C.14, subdivision 1, is amended to read:

Subdivision 1. [CONTRACT CONDITIONS.] The commissioner may contract to purchase by installment payments capital or other equipment or services intended to improve the energy efficiency of a state building or facility if:

(1) the term of the contract does not exceed ten years, with not more than a ten-year payback beginning at the completion of the project;

(2) the entire cost of the contract is a percentage of the resultant savings in energy costs only. "Savings in energy cost" means a comparison of energy cost and energy usage under the precontract conditions, including reasonable projections of energy cost and usage if no change is made to the precontract conditions, against energy cost and usage with the changes made under the contract. If it is impractical to directly measure energy cost and/or energy usage, reasonable engineering estimates may be substituted for measured results;

(3) the contract for purchase must be completed using a solicitation;

(4) the commissioner has determined that the contract vendor is a responsible vendor;

(5) the contract vendor can finance or obtain financing for the performance of the contract without state assistance or guarantee; and

(6) the state may unilaterally cancel the agreement if the legislature fails to appropriate funds to continue the contract or if the contractor at any time during the term of the contract fails to perform its contractual obligations, including failure to deliver or install equipment or materials, failure to replace faulty equipment or materials in a timely fashion, and failure to maintain the equipment as agreed in the contract.

Sec. 65. Minnesota Statutes 1998, section 16D.04, subdivision 2, is amended to read:

Subd. 2. [AGENCY PARTICIPATION.] (a) A state agency may, at its option, refer debts to the commissioner for collection. The ultimate responsibility for the debt, including the reporting of the debt to the commissioner of finance and the decision with regard to the continuing collection and uncollectibility of the debt, remains with the referring state agency.

(b) When a debt owed to a state agency becomes 121 days past due, the state agency must refer the debt to the commissioner for collection. This requirement does not apply if there is a dispute over the amount or validity of the debt, if the debt is the subject of legal action or administrative proceedings, or the agency determines that the debtor is adhering to acceptable payment arrangements. The commissioner, in consultation with the commissioner of finance, may provide that certain types of debt need not be referred to the commissioner for collection under this paragraph. Methods and procedures for referral must follow internal guidelines prepared by the commissioner of finance.

Sec. 66. Minnesota Statutes 1998, section 16E.01, subdivision 1, is amended to read:

Subdivision 1. [PURPOSE.] ~~The office of technology, referred to in this chapter as the "office," is an agency in the executive branch managed by an executive director appointed by the governor under the supervision of the commissioner of administration.~~ The office shall provide leadership and direction for information and communications technology policy in Minnesota. The office shall coordinate strategic investments in information and communications technology to encourage the development of a technically literate society and to ensure sufficient access to and efficient delivery of government services.

Sec. 67. Minnesota Statutes 1998, section 16E.02, is amended to read:

16E.02 [OFFICE OF TECHNOLOGY STRUCTURE AND PERSONNEL.]

Subdivision 1. [OFFICE MANAGEMENT AND STRUCTURE.] ~~The executive director commissioner of administration~~ is the state's chief information officer and technology advisor to the governor. ~~The salary of the executive director may not exceed 85 percent of the governor's salary. The executive director may employ a deputy director, assistant directors, and other employees that the executive director may consider necessary. The executive director and the deputy and assistant directors and one confidential secretary serve in the unclassified service. The staff of the office must include individuals knowledgeable in information and communications technology. The executive director may appoint other personnel as necessary to operate the office of technology in accordance with chapter 43A.~~

Subd. 2. [INTERGOVERNMENTAL PARTICIPATION.] The ~~executive director~~ commissioner of administration or the ~~director's~~ commissioner's designee shall serve as a member of the Minnesota education telecommunications council, the geographic information systems council, the library planning task force, or their respective successor organizations, and as a member of Minnesota Technology, Inc., the Minnesota health data institute as a nonvoting member, and the Minnesota world trade center corporation.

Sec. 68. Minnesota Statutes 1998, section 16E.08, is amended to read:

16E.08 [BUSINESS LICENSE INFORMATION.]

The office shall coordinate the design, establishment, implementation, and maintenance of an electronic system to allow the public to retrieve by computer information prepared by the department of trade and economic development bureau of business licenses on licenses and their requirements. The office shall establish the format and standards for retrieval consistent with state information and data interchange policies. The system must also be designed to allow the public to apply for and obtain business licenses and permits on line. The office shall integrate the system with the North Star online information system. The office shall work in collaboration with the department of trade and economic development bureau of business licenses. The bureau is responsible for creating and operating the system.

Sec. 69. Minnesota Statutes 1998, section 43A.047, is amended to read:

43A.047 [CONTRACTED SERVICES.]

(a) Executive agencies, including the Minnesota state colleges and universities system, must demonstrate that they cannot use available staff before hiring outside consultants or services. If use of consultants is necessary, agencies are encouraged to negotiate contracts that will involve permanent staff, so as to upgrade and maximize training of state employees.

(b) If agencies reduce operating budgets, agencies must give priority to reducing spending on professional and technical service contracts before laying off permanent employees.

(c) Agencies must report to the ~~senate finance and house ways and means committees~~ commissioner of administration by ~~August~~ November 1 each year on implementation of this section during the previous fiscal year. The reports must include amounts spent on professional and technical service contracts during the previous fiscal year. The commissioner shall compile the reports into a uniform format and forward them to the chairs of the senate finance and house ways and means committees by November 15.

Sec. 70. Minnesota Statutes 1998, section 43A.22, is amended to read:

43A.22 [BENEFITS; INTENT.]

(a) It is the intent of the state to provide eligible employees and other eligible persons with life insurance and hospital, medical, and dental benefits coverage through provider organizations, hereafter referred to as "carriers," authorized to do business in the state.

(b) The commissioner may self-insure any hospital and medical plan offered under sections 43A.22 to 43A.31 to promote reasonably stable and predictable premiums for hospital and medical benefits paid by the state and its employees and to promote affordable, ongoing relationships between employees and dependents and their medical providers. The commissioner shall consult with the commissioners of commerce and health and human services regarding the development and reporting of quality of care measures.

Sec. 71. Minnesota Statutes 1998, section 43A.23, subdivision 1, is amended to read:

Subdivision 1. [GENERAL.] The commissioner is authorized to request bids from carriers or to negotiate with carriers and to enter into contracts with carriers which in the judgment of the commissioner are best qualified to underwrite and service the benefit plans. Contracts entered into with carriers are not subject to the requirements of sections 16C.16 to 16C.19. The commissioner may negotiate premium rates and coverage provisions with all carriers licensed under chapters 62A, 62C, and 62D. The commissioner may also negotiate reasonable restrictions to be applied

to all carriers under chapters 62A, 62C, and 62D. Contracts to underwrite the benefit plans must be bid or negotiated separately from contracts to service the benefit plans, which may be awarded only on the basis of competitive bids. The commissioner shall consider the cost of the plans, conversion options relating to the contracts, service capabilities, character, financial position, and reputation of the carriers, and any other factors which the commissioner deems appropriate. Each benefit contract must be for a uniform term of at least one year, but may be made automatically renewable from term to term in the absence of notice of termination by either party. The commissioner shall, to the extent feasible, make hospital and medical benefits available from at least one carrier licensed to do business pursuant to each of chapters 62A, 62C, and 62D. The commissioner need not provide health maintenance organization services to an employee who resides in an area which is not served by a licensed health maintenance organization. The commissioner may refuse to allow a health maintenance organization to continue as a carrier. The commissioner may elect not to offer all three types of carriers if there are no bids or no acceptable bids by that type of carrier or if the offering of additional carriers would result in substantial additional administrative costs. A carrier licensed under chapter 62A is exempt from the tax imposed by section 60A.15 on premiums paid to it by the state.

All self-insured hospital and medical service products must comply with coverage mandates, data reporting, and consumer protection requirements applicable to the licensed carrier administering the product, had the product been insured, including chapters 62J, 62M, and 62Q. Any self-insured products that limit coverage to a network of providers or provide different levels of coverage between network and nonnetwork providers shall comply with section 62D.123 and geographic access standards for health maintenance organizations adopted by the commissioner of health in rule under chapter 62D.

Sec. 72. Minnesota Statutes 1998, section 43A.23, subdivision 2, is amended to read:

Subd. 2. [CONTRACT TO CONTAIN STATEMENT OF BENEFITS.] (a) Each contract under sections 43A.22 to 43A.30 shall contain a detailed statement of benefits offered and shall include any maximums, limitations, exclusions, and other definitions of benefits the commissioner deems necessary or desirable. Each hospital and medical benefits contract shall provide benefits at least equal to those required by section 62E.06, subdivision 2.

(b) All summaries of benefits describing the hospital and medical service benefits offered to state employees must comply with laws and rules for content and clarity applicable to the licensed carrier administering the product. Referral procedures must be clearly described. The commissioners of commerce and health, as appropriate, shall review the summaries of benefits, whether written or electronic, and advise the commissioner of employee relations on any changes needed to ensure compliance.

Sec. 73. Minnesota Statutes 1998, section 43A.30, is amended by adding a subdivision to read:

Subd. 6. [CONTINGENCY RESERVE.] The commissioner shall maintain a contingency reserve within the employee insurance trust fund. The reserve must be used to increase the controls over medical plan provisions and insurance costs for the state's employee populations. The reserve consists of appropriations from the general fund, receipts from billings to agencies, and credited investment gains and losses attributable to balances in the account. The state board of investment shall invest the assets of the account according to section 11A.24.

Sec. 74. Minnesota Statutes 1998, section 43A.31, subdivision 2, is amended to read:

Subd. 2. [COMMISSIONER REPORTS.] The commissioner shall transmit a report each biennium to the legislative commission on employee relations concerning the operation of sections 43A.22 to 43A.30, including a study of local and statewide market trends regarding provider concentration, costs, and other factors as they may relate to the state's health benefits purchasing strategy. The commissioner shall consult with the commissioners of commerce and health in the conduct of this study. The commissioner shall also report the number, type, and disposition of complaints relating to the insurance programs offered by the commissioner.

Sec. 75. Minnesota Statutes 1998, section 43A.31, is amended by adding a subdivision to read:

Subd. 5. [CUSTOMER ASSISTANCE.] The commissioner shall employ staff for the purposes of assisting state employees and their dependents in:

- (1) understanding their benefits and coverage levels;
- (2) obtaining information and responses to questions regarding issues of coverage, benefits, and service from carriers and providers; and
- (3) making use of all grievance, appeals, and complaint resolution processes provided by law or contract.

Sec. 76. [43A.318] [PUBLIC EMPLOYEES GROUP LONG-TERM CARE INSURANCE PROGRAM.]

Subdivision 1. [DEFINITIONS.] (a) [SCOPE.] For the purposes of this section, the terms defined have the meaning given them.

(b) [ADVISORY COMMITTEE; COMMITTEE.] "Advisory committee" or "committee" means the committee created under subdivision 3.

(c) [COMMITTEE MEMBER; MEMBER.] "Committee member" or "member" means a person serving on the advisory committee created under subdivision 3.

(d) [ELIGIBLE PERSON.] "Eligible person" means:

(1) an active, deferred, or retired member, or an annuitant of a public pension plan of the state or a political subdivision of the state;

(2) a public employee or elected official of the state or a political subdivision of the state who is not eligible for participation in a public employee pension plan of the state or a political subdivision of the state; or

(3) a spouse, parent, stepparent, or parent-in-law of a person described in clause (1) or (2), regardless of the enrollment status in the program of the person described in clause (1) or (2).

(e) [PROGRAM.] "Program" means the statewide public employees long-term care insurance program created under subdivision 2.

(f) [PUBLIC EMPLOYEE PENSION PLAN.] "Public employee pension plan" means any Minnesota public pension plan or fund that provides pension or retirement coverage for public employees other than volunteer firefighters, including any plan or fund enumerated in section 356.20, subdivision 2, or 356.30, subdivision 3, any local police or firefighter's relief association to which section 69.77 applies, or any retirement or pension plan or fund, including a supplemental retirement plan or fund, established, maintained or supported by any governmental subdivision or public body whose revenues are derived from taxation, fees, assessments or from other public sources.

(g) [QUALIFIED VENDOR.] "Qualified vendor" means an entity licensed or authorized to underwrite, provide, or administer group long-term care insurance benefits in Minnesota.

Subd. 2. [PROGRAM CREATION; GENERAL PROVISIONS.] (a) The commissioner may administer a program to make long-term care coverage available to eligible persons. The commissioner may determine the program's funding arrangements, request bids from qualified vendors, and negotiate and enter into contracts with qualified vendors. Contracts are not subject to the requirements of section 16C.16 or 16C.19. Contracts must be for a uniform term of at least one year, but may be made automatically renewable from term to term in the absence of notice of termination by either party.

(b) The program may provide coverage for home, community, and institutional long-term care and any other benefits as determined by the commissioner. Coverage is optional. The enrolled eligible person must pay the full cost of the coverage.

(c) The commissioner shall promote activities that attempt to raise awareness of the need for long-term care insurance among residents of the state and encourage the increased prevalence of long-term care coverage. These activities must include the sharing of knowledge gained in the development of the program.

(d) The commissioner may employ and contract with persons and other entities to perform the duties under this section and may determine their duties and compensation consistent with this chapter.

(e) The benefits provided under this section are not terms and conditions of employment as defined under section 179A.03, subdivision 19, and are not subject to collective bargaining.

(f) The commissioner shall establish underwriting criteria for entry of all eligible persons into the program. Eligible persons who would be immediately eligible for benefits may not enroll.

(g) Eligible persons who meet underwriting criteria may enroll in the program upon hiring and at other times established by the commissioner.

(h) An eligible person enrolled in the program may continue to participate in the program even if an event, such as termination of employment, changes the person's employment status.

(i) Participating public employee pension plans and public employers may provide automatic pension or payroll deduction for payment of long-term care insurance premiums to qualified vendors contracted with under this section.

(j) The premium charged to program enrollees must include an administrative fee to cover all program expenses incurred in addition to the cost of coverage. All fees collected are appropriated to the commissioner for the purpose of administering the program.

Subd. 3. [ADVISORY COMMITTEE.] (a) The committee consists of:

(1) the executive directors or designees of the Minnesota state retirement system, the public employees retirement association, and the teachers retirement association;

(2) one member of the investment advisory committee of the state board of investment provided under section 11A.08 appointed by the board;

(3) one staff member of the department of human services appointed by the commissioner of human services;

(4) one staff member of the department of commerce appointed by the commissioner of commerce;

(5) one member of the medical community with clinical knowledge of long-term care appointed by the commissioner of employee relations; and

(6) six members representing the interests of eligible persons, including exclusive representatives of employees as defined by section 179A.03, subdivision 8, and unrepresented employees appointed by the commissioner of employee relations.

(b) Appointment to and removal from the committee must be in the manner provided in section 15.059.

(c) The members of the committee described in paragraph (a), clauses (1) to (5), serve without term limits. The terms of members described in paragraph (a), clause (6), are governed by section 15.059, subdivision 2.

(d) Members serve without compensation, but are eligible for reimbursement of expenses in the same manner and amount as authorized under section 43A.18, subdivision 2.

(e) The committee shall advise the commissioner on program issues, including, but not limited to, benefits, coverage, funding, eligibility, enrollment, underwriting, and marketing.

Subd. 4. [LONG-TERM CARE INSURANCE TRUST FUND.] (a) The long-term care insurance trust fund in the state treasury consists of deposits of the premiums received from persons enrolled in the program. All money in the fund is appropriated to the commissioner to pay premiums, claims, refunds, administrative costs, and other related service costs. The commissioner shall reserve an amount of money sufficient to cover the actuarially estimated costs of claims incurred but unpaid. The trust fund must be used solely for the purpose of the program.

(b) The state board of investment shall invest the money in the fund according to section 11A.24. Investment income and losses attributable to the fund must be credited to or deducted from the fund.

Subd. 5. [PRIVATE SOURCES.] This section does not prohibit or limit individuals or local governments from purchasing long-term care insurance through other private sources.

Sec. 77. Minnesota Statutes 1998, section 138.17, subdivision 7, is amended to read:

Subd. 7. [RECORDS MANAGEMENT PROGRAM.] A records management program for the application of efficient and economical management methods to the creation, utilization, maintenance, retention, preservation, and disposal of official records shall be administered by the commissioner of administration with assistance from the director of the historical society. The state records center which stores and services state records not in state archives shall be administered by the commissioner of administration. The commissioner of administration is empowered to (1) establish standards, procedures, and techniques for effective management of government records, (2) make continuing surveys of paper work operations, and (3) recommend improvements in current records management practices including the use of space, equipment, and supplies employed in creating, maintaining, preserving and disposing of government records. It shall be the duty of the head of each state agency and the governing body of each county, municipality, and other subdivision of government to cooperate with the commissioner in conducting surveys and to establish and maintain an active, continuing program for the economical and efficient management of the records of each agency, county, municipality, or other subdivision of government. When requested by the commissioner, public officials shall assist in the preparation of an inclusive inventory of records in their custody, to which shall be attached a schedule, approved by the head of the governmental unit or agency having custody of the records and the commissioner, establishing a time period for the retention or disposal of each series of records. When the schedule is unanimously approved by the records disposition panel, the head of the governmental unit or agency having custody of the records may dispose of the type of records listed in the schedule at a time and in a manner prescribed in the schedule for particular records which were created after the approval. A list of records disposed of pursuant to this subdivision shall be forwarded to the commissioner and the archivist by the head of the governmental unit or agency. The archivist shall maintain a list of all records destroyed.

Sec. 78. Minnesota Statutes 1998, section 138.17, subdivision 8, is amended to read:

Subd. 8. [EMERGENCY RECORDS PRESERVATION.] In light of the danger of nuclear or natural disaster, the commissioner of administration, with the assistance of the director of the historical society, shall establish and maintain a program for the selection and preservation of public records considered essential to the operation of government and to the protection of the rights and interests of persons, and shall make or cause to be made preservation duplicates or designate as preservation duplicates existing copies of such essential public records. Preservation duplicates shall be durable, accurate, complete, and clear, and such duplicates reproduced by photographic or other process which accurately reproduces and forms a durable medium for so reproducing the original shall have the same force and effect for all purposes as the original record whether the original record is in existence or not. A transcript, exemplification, or certified copy of such preservation duplicate shall be deemed for all purposes to be a transcript, exemplification, or certified copy of the original record. Such preservation duplicates shall be preserved in the place and manner of safekeeping prescribed by the commissioner.

Every county, municipality, or other subdivision of government may institute a program for the preservation of necessary documents essential to the continuity of government. Such a program shall first be submitted to the commissioner for approval or disapproval and no such program shall be instituted until such approval is obtained.

Sec. 79. Minnesota Statutes 1998, section 192.49, subdivision 3, is amended to read:

Subd. 3. [ALLOWANCES FOR MILITARY EXPENSE.] (a) Allowances for the necessary military expenses of all organizations, units, or detachments of the military forces, including clerk hire, office supplies, postage, and other actual outlay, ~~shall~~ may be paid by the adjutant general out of the funds appropriated for the maintenance of the military forces; ~~such~~. These allowances annually may not to exceed:

(1) for the state headquarters and for the division headquarters when located in this state ~~\$2,000~~ \$2,500 each;

(2) ~~\$3,000 a year~~ for the commanding general of troops;

(3) for any other organization commanded by a general officer ~~\$1,000 plus \$100 for each immediately and directly subordinate organization or unit~~ \$2,200;

(4) for any brigade, group, battalion, squadron, or equivalent organization ~~\$200~~ \$500 plus \$100 for each immediately and directly subordinate organization or unit; and ~~\$300~~

(5) ~~\$600~~ for incidental expenses of each company, battery, or detachment; ~~and at the time of the annual encampment or maneuvers, for each division or camp headquarters mess \$200, for each officers' mess of a regiment, group, or higher headquarters \$200; and for the officers' mess of each battalion or equivalent headquarters \$100.~~

(b) Allowances authorized under this section shall be expended and accounted for as prescribed by the ~~commander-in-chief in orders or rules~~ adjutant general.

Sec. 80. Minnesota Statutes 1998, section 197.79, subdivision 10, is amended to read:

Subd. 10. [DEADLINE FOR APPLICATIONS.] The application period for the bonus program established in this section shall be November 1, 1997, to June 30, ~~1999~~ 2001. The department may not receive or accept new applications after June 30, ~~1999~~ 2001.

Sec. 81. Minnesota Statutes 1998, section 202A.18, is amended by adding a subdivision to read:

Subd. 2a. [PREFERENCE BALLOT.] Prior to the opening of nominations for the election of permanent offices and delegates, a ballot must be distributed to permit caucus participants to indicate their preference for the offices of president of the United States or governor. The results of preference voting must be reported to the secretary of state immediately upon conclusion of the voting, in the manner provided by the secretary of state. The secretary of state shall provide the appropriate forms to the party for reporting the results.

Sec. 82. Minnesota Statutes 1998, section 202A.20, subdivision 2, is amended to read:

Subd. 2. [REPORTING CAUCUS RESULTS.] The secretary of state ~~may provide a method for the timely reporting of caucus results to the public~~ shall promptly report to the public the results of preference balloting at the precinct caucuses.

Sec. 83. Minnesota Statutes 1998, section 204B.25, subdivision 2, is amended to read:

Subd. 2. [RULES OF SECRETARY OF STATE.] The secretary of state shall adopt rules establishing ~~a program~~ programs for the training of county auditors, local election officials, and election judges by county auditors as required by this section.

Sec. 84. Minnesota Statutes 1998, section 204B.25, is amended by adding a subdivision to read:

Subd. 4. [TRAINING FOR LOCAL ELECTION OFFICIALS.] At least once every two years, the county auditor shall conduct training sessions for the municipal and school district clerks in the county. The training sessions must be conducted in the manner provided by the secretary of state. No local election official may administer an election without receiving training from the county auditor.

Sec. 85. Minnesota Statutes 1998, section 204B.27, is amended by adding a subdivision to read:

Subd. 10. [TRAINING FOR COUNTY AUDITORS; TRAINING MATERIALS.] The secretary of state shall develop a training program in election administration for county auditors and shall certify each county auditor who successfully completes the training program. The secretary of state shall provide each county auditor with materials for use in training local election officials and election judges.

Sec. 86. Minnesota Statutes 1998, section 204B.28, subdivision 1, is amended to read:

~~Subdivision 1. [TRAINING PROGRAM FOR MEETING WITH ELECTION OFFICIALS.] At least 12 weeks before each state primary regularly scheduled general election, each county auditor shall conduct a training program for meeting with local election officials to review the procedures for the election. The county auditor may require the municipal clerks and the chairs of the election boards in the county to meet for this training program before the election at a time and place set by the county auditor. The training program shall include instruction in election procedures and the duties of municipal clerks and election judges. The chairs of the election boards shall be compensated by the municipalities for the incidental expenses incurred by them to attend a training program attend this meeting.~~

Sec. 87. Minnesota Statutes 1998, section 240A.09, is amended to read:

240A.09 [PLAN DEVELOPMENT; CRITERIA.]

The Minnesota amateur sports commission shall develop a plan to promote the development of proposals for new statewide public ice facilities including proposals for ice centers and matching grants based on the criteria in this section.

(a) For ice center proposals, the commission will give priority to proposals that come from more than one local government unit. Institutions of higher education are not eligible to receive a grant.

(b) In the metropolitan area as defined in section 473.121, subdivision 2, the commission is encouraged to give priority to the following proposals:

- (1) proposals for construction of two or more ice sheets in a single new facility;
 - (2) proposals for construction of an additional sheet of ice at an existing ice center;
 - (3) proposals for construction of a new, single sheet of ice as part of a sports complex with multiple sports facilities;
- and
- (4) proposals for construction of a new, single sheet of ice that will be expanded to a two-sheet facility in the future.

(c) The commission shall administer a site selection process for the ice centers. The commission shall invite proposals from cities or counties or consortia of cities. A proposal for an ice center must include matching contributions including in-kind contributions of land, access roadways and access roadway improvements, and necessary utility services, landscaping, and parking.

(d) Proposals for ice centers and matching grants must provide for meeting the demand for ice time for female groups by offering up to 50 percent of prime ice time, as needed, to female groups. For purposes of this section, prime ice time means the hours of 4:00 p.m. to 10:00 p.m. Monday to Friday and 9:00 a.m. to 8:00 p.m. on Saturdays and Sundays.

(e) The location for all proposed facilities must be in areas of maximum demonstrated interest and must maximize accessibility to an arterial highway.

(f) To the extent possible, all proposed facilities must be dispersed equitably, must be located to maximize potential for full utilization and profitable operation, and must accommodate noncompetitive family and community skating for all ages.

(g) The commission may also use the funds money to upgrade current facilities, purchase girls' ice time, or conduct amateur women's hockey and other ice sport tournaments.

(h) To the extent possible, 50 percent of all grants must be awarded to communities in greater Minnesota.

(i) To the extent possible, technical assistance shall be provided to Minnesota communities by the commission on ice arena planning, design, and operation, including the marketing of ice time.

(j) A grant for new facilities may not exceed \$250,000.

(k) The commission may ~~use funds~~ make grants for rehabilitation and renovation grants. A rehabilitation or renovation grant may not exceed \$100,000. Priority must be given to grant applications for indoor air quality improvements, including zero emission ice resurfacing equipment.

~~(l)~~ (l) Grant funds money may be used for ice centers designed for sports other than hockey.

(m) Grant money may be used to upgrade existing facilities to comply with the bleacher safety requirements of section 16B.616.

Sec. 88. [240A.12] [GRANTS FOR ATHLETIC FACILITIES AND PROGRAMS.]

Subdivision 1. [GRANTS.] The commission may make matching grants to political subdivisions of the state:

(1) to acquire and better public land and buildings and other public improvements of a capital nature to be used for community facilities and related infrastructure primarily for amateur athletics;

(2) to renovate existing facilities used primarily for amateur athletics;

(3) to support recreational programs for children and adolescents; and

(4) to support special events involving amateur athletics.

Subd. 2. [GEOGRAPHIC DISPERSAL.] To the extent possible, over time, the commission shall disperse grants equally among the state's congressional districts and award one-half of all grants to communities or institutions outside the metropolitan area as defined in section 473.121, subdivision 2.

Subd. 3. [MAXIMUM GRANTS AND MATCHING CONTRIBUTIONS.] Each grant under this section must be matched by recipient communities or institutions in accordance with this subdivision. A matching contribution may include an in-kind contribution of land, access roadways and access roadway improvements, and necessary utility services, landscaping, and parking. A grant for new facilities may not exceed \$100,000 and must be matched by the recipient at a rate of four times the amount of the grant. A grant for renovation of existing facilities may not exceed \$50,000 and must be matched equally by the recipient. A grant for recreational programs may not exceed \$20,000 and must be matched equally by the recipient. A grant for a special event or program may not exceed \$100,000 and must be matched equally by the recipient.

Sec. 89. Minnesota Statutes 1998, section 297F.08, is amended by adding a subdivision 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. 90. [325F.015] [UNSAFE BLEACHERS.]

A person shall not manufacture, sell, distribute, or install bleachers within this state that do not comply with section 16B.616. For purposes of this section, "person" means an individual, public or private entity, however organized, or a unit of state or local government.

Sec. 91. Minnesota Statutes 1998, section 325K.03, is amended by adding a subdivision to read:

Subd. 4. [CERTIFICATION PRACTICE STATEMENT.] The secretary in the role of licensed certification authority may adopt and amend a certification practice statement without using the provisions of chapter 14.

Sec. 92. Minnesota Statutes 1998, section 325K.04, is amended to read:

325K.04 [FEES.]

(a) The secretary ~~may adopt rules establishing~~ shall set reasonable fees for all services rendered under this chapter, in amounts sufficient to compensate for the costs of all services provided by the secretary under this chapter. ~~All fees recovered by the secretary must be deposited in the state general fund. Until July 1, 2001, the fees need not be set by rule.~~

(b) The digital signature account is created in the special revenue fund. All fees recovered by the secretary must be deposited in the digital signature account. Money in the digital signature account is appropriated to the secretary to pay the costs of all services provided by the secretary.

Sec. 93. Minnesota Statutes 1998, section 325K.05, subdivision 1, is amended to read:

Subdivision 1. [LICENSE CONDITIONS.] To obtain or retain a license, a certification authority must:

- (1) be the subscriber of a certificate published in a recognized repository;
- (2) employ as operative personnel only persons who have not been convicted within the past 15 years of a felony or a crime involving fraud, false statement, or deception;
- (3) employ as operative personnel only persons who have demonstrated knowledge and proficiency in following the requirements of this chapter;
- (4) file with the secretary a suitable guaranty, unless the certification authority is a department, office, or official of a federal, state, city, or county governmental entity that is self-insured;
- (5) use a trustworthy system, including a secure means for limiting access to its private key;
- (6) present proof to the secretary of having working capital reasonably sufficient, according to rules adopted by the secretary, to enable the applicant to conduct business as a certification authority;
- (7) register its business organization with the secretary, unless the applicant is a governmental entity or is otherwise prohibited from registering; ~~and~~
- (8) require a potential subscriber to appear in person before the certification authority, or an agent of the certification authority, to prove the subscriber's identity before a certificate is issued to the subscriber; and
- (9) comply with all further licensing requirements established by rule by the secretary.

The secretary may, by rule, establish standards by which the in-person registration required in clause (8) may be waived.

Sec. 94. Minnesota Statutes 1998, section 325K.09, is amended by adding a subdivision to read:

Subd. 3. [ACCEPTANCE.] A recipient who accepts a digital signature when the certificate was issued by a licensed certification authority becomes a party to and accepts all of the terms and conditions of the licensed certification authority's certification practice statement.

Sec. 95. Minnesota Statutes 1998, section 325K.10, subdivision 5, is amended to read:

Subd. 5. [ORDER OF SUSPENSION OR REVOCATION.] The secretary may order the licensed certification authority to suspend or revoke a certificate that the certification authority issued if, after giving any required notice and opportunity for the certification authority and subscriber to be heard in accordance with the Administrative Procedure Act, chapter 14, the secretary determines that:

- (1) the certificate was issued without substantial compliance with this section; and
- (2) the noncompliance poses a significant risk to persons reasonably relying on the certificate.

Upon determining that an emergency requires an immediate remedy, and in accordance with the Administrative Procedure Act, chapter 14, the secretary may issue an order suspending a certificate for a period not to exceed ~~48~~ 96 hours.

Sec. 96. Minnesota Statutes 1998, section 325K.14, is amended by adding a subdivision to read:

Subd. 9. [ADMINISTRATIVE PROCEDURES.] For purposes of this section, the provisions of chapter 14 do not apply when the secretary acts as a licensed certification authority for governmental entities.

Sec. 97. Minnesota Statutes 1998, section 325K.15, is amended by adding a subdivision to read:

Subd. 8. [ADMINISTRATIVE PROCEDURES.] For purposes of this section, the provisions of chapter 14 do not apply when the secretary acts as a licensed certification authority for governmental entities.

Sec. 98. Minnesota Statutes 1998, section 349.163, subdivision 4, is amended to read:

Subd. 4. [INSPECTION OF MANUFACTURERS.] Employees of the board and the division of alcohol and gambling enforcement may inspect the books, records, inventory, and business premises of a licensed manufacturer without notice during the normal business hours of the manufacturer. The board may charge a manufacturer for the actual cost of conducting scheduled or unscheduled inspections of the manufacturer's facilities, where the amount charged to the manufacturer for such inspections in any year does not exceed \$7,500. The board shall deposit in a separate account in the state treasury all money received as reimbursement for the costs of inspections. ~~Until July 1, 1999,~~ Money in the account is appropriated to the board to pay the costs of the inspections.

Sec. 99. Laws 1993, chapter 192, section 16, is amended to read:

Sec. 16. CAPITOL AREA ARCHITECTURAL AND PLANNING BOARD	326,000	334,000
--------------------------------------------------------	---------	---------

Any unencumbered balance of the appropriation for the first year does not cancel and is available for use in the second year.

\$75,000 the first year and \$82,000 the second year are to create a memorial to Hubert H. Humphrey in the capitol area. Of these amounts, up to \$75,000 may be used by the board to select an appropriate site for the memorial. ~~\$82,000 is available only as matched, one state dollar for three dollars, by contributions from~~

~~nonstate sources.~~ The board shall establish design requirements, choose the design, and oversee construction of the memorial. In establishing the memorial, the board may accept money from nonstate sources and contract with other private or public agencies. The appropriation is available until expended.

Sec. 100. Laws 1994, chapter 643, section 69, subdivision 1, is amended to read:

Subdivision 1. [TASK FORCE MEMBERSHIP.] ~~An 18-member~~ A 19-member planning task force for library and information services shall be established and shall be composed of: three representatives appointed by the chancellor of the higher education board, one of whom may be serving on the MINITEX advisory committee; two representatives appointed by the president of the University of Minnesota, one of whom may be serving on the MINITEX advisory committee; one representative appointed by the president of the Minnesota private college council; the director of MINITEX; one representative appointed by the commissioner of finance; one representative appointed by the commissioner of administration; one representative appointed by the executive director of the Minnesota higher education coordinating board; the director of the office of library development and services; five representatives of public libraries appointed by the director of library development and services; two representatives of elementary and secondary schools appointed by the commissioner of education; and one representative appointed by the governor. The executive director of the Minnesota higher education coordinating board shall confer with the other appointing authorities to ensure that at least one-half of the task force members are employed in occupations unrelated to library science. The executive director of the Minnesota higher education coordinating board shall convene the first meeting of the task force.

Sec. 101. Laws 1995, First Special Session chapter 3, article 12, section 7, subdivision 1, as amended by Laws 1997, First Special Session chapter 4, article 9, section 2, and Laws 1998, chapter 270, section 4, is amended to read:

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

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

(2) recommend to the commissioner and the legislature by December 15, 1996, a plan for long-term governance and a proposed structure for statewide and regional telecommunications;

(3) recommend educational policy relating to telecommunications;

(4) determine priorities for use;

(5) oversee coordination of networks for post-secondary campuses, K-12 education, and regional and community libraries;

(6) review application for telecommunications access grants under Minnesota Statutes, section 124C.74, and recommend to the department grants for funding;

- (7) determine priorities for grant funding proposals; and
- (8) work with the office of technology to ensure consistency of the operation of the learning network with standards of an open system architecture.

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

Sec. 102. Laws 1995, First Special Session chapter 3, article 12, section 10, is amended to read:

Sec. 10. [ELECTRONIC COST REDUCTION.]

The commissioner of education shall identify methods to reduce the costs of Internet access for school districts. The commissioner shall work in conjunction with ~~MN~~ the state information infrastructure, the department of administration, and the telecommunication industry to provide Internet access and long distance phone service at a favorable group rate.

Sec. 103. Laws 1997, chapter 202, article 2, section 61, is amended to read:

Sec. 61. [VOLUNTARY UNPAID LEAVE OF ABSENCE.]

Appointing authorities in state government ~~shall encourage~~ may allow each employee to take an unpaid leave of absence for up to 160 hours during the period ending June 30, ~~1999~~ 2001. Each appointing authority approving such a leave shall allow the employee to continue accruing vacation and sick leave, be eligible for paid holidays and insurance benefits, accrue seniority, and accrue service credit in state retirement plans permitting service credits for authorized leaves of absence as if the employee had actually been employed during the time of the leave. If the leave of absence is for one full pay period or longer, any holiday pay shall be included in the first payroll warrant after return from the leave of absence. The appointing authority shall attempt to grant requests for unpaid leaves of absence consistent with the need to continue efficient operation of the agency. However, each appointing authority shall retain discretion to grant or refuse to grant requests for leaves of absence and to schedule and cancel leaves, subject to applicable provisions of collective bargaining agreements and compensation plans.

Sec. 104. Laws 1998, chapter 366, section 2, is amended to read:

Sec. 2. LEGISLATURE

25,000

This appropriation is to the legislative coordinating commission for a grant to the Council of State Governments to organize and fund a series of meetings between members of the Minnesota legislature and members of the Manitoba and Ontario parliaments. ~~Approximately~~ Up to six members of each body may attend the meetings. Meetings may involve all three bodies or the legislature and one of the parliaments. The meetings shall be at the capital cities of the state or of the provinces. This appropriation is available until June 30, 2000.

Sec. 105. [URBAN DEVELOPMENT ENVIRONMENTAL STEERING COMMITTEE.]

Subdivision 1. [COMMITTEE; DEFINITION.] (a) The environmental quality board shall establish an urban development environmental steering committee consisting of representatives of developers, environmental interests, agricultural landowners, and other stakeholders. The urban development environmental steering committee shall advise the environmental quality board on the scope and content of the generic environmental impact statement required in subdivision 2.

(b) Compensation of members and reimbursement of their expenses is governed by Minnesota Statutes, section 15.059. The committee expires upon completion of the generic environmental impact statement required in subdivision 2 and presentation of the report to the legislature.

(c) For the purposes of this section, "urban development" means development in:

(1) cities with more than 15,000 population; and

(2) areas with densities greater than 200 people per square mile in proximity to cities with more than 15,000 population.

Subd. 2. [GENERIC ENVIRONMENTAL IMPACT STATEMENT.] A generic environmental impact statement must be prepared under the direction of the environmental quality board to examine the long-term effects of urban development, past, present, and future, upon the economy, environment, and way of life of the residents of this state. The study may address:

(1) the overall dimension of urban development in this state, including the past and current trends of settlement and population growth, the types and location of urban development, and the relationship of past and current development patterns to existing land use policies;

(2) environmental quality issues associated with urban development such as the effects of urban development on air, groundwater, surface water, and land, including the impact of urban development on the loss of agricultural land in urbanizing areas;

(3) economic issues such as the comparative economic impact of alternative means of urban development, including the economic efficiency of the alternatives;

(4) social issues such as the comparative social impact of alternative means of urban development; and

(5) the roles of various units of government in regulating various aspects of land use decisions.

Sec. 106. [STATE TRAVEL OFFICE.]

Subdivision 1. [STUDY.] The commissioner of administration shall study the feasibility and potential advantages of establishing a state travel office in the executive branch to manage and oversee arrangements for air and surface travel by state employees and officials. In conducting the study, the commissioner shall consider travel procedures currently used by the state in comparison with those used by the federal government, other states, and private businesses.

Subd. 2. [ISSUES.] The study required by subdivision 1 must address, at a minimum:

(1) the relative merits of central versus decentralized management and oversight of travel;

(2) current procedures used by the legislative, judicial, and executive branches of the state as well as the Minnesota state colleges and universities and the University of Minnesota;

(3) statutory and other authority necessary to manage and oversee state travel;

(4) the relative merits of state operation of travel services versus the provision of travel services by travel agencies under contract;

(5) the use of one travel agency versus several preferred agencies;

(6) the criteria used in selecting the preferred agencies;

(7) managing frequent-flier miles versus other options; and

(8) the use of Internet-based travel authorization and booking versus traditional methods.

Subd. 3. [REPORT.] The commissioner shall report to the legislature on the conclusions of the study by January 15, 2000. The report must include recommendations for any legislation that might be necessary to implement the report's conclusions.

Sec. 107. [BUDGET PRINCIPLES; BUDGET REVIEW.]

Subdivision 1. [PRINCIPLES.] The legislative commission on planning and fiscal policy shall establish principles and standards related to budgeting that simplify the process, minimize the number of state funds and special accounts, and are consistent with generally accepted accounting principles. The principles must define when it is appropriate to create special or dedicated funds and accounts, when it is appropriate to create open appropriations from the general fund and open appropriations of dedicated receipts, and the appropriate level of budgetary reserves.

Subd. 2. [REVIEW OF PAST BUDGET ACTIONS.] With the assistance of the commissioner of finance and staff of the house and senate, the commission shall:

(1) review the biennial budget instructions issued by the commissioner of finance for the 2000-2001 biennial budget, specifically instructions on how to establish the budget base, the inflation factors used, how to calculate caseload adjustments, and related program requirements;

(2) review all statutory open and standing appropriations and identify any that are inconsistent with the commission's principles;

(3) review all reserve accounts and the level of reserves and identify any that are inconsistent with the commission's principles; and

(4) review other related issues as deemed appropriate by the commission.

Subd. 3. [PROCESS TO REVIEW FUTURE BUDGET ACTIONS.] The commission, in consultation with the commissioner of finance, shall develop and recommend to the legislature a process whereby a bill that affects the budget may be reviewed to determine whether the appropriations and accounts it creates are consistent with the principles adopted by the commission. The commission shall consider how this review should be coordinated or integrated with the process for creating fiscal notes and whether the review should be done by staff of the executive branch or by staff of the legislative branch.

Subd. 4. [REPORT.] The commission shall report the principles and standards it has established, the results of its review of past budget actions, and its recommended process for reviewing future budget actions to the legislature and the governor by December 1, 1999.

Sec. 108. [LOAN REPAYMENT.]

The loan made by the Minneapolis community development agency to the Minneapolis park and recreation board in 1986 to acquire property for the central riverfront regional park must not be repaid by any funds from the state of Minnesota or funds of political subdivisions of the state, including the metropolitan council.

Sec. 109. [EMPLOYEE ASSISTANCE PROGRAM; TRANSFER.]

Responsibility for the state employee assistance program under Minnesota Statutes, section 16B.39, subdivision 2, is transferred from the commissioner of administration to the commissioner of employee relations under Minnesota Statutes, section 15.039.

Sec. 110. [OFFICE OF TECHNOLOGY; TRANSFER.]

In accordance with Minnesota Statutes, sections 15.039 and 43A.045, the responsibilities of the executive director of the office of technology under Minnesota Statutes, chapter 16E, and otherwise, are transferred to the commissioner of administration.

Sec. 111. [INSTRUCTION TO REVISOR.]

(a) The revisor of statutes shall renumber Minnesota Statutes, section 256.482, subdivision 5a, as Minnesota Statutes, section 16B.055, subdivision 2, and renumber the existing text of Minnesota Statutes, section 16B.055, as subdivision 1.

(b) In the next edition of Minnesota Statutes, the revisor of statutes shall change the term "executive director of the office of technology" to "commissioner of administration" and the term "executive director," wherever it refers to the executive director of the office of technology, to "commissioner."

(c) The revisor of statutes shall renumber Minnesota Statutes, section 16B.39, subdivision 2, in chapter 43A.

Sec. 112. [REPEALER.]

(a) Minnesota Rules, part 8275.0045, subpart 2, is repealed.

(b) Minnesota Statutes 1998, sections 16A.103, subdivision 3; 16E.11; 16E.12; and 16E.13, are repealed.

(c) Laws 1991, chapter 235, article 5, section 3, as amended by Laws 1995, chapter 254, article 1, section 91, is repealed.

(d) Minnesota Statutes 1998, section 16A.1285, subdivisions 4 and 5, are repealed.

(e) Minnesota Statutes 1998, sections 207A.01; 207A.02; 207A.03; 207A.04; 207A.06; 207A.07; 207A.08; 207A.09; and 207A.10, are repealed.

Sec. 113. [EFFECTIVE DATE.]

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

(b) Sections 60 to 62 and 90 are effective January 1, 2001.

(c) Sections 45 and 91 to 97 are effective the day following final enactment.

(d) Sections 46, 47, and 112, paragraph (d), are effective July 1, 2001.

(e) Sections 56, 58, 59, and 102 are effective April 30, 2000. Sections 56, 58, 59, and 102 do not affect any valid contracts executed before the effective date of sections 56, 58, 59, and 102.

ARTICLE 2

YEAR 2000

Section 1. Minnesota Statutes 1998, section 12.31, subdivision 2, is amended to read:

Subd. 2. [DECLARATION OF PEACETIME EMERGENCY.] The governor may declare a peacetime emergency. A peacetime declaration of emergency may be declared only when an act of nature, a technological failure or malfunction, a terrorist incident, an industrial accident, a hazardous materials accident, or a civil disturbance endangers life and property and local government resources are inadequate to handle the situation. It must not be continued for more than five days unless extended by resolution of the executive council up to 30 days. An order, or proclamation declaring, continuing, or terminating an emergency must be given prompt and general publicity and filed with the secretary of state.

Sec. 2. Minnesota Statutes 1998, section 12.37, is amended to read:

12.37 [POLITICAL SUBDIVISIONS, AUTHORITY TO ENTER INTO CONTRACTS.]

During an emergency or disaster, each political subdivision, notwithstanding any statutory or charter provision to the contrary, and through its governing body acting within or without the corporate limits of the political subdivision, may:

(1) enter into contracts and incur obligations necessary to combat the disaster by protecting the health and safety of persons and property and by providing emergency assistance to the victims of the disaster; and

(2) exercise the powers vested by this subdivision in the light of the exigencies of the disaster without compliance with time-consuming procedures and formalities prescribed by law pertaining to:

(i) the performance of public work;

(ii) entering into contracts;

(iii) incurring of obligations;

(iv) employment of temporary workers;

(v) rental of equipment;

(vi) purchase of supplies and materials;

(vii) limitations upon tax levies; and

(viii) the appropriation and expenditure of public funds, for example, but not limited to, publication of ordinances and resolutions, publication of calls for bids, provisions of civil service laws and rules, provisions relating to low bids, and requirements for budgets.

The failure or malfunction of public infrastructure or systems critical to the delivery of municipal services due to year 2000 problems with computers and electronically controlled devices shall constitute an emergency for the purposes of this section.

Sec. 3. [604B.01] [YEAR 2000 ACTIVITIES; IMMUNITY.]

Subdivision 1. [DEFINITIONS.] For the purpose of this section, the terms defined in this section have the meanings given them.

Subd. 2. [ASSOCIATION.] "Association" means a trade, professional, governmental, or similar organization the members of which are individuals, enterprises, or governmental units engaged in similar lines of business, services, or activity.

Subd. 3. [STATE AGENCY.] "State agency" means the University of Minnesota, Minnesota state colleges and universities, and the departments, boards, agencies, and commissions in the executive, judicial, and legislative branches.

Subd. 4. [YEAR 2000 SOLUTION INFORMATION.] "Year 2000 solution information" means information related to solutions that address the inability of computer systems, software, or electronically controlled devices to recognize certain dates in 1999 and after December 31, 1999. That inability may cause disruptions in electronic communications or the functioning of electronically controlled equipment resulting or reasonably anticipated to result from erroneous data that is or may be supplied by electronic devices.

Subd. 5. [ASSOCIATION AND RELATED IMMUNITY.] No cause of action may be maintained against an association for damages or harm resulting from the collection of year 2000 solution information or the publication of that information or against any person or entity for providing year 2000 solution information to the association.

Subd. 6. [STATE AGENCY IMMUNITY.] No cause of action may be maintained against a state agency for damages or harm resulting from the collection of year 2000 solution information or the publication of that information.

Subd. 7. [GOVERNMENTAL UNIT IMMUNITY.] No cause of action may be maintained against a governmental unit as defined in section 462.384, subdivision 2, including governmental units acting jointly under section 471.59, for damages or harm resulting from the collection, publication, or dissemination of year 2000 solution information to other governmental units or to the metropolitan council or agencies.

Subd. 8. [EXCEPTION.] Subdivisions 5 to 7 do not apply if the party against whom the claim is brought knew in fact that the year 2000 solution information provided was materially false.

Subd. 9. [NO IMPLIED CAUSE OF ACTION CREATED.] No liability on the part of any person or any public or private entity is implied or created by this section by the absence of a grant of immunity under this section.

Sec. 4. [EMERGENCIES.]

(a) The governor may declare an emergency under this section for purposes of Minnesota Statutes, sections 12.31, 12.36, and 12.37. The governor may declare an emergency under authority of this section only to the extent that actual or potential failure of computers or electronically controlled devices creates an actual or imminent serious threat to the health or safety of persons or an actual or imminent threat of catastrophic loss to property or the environment.

(b) A declaration for purposes of Minnesota Statutes, section 12.31, must be made according to procedures in that section.

(c) The governor may declare an emergency under this section for purposes of Minnesota Statutes, section 12.36 or 12.37, without declaring a peacetime emergency under Minnesota Statutes, section 12.31. A declaration for purposes of Minnesota Statutes, section 12.36 or 12.37, may specify that it applies to all or certain units of state or local government, must specify the time period for which it applies, and must be filed with the secretary of state.

(d) This section is in addition to and does not limit authority granted to the governor or local government officials by Minnesota Statutes, chapter 12, or other law.

(e) After April 1, 2000, the governor may not use this section as authority to declare an emergency.

(f) If an emergency is declared under authority of this section, a unit of state or local government may omit compliance with the procedures and law listed in Minnesota Statutes, sections 12.36, paragraph (a), clause (2), and 12.37, clause (2), only to the extent necessary to protect health and safety of persons or avoid catastrophic loss to property or the environment. A unit of state or local government must report to the year 2000 project office in the department of administration on omitting compliance with procedures and laws. The report must be filed within 30 days of the action that did not comply with the customary laws.

Sec. 5. [YEAR 2000 PROBLEM REPORTS.]

All electric utilities, as defined in Minnesota Statutes, section 216B.38, subdivision 5, and telephone companies, as defined in Minnesota Statutes, section 237.01, subdivisions 2 and 3, must file status reports on year 2000 problems with the public utilities commission and the department of public service, with a copy to the division of emergency management of the department of public safety, on July 1 and October 1, 1999. The status report must include a statement of the percentage of the assessment phase that has been completed to date, the percentage of the remediation phase that has been completed to date, and the percentage of the testing of corrective actions phase that has been complete to date. The foregoing questions, along with others deemed appropriate, must be included in Y2K status report form that must be provided by the department of public safety, division of emergency management. If a report indicates that all year 2000 problems have been remediated, an entity need not file a subsequent report unless there has been a change.

Sec. 6. [YEAR 2000 PROBLEM EXEMPTION FROM UNIFORM MUNICIPAL CONTRACTING LAW.]

Subdivision 1. [MUNICIPAL CONTRACTS.] Minnesota Statutes, section 471.345, does not apply to the purchase or rental of supplies, materials, and equipment nor to the construction, alteration, repair, and maintenance of real or personal property if the governing body of a municipality determines that there is an urgency due to the actual or potential failure or malfunction of public infrastructure or systems critical to the delivery of municipal services due to year 2000 problems with computers and electronically controlled devices.

Subd. 2. [SPECIAL PROCEDURE.] A contract exempted from Minnesota Statutes, section 471.345, by subdivision 1 may, at the discretion of the municipality, be made by direct negotiation by obtaining two or more quotations or in the open market. All quotations shall be kept on file for a period of at least one year after receipt.

Subd. 3. [APPLICABILITY OF OTHER LAWS.] This section supersedes any inconsistent law.

Subd. 4. [REPORTS.] A municipality must report to the year 2000 project office in the department of administration on each instance in which it omitted compliance with the uniform municipal contracting law under authority of this section.

Subd. 5. [EXPIRATION.] This section applies only to a contract entered into or goods or services purchased before April 1, 2000.

Sec. 7. [YEAR 2000 PROBLEM; LOCAL GOVERNMENT DEBT.]

Subdivision 1. [SCOPE.] For the purpose of this section, the terms defined in subdivisions 2 to 4 have the meanings given them.

Subd. 2. [YEAR 2000 PROBLEM.] "Year 2000 problem" means disruptions in electronic communications or the functioning of electronically controlled equipment resulting or reasonably anticipated to result from erroneous data that is or may be supplied by electronic devices in 1999 or on or after January 1, 2000.

Subd. 3. [POLITICAL SUBDIVISION.] "Political subdivision" means a home rule charter city, a statutory city, a school district, a county, a town, the metropolitan council, or any local governmental entity authorized by general or special law or charter to own and operate electronically controlled equipment.

Subd. 4. [YEAR 2000 PROBLEM REMEDIATION COST.] "Year 2000 problem remediation cost" means a cost or expense of any nature incurred by a political subdivision in planning for and taking remedial or preventive action to prepare for or correct the year 2000 problem.

Subd. 5. [AUTHORITY.] Any law or charter provision authorizing a political subdivision to borrow money and incur debt is deemed to include the authority to borrow money and incur that debt for year 2000 problem remediation.

Debt incurred for year 2000 problem remediation is not subject to debt limits and notwithstanding any contrary provision of law or charter provision, need not be approved by the voters of a political subdivision. A political subdivision not otherwise authorized to borrow money and incur debt may, with approval of the appropriate governmental subdivision with taxing authority, incur debt for year 2000 problem remediation in the same manner and subject to the same limitations as statutory cities. A debt may not be incurred until the year 2000 project office in the department of administration certifies to the commissioner of revenue that the proposed use of the debt is related only to remediation of a year 2000 problem.

Subd. 6. [SUNSET.] The authority to incur debt under this section expires December 31, 2000, provided that debt incurred under this section need not be repaid until December 31, 2005.

Subd. 7. [INTERPRETATION.] This section is to be construed liberally to achieve its purpose.

Sec. 8. [DEPARTMENT OF HEALTH; YEAR 2000 ACTIVITY.]

Subdivision 1. [DEPARTMENT OF HEALTH SURVEY.] The department of health must, by July 30, 1999, survey all hospitals, nursing homes, nontransient noncommunity water systems operated by a public entity, and community water supply systems for year 2000 problems and solutions related to their operations. The department, upon request, must disseminate information about those year 2000 problems and proposed solutions to hospitals, nursing homes, and water supply system operators in a prompt and reasonable manner.

Subd. 2. [STATUS REPORTS.] All hospitals, nursing homes, nontransient noncommunity water systems operated by a public entity, and community water supply systems must file status reports on year 2000 problems with the department of health, with a copy to the division of emergency management of the department of public safety, on July 1 and October 1, 1999. The status report must include a statement of the percentage of the assessment phase that has been completed to date, the percentage of the remediation phase that has been completed to date, and the percentage of the testing of corrective actions phase that has been completed to date. The foregoing questions, along with others deemed appropriate, must be included in a Y2K status report form that must be provided by the department of public safety, division of emergency management. If there has been no change since the previous report, the report may indicate only that no change has occurred.

Sec. 9. [DEPARTMENT OF HUMAN SERVICES; YEAR 2000 ACTIVITY.]

If year 2000 computer problems create a failure or malfunction in the infrastructure or systems used by the department of human services for payment to health care providers under state government programs or counties, the commissioner of human services shall continue to pay all health care providers paid under state government programs or counties by manual warrant or other measures within the statutorily required time period.

Sec. 10. [STATUS REPORTS.]

(a) The recipients of the status reports required by sections 5 and 8, subdivision 2, including the division of emergency management, shall consult with those required to file those reports concerning the form of the report.

(b) All reports provided under sections 5 and 8 shall be considered Year 2000 Readiness Disclosures.

Sec. 11. [USE OF STATUS REPORTS AS EVIDENCE PROHIBITED.]

The status reports required by sections 5 and 8, subdivision 2, may not be used as evidence in any action seeking damages or other relief because of a year 2000 problem.

Sec. 12. [YEAR 2000 LOAN FUND.]

(a) \$20,000,000 is appropriated from the general fund in fiscal year 2000 to the commissioner of finance to capitalize a fund, to be used to make loans to school districts; counties; joint powers boards; home rule charter and statutory cities; and towns to meet the costs they incur in addressing year 2000 problems.

(b) A loan may not be made until the year 2000 project office of the department of administration certifies to the commissioner of finance that:

- (1) the proposed use of the loan is related only to remediation of a year 2000 problem;
- (2) the unit of local government has insufficient resources available to address year 2000 problems; and
- (3) the loan would be used to remediate problems that are likely to affect public health and safety or cause catastrophic loss to property or the environment.

(c) The local units of government that received the loans must repay them by June 30, 2001. Interest is payable on the loan at the rate earned by the state on invested treasurer's cash, as determined monthly by the commissioner of finance. Repayments must be deposited in the general fund.

(d) A unit of local government receiving a loan under this section must report to the year 2000 project office in the department of administration within 60 days of receiving the loan. The report must state how the loan was used in accordance with the criteria of paragraph (b).

(e) This appropriation cancels April 1, 2000.

Any canceled money must be deposited in the general fund.

Sec. 13. [COMMISSIONER REVIEW.]

The commissioner of administration, through staff of the Y2K project office, is responsible for reviewing use of emergency authority and emergency funds under this act and shall review reports from state agencies and political subdivisions under sections 4, 5, 6, and 12. If the commissioner determines that funds obtained under section 12 were not used in a manner consistent with the requirements of section 12, paragraph (b), the political subdivision must pay interest on the loan at the rate of 12 percent, compounded annually from the time the loan was received.

Sec. 14. [EFFECTIVE DATE.]

Section 3 is effective the day following final enactment and does not affect or apply to any lawsuit pending on the effective date. Sections 1, 2, and 4 to 13 are effective the day following final enactment.

ARTICLE 3

CONFORMING CHANGES

Section 1. Minnesota Statutes 1998, section 14.131, is amended to read:

14.131 [STATEMENT OF NEED AND REASONABLENESS.]

Before the agency orders the publication of a rulemaking notice required by section 14.14, subdivision 1a, the agency must prepare, review, and make available for public review a statement of the need for and reasonableness of the rule. The statement of need and reasonableness must be prepared under rules adopted by the chief administrative law judge and must include the following to the extent the agency, through reasonable effort, can ascertain this information:

(1) a description of the classes of persons who probably will be affected by the proposed rule, including classes that will bear the costs of the proposed rule and classes that will benefit from the proposed rule;

(2) the probable costs to the agency and to any other agency of the implementation and enforcement of the proposed rule and any anticipated effect on state revenues;

(3) a determination of whether there are less costly methods or less intrusive methods for achieving the purpose of the proposed rule;

(4) a description of any alternative methods for achieving the purpose of the proposed rule that were seriously considered by the agency and the reasons why they were rejected in favor of the proposed rule;

(5) the probable costs of complying with the proposed rule; and

(6) an assessment of any differences between the proposed rule and existing federal regulations and a specific analysis of the need for and reasonableness of each difference.

~~For rules setting, adjusting, or establishing regulatory, licensure, or other charges for goods and services, the statement of need and reasonableness must include the comments and recommendations of the commissioner of finance and must address any fiscal and policy concerns raised during the review process, as required by section 16A.1285.~~

The statement must describe how the agency, in developing the rules, considered and implemented the legislative policy supporting performance-based regulatory systems set forth in section 14.002.

The statement must also describe the agency's efforts to provide additional notification to persons or classes of persons who may be affected by the proposed rule or must explain why these efforts were not made.

The agency must send a copy of the statement of need and reasonableness to the legislative reference library when it becomes available for public review.

Sec. 2. Minnesota Statutes 1998, section 14.23, is amended to read:

14.23 [STATEMENT OF NEED AND REASONABLENESS.]

Before the date of the section 14.22 notice, the agency shall prepare a statement of need and reasonableness, which must be available to the public. The statement of need and reasonableness must include the analysis required in section 14.131 ~~and the comments and recommendations of the commissioner of finance, and must address any fiscal and policy concerns raised during the review process, as required by section 16A.1285.~~ The statement must also describe the agency's efforts to provide additional notification to persons or classes of persons who may be affected by the proposed rules or must explain why these efforts were not made. For at least 30 days following the notice, the agency shall afford the public an opportunity to request a public hearing and to submit data and views on the proposed rule in writing.

The agency shall send a copy of the statement of need and reasonableness to the legislative reference library when it becomes available to the public.

Sec. 3. Minnesota Statutes 1998, section 16B.748, is amended to read:

16B.748 [RULES.]

The commissioner may adopt rules for the following purposes:

~~(1) to set a fee under section 16A.1285 for processing a construction or installation permit or elevator contractor license application;~~

~~(2) to set a fee under section 16A.1285 to cover the cost of elevator inspections;~~

~~(3) to establish minimum qualifications for elevator inspectors that must include possession of a current elevator constructor electrician's license issued by the state board of electricity and proof of successful completion of the national elevator industry education program examination or equivalent experience;~~

~~(4) (2) to establish criteria for the qualifications of elevator contractors;~~

~~(5) (3) to establish elevator standards under sections 16B.61, subdivisions 1 and 2, and 16B.64;~~

~~(6) (4) to establish procedures for appeals of decisions of the commissioner under chapter 14 and procedures allowing the commissioner, before issuing a decision, to seek advice from the elevator trade, building owners or managers, and others knowledgeable in the installation, construction, and repair of elevators; and~~

~~(7) (5) to establish requirements for the registration of all elevators.~~

Sec. 4. Minnesota Statutes 1998, section 18.54, is amended to read:

18.54 [LOCAL SALES AND MISCELLANEOUS.]

Subdivision 1. [SERVICES AND FEES.] The commissioner may make small lot inspections or perform other necessary services for which another charge is not specified. For these services the commissioner shall set a fee plus expenses that will recover the cost of performing this service, ~~as provided in section 16A.1285.~~ The commissioner may set an additional acreage fee for inspection of seed production fields for exporters in order to meet domestic and foreign plant quarantine requirements.

Subd. 2. [VIRUS DISEASE-FREE CERTIFICATION.] The commissioner shall have the authority to provide special services such as virus disease-free certification and other similar programs. Participation by nursery stock growers shall be voluntary. Plants offered for sale as certified virus-free must be grown according to certain procedures in a manner defined by the commissioner for the purpose of eliminating viruses and other injurious disease or insect pests. The commissioner shall collect reasonable fees from participating nursery stock growers for services and materials that are necessary to conduct this type of work, ~~as provided in section 16A.1285.~~

Sec. 5. Minnesota Statutes 1998, section 21.92, is amended to read:

21.92 [SEED INSPECTION FUND.]

There is established in the state treasury an account known as the seed inspection fund. Fees and penalties collected by the commissioner under sections 21.80 to 21.92 and interest attributable to money in the account shall be deposited into this account. ~~The rates at which the fees are charged may be adjusted pursuant to section 16A.1285.~~

Sec. 6. Minnesota Statutes 1998, section 60A.964, subdivision 1, is amended to read:

Subdivision 1. [AMOUNT.] The licensing fee for a viatical settlement provider license is \$750 for initial licensure and \$250 for each annual renewal. ~~The commissioner may adjust the fees as provided under section 16A.1285 to recover the costs of administration and enforcement.~~ The fees must be limited to the cost of license administration and enforcement and must be deposited in the state treasury, credited to a special account, and appropriated to the commissioner.

Sec. 7. Minnesota Statutes 1998, section 60A.972, subdivision 3, is amended to read:

Subd. 3. [FEES.] The licensing fee for a viatical settlement broker is \$750 for initial licensure and \$250 for each annual renewal. Failure to pay the renewal fee within the time required by the commissioner results in an automatic revocation of the license. ~~The commissioner may adjust the fees as provided under section 16A.1285 to recover the costs of administration and enforcement.~~ The fees must be limited to the cost of license administration and enforcement and must be deposited in the state treasury, credited to a special account, and appropriated to the commissioner.

Sec. 8. Minnesota Statutes 1998, section 97B.025, is amended to read:

97B.025 [ADVANCED HUNTER EDUCATION.]

The commissioner may establish advanced education courses for hunters and trappers. The commissioner, with the approval of the commissioner of finance, may impose a fee not to exceed \$10 for each person attending an advanced education course. ~~The commissioner shall establish the fee under section 16A.1285.~~

Sec. 9. Minnesota Statutes 1998, section 103G.301, subdivision 2, is amended to read:

Subd. 2. [PERMIT APPLICATION FEES.] ~~(a)~~ An application for a permit authorized under this chapter, and each request to amend or transfer an existing permit, must be accompanied by a permit application fee to defray the costs of receiving, recording, and processing the application or request to amend or transfer.

~~(b) The application fee for a permit to appropriate water, a permit to construct or repair a dam that is subject to dam safety inspection, a state general permit, or to apply for the state water bank program is \$75. The application fee for a permit to work in public waters or to divert waters for mining must be at least \$75, but not more than \$500, in accordance with a schedule of fees adopted under section 16A.1285.~~

Sec. 10. Minnesota Statutes 1998, section 103I.525, subdivision 9, is amended to read:

Subd. 9. [INCOMPLETE OR LATE RENEWAL.] If a licensee fails to submit all information required for renewal in subdivision 8 or submits the application and information after the required renewal date:

- (1) the licensee must include an additional late fee set by the commissioner ~~under section 16A.1285~~; and
- (2) the licensee may not conduct activities authorized by the well contractor's license until the renewal application, renewal application fee, late fee, and all other information required in subdivision 8 are submitted.

Sec. 11. Minnesota Statutes 1998, section 103I.531, subdivision 9, is amended to read:

Subd. 9. [INCOMPLETE OR LATE RENEWAL.] If a licensee fails to submit all information required for renewal in subdivision 8 or submits the application and information after the required renewal date:

- (1) the licensee must include an additional late fee set by the commissioner ~~under section 16A.1285~~; and
- (2) the licensee may not conduct activities authorized by the limited well contractor's license until the renewal application, renewal application fee, and late fee, and all other information required in subdivision 8 are submitted.

Sec. 12. Minnesota Statutes 1998, section 103I.535, subdivision 9, is amended to read:

Subd. 9. [INCOMPLETE OR LATE RENEWAL.] If a licensee fails to submit all information required for renewal in subdivision 8 or submits the application and information after the required renewal date:

- (1) the licensee must include an additional late fee set by the commissioner ~~under section 16A.1285~~; and
- (2) the licensee may not conduct activities authorized by the elevator shaft contractor's license until the renewal application, renewal application fee, and late fee, and all other information required in subdivision 8 are submitted.

Sec. 13. Minnesota Statutes 1998, section 103I.541, subdivision 5, is amended to read:

Subd. 5. [INCOMPLETE OR LATE RENEWAL.] If a registered person submits a renewal application after the required renewal date:

- (1) the registered person must include an additional late fee set by the commissioner ~~under section 16A.1285~~; and
- (2) the registered person may not conduct activities authorized by the monitoring well contractor's registration until the renewal application, renewal application fee, late fee, and all other information required in subdivision 4 are submitted.

Sec. 14. Minnesota Statutes 1998, section 115B.49, subdivision 2, is amended to read:

Subd. 2. [REVENUE SOURCES.] Revenue from the following sources must be deposited in the state treasury and credited to the account:

- (1) the proceeds of the fees imposed by subdivision 4;
- (2) interest attributable to investment of money in the account;
- (3) penalties and interest collected under subdivision 4, paragraph ~~(d)~~ (c); and
- (4) money received by the commissioner for deposit in the account in the form of gifts, grants, and appropriations.

Sec. 15. Minnesota Statutes 1998, section 115B.49, subdivision 4, is amended to read:

Subd. 4. [REGISTRATION; FEES.] (a) The owner or operator of a drycleaning facility shall register on or before July 1 of each year with the commissioner of revenue in a manner prescribed by the commissioner of revenue and pay a registration fee for the facility. The amount of the fee is:

- (1) \$500, for facilities with a full-time equivalence of fewer than five;
- (2) \$1,000, for facilities with a full-time equivalence of five to ten; and
- (3) \$1,500, for facilities with a full-time equivalence of more than ten.

(b) A person who sells drycleaning solvents for use by drycleaning facilities in the state shall collect and remit to the commissioner of revenue in a manner prescribed by the commissioner of revenue, on or before the 20th day of the month following the month in which the sales of drycleaning solvents are made, a fee of:

- (1) \$3.50 for each gallon of perchloroethylene sold for use by drycleaning facilities in the state; and
- (2) 70 cents for each gallon of hydrocarbon-based drycleaning solvent sold for use by drycleaning facilities in the state.

(c) ~~The commissioner shall, after a public hearing but notwithstanding section 16A.1285, subdivision 4, annually adjust the fees in this subdivision as necessary to maintain annual income of at least:~~

- ~~(1) \$600,000 beginning July 1, 1997;~~
- ~~(2) \$700,000 beginning July 1, 1998; and~~
- ~~(3) \$800,000 beginning July 1, 1999.~~

~~Any adjustment under this paragraph must be prorated among all the fees in this subdivision. After adjustment under this paragraph, the fees in this subdivision must not be greater than two times their original amount. The commissioner shall notify the commissioner of revenue of an adjustment under this paragraph no later than March 1 of the year in which the adjustment is to become effective. The adjustment is effective for sales of drycleaning solvents made, and annual registration fees due, beginning on July 1 of the same year.~~

~~(d)~~ To enforce this subdivision, the commissioner of revenue may examine documents, assess and collect fees, conduct investigations, issue subpoenas, grant extensions to file returns and pay fees, impose penalties and interest on the annual registration fee under paragraph (a) and the monthly fee under paragraph (b), abate penalties and interest, and administer appeals, in the manner provided in chapters 270 and 289A. The penalties and interest imposed on taxes under chapter 297A apply to the fees imposed under this subdivision. Disclosure of data collected by the commissioner of revenue under this subdivision is governed by chapter 270B.

Sec. 16. Minnesota Statutes 1998, section 115B.491, subdivision 2, is amended to read:

Subd. 2. [RETURN REQUIRED.] On or before the 20th of each calendar month, every drycleaning facility that has purchased drycleaning solvents for use in this state during the preceding calendar month, upon which the fee imposed by section 115B.49, subdivision 4, paragraph (b), has not been paid to the seller of the drycleaning solvents, shall file a return with the commissioner of revenue showing the quantity of solvents purchased and a computation of the fee under section 115B.49, subdivision 4, paragraph ~~(d)~~ (c). The fee must accompany the return. The return must be made upon a form furnished and prescribed by the commissioner of revenue and must contain such other information as the commissioner of revenue may require.

Sec. 17. Minnesota Statutes 1998, section 115B.491, subdivision 3, is amended to read:

Subd. 3. [APPLICABILITY.] All of the provisions of section 115B.49, subdivision 4, paragraph ~~(d)~~ (c), apply to this section.

Sec. 18. Minnesota Statutes 1998, section 116.07, subdivision 4d, is amended to read:

Subd. 4d. [PERMIT FEES.] (a) The agency may collect permit fees in amounts not greater than those necessary to cover the reasonable costs of reviewing and acting upon applications for agency permits and implementing and enforcing the conditions of the permits pursuant to agency rules. Permit fees shall not include the costs of litigation. ~~The agency shall adopt rules under section 16A.1285 establishing a system for charging permit fees collected under this subdivision.~~ The fee schedule must reflect reasonable and routine permitting, implementation, and enforcement costs. The agency may impose an additional enforcement fee to be collected for a period of up to two years to cover the reasonable costs of implementing and enforcing the conditions of a permit under the rules of the agency. Any money collected under this paragraph shall be deposited in the environmental fund.

(b) Notwithstanding paragraph (a), and section 16A.1285, subdivision 2, the agency shall collect an annual fee from the owner or operator of all stationary sources, emission facilities, emissions units, air contaminant treatment facilities, treatment facilities, potential air contaminant storage facilities, or storage facilities subject to the requirement to obtain a permit under subchapter V of the federal Clean Air Act, United States Code, title 42, section 7401 et seq., or section 116.081. The annual fee shall be used to pay for all direct and indirect reasonable costs, including attorney general costs, required to develop and administer the permit program requirements of subchapter V of the federal Clean Air Act, United States Code, title 42, section 7401 et seq., and sections of this chapter and the rules adopted under this chapter related to air contamination and noise. Those costs include the reasonable costs of reviewing and acting upon an application for a permit; implementing and enforcing statutes, rules, and the terms and conditions of a permit; emissions, ambient, and deposition monitoring; preparing generally applicable regulations; responding to federal guidance; modeling, analyses, and demonstrations; preparing inventories and tracking emissions; and providing information to the public about these activities.

(c) ~~The agency shall adopt fee rules in accordance with the procedures in section 16A.1285, subdivision 5; set fees that:~~

(1) will result in the collection, in the aggregate, from the sources listed in paragraph (b), of an amount not less than \$25 per ton of each volatile organic compound; pollutant regulated under United States Code, title 42, section 7411 or 7412 (section 111 or 112 of the federal Clean Air Act); and each pollutant, except carbon monoxide, for which a national primary ambient air quality standard has been promulgated;

(2) may result in the collection, in the aggregate, from the sources listed in paragraph (b), of an amount not less than \$25 per ton of each pollutant not listed in clause (1) that is regulated under this chapter or air quality rules adopted under this chapter; and

(3) shall collect, in the aggregate, from the sources listed in paragraph (b), the amount needed to match grant funds received by the state under United States Code, title 42, section 7405 (section 105 of the federal Clean Air Act).

The agency must not include in the calculation of the aggregate amount to be collected under clauses (1) and (2) any amount in excess of 4,000 tons per year of each air pollutant from a source. The increase in air permit fees to match federal grant funds shall be a surcharge on existing fees. The commissioner may not collect the surcharge after the grant funds become unavailable. In addition, the commissioner shall use nonfee funds to the extent practical to match the grant funds so that the fee surcharge is minimized.

(d) To cover the reasonable costs described in paragraph (b), the agency shall provide in the rules promulgated under paragraph (c) for an increase in the fee collected in each year by the percentage, if any, by which the Consumer Price Index for the most recent calendar year ending before the beginning of the year the fee is collected exceeds the Consumer Price Index for the calendar year 1989. For purposes of this paragraph the Consumer Price Index for any

calendar year is the average of the Consumer Price Index for all-urban consumers published by the United States Department of Labor, as of the close of the 12-month period ending on August 31 of each calendar year. The revision of the Consumer Price Index that is most consistent with the Consumer Price Index for calendar year 1989 shall be used.

(e) Any money collected under paragraphs (b) to (d) must be deposited in an air quality account in the environmental fund and must be used solely for the activities listed in paragraph (b).

(f) Persons who wish to construct or expand an air emission facility may offer to reimburse the agency for the costs of staff overtime or consultant services needed to expedite permit review. The reimbursement shall be in addition to fees imposed by paragraphs (a) to (d). When the agency determines that it needs additional resources to review the permit application in an expedited manner, and that expediting the review would not disrupt air permitting program priorities, the agency may accept the reimbursement. Reimbursements accepted by the agency are appropriated to the agency for the purpose of reviewing the permit application. Reimbursement by a permit applicant shall precede and not be contingent upon issuance of a permit and shall not affect the agency's decision on whether to issue or deny a permit, what conditions are included in a permit, or the application of state and federal statutes and rules governing permit determinations.

Sec. 19. Minnesota Statutes 1998, section 116.12, is amended to read:

116.12 [HAZARDOUS WASTE ADMINISTRATION FEES.]

Subdivision 1. [FEE SCHEDULES.] The agency shall establish the fees provided in subdivisions 2 and 3 ~~in the manner provided in section 16A.1285~~ to cover expenditures of amounts appropriated from the environmental fund to the agency for permitting, monitoring, inspection, and enforcement expenses of the hazardous waste activities of the agency.

Subd. 2. [HAZARDOUS WASTE GENERATOR FEE.] (a) Each generator of hazardous waste shall pay a fee on the hazardous waste generated by that generator. ~~The agency shall adopt rules in accordance with chapter 14 establishing a system for charging fees to generators. The rules must include the basis for determining the amount of fees, and procedures and deadlines for payment of fees.~~ The agency shall base the amount of fees on the quantity of hazardous waste generated and may charge a minimum fee for each generator not exempted by the agency. In adopting the fee rules, the agency shall consider:

(1) reducing the fees for generators using environmentally beneficial hazardous waste management methods, including recycling;

(2) the agency resources allocated to regulating the various sizes or types of generators;

(3) adjusting fees for sizes or types of generators that would bear a disproportionate share of the fees to be collected; and

(4) whether implementing clauses (1) to (3) would require excessive staff time compared to staff time available for providing technical assistance to generators or would make the fee system difficult for generators to understand.

(b) The agency may exempt generators of very small quantities of hazardous wastes otherwise subject to the fee if it finds that the cost of administering a fee on those generators is excessive relative to the proceeds of the fee.

(c) The agency shall reduce fees charged to generators in counties which also charge generator fees to reflect a lesser level of activity by the agency in those counties. The fees charged by the agency in those counties shall be collected by the counties in the manner in which and at the same time as those counties collect their generator fees. Counties shall remit to the agency the amount of the fees charged by the agency by the last day of the month following the month in which they were collected. If a county does not collect or remit generator fees due to the agency, the agency may collect fees from generators in that county according to rules adopted under paragraph (a).

(d) The agency may not impose a volume-based fee under this subdivision on material that is reused at the facility where the material is generated in a manner that the facility owner or operator can demonstrate does not increase the toxicity of, or the level of hazardous substances or pollutants or contaminants in, products that leave the facility. The agency may impose a flat annual fee on a facility that generates the type of material described in the preceding sentence, provided that the fee reflects the reasonable and necessary costs of inspections of the facility.

Subd. 3. [FACILITY FEES.] The agency shall charge hazardous waste facility fees including, but not limited to, an original permit fee, a reissuance fee, a major modification fee, and an annual facility fee for any hazardous waste facility regulated by the agency. ~~The agency shall adopt rules in accordance with chapter 14 establishing a system for charging hazardous waste facility fees.~~ The agency may exempt facilities otherwise subject to the fee if regulatory oversight of those facilities is minimal. The agency may include reasonable and necessary costs of any environmental review required under chapter 116D in the original permit fee for any hazardous waste facility.

Sec. 20. Minnesota Statutes 1998, section 116C.834, subdivision 1, is amended to read:

Subdivision 1. [COSTS.] All costs incurred by the state to carry out its responsibilities under the compact and under sections 116C.833 to 116C.843 shall be paid by generators of low-level radioactive waste in this state through fees assessed by the pollution control agency. ~~The agency shall assess the fees in the manner provided in section 16A.1285.~~ Fees may be reasonably assessed on the basis of volume or degree of hazard of the waste produced by a generator. Costs for which fees may be assessed include, but are not limited to:

- (1) the state contribution required to join the compact;
- (2) the expenses of the Commission member and state agency costs incurred to support the work of the Interstate Commission; and
- (3) regulatory costs.

Sec. 21. Minnesota Statutes 1998, section 144.98, subdivision 3, is amended to read:

Subd. 3. [FEES.] (a) An application for certification under subdivision 1 must be accompanied by the biennial fee specified in this subdivision. The fees are for:

- (1) base certification fee, \$500; and
- (2) test category certification fees:

Test Category	Certification Fee
Bacteriology	\$200
Inorganic chemistry, fewer than four constituents	\$100
Inorganic chemistry, four or more constituents	\$300
Chemistry metals, fewer than four constituents	\$200
Chemistry metals, four or more constituents	\$500
Volatile organic compounds	\$600
Other organic compounds	\$600

(b) The total biennial certification fee is the base fee plus the applicable test category fees. The biennial certification fee for a contract laboratory is 1.5 times the total certification fee.

(c) Laboratories located outside of this state that require an on-site survey will be assessed an additional \$1,200 fee.

(d) ~~The commissioner of health may adjust fees under section 16A.1285 without rulemaking.~~ Fees must be set so that the total fees support the laboratory certification program. Direct costs of the certification service include program administration, inspections, the agency's general support costs, and attorney general costs attributable to the fee function.

Sec. 22. Minnesota Statutes 1998, section 176.102, subdivision 14, is amended to read:

Subd. 14. [FEES.] The commissioner shall impose fees ~~under section 16A.1285~~ sufficient to cover the cost of approving and monitoring qualified rehabilitation consultants, consultant firms, and vendors of rehabilitation services. These fees are payable to the special compensation fund.

Sec. 23. Minnesota Statutes 1998, section 183.375, subdivision 5, is amended to read:

Subd. 5. [FEES.] All fees collected by the division of boiler inspection shall be paid into the state treasury in the manner provided by law for fees received by other state departments and credited to the general fund. ~~When fees are to be set by the commissioner, they shall be set pursuant to section 16A.1285.~~

Sec. 24. Minnesota Statutes 1998, section 223.17, subdivision 3, is amended to read:

Subd. 3. [GRAIN BUYERS AND STORAGE FUND; FEES.] The commissioner shall set the fees for inspections under sections 223.15 to 223.22 at levels necessary to pay the expenses of administering and enforcing sections 223.15 to 223.22. ~~These fees may be adjusted pursuant to the provisions of section 16A.1285.~~

The fee for any license issued or renewed after June 30, 1997, shall be set according to the following schedule:

- (a) \$100 plus \$50 for each additional location for grain buyers whose gross annual purchases are less than \$100,000;
- (b) \$200 plus \$50 for each additional location for grain buyers whose gross annual purchases are at least \$100,000, but not more than \$750,000;
- (c) \$300 plus \$100 for each additional location for grain buyers whose gross annual purchases are more than \$750,000 but not more than \$1,500,000;
- (d) \$400 plus \$100 for each additional location for grain buyers whose gross annual purchases are more than \$1,500,000 but not more than \$3,000,000; and
- (e) \$500 plus \$100 for each additional location for grain buyers whose gross annual purchases are more than \$3,000,000.

There is created in the state treasury the grain buyers and storage fund. Money collected pursuant to sections 223.15 to 223.19 shall be paid into the state treasury and credited to the grain buyers and storage fund and is appropriated to the commissioner for the administration and enforcement of sections 223.15 to 223.22.

Sec. 25. Minnesota Statutes 1998, section 239.101, subdivision 4, is amended to read:

Subd. 4. [SETTING WEIGHTS AND MEASURES FEES.] The department shall review its schedule of inspection fees at the end of each six months. ~~When a review indicates that the schedule of inspection fees should be adjusted, the commissioner shall fix the fees by rule, in accordance with section 16A.1285, to ensure that the fees charged are sufficient to recover all costs connected with the inspections.~~

Sec. 26. Minnesota Statutes 1998, section 299M.04, is amended to read:

299M.04 [RULES; FEES; ORDERS; PENALTIES.]

The commissioner shall adopt permanent rules for operation of the council; regulation by municipalities; ~~permit, filing, inspection, certificate, and license fees;~~ qualifications, examination, and licensing of fire protection contractors; certification of journeyman sprinkler fitters; registration of apprentices; and the administration and enforcement of this chapter. ~~Fees must be set under section 16A.1285.~~ Permit fees must be a percentage of the total cost of the fire protection work.

The commissioner may issue a cease and desist order to cease an activity considered an immediate risk to public health or public safety. The commissioner shall adopt permanent rules governing when an order may be issued; how long the order is effective; notice requirements; and other procedures and requirements necessary to implement, administer, and enforce the provisions of this chapter.

The commissioner, in place of or in addition to licensing sanctions allowed under this chapter, may impose a civil penalty not greater than \$1,000 for each violation of this chapter or rule adopted under this chapter, for each day of violation. The commissioner shall adopt permanent rules governing and establishing procedures for implementation, administration, and enforcement of this paragraph.

Sec. 27. Minnesota Statutes 1998, section 326.50, is amended to read:

326.50 [APPLICATION; FEES.]

Application for an individual contracting pipefitter competency or an individual journeyman pipefitter competency license shall be made to the department of labor and industry, with fees. The applicant shall be licensed only after passing an examination by the department of labor and industry. ~~Fees and conditions for renewal of an individual contracting pipefitter competency or an individual journeyman pipefitter competency license shall be determined by the department by rule under chapter 14 and section 16A.1285.~~

Sec. 28. Minnesota Statutes 1998, section 326.86, subdivision 1, is amended to read:

Subdivision 1. [LICENSING FEE.] The licensing fee for persons licensed pursuant to sections 326.83 to 326.991 is \$75 per year. ~~The commissioner may adjust the fees under section 16A.1285 to recover the costs of administration and enforcement.~~ The fees must be limited to the cost of license administration and enforcement and must be deposited in the state treasury and credited to the general fund.

Sec. 29. [EFFECTIVE DATE.]

This article is effective July 1, 2001."

Delete the title and insert:

"A bill for an act relating to the organization and operation of state government; appropriating money for the general legislative and administrative expenses of state government with certain conditions; modifying provisions relating to state government operations; amending Minnesota Statutes 1998, sections 3.17; 3C.12, subdivision 2; 8.15, subdivisions 1, 2, and 3; 12.31, subdivision 2; 12.37; 13.03, subdivision 2; 13.05, by adding a subdivision; 13.073, by adding a subdivision; 14.131; 14.23; 15.50, subdivision 2; 16A.102, subdivision 1; 16A.11, by adding a subdivision; 16A.129, subdivision 3; 16A.45, subdivision 1; 16A.85, subdivision 1; 16B.03; 16B.104; 16B.24, subdivision 5; 16B.31, subdivision 2; 16B.32, subdivision 2; 16B.415; 16B.42, subdivision 1; 16B.46; 16B.465; 16B.72; 16B.73; 16B.748; 16C.14, subdivision 1; 16D.04, subdivision 2; 16E.01, subdivision 1; 16E.02; 16E.08; 18.54; 21.92; 43A.047; 43A.22; 43A.23, subdivisions 1 and 2; 43A.30, by adding a subdivision; 43A.31, subdivision 2, and by adding a subdivision; 60A.964, subdivision 1; 60A.972, subdivision 3; 97B.025; 103G.301, subdivision 2; 103I.525, subdivision 9; 103I.531, subdivision 9; 103I.535, subdivision 9; 103I.541, subdivision 5; 115B.49, subdivisions 2 and 4; 115B.491, subdivisions 2 and 3; 116.07, subdivision 4d; 116.12; 116C.834, subdivision 1; 138.17, subdivisions 7 and 8; 144.98, subdivision 3; 176.102, subdivision 14; 183.375, subdivision 5; 192.49, subdivision 3; 197.79, subdivision 10; 202A.18, by adding a subdivision; 202A.20, subdivision 2; 204B.25, subdivision 2, and by adding a subdivision; 204B.27, by adding a subdivision; 204B.28, subdivision 1; 223.17, subdivision 3; 239.101, subdivision 4; 240A.09; 297F.08, by adding a subdivision; 299M.04; 325K.03, by adding a subdivision; 325K.04; 325K.05, subdivision 1; 325K.09, by adding a subdivision; 325K.10, subdivision 5; 325K.14, by adding a subdivision; 325K.15, by adding a subdivision; 326.50; 326.86, subdivision 1; and 349.163, subdivision 4; Laws 1993, chapter 192, section 16; Laws 1994, chapter 643, section 69, subdivision 1; Laws 1995, First Special Session chapter 3, article 12, section 7,

subdivision 1, as amended; section 10; Laws 1997, chapter 202, article 2, section 61; and Laws 1998, chapter 366, section 2; proposing coding for new law in Minnesota Statutes, chapters 16A; 16B; 16C; 43A; 240A; and 325F; proposing coding for new law as Minnesota Statutes, chapter 604B; repealing Minnesota Statutes 1998, sections 16A.103, subdivision 3; 16A.1285, subdivisions 4 and 5; 16E.11; 16E.12; 16E.13; 207A.01; 207A.02; 207A.03; 207A.04; 207A.06; 207A.07; 207A.08; 207A.09; and 207A.10; Laws 1991, chapter 235, article 5, section 3, as amended; Minnesota Rules, part 8275.0045, subpart 2."

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

Senate Conferees: LEONARD R. PRICE, JAMES P. METZEN, RICHARD J. COHEN, DENNIS R. FREDERICKSON AND DAN STEVENS.

House Conferees: PHIL KRINKIE, BRUCE ANDERSON AND CHRIS GERLACH.

Krinkie moved that the report of the Conference Committee on S. F. No. 2223 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 2223, A bill for an act relating to the organization and operation of state government; appropriating money for the general legislative and administrative expenses of state government with certain conditions; amending Minnesota Statutes 1998, sections 3.17; 3C.12, subdivision 2; 8.15, subdivisions 1, 2, and 3; 13.03, subdivision 2; 13.05, by adding a subdivision; 13.073, by adding a subdivision; 15.50, subdivision 2; 16A.102, subdivision 1; 16A.129, subdivision 3; 16A.45, subdivision 1; 16A.85, subdivision 1; 16B.03; 16B.104; 16B.24, subdivision 5; 16B.31, subdivision 2; 16B.32, subdivision 2; 16B.42, subdivision 1; 16B.465, subdivision 3; 16B.72; 16B.73; 16C.14, subdivision 1; 16D.04, subdivision 2; 16E.01, subdivision 1; 16E.02; 16E.08; 43A.047; 43A.22; 43A.23, subdivisions 1 and 2; 43A.30, by adding a subdivision; 43A.31, subdivision 2, and by adding a subdivision; 138.17, subdivisions 7 and 8; 192.49, subdivision 3; 197.79, subdivision 10; 204B.25, subdivision 2, and by adding a subdivision; 204B.27, by adding a subdivision; 204B.28, subdivision 1; 240A.09; 297F.08, by adding a subdivision; 325K.03, by adding a subdivision; 325K.04; 325K.05, subdivision 1; 325K.09, by adding a subdivision; 325K.10, subdivision 5; 325K.14, by adding a subdivision; 325K.15, by adding a subdivision; and 349.163, subdivision 4; Laws 1993, chapter 192, section 16; Laws 1994, chapter 643, section 69, subdivision 1; Laws 1995, First Special Session chapter 3, article 12, section 7, subdivision 1, as amended; Laws 1997, chapter 202, article 2, section 61; and Laws 1998, chapter 366, section 2; proposing coding for new law in Minnesota Statutes, chapters 16B; 43A; 240A; and 325F; repealing Minnesota Statutes 1998, sections 16A.103, subdivision 3; 16E.11; 16E.12; and 16E.13; Laws 1991, chapter 235, article 5, section 3, as amended; Minnesota Rules, part 8275.0045, subpart 2.

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.

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

There were 101 yeas and 30 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Carruthers	Dorman	Fuller	Hasskamp	Johnson
Bakk	Cassell	Dorn	Gleason	Hausman	Juhnke
Biernat	Daggett	Entenza	Goodno	Hilty	Kahn
Boudreau	Davids	Erhardt	Greenfield	Holsten	Kalis
Bradley	Dawkins	Erickson	Greiling	Howes	Kelliher
Broecker	Dehler	Finseth	Hackbarth	Huntley	Knoblach
Carlson	Dempsey	Folliard	Harder	Jaros	Koskinen

Kubly	Marko	Osthoff	Rifenberg	Solberg	Vandever
Kuisle	McCollum	Otremba	Rostberg	Stang	Wagenius
Larsen, P.	McElroy	Ozment	Rukavina	Storm	Wejcman
Leighton	Milbert	Pawlenty	Schumacher	Swenson	Wenzel
Leppik	Mullery	Paymar	Seagren	Sykora	Westerberg
Lieder	Murphy	Pelowski	Seifert, J.	Tingelstad	Westfall
Luther	Ness	Peterson	Seifert, M.	Tomassoni	Westrom
Mahoney	Nornes	Pugh	Skoe	Trimble	Wolf
Mares	Opatz	Rest	Skoglund	Tunheim	Spk. Sviggum
Mariani	Orfield	Rhodes	Smith	Van Dellen	

Those who voted in the negative were:

Abeler	Clark, J.	Haas	Larson, D.	Mulder	Stanek
Abrams	Gerlach	Holberg	Lenczewski	Olson	Tuma
Anderson, B.	Gray	Jennings	Lindner	Osskopp	Wilkin
Buesgens	Gunther	Kielkucki	McGuire	Paulsen	Winter
Chaudhary	Haake	Krinkie	Molnau	Reuter	Workman

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. 333.

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. 333

A bill for an act relating to crime prevention; requiring disclosure to consumer of consumer report recipients; providing criminal penalties and forfeiture sanctions for persons who transfer, possess, or use the identity of another with intent to commit or aid in the commission of certain unlawful activity; amending Minnesota Statutes 1998, sections 609.531, subdivision 1; and 609.902, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 13C; and 609.

May 11, 1999

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. 333, 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. 333 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1998, section 13C.01, subdivision 1, is amended to read:

Subdivision 1. [FEE FOR REPORT.] (a) A consumer who is the subject of a consumer report maintained by a consumer reporting agency is entitled to request and receive by mail, for a charge not to exceed ~~\$8~~ \$3, a copy of the consumer report once in any 12-month period. The mailing must contain a statement of the consumer's right to dispute and correct any errors and of the procedures set forth in the federal Fair Credit Reporting Act, United States Code, title 15, sections 1681 et seq., for that purpose. The consumer reporting agency shall respond to a request under this subdivision within 30 days.

(b) A consumer who exercises the right to dispute and correct errors is entitled, after doing so, to request and receive by mail, without charge, a copy of the consumer report in order to confirm that the consumer report was corrected.

(c) A consumer is entitled to a free copy of a consumer report if the consumer satisfies the procedures set forth in the federal Fair Credit Reporting Act, United States Code, title 15, sections 1681 et seq.

Sec. 2. [609.527] [IDENTITY THEFT.]

Subdivision 1. [DEFINITIONS.] (a) As used in this section, the following terms have the meanings given them in this subdivision.

(b) "Direct victim" means any person or entity described in section 611A.01, paragraph (b), whose identity has been transferred, used, or possessed in violation of this section.

(c) "Identity" means any name, number, or data transmission that may be used, alone or in conjunction with any other information, to identify a specific individual, including any of the following:

(1) a name, social security number, date of birth, official government-issued driver's license or identification number, government passport number, or employer or taxpayer identification number;

(2) unique electronic identification number, address, account number, or routing code; or

(3) telecommunication identification information or access device.

(d) "Indirect victim" means any person or entity described in section 611A.01, paragraph (b), other than a direct victim.

(e) "Loss" means value obtained, as defined in section 609.52, subdivision 1, clause (3), and expenses incurred by a direct or indirect victim as a result of a violation of this section.

(f) "Unlawful activity" means:

(1) any felony violation of the laws of this state or any felony violation of a similar law of another state or the United States; and

(2) any non-felony violation of the laws of this state involving theft, theft by swindle, forgery, fraud, or giving false information to a public official, or any non-felony violation of a similar law of another state or the United States.

Subd. 2. [CRIME.] A person who transfers, possesses, or uses an identity that is not the person's own, with the intent to commit, aid, or abet any unlawful activity is guilty of identity theft and may be punished as provided in subdivision 3.

Subd. 3. [PENALTIES.] A person who violates subdivision 2 may be sentenced as follows:

(1) if the offense involves a single direct victim and the total, combined loss to the direct victim and any indirect victims is \$200 or less, the person may be sentenced as provided in section 609.52, subdivision 3, clause (5);

(2) if the offense involves a single direct victim and the total, combined loss to the direct victim and any indirect victims is more than \$200 but not more than \$500, the person may be sentenced as provided in section 609.52, subdivision 3, clause (4);

(3) if the offense involves two or three direct victims or the total, combined loss to the direct and indirect victims is more than \$500 but not more than \$2,500, the person may be sentenced as provided in section 609.52, subdivision 3, clause (3); and

(4) if the offense involves four or more direct victims, or if the total, combined loss to the direct and indirect victims is more than \$2,500, the person may be sentenced as provided in section 609.52, subdivision 3, clause (2).

Subd. 4. [RESTITUTION.] A direct or indirect victim of an identity theft crime shall be considered a victim for all purposes, including any rights that accrue under chapter 611A and rights to court-ordered restitution.

Sec. 3. Minnesota Statutes 1998, section 609.531, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For the purpose of sections 609.531 to 609.5318, the following terms have the meanings given them.

(a) "Conveyance device" means a device used for transportation and includes, but is not limited to, a motor vehicle, trailer, snowmobile, airplane, and vessel and any equipment attached to it. The term "conveyance device" does not include property which is, in fact, itself stolen or taken in violation of the law.

(b) "Weapon used" means a dangerous weapon as defined under section 609.02, subdivision 6, that the actor used or had in possession in furtherance of a crime.

(c) "Property" means property as defined in section 609.52, subdivision 1, clause (1).

(d) "Contraband" means property which is illegal to possess under Minnesota law.

(e) "Appropriate agency" means the bureau of criminal apprehension, the Minnesota state patrol, a county sheriff's department, the suburban Hennepin regional park district park rangers, the department of natural resources division of enforcement, the University of Minnesota police department, or a city or airport police department.

(f) "Designated offense" includes:

(1) for weapons used: any violation of this chapter, chapter 152, or chapter 624;

(2) for all other purposes: a felony violation of, or a felony-level attempt or conspiracy to violate, section 325E.17; 325E.18; 609.185; 609.19; 609.195; 609.21; 609.221; 609.222; 609.223; 609.2231; 609.24; 609.245; 609.25; 609.255; 609.322; 609.342, subdivision 1, clauses (a) to (f); 609.343, subdivision 1, clauses (a) to (f); 609.344, subdivision 1, clauses (a) to (e), and (h) to (j); 609.345, subdivision 1, clauses (a) to (e), and (h) to (j); 609.42; 609.425; 609.466; 609.485; 609.487; 609.52; 609.525; 609.527; 609.53; 609.54; 609.551; 609.561; 609.562; 609.563; 609.582; 609.59; 609.595; 609.631; 609.66, subdivision 1e; 609.671, subdivisions 3, 4, 5, 8, and 12; 609.687; 609.821; 609.825; 609.86; 609.88; 609.89; 609.893; 617.246; or a gross misdemeanor or felony violation of section 609.891 or 624.7181; or any violation of section 609.324.

(g) "Controlled substance" has the meaning given in section 152.01, subdivision 4.

Sec. 4. Minnesota Statutes 1998, section 609.902, subdivision 4, is amended to read:

Subd. 4. [CRIMINAL ACT.] "Criminal act" means conduct constituting, or a conspiracy or attempt to commit, a felony violation of chapter 152, or a felony violation of section 297D.09; 299F.79; 299F.80; 299F.82; 609.185; 609.19; 609.195; 609.20; 609.205; 609.221; 609.222; 609.223; 609.2231; 609.228; 609.235; 609.245; 609.25; 609.27; 609.322; 609.342; 609.343; 609.344; 609.345; 609.42; 609.48; 609.485; 609.495; 609.496; 609.497; 609.498; 609.52, subdivision 2, if the offense is punishable under subdivision 3, clause (3)(b) or clause 3(d)(v) or (vi); section 609.52, subdivision 2, clause (4); 609.527, if the crime is punishable under subdivision 3, clause (4) or (5); 609.53; 609.561; 609.562; 609.582, subdivision 1 or 2; 609.668, subdivision 6, paragraph (a); 609.67; 609.687; 609.713; 609.86; 609.894, subdivision 3 or 4; 624.713; 624.74; or 626A.02, subdivision 1, if the offense is punishable under section 626A.02, subdivision 4, paragraph (a). "Criminal act" also includes conduct constituting, or a conspiracy or attempt to commit, a felony violation of section 609.52, subdivision 2, clause (3), (4), (15), or (16), if the violation involves an insurance company as defined in section 60A.02, subdivision 4, a nonprofit health service plan corporation regulated under chapter 62C, a health maintenance organization regulated under chapter 62D, or a fraternal benefit society regulated under chapter 64B.

Sec. 5. [EFFECTIVE DATE.]

Sections 1 to 4 are effective August 1, 1999, and apply to crimes committed on or after that date."

Delete the title and insert:

"A bill for an act relating to crime prevention; entitling consumers to free copies of consumer reports; providing criminal penalties and forfeiture sanctions for persons who transfer, possess, or use the identity of another with intent to commit or aid in the commission of certain unlawful activity; amending Minnesota Statutes 1998, sections 13C.01, subdivision 1; 609.531, subdivision 1; and 609.902, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 609."

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

Senate Conferees: RANDY C. KELLY, WARREN LIMMER AND DAVID J. TEN EYCK.

House Conferees: DAVE BISHOP, JIM SEIFERT AND WESLEY J. "WES" SKOGLUND.

Bishop moved that the report of the Conference Committee on S. F. No. 333 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 333, A bill for an act relating to crime prevention; requiring disclosure to consumer of consumer report recipients; providing criminal penalties and forfeiture sanctions for persons who transfer, possess, or use the identity of another with intent to commit or aid in the commission of certain unlawful activity; amending Minnesota Statutes 1998, sections 609.531, subdivision 1; and 609.902, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 13C; and 609.

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.

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

There were 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Dorn	Howes	Mahoney	Paymar	Sykora
Abrams	Entenza	Huntley	Mares	Pelowski	Tingelstad
Anderson, B.	Erhardt	Jennings	Mariani	Peterson	Tomassoni
Anderson, I.	Erickson	Johnson	Marko	Pugh	Trimble
Bakk	Finseth	Juhnke	McCollum	Rest	Tuma
Biernat	Folliard	Kahn	McElroy	Reuter	Tunheim
Bishop	Fuller	Kalis	McGuire	Rhodes	Van Dellen
Boudreau	Gerlach	Kelliher	Milbert	Rifenberg	Vandever
Bradley	Gleason	Kielkucki	Molnau	Rostberg	Wagenius
Broecker	Goodno	Knoblach	Mulder	Rukavina	Wejman
Buesgens	Greenfield	Koskinen	Mullery	Schumacher	Wenzel
Carlson	Greiling	Krinkie	Murphy	Seagren	Westerberg
Carruthers	Gunther	Kubly	Ness	Seifert, J.	Westfall
Cassell	Haake	Kuisle	Nornes	Seifert, M.	Westrom
Chaudhary	Haas	Larsen, P.	Olson	Skoe	Wilkin
Clark, J.	Hackbarth	Larson, D.	Opatz	Skoglund	Winter
Daggett	Harder	Leighton	Orfield	Smith	Wolf
Davids	Hasskamp	Lenczewski	Osthoff	Solberg	Workman
Dawkins	Hausman	Leppik	Otremba	Stanek	Spk. Sviggum
Dehler	Hilty	Lieder	Ozment	Stang	
Dempsey	Holberg	Lindner	Paulsen	Storm	
Dorman	Holsten	Luther	Pawlenty	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. 2225.

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. FLAHAVER, Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. NO. 2225

A bill for an act relating to human services; appropriating money for the departments of human services and health, the veterans nursing homes board, the health-related boards, the emergency medical services board, the council on disability, the ombudsman for mental health and mental retardation, and the ombudsman for families; establishing the state board of physical therapy; amending Minnesota Statutes 1998, sections 13.99, subdivision 38a, and by adding a subdivision; 16A.76, subdivision 2; 16C.10, subdivision 5; 60A.15, subdivision 1; 62A.045; 62E.11, by adding a subdivision; 62J.69; 116L.02; 125A.08; 125A.21, subdivision 1; 125A.74, subdivisions 1 and 2; 144.065; 144.148; 144.1761, subdivision 1; 144.99, subdivision 1, and by adding a subdivision; 144A.073, subdivision 5; 144A.10, by adding subdivisions; 144A.46, subdivision 2; 144D.01, subdivision 4; 144E.001, by

adding subdivisions; 144E.10, subdivision 1; 144E.11, by adding a subdivision; 144E.16, subdivision 4; 144E.18; 144E.27, by adding subdivisions; 144E.50, by adding a subdivision; 145.924; 145.9255, subdivisions 1 and 4; 145A.02, subdivision 10; 145.9255, subdivisions 1 and 4; 148.5194, subdivisions 2, 3, 4, and by adding a subdivision; 148.66; 148.67; 148.70; 148.705; 148.71; 148.72, subdivisions 1, 2, and 4; 148.73; 148.74; 148.75; 148.76; 148.78; 148B.32, subdivision 1; 150A.10, subdivision 1; 214.01, subdivision 2; 245.462, subdivisions 4 and 17; 245.4711, subdivision 1; 245.4712, subdivision 2; 245.4871, subdivisions 4 and 26; 245.4881, subdivision 1; 245A.04, subdivision 3a; 245A.08, subdivision 5; 245A.30; 245B.05, subdivision 7; 245B.07, subdivisions 5, 8, and 10; 246.18, subdivision 6; 252.28, subdivision 1; 252.291, by adding a subdivision; 252.32, subdivision 3a; 252.46, subdivision 6; 253B.045, by adding subdivisions; 253B.07, subdivision 1; 253B.185, by adding a subdivision; 254B.01, by adding a subdivision; 254B.03, subdivision 2; 254B.04, subdivision 1; 254B.05, subdivision 1; 256.01, subdivision 2; 256.015, subdivisions 1 and 3; 256.87, subdivision 1a; 256.955, subdivisions 3, 4, 7, 8, and 9; 256.9685, subdivision 1a; 256.969, subdivision 1; 256B.04, subdivision 16, and by adding a subdivision; 256B.042, subdivisions 1, 2, and 3; 256B.055, subdivision 3a; 256B.056, subdivision 4; 256B.057, subdivision 3, and by adding a subdivision; 256B.0575; 256B.061; 256B.0625, subdivisions 6a, 8, 8a, 13, 19c, 20, 26, 28, 30, 32, 35, and by adding subdivisions; 256B.0627, subdivisions 1, 2, 4, 5, 8, and by adding subdivisions; 256B.0635, subdivision 3; 256B.064, subdivisions 1a, 1b, 1c, 2, and by adding a subdivision; 256B.0911, subdivision 6; 256B.0913, subdivisions 5, 10, 12, and 16; 256B.0917, subdivision 8; 256B.094, subdivisions 3, 5, and 6; 256B.37, subdivision 2; 256B.431, subdivisions 2i, 17, 26, and by adding a subdivision; 256B.434, subdivisions 3, 4, 13, and by adding a subdivision; 256B.435; 256B.48, subdivisions 1, 1a, 1b, and 6; 256B.50, subdivision 1e; 256B.501, subdivision 8a, and by adding a subdivision; 256B.5011, subdivisions 1 and 2; 256B.69, subdivisions 3a, 5b, 6a, 6b, and by adding subdivisions; 256B.692, subdivision 2; 256B.75; 256B.76; 256B.77, subdivisions 7a, 8, and by adding subdivisions; 256D.03, subdivisions 3, 4, and 8; 256D.051, subdivision 2a, and by adding a subdivision; 256D.053, subdivision 1; 256D.06, subdivision 5; 256F.03, subdivision 5; 256F.05, subdivision 8; 256F.10, subdivisions 1, 4, 6, 7, 8, 9, and 10; 256L.04, subdivision 3; 256L.05, subdivisions 1 and 1a; 256J.08, subdivisions 11, 24, 65, 82, 83, 86a, and by adding subdivisions; 256J.11, subdivisions 2 and 3; 256J.12, subdivisions 1a and 2; 256J.14; 256J.20, subdivision 3; 256J.21, subdivisions 2, 3, and 4; 256J.24, subdivisions 2, 3, 7, 8, 9, and by adding a subdivision; 256J.26, subdivision 1; 256J.30, subdivisions 2, 7, 8, and 9; 256J.31, subdivisions 5 and 12; 256J.32, subdivisions 4 and 6; 256J.33; 256J.34, subdivisions 1, 3, and 4; 256J.35; 256J.36; 256J.37, subdivisions 1, 1a, 2, 9, and 10; 256J.38, subdivision 4; 256J.42, subdivisions 1, 5, and by adding a subdivision; 256J.43; 256J.45, subdivision 1; 256J.46, subdivisions 1, 2, and 2a; 256J.47, subdivision 4; 256J.48, subdivisions 2 and 3; 256J.50, subdivision 1; 256J.515; 256J.52, subdivisions 1, 4, 8, and by adding a subdivision; 256J.55, subdivision 4; 256J.56; 256J.57, subdivision 1; 256J.62, subdivisions 1, 6, 7, 8, 9, and by adding a subdivision; 256J.67, subdivision 4; 256J.74, subdivision 2; 256J.76, subdivisions 1, 2, and 4; 256L.03, subdivisions 5 and 6; 256L.04, subdivisions 2, 7, 8, 11, and 13; 256L.05, subdivision 4, and by adding a subdivision; 256L.06, subdivision 3; 256L.07; 256L.15, subdivisions 1, 1b, 2, and 3; 257.071, subdivisions 1, 1a, 1c, 1d, 1e, 3, and 4; 257.66, subdivision 3; 257.75, subdivision 2; 257.85, subdivisions 2, 3, 4, 5, 6, 7, 9, and 11; 259.29, subdivision 2; 259.67, subdivisions 6 and 7; 259.73; 259.85, subdivisions 2, 3, and 5; 259.89, by adding a subdivision; 260.011, subdivision 2; 260.012; 260.015, subdivisions 2a, 13, and 29; 260.131, subdivision 1a; 260.133, subdivisions 1 and 2; 260.135, by adding a subdivision; 260.172, subdivision 1, and by adding a subdivision; 260.181, subdivision 3; 260.191, subdivisions 1, 1a, 1b, and 3b; 260.192; 260.221, subdivisions 1, 1a, 1b, 1c, 3, and 5; 326.40, subdivisions 2, 4, and 5; 518.10; 518.158, subdivisions 1 and 2; 518.551, by adding a subdivision; 518.5853, by adding a subdivision; 626.556, subdivisions 2, 3, 4, 7, 10, 10b, 10d, 10e, 10f, 10i, 10j, 11, 11b, 11c, and by adding a subdivision; and 626.558, subdivision 1; Laws 1995, chapter 178, article 2, section 46, subdivision 10; chapter 207, article 8, section 41, as amended; Laws 1997, chapter 203, article 9, section 19; Laws 1998, chapter 407, article 7, section 2, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 10; 62J; 116L; 137; 144; 144A; 144E; 148; 214; 245; 246; 252; 254A; 256; 256B; 256J; and 626; proposing coding for new law as Minnesota Statutes, chapter 256M; repealing Minnesota Statutes 1998, sections 62J.77; 62J.78; 62J.79; 144.0723; 144E.16, subdivisions 1, 2, 3, and 6; 144E.17; 144E.25; 144E.30, subdivisions 1, 2, and 6; 145.46; 256B.434, subdivision 17; 256B.501, subdivision 3g; 256B.5011, subdivision 3; 256B.74, subdivisions 2 and 5; 256D.051, subdivisions 6 and 19; 256D.053, subdivision 4; 256J.03; 256J.30, subdivision 6; 256J.53, subdivision 4; 256J.62, subdivisions 2, 3, and 5; 257.071, subdivisions 8 and 10; and 462A.208; Laws 1997, chapter 85, article 1, section 63; chapter 203, article 4, section 55; chapter 225, article 6, section 8; Laws 1998, chapter 407, article 2, section 104; Minnesota Rules, parts 4690.0100, subparts 4, 13, 15, 19, 20, 21, 22, 23, 24, 26, 27, and 29; 4690.0300; 4690.0400; 4690.0500; 4690.0600; 4690.0700; 4690.0800, subparts 1 and 2; 4690.0900; 4690.1000; 4690.1100; 4690.1200; 4690.1300; 4690.1600; 4690.1700; 4690.2100; 4690.2200,

subparts 1, 3, 4, and 5; 4690.2300; 4690.2400, subparts 1, 2, and 3; 4690.2500; 4690.2900; 4690.3000; 4690.3700; 4690.3900; 4690.4000; 4690.4100; 4690.4200; 4690.4300; 4690.4400; 4690.4500; 4690.4600; 4690.4700; 4690.4800; 4690.4900; 4690.5000; 4690.5100; 4690.5200; 4690.5300; 4690.5400; 4690.5500; 4690.5700; 4690.5800; 4690.5900; 4690.6000; 4690.6100; 4690.6200; 4690.6300; 4690.6400; 4690.6500; 4690.6600; 4690.6700; 4690.6800; 4690.7000; 4690.7100; 4690.7200; 4690.7300; 4690.7400; 4690.7500; 4690.7600; 4690.7700; 4690.7800; 4690.8300, subparts 1, 2, 3, 4, and 5; and 4735.5000.

May 17, 1999

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. 2225, 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. 2225 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

APPROPRIATIONS

Section 1. [HEALTH AND HUMAN SERVICES APPROPRIATIONS.]

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or 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

APPROPRIATIONS	2000	2001	BIENNIAL TOTAL
General	\$2,650,812,000	\$2,774,558,000	\$5,425,370,000
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	3,499,000
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. 2. COMMISSIONER OF HUMAN SERVICES

Subdivision 1. Total Appropriation	\$2,694,991,000	\$2,847,745,000
------------------------------------	-----------------	-----------------

Summary by Fund

General	2,556,927,000	2,680,977,000	
State Government			
Special Revenue	485,000	507,000	
Health Care			
Access	136,279,000	164,961,000	
Lottery Prize	1,300,000	1,300,000	

[INDIRECT COSTS NOT TO FUND PROGRAMS.] The commissioner shall not use indirect cost allocations to pay for the operational costs of any program for which the commissioner is responsible.

[FUND AND ACCOUNT REPORTING REQUIRED.] On December 1, 1999, and December 1, 2000, the commissioner shall provide the chairs of the house health and human services finance committee and the senate health and family security budget division with detailed fund balance statements for: (1) each fund or account used by the commissioner in the ongoing operations of the agency; (2) each state-operated computer system under Minnesota Statutes, section 256.014, including but not limited to MAXIS, the current Medicaid management information system (MMIS II), the child support enforcement system (PRISM), the electronic benefit transfer system (EBT), and the executive information system (EIS); and (3) the social services information system (SSIS).

Subd. 2. Agency Management

General	28,311,000	28,345,000	
State Government			
Special Revenue	371,000	392,000	
Health Care			
Access	3,268,000	3,321,000	

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

APPROPRIATIONS
 Available for the Year
 Ending June 30
 2000 2001

(a) Financial Operations

General	7,471,000	7,647,000
Health Care Access	691,000	702,000

[RECEIPTS FOR SYSTEMS PROJECTS.] Appropriations and federal receipts for information system projects for MAXIS, electronic benefit system, social services information system, child support enforcement, and Minnesota Medicaid information system (MMIS II) must be deposited in the state system account authorized in Minnesota Statutes, section 256.014. Money appropriated for computer projects approved by the Minnesota office of technology, funded by the legislature, and approved by the commissioner of finance may be transferred from one project to another and from development to operations as the commissioner of human services considers necessary. Any unexpended balance in the appropriation for these projects does not cancel but is available for ongoing development and operations.

(b) Legal & Regulation Operations

General	6,541,000	6,593,000
State Government Special Revenue	371,000	392,000
Health Care Access	141,000	145,000

[REIMBURSEMENT OF COUNTY COSTS.] Of the general fund appropriation, \$10,000 is for the commissioner for the biennium beginning July 1, 1999, to reimburse counties for the legal and related costs of contesting through the administrative and judicial systems decisions that affect state spending but not county spending on programs administered or financed by the commissioner. The commissioner may reimburse expenses that occurred on or after January 1, 1998.

(c) Management Operations

General	14,299,000	14,105,000
Health Care Access	2,436,000	2,474,000
Subd. 3. Children's Grants		
General	52,845,000	54,931,000

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

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

Subd. 4. Children's Services Management

General	3,900,000	3,740,000
---------	-----------	-----------

Subd. 5. Basic Health Care Grants

Summary by Fund

General	867,174,000	916,234,000
Health Care Access	116,490,000	145,469,000

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

(a) Minnesota Care Grants- Health Care Access

	116,490,000	145,469,000
--	-------------	-------------

[HOSPITAL INPATIENT COPAYMENTS.] The commissioner of human services may require hospitals to refund hospital inpatient copayments paid by enrollees pursuant to Minnesota Statutes, section 256L.03, subdivision 5, between March 1, 1999, and December 31, 1999. If the commissioner requires hospitals to refund these copayments, the hospitals shall collect the copayment directly from the commissioner.

[MINNESOTACARE OUTREACH FEDERAL MATCHING FUNDS.] Any federal matching funds received as a result of the MinnesotaCare outreach activities authorized by Laws 1997, chapter 225, article 7, section 2, subdivision 1, shall be deposited in the health care access fund and dedicated to the commissioner to be used for those outreach purposes.

[FEDERAL RECEIPTS FOR ADMINISTRATION.] Receipts received as a result of federal participation pertaining to administrative costs of the Minnesota health care reform waiver shall be deposited as nondedicated revenue in the health care access fund. Receipts received as a result of federal participation pertaining to grants shall be deposited in the federal fund and shall offset health care access funds for payments to providers.

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

[HEALTH CARE ACCESS FUND.] The commissioner may expend money appropriated from the health care access fund for MinnesotaCare in either fiscal year of the biennium.

(b) MA Basic Health Care Grants- Families and Children

General	307,053,000	320,112,000
---------	-------------	-------------

[COMMUNITY DENTAL CLINICS.] Of this appropriation, \$600,000 in fiscal year 2000 is for the commissioner to provide start-up grants to establish community dental clinics under Minnesota Statutes, section 256B.76, paragraph (b), clause (5). The commissioner shall award grants and shall require grant recipients to match the state grant with nonstate funding on a one-to-one basis. This is a one-time appropriation and shall not become part of base level funding for this activity for the 2002-2003 biennium.

(c) MA Basic Health Care Grants- Elderly & Disabled

General	404,814,000	451,928,000
---------	-------------	-------------

[SURCHARGE COMPLIANCE.] In the event that federal financial participation in the Minnesota medical assistance program is reduced as a result of a determination that the surcharge and intergovernmental transfers governed by Minnesota Statutes, sections 256.9657 and 256B.19 are out of compliance with United States Code, title 42, section 1396b(w), or its implementing regulations or with any other federal law designed to restrict provider tax programs or intergovernmental transfers, the commissioner shall appeal the determination to the fullest extent permitted by law and may ratably reduce all medical assistance and general assistance medical care payments to providers other than the state of Minnesota in order to eliminate any shortfall resulting from the reduced federal funding. Any amount later recovered through the appeals process shall be used to reimburse providers for any ratable reductions taken.

[BLOOD PRODUCTS LITIGATION.] To the extent permitted by federal law, Minnesota Statutes, section 256.015, 256B.042, and 256B.15, are waived as necessary for the limited purpose of resolving the state's claims in connection with In re Factor VIII or IX Concentrate Blood Products Litigation, MDL-986, No. 93-C7452 (N.D.III.).

(d) General Assistance Medical Care

General	141,805,000	128,012,000
---------	-------------	-------------

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

(e) Basic Health Care - Nonentitlement

General	13,502,000	16,182,000
---------	------------	------------

[DENTAL ACCESS GRANT.] Of this appropriation, \$75,000 is from the general fund to the commissioner in fiscal year 2000 for a grant to a nonprofit dental provider group operating a dental clinic in Clay county. The grant must be used to increase access to dental services for recipients of medical assistance, general assistance medical care, and the MinnesotaCare program in the northwest area of the state. This appropriation is available the day following final enactment.

Subd. 6. Basic Health Care Management

General	23,268,000	23,227,000
---------	------------	------------

Health Care Access	15,208,000	14,853,000
-----------------------	------------	------------

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

(a) Health Care Policy Administration

General	3,109,000	3,008,000
---------	-----------	-----------

Health Care Access	570,000	582,000
-----------------------	---------	---------

[TELEMEDICINE REPORT.] The commissioner shall report to the legislature by January 15, 2001, with an analysis of whether the expansion of medical assistance and general assistance medical care to cover certain telemedicine services resulted in cost savings or other benefits to the health care system and with a recommendation on whether coverage of telemedicine services should be continued beyond June 30, 2001.

(b) Health Care Operations

General	20,159,000	20,219,000
---------	------------	------------

Health Care Access	14,638,000	14,271,000
-----------------------	------------	------------

[MINNESOTACARE STAFF.] Of this appropriation, \$1,060,000 for fiscal year 2000 and \$733,000 for fiscal year 2001 is from the health care access fund to the commissioner for staff and other administrative services associated with improving MinnesotaCare processing and caseload management. Of this appropriation, \$483,000 shall become part of the base.

APPROPRIATIONS
 Available for the Year
 Ending June 30
 2000 2001

[WORK INCENTIVES FOR DISABLED.] Of this appropriation, \$28,000 each year is for the commissioner to provide the five percent state match that is required in order for the state to access federal funding in the amount of \$550,000 annually in fiscal years 2000 to 2003, for the Social Security Administration's work incentives demonstration project. The commissioner shall transfer these matching funds to the commissioner of economic security. The base level funding for this activity must be established at \$28,000 for the 2002-2003 biennium.

[SYSTEMS CONTINUITY.] In the event of disruption of technical systems or computer operations, the commissioner may use available grant appropriations to ensure continuity of payments for maintaining the health, safety, and well-being of clients served by programs administered by the department of human services. Grant funds must be used in a manner consistent with the original intent of the appropriation.

[PREPAID MEDICAL PROGRAMS.] The nonfederal share of the prepaid medical assistance program fund, which has been appropriated to fund county managed care advocacy and enrollment operating costs, shall be disbursed as grants using either a reimbursement or block grant mechanism and may also be transferred between grants and nongrant administration costs with approval of the commissioner of finance.

Subd. 7. State-Operated Services

General	206,929,000	212,002,000
---------	-------------	-------------

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

(a) SOS-Campus Based Programs

General	185,696,000	190,143,000
---------	-------------	-------------

[DAY TRAINING SERVICES.] In order to ensure eligible individuals have access to day training and habilitation services, the regional treatment centers, the Minnesota extended treatment options program, and state-operated community services operating according to Minnesota Statutes, section 252.50, are exempt from the provisions of Minnesota Statutes, section 252.41, subdivision 9, clause (2). Notwithstanding section 13, this provision shall not expire.

[MITIGATION RELATED TO DEVELOPMENTAL DISABILITIES DOWNSIZING.] Money appropriated to finance mitigation expenses related to the downsizing of regional treatment center developmental disabilities programs may be transferred between fiscal years within the biennium.

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

[REGIONAL TREATMENT CENTER CHEMICAL DEPENDENCY PROGRAMS.] When the operations of the regional treatment center chemical dependency fund created in Minnesota Statutes, section 246.18, subdivision 2, are impeded by projected cash deficiencies resulting from delays in the receipt of grants, dedicated income, or other similar receivables, and when the deficiencies would be corrected within the budget period involved, the commissioner of finance may transfer general fund cash reserves into this account as necessary to meet cash demands. The cash flow transfers must be returned to the general fund in the fiscal year that the transfer was made. Any interest earned on general fund cash flow transfers accrues to the general fund and not the regional treatment center chemical dependency fund.

[LEAVE LIABILITIES.] The accrued leave liabilities of state employees transferred to state-operated community services programs may be paid from the appropriation in this subdivision for state-operated services. Funds set aside for this purpose shall not exceed the amount of the actual leave liability calculated as of June 30, 2000, and shall be available until expended.

[REGIONAL TREATMENT CENTER RESTRUCTURING.] For purposes of restructuring the regional treatment centers and state nursing homes, any regional treatment center or state nursing home employee whose position is to be eliminated shall be afforded the options provided in applicable collective bargaining agreements. All salary and mitigation allocations from fiscal year 2000 shall be carried forward into fiscal year 2001. Provided there is no conflict with any collective bargaining agreement, any regional treatment center or state nursing home position reduction must only be accomplished through mitigation, attrition, transfer, and other measures as provided in state or applicable collective bargaining agreements and in Minnesota Statutes, section 252.50, subdivision 11, and not through layoff.

[REGIONAL TREATMENT CENTER POPULATION.] If the resident population at the regional treatment centers is projected to be higher than the estimates upon which the medical assistance forecast and budget recommendations for the 2000-2001 biennium is based, the amount of the medical assistance appropriation that is attributable to the cost of services that would have been provided as an alternative to regional treatment center services, including resources for community placements and waived services for persons with mental retardation and related conditions, is transferred to the residential facilities appropriation.

[REPAIRS AND BETTERMENTS.] The commissioner may transfer unencumbered appropriation balances between fiscal years for the state residential facilities repairs and betterments account and special equipment.

APPROPRIATIONS
 Available for the Year
 Ending June 30
 2000 2001

[PROJECT LABOR.] Wages for project labor may be paid by the commissioner out of repairs and betterments money if the individual is to be engaged in a construction project or a repair project of short-term and nonrecurring nature. Compensation for project labor shall be based on the prevailing wage rates, as defined in Minnesota Statutes, section 177.42, subdivision 6. Project laborers are excluded from the provisions of Minnesota Statutes, sections 43A.22 to 43A.30, and shall not be eligible for state-paid insurance and benefits.

[YEAR 2000 COSTS AT RTCS.] Of this appropriation, \$44,000 is for the costs associated with addressing potential year 2000 problems. Of this amount, \$19,000 is available the day following final enactment.

(b) State-Operated Community Services - Northeast Minnesota Mental Health Services

General	3,983,000	4,055,000
---------	-----------	-----------

(c) State-Operated Community Services - Statewide DD Supports

General	15,493,000	16,047,000
---------	------------	------------

(d) State-Operated Services - Enterprise Activities

General	1,757,000	1,757,000
---------	-----------	-----------

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
--	------------	------------

[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.

APPROPRIATIONS
 Available for the Year
 Ending June 30
 2000 2001

(b) Consumer Support Grants

	1,123,000	1,123,000
--	-----------	-----------

(c) Aging Adult Service Grants

	7,965,000	7,765,000
--	-----------	-----------

[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
--	-----------	-----------

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

[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 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
--	-----------	------------

[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.

APPROPRIATIONS
 Available for the Year
 Ending June 30
 2000 2001

[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

APPROPRIATIONS
 Available for the Year
 Ending June 30
 2000 2001

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.

APPROPRIATIONS
 Available for the Year
 Ending June 30
 2000 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.

[ICF/MR DISALLOWANCES.] Of this appropriation, \$65,000 in fiscal 2000 is to reimburse a four-bed ICF/MR in Ramsey county for disallowances resulting from field audit findings. This is a one-time appropriation and shall not become part of base level funding for this activity for the 2002-2003 biennium.

[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
---------	------------	------------

[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
---------	------------	------------

APPROPRIATIONS
 Available for the Year
 Ending June 30
 2000 2001

[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
---------	------------	------------

(l) Chemical Dependency Nonentitlement Grants

General	6,778,000	6,328,000
---------	-----------	-----------

[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).

[REPEAT DWI OFFENDER PROGRAM.] Of this appropriation, \$100,000 in fiscal year 2000 and \$100,000 in fiscal year 2001 is for the commissioner to pay for chemical dependency treatment for repeat DWI offenders at Brainerd regional human services center. Payment to the Brainerd regional human services center may only be authorized from this appropriation after all potential public and private third-party payers have been billed and a determination made that the offender is not eligible for reimbursement of the treatment costs. This appropriation shall not become part of the base for the 2002-2003 biennium.

Subd. 9. Continuing Care and Community Support Management

General	17,318,000	17,616,000
---------	------------	------------

Lottery Prize	142,000	142,000
---------------	---------	---------

State Government Special Revenue	114,000	115,000
-------------------------------------	---------	---------

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

[MINNESOTA SENIOR HEALTH OPTIONS PROJECT.] Of the general fund appropriation, up to \$200,000 may be transferred to the Minnesota senior health options project special revenue account during the biennium ending June 30, 2001, to serve as matching funds.

[PERSONS WITH BRAIN INJURIES.] (a) The commissioner shall study and report to the legislature by January 15, 2000, on the status of persons with brain injuries residing in public and private institutions. The report shall include information on lengths of stay, ages of institutionalized persons, and on the supports and services needed to allow these persons to return to their communities.

(b) The commissioner shall apply to the Health Care Financing Administration for a grant to carry out a demonstration project to transition disabled persons out of nursing homes. The project must:

(1) identify persons with brain injuries and other disabled persons residing in nursing homes who could live successfully in the community with appropriate supports;

(2) develop community-based services and supports for institutionalized persons;

(3) eliminate incentives to keep these persons in institutions;

(4) foster the independence of institutionalized persons by involving them in the selection and management of community-based services, such as personal care assistance;

(5) develop innovative funding arrangements to enable funding to follow the individual; and

(6) empower disabled persons, families, and advocacy groups by including them in the design and implementation of service delivery models that maximize consumer choice and direction.

(c) Paragraph (b) is effective the day following final enactment.

[CAMP.] Of this appropriation, \$15,000 each year is from the mental health special projects account, for adults and children with mental illness from across the state, for a camping program which utilizes the Boundary Waters Canoe Area and is cooperatively sponsored by client advocacy, mental health treatment, and outdoor recreation agencies.

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

[DEMO PROJECT EXTERNAL ADVOCACY FUNDING CAP.] Of the appropriation for the demonstration project for people with disabilities under Minnesota Statutes, section 256B.77, no more than \$79,000 per year may be paid for external advocacy under Minnesota Statutes, section 256B.77, subdivision 14.

[REGION 10 QUALITY ASSURANCE COMMISSION.] (1) Of this appropriation, \$210,000 each year is appropriated to the commissioner for a grant to the region 10 quality assurance commission established under Minnesota Statutes, section 256B.0951, for the purposes specified in clauses (2) to (4). Unexpended funds for fiscal year 2000 do not cancel, but are available to the commission for fiscal year 2001.

(2) \$180,000 each year is for the operating costs of the alternative quality assurance licensing system pilot project, and for the commission to provide grants to counties participating in the alternative quality assurance licensing system under Minnesota Statutes, section 256B.0953.

(3) \$20,000 each year is for the commission to contract with an independent entity to conduct a financial review of the alternative quality assurance licensing system, including an evaluation of possible budgetary savings within the affected state agencies as the result of implementing the system.

(4) \$10,000 each year is for the commission, in consultation with the commissioner of human services, to establish an ongoing review process for the alternative quality assurance licensing system.

(5) This appropriation shall not become part of the base for the 2002-2003 biennium.

Subd. 10. Economic Support Grants

General	142,037,000	124,758,000
---------	-------------	-------------

[GIFTS.] Notwithstanding Minnesota Statutes, chapter 7, the commissioner may accept on behalf of the state additional funding from sources other than state funds for the purpose of financing the cost of assistance program grants or nongrant administration. All additional funding is appropriated to the commissioner for use as designated by the grantee of funding.

[CHILD SUPPORT PAYMENT CENTER RECOUPMENT ACCOUNT.] The child support payment center is authorized to establish an account to cover checks issued in error or in cases where insufficient funds are available to pay the checks. All

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

recoupments against payments from the account must be deposited in the child support payment center recoupment account and are appropriated to the commissioner for the purposes of the account. Any unexpended balance in the account does not cancel, but is available until expended.

[FEDERAL TANF FUNDS.] (1) Federal Temporary Assistance for Needy Families block grant funds authorized under title I, Public Law Number 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, and awarded in federal fiscal years 1997 to 2002 are appropriated to the commissioner in amounts up to \$256,265,000 in fiscal year 2000 and \$249,682,000 in fiscal year 2001. In addition to these funds, the commissioner may draw or transfer any other appropriations or transfers of federal TANF block grant funds that are enacted into state law.

(2) Of the amounts in clause (1), \$15,000,000 is transferred each year of the biennium to the state's federal Title XX block grant. Notwithstanding the provisions of Minnesota Statutes, section 256E.07, in each year of the biennium the commissioner shall allocate \$15,000,000 of the state's Title XX block grant funds based on the community social services aids formula in Minnesota Statutes, section 256E.06. The commissioner shall ensure that money allocated to counties under this provision is used according to the requirements of United States Code, title 42, section 604(d)(3)(B).

(3) Of the amounts in clause (1), \$10,990,000 is transferred each year from the state's federal TANF block grant to the state's federal Title XX block grant. In each year \$140,000 is for grants according to Minnesota Statutes, section 257.3571, subdivision 2a, to the Indian child welfare defense corporation to promote statewide compliance with the Indian Child Welfare Act of 1978; \$4,650,000 is for grants to counties for concurrent permanency planning; and \$6,200,000 is for the commissioner to distribute according to the formula in Minnesota Statutes, section 256E.07. The commissioner shall ensure that money allocated under this clause is used according to the requirements of United States Code, title 42, section 604(d)(3)(B). In fiscal years 2002 and 2003, \$140,000 per year is for grants according to Minnesota Statutes, section 257.3571, subdivision 2a, to the Indian child welfare defense corporation to promote statewide compliance with the Indian Child Welfare Act of 1978. Section 13, sunset of uncodified language, does not apply to this provision.

(4) Of the amounts in clause (1), \$13,360,000 each year is for increased employment and training efforts and shall be expended as follows:

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

(a) \$140,000 each year is for a grant to the new chance program. The new chance program shall provide comprehensive services through a private, nonprofit agency to young parents in Hennepin county who have dropped out of school and are receiving public assistance. The program administrator shall report annually to the commissioner on skills development, education, job training, and job placement outcomes for program participants. This appropriation is available for either year of the biennium.

(b) \$260,000 each year is for grants to counties to operate the parents fair share program to assist unemployed, noncustodial parents with job search and parenting skills.

(c) \$12,960,000 each year is to increase employment and training services grants for MFIP of which \$750,000 each year is to be transferred to the job skills partnership board for the health care and human services worker training and retention program.

(d) \$10,400,000 of these appropriations shall become part of the base for the 2002-2003 biennium.

(5) Of the amounts in clause (1), \$1,094,000 in fiscal year 2000 and \$1,676,000 in fiscal year 2001 is transferred from the state's federal TANF block grant to the state's federal child care and development fund block grant, and is appropriated to the commissioner of children, families, and learning for the purposes of Minnesota Statutes, section 119B.05.

(6) Of the amounts in clause (1), \$1,000,000 for the biennium is for the purposes of creating and expanding adult-supervised supportive living arrangement services under Minnesota Statutes, section 256J.14. The commissioner shall request proposals from interested parties that have knowledge and experience in the area of adult-supervised adolescent housing and supportive services, and award grants for the purpose of either expanding existing or creating new living arrangements and supportive services. Minor parents who are MFIP participants shall be given priority for housing, and excess living arrangements may be used by minor parents who are not MFIP participants.

(7) In order to maximize transfers from Minnesota's 1998 and 1999 federal TANF block grant awards, the commissioner may implement the transfers of TANF funds in clauses (2), (3), and (5) in the first year of the biennium. This must only be done to the extent allowed by federal law and to the extent that program funding requirements can be met in the second year of the biennium.

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

(8) The commissioner shall ensure that sufficient qualified state expenditures are made each year to meet the TANF basic maintenance of effort requirements. The commissioner may apply any allowable source of state expenditures toward these requirements, as necessary to meet minimum basic maintenance of effort requirements and to prevent the loss of federal funds.

[WORKER TRAINING AND RETENTION ELIGIBILITY PROCEDURES.] The commissioner shall develop eligibility procedures for TANF expenditures under Minnesota Statutes, section 256J.02, subdivision 2, clause (5).

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

(a) Assistance to Families Grants

General	64,870,000	66,117,000
---------	------------	------------

[EMPLOYMENT SERVICES CARRYOVER.] General fund and federal TANF block grant appropriations for employment services that remain unexpended subsequent to the reallocation process required in Minnesota Statutes, section 256J.62, do not cancel but are available for these purposes in fiscal year 2001.

(b) Work Grants

General	10,731,000	10,731,000
---------	------------	------------

(c) Aid to Families With Dependent Children and Other Assistance

General	1,053,000	374,000
---------	-----------	---------

(d) Child Support Enforcement

General	5,359,000	5,359,000
---------	-----------	-----------

[CHILD SUPPORT PAYMENT CENTER.] Payments to the commissioner from other governmental units, private enterprises, and individuals for services performed by the child support payment center must be deposited in the state systems account authorized under Minnesota Statutes, section 256.014. These payments are appropriated to the commissioner for the operation of the child support payment center or system, according to Minnesota Statutes, section 256.014.

[CHILD SUPPORT EXPEDITED PROCESS.] Of this appropriation for child support enforcement, \$2,340,000 for the biennium shall be transferred to the state court administrator to fund the child support expedited process, in accordance with a

APPROPRIATIONS
 Available for the Year
 Ending June 30
 2000 2001

cooperative agreement to be negotiated between the parties. State funds transferred for this purpose in fiscal year 2000 may exceed the base funding amount of \$1,170,000 to the extent that there is an increase in the number of orders issued in the expedited process, but may not exceed \$1,420,000 in any case. Unexpended expedited process appropriations in fiscal year 2000 may be transferred to fiscal year 2001 for this purpose. Base funding for this program is set at \$1,170,000 for each year of the 2002-2003 biennium. The commissioner shall include cost reimbursement claims from the state court administrator for the child support expedited process in the department of human services federal cost reimbursement claim process according to federal law. Federal dollars earned under these claims are appropriated to the commissioner and shall be disbursed to the state court administrator according to department procedures and schedules.

(e) General Assistance

General	33,927,000	14,973,000
---------	------------	------------

[TRANSFERS FROM STATE TANF RESERVE.] \$4,666,000 in fiscal year 2000 is transferred from the state TANF reserve account to the general fund.

[GENERAL ASSISTANCE STANDARD.] The commissioner shall set the monthly standard of assistance for general assistance units consisting of an adult recipient who is childless and unmarried or living apart from his or her parents or a legal guardian at \$203. The commissioner may reduce this amount in accordance with Laws 1997, chapter 85, article 3, section 54.

(f) Minnesota Supplemental Aid

General	25,767,000	26,874,000
---------	------------	------------

(g) Refugee Services

General	330,000	330,000
---------	---------	---------

Subd. 11. Economic Support Management

General	40,950,000	40,357,000
---------	------------	------------

Health Care

Access	1,313,000	1,318,000
--------	-----------	-----------

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) Economic Support Policy Administration

General	7,100,000	6,951,000
---------	-----------	-----------

[FOOD STAMP ADMINISTRATIVE REIMBURSEMENT.] The commissioner shall reduce quarterly food stamp administrative reimbursement to counties in fiscal years 1999, 2000, and 2001 by the amount that the United States Department of Health and Human Services determines to be the county random moment study share of the food stamp adjustment under Public Law Number 105-185. The reductions shall be allocated to each county in proportion to each county's contribution, if any, to the amount of the adjustment. Any adjustment to medical assistance administrative reimbursement that is based on the United States Department of Health and Human Services' determinations under Public Law Number 105-185 shall be distributed to counties in the same manner. This provision is effective the day following final enactment.

[SPENDING AUTHORITY FOR FOOD STAMP ENHANCED FUNDING.] In the event that Minnesota qualifies for United States Department of Agriculture Food and Nutrition Services Food Stamp Program enhanced funding beginning in federal fiscal year 1998, the money is appropriated to the commissioner for the purposes of the program. The commissioner may retain 25 percent of the enhanced funding, with the remaining 75 percent divided among the counties according to a formula that takes into account each county's impact on the statewide food stamp error rate.

[ELIGIBILITY DETERMINATION FUNDING.] Increased federal funds for the costs of eligibility determination and other permitted activities that are available to the state through section 114 of the Personal Responsibility and Work Opportunity Reconciliation Act, Public Law Number 104-193, are appropriated to the commissioner.

(b) Economic Support Operations

General	33,850,000	33,406,000
Health Care Access	1,313,000	1,318,000

[MAXIS BASE REDUCTION.] The base level appropriation for MAXIS shall be reduced by \$2,500,000 each year of the biennium beginning July 1, 2001. Section 13, sunset of uncodified language, does not apply to this provision.

APPROPRIATIONS
 Available for the Year
 Ending June 30
 2000 2001

[FRAUD PREVENTION AND CONTROL FUNDING.] Unexpended funds appropriated for the provision of program integrity activities for fiscal year 2000 are also available to the commissioner to fund fraud prevention and control initiatives, and do not cancel but are available to the commissioner for these purposes for fiscal year 2001. Unexpended funds may be transferred between the fraud prevention investigation program and fraud control programs to promote the provisions of Minnesota Statutes, sections 256.983 and 256.9861.

[TRANSFERS TO TITLE XX FOR CSSA.] When preparing the governor's budget for the 2002-2003 biennium, the commissioner of finance shall ensure that the base level funding for the community social services aids includes \$11,000,000 in fiscal year 2002 and \$11,000,000 in fiscal year 2003 in funding that is transferred from the state's federal TANF block grant to the state's federal Title XX block grant. Notwithstanding the provisions of Minnesota Statutes, section 256E.07, the commissioner shall allocate the portion of the state's community social services aids funding that is comprised of these transferred funds based on the community social services aids formula in Minnesota Statutes, section 256E.06. The commissioner shall ensure that money allocated under this provision is used in accordance with the requirements of United States Code, title 42, section 604(d)(3)(B). Any reductions to the amount of the state community social services (CSSA) block grant funding in fiscal year 2002 or 2003 shall not reduce the base for the CSSA block grant for the 2004-2005 biennial budget. Section 13, sunset of uncodified language, does not apply to this provision.

Sec. 3. COMMISSIONER OF HEALTH

Subdivision 1. Total Appropriation	100,424,000	98,641,000
Summary by Fund		
General	64,916,000	63,565,000
State Government		
Special Revenue	25,563,000	25,020,000
Health Care		
Access	9,945,000	10,056,000

[INDIRECT COSTS NOT TO FUND PROGRAMS.] The commissioner shall not use indirect cost allocations to pay for the operational costs of any program for which the commissioner is responsible.

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

[GENERAL FUND GRANT REDUCTIONS.] The commissioner may not reduce general fund appropriations for grants without specific legislative authority.

Subd. 2. Health Systems and Special Populations	66,999,000	66,269,000
Summary by Fund		
General	46,593,000	46,299,000
State Government		
Special Revenue	10,557,000	10,012,000
Health Care		
Access	9,849,000	9,958,000

[WIC TRANSFERS.] The general fund appropriation for the women, infants, and children (WIC) food supplement program is available for either year of the biennium. Transfers of these funds between fiscal years must either be to maximize federal funds or to minimize fluctuations in the number of program participants.

[MINNESOTA CHILDREN WITH SPECIAL HEALTH NEEDS CARRYOVER.] General fund appropriations for treatment services in the services for Minnesota children with special health needs program are available for either year of the biennium.

[SUICIDE PREVENTION STUDY.] Of the general fund appropriation, \$100,000 in fiscal year 2000 is for the commissioner to study suicide issues and develop a suicide prevention plan. The study must be conducted in consultation with local community health boards, mental health professionals, schools, and other interested parties. The plan must be reported to the legislature by January 15, 2000.

[FAMILY PRACTICE RESIDENCY PROGRAM.] Of the general fund appropriation, \$300,000 in fiscal year 2000 is to the commissioner to make a grant to the city of Duluth for a family practice residency program for northeastern Minnesota.

[UNCOMPENSATED CARE.] The commissioner shall study and report to the legislature by January 15, 2000, with:

(1) statistical information on the amount of uncompensated health care provided in Minnesota, the types of care provided, the settings in which the care is provided, and, if known, the most common reasons why the care is uncompensated; and

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

(2) recommendations for reducing the level of uncompensated care, including, but not limited to, methods to enroll eligible persons in public health care programs through simplification of the application process and other efforts.

[RURAL HOSPITAL CAPITAL IMPROVEMENT GRANT PROGRAM.] (a) Of this appropriation, \$2,800,000 for each fiscal year is from the health care access fund to the commissioner for the rural hospital capital improvement grant program described in Minnesota Statutes, section 144.148. This appropriation shall not become part of the base for the 2002-2003 biennium.

(b) The commissioner may provide up to \$300,000 for the Westbrook health center for hospital and clinic improvements, upon receipt of information from the Westbrook health center indicating how it has fulfilled the requirements of Minnesota Statutes, section 144.148, and evidence that it has raised at least a dollar-for-dollar match from nonstate sources.

[ACCESS TO SUMMARY MINIMUM DATA SET (MDS).] The commissioner, in cooperation with the commissioner of administration, shall work to obtain access to Minimum Data Set (MDS) data that is electronically transmitted by nursing facilities to the health department. The MDS data shall be made available on a quarterly basis to industry trade associations for use in quality improvement efforts and comparative analysis. The MDS data shall be provided to the industry trade associations in the form of summary aggregate data, without patient identifiers, to ensure patient privacy. The commissioner may charge for the actual cost of production of these documents.

[NURSING HOME MORATORIUM REPORT.] In preparing the report required by Minnesota Statutes, section 144A.071, subdivision 5, the commissioner and the commissioner of human services shall analyze the adequacy of the supply of nursing home beds by measuring the ability of hospitals to promptly discharge patients to a nursing home within the hospital's primary service area. If it is determined that a shortage of beds exists, the report shall present a plan to correct the service deficits. The report shall also analyze the impact of assisted living services on the medical assistance utilization of nursing homes.

[HEALTH CARE PURCHASING ALLIANCES.] Of the health care access fund appropriation, \$100,000 each year is to the commissioner for grants to two local organizations to develop health care purchasing alliances under Minnesota Statutes, section 62T.02, to negotiate the purchase of health care services from licensed entities. Of this amount, \$50,000 each year is for a grant to the Southwest Regional Development Commissioner to

APPROPRIATIONS
 Available for the Year
 Ending June 30
 2000 2001

coordinate purchasing alliance development in the southwest area of the state, and \$50,000 each year is for a grant to the University of Minnesota extension services in Crookston to coordinate purchasing alliance development in the northwest area of the state. This is a one-time appropriation and shall not become part of base level funding for this activity for the 2002-2003 biennium.

[GENERAL FUND TOBACCO BASE REDUCTION.] The general fund base level appropriation for tobacco prevention and control programs and activities shall be reduced by \$1,100,000 each year of the biennium beginning July 1, 2001. Section 13, sunset of uncodified language, does not apply to this provision.

[STANDARDS FOR SPECIAL CASE AUTOPSIES.] Of this general fund appropriation, \$20,000 for the biennium is for a grant to a professional association representing coroners and medical examiners in Minnesota to conduct case studies, and develop and disseminate guidelines, for autopsy practice in special cases. This is a one-time appropriation and shall not become part of base level funding for the 2002-2003 biennium.

Subd. 3. Health Protection	27,046,000	27,240,000
----------------------------	------------	------------

Summary by Fund

General	12,221,000	12,417,000
State Government		
Special Revenue	14,825,000	14,823,000

[PORTABLE WADING POOLS.] (a) Portable wading pools used in the following settings are defined as private residential pools, and not public pools, for purposes of public swimming pool regulation under Minnesota Rules, chapter 4717, provided they have a maximum depth of 24 inches and are capable of being manually emptied and moved:

(1) a portable wading pool operated at a family day care or group family day care home that is licensed under Minnesota Rules, chapter 9502; and

(2) a portable wading pool operated at a home at which child care services are provided under Minnesota Statutes, section 245A.03, subdivision 2, clause (2), or under Laws 1997, chapter 248, section 46, including subsequent amendments.

(b) Portable wading pools may not be used by a child at a setting specified in paragraph (a), clause (1) or (2), unless the parent or legal guardian for the child in care has provided written consent.

APPROPRIATIONS
 Available for the Year
 Ending June 30
 2000 2001

The written consent shall include a statement that the parent or legal guardian has received and read material provided by the department of health to the department of human services for distribution to all child care facilities, related to the use of portable wading pools concerning the risk of disease transmission as well as other health risks.

(c) This provision is effective the day following final enactment.

Subd. 4. Management and Support Services	6,379,000	5,132,000
------------------------------------------	-----------	-----------

Summary by Fund

General	6,102,000	4,849,000
---------	-----------	-----------

State Government		
Special Revenue	181,000	185,000

Health Care		
Access	96,000	98,000

[HEALTH NEEDS OF SPECIAL POPULATIONS.] Of the general fund appropriation, \$400,000 in fiscal year 2000 is for grants to local health agencies to conduct a health needs assessment that is specific to populations of color. Any portion of this appropriation that is unspent does not cancel but shall be available for these purposes in fiscal year 2001. This appropriation shall not become part of the base for the 2002-2003 biennium.

[YEAR 2000 SURVEY OF FACILITIES AND WATER SYSTEMS.] Of this general fund appropriation, \$100,000 is for the costs associated with surveying by July 1, 1999, all hospitals, nursing homes, nontransient community water systems operated by a public entity, and community water supply systems for year 2000 problems and proposed solutions. Of this amount, \$50,000 is available the day following final enactment.

[SINGLE POINT OF ENTRY.] The commissioner, in consultation with the commissioners of commerce and human services, the ombudsman for mental health and mental retardation, and the board on aging, shall report to the chairs of the senate health and family security committee and the house health and human services committee by January 15, 2000, with a plan to:

(1) create a single point of entry for health care consumer assistance and advocacy services;

APPROPRIATIONS
 Available for the Year
 Ending June 30
 2000 2001

(2) integrate state offices of health care consumer assistance; and

(3) coordinate and collaborate with other state agencies and nongovernmental entities to provide consumers with assistance and advocacy services related to health insurance and health services.

The report shall also discuss the feasibility of obtaining grants and other revenue to provide these services.

Sec. 4. VETERANS NURSING HOMES BOARD

26,121,000

27,103,000

[ALLOWANCE FOR FOOD.] The allowance for food may be adjusted annually to reflect changes in the producer price index, as prepared by the United States Bureau of Labor Statistics, with the approval of the commissioner of finance. Adjustments for fiscal year 2000 and fiscal year 2001 must be based on the June 1998 and June 1999 producer price index respectively, but the adjustment must be prorated if it would require money in excess of the appropriation.

[IMPROVEMENTS USING DONATED MONEY.] Notwithstanding Minnesota Statutes, section 16B.30, the board may make and maintain the following improvements to the veterans homes using money donated for those purposes:

- (1) a picnic pavilion at the Minneapolis veterans home;
- (2) walking trails at the Hastings veterans home;
- (3) walking trails and landscaping at the Silver Bay veterans home;
- (4) an entrance canopy at the Fergus Falls veterans home; and
- (5) a suspended wooden dining deck at the Luverne veterans home.

[ASSET PRESERVATION; FACILITY REPAIR.] Of the general fund appropriation, \$1,190,000 each year is for asset preservation and facility repair. The appropriations are available in either year of the biennium and may be used for abatement and repair at the Luverne home. This appropriation shall become part of the board's base level funding for the 2002-2003 biennium.

[VETERANS HOMES SPECIAL REVENUE ACCOUNT.] The general fund appropriations made to the board shall be transferred to a veterans homes special revenue account in the special revenue fund in the same manner as other receipts are deposited according to Minnesota Statutes, section 198.34, and are appropriated to the board for the operation of board facilities and programs.

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

[SETTING COST OF CARE.] (a) The board may set the cost of care at the Fergus Falls facility for fiscal year 2000 based on the cost of average skilled nursing care provided to residents of the Minneapolis veterans home for fiscal year 2000.

(b) The cost of care for the domiciliary residents at the Minneapolis veterans home and the skilled nursing care residents at the Luverne veterans home for fiscal year 2000 and fiscal year 2001 shall be calculated based on 100 percent occupancy at each facility.

[LICENSED BED CAPACITY FOR MINNEAPOLIS VETERANS HOME.] The commissioner of health shall not reduce the licensed bed capacity for the Minneapolis veterans home pending completion of the project authorized by Laws 1990, chapter 610, article 1, section 9, subdivision 3.

[LUVERNE ENVIRONMENTAL QUALITY.] Of this appropriation, \$591,000 in fiscal year 2000 is from the general fund to the board to ensure an adequate staffing complement during the repairs at the Luverne home. Of that amount, \$229,000 is available the day following final enactment.

Sec. 5. HEALTH-RELATED BOARDS

Subdivision 1. Total Appropriation	10,376,000	10,576,000
------------------------------------	------------	------------

[STATE GOVERNMENT SPECIAL REVENUE FUND.] The appropriations in this section are from the state government special revenue fund.

[NO SPENDING IN EXCESS OF REVENUES.] The commissioner of finance shall not permit the allotment, encumbrance, or expenditure of money appropriated in this section in excess of the anticipated biennial revenues or accumulated surplus revenues from fees collected by the boards. Neither this provision nor Minnesota Statutes, section 214.06, applies to transfers from the general contingent account.

Subd. 2. Board of Chiropractic Examiners	350,000	361,000
Subd. 3. Board of Dentistry	783,000	806,000
Subd. 4. Board of Dietetic and Nutrition Practice	92,000	95,000
Subd. 5. Board of Marriage and Family Therapy	107,000	111,000
Subd. 6. Board of Medical Practice	3,469,000	3,593,000

		APPROPRIATIONS Available for the Year Ending June 30	
		2000	2001
Subd. 7.	Board of Nursing	2,202,000	2,245,000
Subd. 8.	Board of Nursing Home Administrators	548,000	566,000
[HEALTH PROFESSIONAL SERVICES ACTIVITY.] Of these appropriations, \$368,000 the first year and \$380,000 the second year are for the Health Professional Services Activity.			
Subd. 9.	Board of Optometry	87,000	90,000
Subd. 10.	Board of Pharmacy	1,125,000	1,137,000
[ADMINISTRATIVE SERVICES UNIT.] Of this appropriation, \$259,000 the first year and \$270,000 the second year are for the health boards administrative services unit. The administrative services unit may receive and expend reimbursements for services performed for other agencies.			
Subd. 11.	Board of Physical Therapy	227,000	185,000
Subd. 12.	Board of Podiatry	41,000	42,000
Subd. 13.	Board of Psychology	556,000	534,000
[PART-TIME POSITIONS FUNDING.] Of this appropriation, \$34,000 in fiscal year 2000 is from the state government special revenue fund to the board to fund two part-time positions previously funded through the legislative advisory commission and for a budget shortage due to position reallocations. This appropriation is available the day following final enactment.			
Subd. 14.	Board of Social Work	641,000	658,000
Subd. 15.	Board of Veterinary Medicine	148,000	153,000
Sec. 6.	EMERGENCY MEDICAL SERVICES BOARD	2,420,000	2,467,000
Summary by Fund			
General	694,000	694,000	
Trunk Highway	1,726,000	1,773,000	
[COMPREHENSIVE ADVANCED LIFE SUPPORT (CALs).] 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.			

APPROPRIATIONS
Available for the Year
Ending June 30

	2000	2001
--	------	------

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

Sec. 7. COUNCIL ON DISABILITY	650,000	670,000
Sec. 8. OMBUDSMAN FOR MENTAL HEALTH AND MENTAL RETARDATION	1,338,000	1,378,000
Sec. 9. OMBUDSMAN FOR FAMILIES	166,000	171,000
Sec. 10. TRANSFERS		

Subdivision 1. Grant Programs

The commissioner of human services, with the approval of the commissioner of finance, and after notification of the chair of the senate health and family security budget division and the chair of the house health and human services finance committee, may transfer unencumbered appropriation balances for the biennium ending June 30, 2001, within fiscal years among the MFIP, general assistance, general assistance medical care, medical assistance, Minnesota supplemental aid, and group residential housing programs, and the entitlement portion of the chemical dependency consolidated treatment fund, and between fiscal years of the biennium.

Subd. 2. Approval Required

Positions, salary money, and nonsalary administrative money may be transferred within the departments of human services and health and within the programs operated by the veterans nursing homes board as the commissioners and the board consider necessary, with the advance approval of the commissioner of finance. The commissioner or the board shall inform the chairs of the house health and human services finance committee and the senate health and family security budget division quarterly about transfers made under this provision.

Sec. 11. PROVISIONS

(a) Money appropriated to the commissioner of human services for the purchase of provisions must be used solely for that purpose. Money provided and not used for the purchase of provisions must be canceled into the fund from which appropriated, except that money provided and not used for the purchase of provisions because of population decreases may be transferred and used for

the purchase of drugs and medical and hospital supplies and equipment with the approval of the commissioner of finance after notification of the chairs of the house health and human services finance committee and the senate health and family security budget division.

(b) For fiscal year 2000, the allowance for food may be adjusted to the equivalent of the 75th percentile of the comparable raw food costs for community nursing homes as reported to the commissioner of human services. For fiscal year 2001, an adjustment may be made to reflect the annual change in the United States Bureau of Labor Statistics producer price index as of June 2000 with the approval of the commissioner of finance. The adjustments for either year must be prorated if they would require money in excess of this appropriation.

Sec. 12. CARRYOVER LIMITATION

None of the appropriations in this act which are allowed to be carried forward from fiscal year 2000 to fiscal year 2001 shall become part of the base level funding for the 2002-2003 biennial budget, unless specifically directed by the legislature.

Sec. 13. SUNSET OF UNCODIFIED LANGUAGE

All uncodified language contained in this article expires on June 30, 2001, unless a different expiration date is explicit.

Sec. 14. Minnesota Statutes 1998, section 144.05, is amended by adding a subdivision to read:

Subd. 3. [APPROPRIATION TRANSFERS TO BE REPORTED.] When the commissioner transfers operational money between programs under section 16A.285, in addition to the requirements of that section the commissioner must provide the chairs of the legislative committees that have jurisdiction over the agency's budget with sufficient detail to identify the account to which the money was originally appropriated, and the account to which the money is being transferred.

Sec. 15. Minnesota Statutes 1998, section 198.003, is amended by adding a subdivision to read:

Subd. 5. [APPROPRIATION TRANSFERS TO BE REPORTED.] When the board transfers operational money between programs under section 16A.285, in addition to the requirements of that section the board must provide the chairs of the legislative committees that have jurisdiction over the board's budget with sufficient detail to identify the account to which the money was originally appropriated, and the account to which the money is being transferred.

Sec. 16. Minnesota Statutes 1998, 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, education, and welfare of the United States has agreed, for the same project, to waive state plan requirements relative to statewide uniformity.

(b) A comprehensive plan, including estimated project costs, shall be approved by the legislative advisory commission and filed with the commissioner of administration.

(13) According to federal requirements, establish procedures to be followed by local welfare boards in creating citizen advisory committees, including procedures for selection of committee members.

(14) Allocate federal fiscal disallowances or sanctions which are based on quality control error rates for the aid to families with dependent children, Minnesota family investment program-statewide, medical assistance, or food stamp program in the following manner:

(a) One-half of the total amount of the disallowance shall be borne by the county boards responsible for administering the programs. For the medical assistance, MFIP-S, and AFDC programs, disallowances shall be shared by each county board in the same proportion as that county's expenditures for the sanctioned program are to the total of all counties' expenditures for the AFDC, MFIP-S, and medical assistance programs. For the food stamp program, sanctions shall be shared by each county board, with 50 percent of the sanction being distributed to each county in the same proportion as that county's administrative costs for food stamps are to the total of all food stamp administrative costs for all counties, and 50 percent of the sanctions being distributed to each county in the same proportion as that county's value of food stamp benefits issued are to the total of all benefits issued for all counties. Each county shall pay its share of the disallowance to the state of Minnesota. When a county fails to pay the amount due hereunder, the commissioner may deduct the amount from reimbursement otherwise due the county, or the attorney general, upon the request of the commissioner, may institute civil action to recover the amount due.

(b) Notwithstanding the provisions of paragraph (a), if the disallowance results from knowing noncompliance by one or more counties with a specific program instruction, and that knowing noncompliance is a matter of official county board record, the commissioner may require payment or recover from the county or counties, in the manner prescribed in paragraph (a), an amount equal to the portion of the total disallowance which resulted from the noncompliance, and may distribute the balance of the disallowance according to paragraph (a).

(15) Develop and implement special projects that maximize reimbursements and result in the recovery of money to the state. For the purpose of recovering state money, the commissioner may enter into contracts with third parties. Any recoveries that result from projects or contracts entered into under this paragraph shall be deposited in the state treasury and credited to a special account until the balance in the account reaches \$1,000,000. When the balance in the account exceeds \$1,000,000, the excess shall be transferred and credited to the general fund. All money in the account is appropriated to the commissioner for the purposes of this paragraph.

(16) Have the authority to make direct payments to facilities providing shelter to women and their children according to section 256D.05, subdivision 3. Upon the written request of a shelter facility that has been denied payments under section 256D.05, subdivision 3, the commissioner shall review all relevant evidence and make a determination within 30 days of the request for review regarding issuance of direct payments to the shelter facility. Failure to act within 30 days shall be considered a determination not to issue direct payments.

(17) Have the authority to establish and enforce the following county reporting requirements:

(a) The commissioner shall establish fiscal and statistical reporting requirements necessary to account for the expenditure of funds allocated to counties for human services programs. When establishing financial and statistical reporting requirements, the commissioner shall evaluate all reports, in consultation with the counties, to determine if the reports can be simplified or the number of reports can be reduced.

(b) The county board shall submit monthly or quarterly reports to the department as required by the commissioner. Monthly reports are due no later than 15 working days after the end of the month. Quarterly reports are due no later than 30 calendar days after the end of the quarter, unless the commissioner determines that the deadline must be shortened to 20 calendar days to avoid jeopardizing compliance with federal deadlines or risking a loss of federal funding. Only reports that are complete, legible, and in the required format shall be accepted by the commissioner.

(c) If the required reports are not received by the deadlines established in clause (b), the commissioner may delay payments and withhold funds from the county board until the next reporting period. When the report is needed to account for the use of federal funds and the late report results in a reduction in federal funding, the commissioner shall withhold from the county boards with late reports an amount equal to the reduction in federal funding until full federal funding is received.

(d) A county board that submits reports that are late, illegible, incomplete, or not in the required format for two out of three consecutive reporting periods is considered noncompliant. When a county board is found to be noncompliant, the commissioner shall notify the county board of the reason the county board is considered noncompliant and request that the county board develop a corrective action plan stating how the county board plans to correct the problem. The corrective action plan must be submitted to the commissioner within 45 days after the date the county board received notice of noncompliance.

(e) The final deadline for fiscal reports or amendments to fiscal reports is one year after the date the report was originally due. If the commissioner does not receive a report by the final deadline, the county board forfeits the funding associated with the report for that reporting period and the county board must repay any funds associated with the report received for that reporting period.

(f) The commissioner may not delay payments, withhold funds, or require repayment under paragraph (c) or (e) if the county demonstrates that the commissioner failed to provide appropriate forms, guidelines, and technical assistance to enable the county to comply with the requirements. If the county board disagrees with an action taken by the commissioner under paragraph (c) or (e), the county board may appeal the action according to sections 14.57 to 14.69.

(g) Counties subject to withholding of funds under paragraph (c) or forfeiture or repayment of funds under paragraph (e) shall not reduce or withhold benefits or services to clients to cover costs incurred due to actions taken by the commissioner under paragraph (c) or (e).

(18) Allocate federal fiscal disallowances or sanctions for audit exceptions when federal fiscal disallowances or sanctions are based on a statewide random sample for the foster care program under title IV-E of the Social Security Act, United States Code, title 42, in direct proportion to each county's title IV-E foster care maintenance claim for that period.

(19) Be responsible for ensuring the detection, prevention, investigation, and resolution of fraudulent activities or behavior by applicants, recipients, and other participants in the human services programs administered by the department.

(20) Require county agencies to identify overpayments, establish claims, and utilize all available and cost-beneficial methodologies to collect and recover these overpayments in the human services programs administered by the department.

(21) Have the authority to administer a drug rebate program for drugs purchased pursuant to the senior citizen drug program established under section 256.955 after the beneficiary's satisfaction of any deductible established in the program. The commissioner shall require a rebate agreement from all manufacturers of covered drugs as defined in section 256B.0625, subdivision 13. For each drug, the amount of the rebate shall be equal to the basic rebate as defined for purposes of the federal rebate program in United States Code, title 42, section 1396r-8(c)(1). This basic rebate shall be applied to single-source and multiple-source drugs. The manufacturers must provide full payment within 30 days of receipt of the state invoice for the rebate within the terms and conditions used for the federal rebate program established pursuant to section 1927 of title XIX of the Social Security Act. The manufacturers must provide the commissioner with any information necessary to verify the rebate determined per drug. The rebate program shall utilize the terms and conditions used for the federal rebate program established pursuant to section 1927 of title XIX of the Social Security Act.

(22) Operate the department's communication systems account established in Laws 1993, First Special Session chapter 1, article 1, section 2, subdivision 2, to manage shared communication costs necessary for the operation of the programs the commissioner supervises. A communications account may also be established for each regional treatment center which operates communications systems. Each account must be used to manage shared communication costs necessary for the operations of the programs the commissioner supervises. The commissioner may distribute the costs of operating and maintaining communication systems to participants in a manner that reflects actual usage. Costs may include acquisition, licensing, insurance, maintenance, repair, staff time and other costs as determined by the commissioner. Nonprofit organizations and state, county, and local government agencies involved in the operation of programs the commissioner supervises may participate in the use of the department's communications technology and share in the cost of operation. The commissioner may accept on behalf of the state any gift, bequest, devise or personal property of any kind, or money tendered to the state for any lawful purpose pertaining to the communication activities of the department. Any money received for this purpose must be deposited in the department's communication systems accounts. Money collected by the commissioner for the use of communication systems must be deposited in the state communication systems account, and is appropriated to the commissioner for purposes of this section.

(23) Receive any federal matching money that is made available through the medical assistance program for the consumer satisfaction survey. Any federal money received for the survey is appropriated to the commissioner for this purpose. The commissioner may expend the federal money received for the consumer satisfaction survey in either year of the biennium.

(24) Incorporate cost reimbursement claims from First Call Minnesota into the federal cost reimbursement claiming processes of the department according to federal law, rule, and regulations. Any reimbursement received is appropriated to the commissioner and shall be disbursed to First Call Minnesota according to normal department payment schedules.

Sec. 17. Minnesota Statutes 1998, section 256.01, is amended by adding a subdivision to read:

Subd. 18. [APPROPRIATION TRANSFERS TO BE REPORTED.] When the commissioner transfers operational money between programs under section 16A.285, in addition to the requirements of that section the commissioner must provide the chairs of the legislative committees that have jurisdiction over the agency's budget with sufficient detail to identify the account to which the money was originally appropriated, and the account to which the money is being transferred.

Sec. 18. Minnesota Statutes 1998, section 256.014, is amended by adding a subdivision to read:

Subd. 4. [ISSUANCE OPERATIONS CENTER.] Payments to the commissioner from other governmental units and private enterprises for: services performed by the issuance operations center; or reports generated by the payment and eligibility systems must be deposited in the account created under subdivision 2. These payments are appropriated to the commissioner for the operation of the issuance center or system, according to the provisions of this section.

Sec. 19. Minnesota Statutes 1998, section 256J.39, subdivision 1, is amended to read:

Subdivision 1. [PAYMENT POLICY.] The following policies apply to monthly assistance payments and corrective payments:

(1) Grant payments may be issued in the form of warrants immediately redeemable in cash, electronic benefits transfer, or by direct deposit into the recipient's account in a financial institution.

(2) The commissioner shall mail assistance payment checks to the address where a caregiver lives unless the county agency approves an alternate arrangement.

(3) The commissioner shall mail monthly assistance payment checks within time to allow postal service delivery to occur no later than the first day of each month. Monthly assistance payment checks must be dated the first day of the month. The commissioner shall issue electronic benefits transfer payments so that caregivers have access to the payments no later than the first of the month.

(4) The commissioner shall issue replacement checks promptly, but no later than seven calendar days after the provisions of sections 16A.46; 256.01, subdivision 11; and 471.415 have been met.

(5) The commissioner, with the advance approval of the commissioner of finance, may issue cash assistance grant payments up to three days before the first day of each month, including three days before the start of each state fiscal year. Of the money appropriated for cash assistance grant payments for each fiscal year, up to three percent of the annual state appropriation is available to the commissioner in the previous fiscal year. If that amount is insufficient for the costs incurred, an additional amount of the appropriation as needed may be transferred with the advance approval of the commissioner of finance.

Sec. 20. [REPEALER.]

Minnesota Statutes 1998, section 256J.03, is repealed effective July 2, 1999. Section 13, sunset of uncodified language, does not apply to this section.

Sec. 21. [EFFECTIVE DATE.]

Section 19 is effective the day following final enactment.

ARTICLE 2

HEALTH DEPARTMENT

Section 1. Minnesota Statutes 1998, section 15.059, subdivision 5a, is amended to read:

Subd. 5a. [LATER EXPIRATION.] Notwithstanding subdivision 5, the advisory councils and committees listed in this subdivision do not expire June 30, 1997. These groups expire June 30, 2001, unless the law creating the group or this subdivision specifies an earlier expiration date.

Investment advisory council, created in section 11A.08;

Intergovernmental information systems advisory council, created in section 16B.42, expires June 30, 1999;

Feedlot and manure management advisory committee, created in section 17.136;

Aquaculture advisory committee, created in section 17.49;

Dairy producers board, created in section 17.76;

Pesticide applicator education and examination review board, created in section 18B.305;

Advisory seed potato certification task force, created in section 21.112;

Food safety advisory committee, created in section 28A.20;

Minnesota organic advisory task force, created in section 31.95;

Public programs risk adjustment work group, created in section 62Q.03, ~~expires June 30, 1999;~~

Workers' compensation self-insurers' advisory committee, created in section 79A.02;

Youth corps advisory committee, created in section 84.0887;

Iron range off-highway vehicle advisory committee, created in section 85.013;

Mineral coordinating committee, created in section 93.002;

Game and fish fund citizen advisory committees, created in section 97A.055;

Wetland heritage advisory committee, created in section 103G.2242;

Wastewater treatment technical advisory committee, created in section 115.54;

Solid waste management advisory council, created in section 115A.12;

Nuclear waste council, created in section 116C.711;

Genetically engineered organism advisory committee, created in section 116C.93;

Environment and natural resources trust fund advisory committee, created in section 116P.06;

Child abuse prevention advisory council, created in section 119A.13;

Chemical abuse and violence prevention council, created in section 119A.27;

Youth neighborhood services advisory board, created in section 119A.29;

Interagency coordinating council, created in section 125A.28, expires June 30, 1999;

Desegregation/integration advisory board, created in section 124D.892;

Nonpublic education council, created in section 123B.445;

Permanent school fund advisory committee, created in section 127A.30;

Indian scholarship committee, created in section 124D.84, subdivision 2;

American Indian education committees, created in section 124D.80;

Summer scholarship advisory committee, created in section 124D.95;

Multicultural education advisory committee, created in section 124D.894;

Male responsibility and fathering grants review committee, created in section 124D.33;

Library for the blind and physically handicapped advisory committee, created in section 134.31;

Higher education advisory council, created in section 136A.031;

Student advisory council, created in section 136A.031;

Cancer surveillance advisory committee, created in section 144.672;

Maternal and child health task force, created in section 145.881;

State community health advisory committee, created in section 145A.10;

Mississippi River Parkway commission, created in section 161.1419;

School bus safety advisory committee, created in section 169.435;

Advisory council on workers' compensation, created in section 175.007;

Code enforcement advisory council, created in section 175.008;

Medical services review board, created in section 176.103;

Apprenticeship advisory council, created in section 178.02;

OSHA advisory council, created in section 182.656;

Health professionals services program advisory committee, created in section 214.32;

Rehabilitation advisory council for the blind, created in section 248.10;

American Indian advisory council, created in section 254A.035;

Alcohol and other drug abuse advisory council, created in section 254A.04;

Medical assistance drug formulary committee, created in section 256B.0625;

Home care advisory committee, created in section 256B.071;

Preadmission screening, alternative care, and home and community-based services advisory committee, created in section 256B.0911;

Traumatic brain injury advisory committee, created in section 256B.093;

Minnesota commission serving deaf and hard-of-hearing people, created in section 256C.28;

American Indian child welfare advisory council, created in section 257.3579;

Juvenile justice advisory committee, created in section 268.29;

Northeast Minnesota economic development fund technical advisory committees, created in section 298.2213;

Iron range higher education committee, created in section 298.2214;

Northeast Minnesota economic protection trust fund technical advisory committee, created in section 298.297;

Pipeline safety advisory committee, created in section 299J.06, expires June 30, 1998;

Battered women's advisory council, created in section 611A.34.

Sec. 2. Minnesota Statutes 1998, section 62J.04, subdivision 3, is amended to read:

Subd. 3. [COST CONTAINMENT DUTIES.] ~~After obtaining the advice and recommendations of the Minnesota health care commission,~~ The commissioner shall:

(1) establish statewide and regional cost containment goals for total health care spending under this section and collect data as described in sections 62J.38 to 62J.41 to monitor statewide achievement of the cost containment goals;

(2) divide the state into no fewer than four regions, with one of those regions being the Minneapolis/St. Paul metropolitan statistical area but excluding Chisago, Isanti, Wright, and Sherburne counties, for purposes of fostering the development of regional health planning and coordination of health care delivery among regional health care systems and working to achieve the cost containment goals;

(3) ~~provide technical assistance to regional coordinating boards;~~

~~(4)~~ monitor the quality of health care throughout the state and take action as necessary to ensure an appropriate level of quality;

~~(5)~~ (4) issue recommendations regarding uniform billing forms, uniform electronic billing procedures and data interchanges, patient identification cards, and other uniform claims and administrative procedures for health care providers and private and public sector payers. In developing the recommendations, the commissioner shall review the work of the work group on electronic data interchange (WEDI) and the American National Standards Institute (ANSI) at the national level, and the work being done at the state and local level. The commissioner may adopt rules requiring the use of the Uniform Bill 82/92 form, the National Council of Prescription Drug Providers (NCPDP) 3.2 electronic version, the Health Care Financing Administration 1500 form, or other standardized forms or procedures;

~~(6)~~ (5) undertake health planning responsibilities as provided in section 62J.15;

~~(7)~~ (6) authorize, fund, or promote research and experimentation on new technologies and health care procedures;

~~(8)~~ (7) within the limits of appropriations for these purposes, administer or contract for statewide consumer education and wellness programs that will improve the health of Minnesotans and increase individual responsibility relating to personal health and the delivery of health care services, undertake prevention programs including initiatives to improve birth outcomes, expand childhood immunization efforts, and provide start-up grants for worksite wellness programs;

~~(9)~~ (8) undertake other activities to monitor and oversee the delivery of health care services in Minnesota with the goal of improving affordability, quality, and accessibility of health care for all Minnesotans; and

~~(10)~~ (9) make the cost containment goal data available to the public in a consumer-oriented manner.

Sec. 3. Minnesota Statutes 1998, section 62J.06, is amended to read:

62J.06 [IMMUNITY FROM LIABILITY.]

No member of ~~the regional coordinating boards established under section 62J.09, or~~ the health technology advisory committee established under section 62J.15, shall be held civilly or criminally liable for an act or omission by that person if the act or omission was in good faith and within the scope of the member's responsibilities under this chapter.

Sec. 4. Minnesota Statutes 1998, section 62J.07, subdivision 1, is amended to read:

Subdivision 1. [LEGISLATIVE OVERSIGHT.] The legislative commission on health care access reviews the activities of the commissioner of health, ~~the regional coordinating boards,~~ the health technology advisory committee, and all other state agencies involved in the implementation and administration of this chapter, including efforts to obtain federal approval through waivers and other means.

Sec. 5. Minnesota Statutes 1998, section 62J.07, subdivision 3, is amended to read:

Subd. 3. [REPORTS TO THE COMMISSION.] The commissioner of health, ~~the regional coordinating boards,~~ and the health technology advisory committee shall report on their activities annually and at other times at the request of the legislative commission on health care access. The commissioners of health, commerce, and human services shall provide periodic reports to the legislative commission on the progress of rulemaking that is authorized or required under this chapter and shall notify members of the commission when a draft of a proposed rule has been completed and scheduled for publication in the State Register. At the request of a member of the commission, a commissioner shall provide a description and a copy of a proposed rule.

Sec. 6. Minnesota Statutes 1998, section 62J.09, subdivision 8, is amended to read:

Subd. 8. [REPEALER.] This section is repealed effective July 1, ~~2000~~ 1999.

Sec. 7. Minnesota Statutes 1998, section 62J.2930, subdivision 3, is amended to read:

Subd. 3. [CONSUMER INFORMATION.] The information clearinghouse or another entity designated by the commissioner shall provide consumer information to health plan company enrollees to:

(1) assist enrollees in understanding their rights;

(2) explain and assist in the use of all available complaint systems, including internal complaint systems within health carriers, community integrated service networks, and the departments of health and commerce;

(3) provide information on coverage options in each ~~regional coordinating board~~ region of the state;

- (4) provide information on the availability of purchasing pools and enrollee subsidies; and
- (5) help consumers use the health care system to obtain coverage.

The information clearinghouse or other entity designated by the commissioner for the purposes of this subdivision shall not:

- (1) provide legal services to consumers;
- (2) represent a consumer or enrollee; or
- (3) serve as an advocate for consumers in disputes with health plan companies.

Nothing in this subdivision shall interfere with the ombudsman program established under section 256B.031, subdivision 6, or other existing ombudsman programs.

Sec. 8. [62J.535] [UNIFORM BILLING REQUIREMENTS.]

Subdivision 1. [DEVELOPMENT OF UNIFORM BILLING TRANSACTIONS.] The commissioner of health, after consultation with the commissioner of commerce, shall adopt uniform billing standards that comply with United States Code, title 42, sections 1320d to 1320d-8, as amended from time to time. The uniform billing standards shall apply to all paper and electronic claim transactions and shall apply to all Minnesota payers, including government programs.

Subd. 2. [COMPLIANCE.] (a) Concurrent with the effective dates 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. 9. [62J.691] [PURPOSE.]

The legislature finds that medical education and research are important to the health and economic well being of Minnesotans. The legislature further finds that, as a result of competition in the health care marketplace, these teaching and research institutions are facing increased difficulty funding medical education and research. The purpose of sections 62J.692 and 62J.693 is to help offset lost patient care revenue for those teaching institutions affected by increased competition in the health care marketplace and to help ensure the continued excellence of health care research in Minnesota.

Sec. 10. [62J.692] [MEDICAL EDUCATION.]

Subdivision 1. [DEFINITIONS.] For purposes of this section, the following definitions apply:

(a) "Accredited clinical training" means the clinical training provided by a medical education program that is accredited through an organization recognized by the department of education or the health care financing administration as the official accrediting body for that program.

(b) "Commissioner" means the commissioner of health.

(c) "Clinical medical education program" means the accredited clinical training of physicians (medical students and residents), doctor of pharmacy practitioners, doctors of chiropractic, dentists, advanced practice nurses (clinical nurse specialists, certified registered nurse anesthetists, nurse practitioners, and certified nurse midwives), and physician assistants.

(d) "Sponsoring institution" means a hospital, school, or consortium located in Minnesota that sponsors and maintains primary organizational and financial responsibility for a clinical medical education program in Minnesota and which is accountable to the accrediting body.

(e) "Teaching institution" means a hospital, medical center, clinic, or other organization that conducts a clinical medical education program in Minnesota.

(f) "Trainee" means a student or resident involved in a clinical medical education program.

(g) "Eligible trainee FTEs" means the number of trainees, as measured by full-time equivalent counts, that are at training sites located in Minnesota with a medical assistance provider number where training occurs in either an inpatient or ambulatory patient care setting and where the training is funded, in part, by patient care revenues.

Subd. 2. [MEDICAL EDUCATION AND RESEARCH ADVISORY COMMITTEE.] The commissioner shall appoint an advisory committee to provide advice and oversight on the distribution of funds appropriated for distribution under this section. In appointing the members, the commissioner shall:

(1) consider the interest of all stakeholders;

(2) appoint members that represent both urban and rural interests; and

(3) appoint members that represent ambulatory care as well as inpatient perspectives.

The commissioner shall appoint to the advisory committee representatives of the following groups to ensure appropriate representation of all eligible provider groups and other stakeholders: public and private medical researchers; public and private academic medical centers, including representatives from academic centers offering accredited training programs for physicians, pharmacists, chiropractors, dentists, nurses, and physician assistants; managed care organizations; employers; consumers and other relevant stakeholders. The advisory committee is governed by section 15.059 for membership terms and removal of members and expires on June 30, 2001.

Subd. 3. [APPLICATION PROCESS.] (a) A clinical medical education program conducted in Minnesota by a teaching institution is eligible for funds under subdivision 4 if the program:

(1) is funded, in part, by patient care revenues;

(2) occurs in patient care settings that face increased financial pressure as a result of competition with nonteaching patient care entities; and

(3) emphasizes primary care or specialties that are in undersupply in Minnesota.

(b) Applications must be submitted to the commissioner by a sponsoring institution on behalf of an eligible clinical medical education program and must be received by September 30 of each year for distribution in the following year. An application for funds must contain the following information:

(1) the official name and address of the sponsoring institution and the official name and site address of the clinical medical education programs on whose behalf the sponsoring institution is applying;

(2) the name, title, and business address of those persons responsible for administering the funds;

(3) for each clinical medical education program for which funds are being sought; the type and specialty orientation of trainees in the program; the name, site address, and medical assistance provider number of each training site used in the program; the total number of trainees at each training site; and the total number of eligible trainee FTEs at each site;

(4) audited clinical training costs per trainee for each clinical medical education program where available or estimates of clinical training costs based on audited financial data;

(5) a description of current sources of funding for clinical medical education costs, including a description and dollar amount of all state and federal financial support, including Medicare direct and indirect payments;

(6) other revenue received for the purposes of clinical training; and

(7) other supporting information the commissioner deems necessary to determine program eligibility based on the criteria in paragraph (a) and to ensure the equitable distribution of funds.

(c) An applicant that does not provide information requested by the commissioner shall not be eligible for funds for the current funding cycle.

Subd. 4. [DISTRIBUTION OF FUNDS.] (a) The commissioner shall annually distribute medical education funds to all qualifying applicants based on the following criteria:

(1) total medical education funds available for distribution;

(2) total number of eligible trainee FTEs in each clinical medical education program; and

(3) the statewide average cost per trainee, by type of trainee, in each clinical medical education program.

(b) Funds distributed shall not be used to displace current funding appropriations from federal or state sources.

(c) Funds shall be distributed to the sponsoring institutions indicating the amount to be distributed to each of the sponsor's clinical medical education programs based on the criteria in this subdivision and in accordance with the commissioner's approval letter. Each clinical medical education program must distribute funds to the training sites as specified in the commissioner's approval letter. Sponsoring institutions, which are accredited through an organization recognized by the department of education or the health care financing administration, may contract directly with training sites to provide clinical training. To ensure the quality of clinical training, those accredited sponsoring institutions must:

(1) develop contracts specifying the terms, expectations, and outcomes of the clinical training conducted at sites; and

(2) take necessary action if the contract requirements are not met. Action may include the withholding of payments under this section or the removal of students from the site.

(d) Any funds not distributed in accordance with the commissioner's approval letter must be returned to the medical education and research fund within 30 days of receiving notice from the commissioner. The commissioner shall distribute returned funds to the appropriate training sites in accordance with the commissioner's approval letter.

Subd. 5. [REPORT.] (a) Sponsoring institutions receiving funds under this section must sign and submit a medical education grant verification report (GVR) to verify that the correct grant amount was forwarded to each eligible training site. If the sponsoring institution fails to submit the GVR by the stated deadline, or to request and meet the deadline for an extension, the sponsoring institution is required to return the full amount of funds received to the commissioner within 30 days of receiving notice from the commissioner. The commissioner shall distribute returned funds to the appropriate training sites in accordance with the commissioner's approval letter.

(b) The reports must provide verification of the distribution of the funds and must include:

(1) the total number of eligible trainee FTEs in each clinical medical education program;

(2) the name of each funded program and, for each program, the dollar amount distributed to each training site;

(3) documentation of any discrepancies between the initial grant distribution notice included in the commissioner's approval letter and the actual distribution;

(4) a statement by the sponsoring institution stating that the completed grant verification report is valid and accurate; and

(5) other information the commissioner, with advice from the advisory committee, deems appropriate to evaluate the effectiveness of the use of funds for medical education.

(c) By February 15 of each year, the commissioner, with advice from the advisory committee, shall provide an annual summary report to the legislature on the implementation of this section.

Subd. 6. [OTHER AVAILABLE FUNDS.] The commissioner is authorized to distribute, in accordance with subdivision 4, funds made available through:

(1) voluntary contributions by employers or other entities;

(2) allocations for the commissioner of human services to support medical education and research; and

(3) other sources as identified and deemed appropriate by the legislature for inclusion in the fund.

Subd. 7. [TRANSFERS FROM THE COMMISSIONER OF HUMAN SERVICES.] (a) The amount transferred according to section 256B.69, subdivision 5c, shall be distributed by the commissioner to clinical medical education programs that meet the qualifications of subdivision 3 based on a distribution formula that reflects a summation of two factors:

(1) an education factor, which is determined by the total number of eligible trainee FTEs and the total statewide average costs per trainee, by type of trainee, in each clinical medical education program; and

(2) a public program volume factor, which is determined by the total volume of public program revenue received by each training site as a percentage of all public program revenue received by all training sites in the fund pool created under this subdivision.

In this formula, the education factor shall be weighted at 50 percent and the public program volume factor shall be weighted at 50 percent.

(b) Public program revenue for the formula in paragraph (a) shall include revenue from medical assistance, prepaid medical assistance, general assistance medical care, and prepaid general assistance medical care.

(c) Training sites that receive no public program revenue shall be ineligible for funds available under this subdivision.

Subd. 8. [FEDERAL FINANCIAL PARTICIPATION.] The commissioner of human services shall seek to maximize federal financial participation in payments for medical education and research costs. If the commissioner of human services determines that federal financial participation is available for the medical education and research, the commissioner of health shall transfer to the commissioner of human services the amount of state funds necessary to maximize the federal funds available. The amount transferred to the commissioner of human services, plus the amount of federal financial participation, shall be distributed to medical assistance providers in accordance with the distribution methodology described in subdivision 4.

Subd. 9. [REVIEW OF ELIGIBLE PROVIDERS.] The commissioner and the medical education and research costs advisory committee may review provider groups included in the definition of a clinical medical education program to assure that the distribution of the funds continue to be consistent with the purpose of this section. The results of any such reviews must be reported to the legislative commission on health care access.

Sec. 11. [62J.693] [MEDICAL RESEARCH.]

Subdivision 1. [DEFINITIONS.] For purposes of this section, health care research means approved clinical, outcomes, and health services investigations.

Subd. 2. [GRANT APPLICATION PROCESS.] (a) The commissioner of health shall make recommendations for a process for the submission, review, and approval of research grant applications. The process shall give priority for grants to applications that are intended to gather preliminary data for submission for a subsequent proposal for funding from a federal agency or foundation, which awards research money on a competitive, peer-reviewed basis. Grant recipients must be able to demonstrate the ability to comply with federal regulations on human subjects research in accordance with Code of Federal Regulations, title 45, section 46, and shall conduct the proposed research. Grants may be awarded to the University of Minnesota, the Mayo clinic, or any other public or private organization in the state involved in medical research. The commissioner shall report to the legislature by January 15, 2000, with recommendations.

(b) The commissioner may consult with the medical education and research advisory committee established in section 62J.692 in developing these recommendations or may appoint a research advisory committee to provide advice and oversight on the grant application process. If the commissioner appoints a research advisory committee, the committee shall be governed by section 15.059 for membership terms and removal of members.

Sec. 12. Minnesota Statutes 1998, section 62Q.03, subdivision 5a, is amended to read:

Subd. 5a. [PUBLIC PROGRAMS.] (a) A separate risk adjustment system must be developed for state-run public programs, including medical assistance, general assistance medical care, and MinnesotaCare. The system must be developed in accordance with the general risk adjustment methodologies described in this section, must include factors in addition to age and sex adjustment, and may include additional demographic factors, different targeted conditions, and/or different payment amounts for conditions. The risk adjustment system for public programs must attempt to reflect the special needs related to poverty, cultural, or language barriers and other needs of the public program population.

(b) The commissioners of health and human services shall jointly convene a public programs risk adjustment work group responsible for advising the commissioners in the design of the public programs risk adjustment system. The public programs risk adjustment work group is governed by section 15.059 for purposes of membership terms, expiration, and removal of members ~~and shall terminate on June 30, 1999~~. The work group shall meet at the discretion of the commissioners of health and human services. The commissioner of health shall work with the risk adjustment association to ensure coordination between the risk adjustment systems for the public and private sectors. The commissioner of human services shall seek any needed federal approvals necessary for the inclusion of the medical assistance program in the public programs risk adjustment system.

(c) The public programs risk adjustment work group must be representative of the persons served by publicly paid health programs and providers and health plans that meet their needs. To the greatest extent possible, the appointing authorities shall attempt to select representatives that have historically served a significant number of persons in publicly paid health programs or the uninsured. Membership of the work group shall be as follows:

(1) one provider member appointed by the Minnesota Medical Association;

(2) two provider members appointed by the Minnesota Hospital Association, at least one of whom must represent a major disproportionate share hospital;

(3) five members appointed by the Minnesota Council of HMOs, one of whom must represent an HMO with fewer than 50,000 enrollees located outside the metropolitan area and one of whom must represent an HMO with at least 50 percent of total membership enrolled through a public program;

(4) two representatives of counties appointed by the Association of Minnesota Counties;

(5) three representatives of organizations representing the interests of families, children, childless adults, and elderly persons served by the various publicly paid health programs appointed by the governor;

(6) two representatives of persons with mental health, developmental or physical disabilities, chemical dependency, or chronic illness appointed by the governor; and

(7) three public members appointed by the governor, at least one of whom must represent a community health board. The risk adjustment association may appoint a representative, if a representative is not otherwise appointed by an appointing authority.

(d) The commissioners of health and human services, with the advice of the public programs risk adjustment work group, shall develop a work plan and time frame and shall coordinate their efforts with the private sector risk adjustment association's activities and other state initiatives related to public program managed care reimbursement.

(e) Before including risk adjustment in a contract for the prepaid medical assistance program, the prepaid general assistance medical care program, or the MinnesotaCare program, the commissioner of human services shall provide to the contractor an analysis of the expected impact on the contractor of the implementation of risk adjustment. This analysis may be limited by the available data and resources, as determined by the commissioner, and shall not be binding on future contract periods. This paragraph shall not apply if the contractor has not supplied information to the commissioner related to the risk adjustment analysis.

(f) The commissioner of human services shall report to the public program risk adjustment work group on the methodology the department will use for risk adjustment prior to implementation of the risk adjustment payment methodology. Upon completion of the report to the work group, the commissioner shall phase in risk adjustment according to the following schedule:

(1) for the first contract year, no more than ten percent of reimbursements shall be risk adjusted; and

(2) for the second contract year, no more than 30 percent of reimbursements shall be risk adjusted.

Sec. 13. Minnesota Statutes 1998, section 62Q.075, is amended to read:

62Q.075 [LOCAL PUBLIC ACCOUNTABILITY AND COLLABORATION PLAN.]

Subdivision 1. [DEFINITION.] For purposes of this section, "managed care organization" means a health maintenance organization or community integrated service network.

Subd. 2. [REQUIREMENT.] Beginning October 31, 1997, all managed care organizations shall file biennially with the action plans required under section 62Q.07 a plan describing the actions the managed care organization has taken and those it intends to take to contribute to achieving public health goals for each service area in which an enrollee of the managed care organization resides. This plan must be jointly developed in collaboration with the local public health units, ~~appropriate regional coordinating boards~~, and other community organizations providing health services within the same service area as the managed care organization. Local government units with responsibilities and authority defined under chapters 145A and 256E may designate individuals to participate in the collaborative planning with the managed care organization to provide expertise and represent community needs and goals as identified under chapters 145A and 256E.

Subd. 3. [CONTENTS.] The plan must address the following:

(a) specific measurement strategies and a description of any activities which contribute to public health goals and needs of high risk and special needs populations as defined and developed under chapters 145A and 256E;

(b) description of the process by which the managed care organization will coordinate its activities with the community health boards, ~~regional coordinating boards~~, and other relevant community organizations servicing the same area;

(c) documentation indicating that local public health units and local government unit designees were involved in the development of the plan;

(d) documentation of compliance with the plan filed the previous year, including data on the previously identified progress measures.

Subd. 4. [REVIEW.] Upon receipt of the plan, the appropriate commissioner shall provide a copy to the ~~regional coordinating boards~~, local community health boards, and other relevant community organizations within the managed care organization's service area. After reviewing the plan, these community groups may submit written comments on the plan to either the commissioner of health or commerce, as applicable, and may advise the commissioner of the managed care organization's effectiveness in assisting to achieve regional public health goals. The plan may be reviewed by the county boards, or city councils acting as a local board of health in accordance with chapter 145A, within the managed care organization's service area to determine whether the plan is consistent with the goals and objectives of the plans required under chapters 145A and 256E and whether the plan meets the needs of the community. The county board, or applicable city council, may also review and make recommendations on the availability and accessibility of services provided by the managed care organization. The county board, or applicable city council, may submit written comments to the appropriate commissioner, and may advise the commissioner of the managed care organization's effectiveness in assisting to meet the needs and goals as defined under the responsibilities of chapters 145A and 256E. The commissioner of health shall develop recommendations to utilize the written comments submitted as part of the licensure process to ensure local public accountability. These recommendations shall be reported to the legislative commission on health care access by January 15, 1996. Copies of these written comments must be provided to the managed care organization. The plan and any comments submitted must be filed with the information clearinghouse to be distributed to the public.

Sec. 14. Minnesota Statutes 1998, section 62R.06, subdivision 1, is amended to read:

Subdivision 1. [PROVIDER CONTRACTS.] A health provider cooperative and its licensed members may execute marketing and service contracts requiring the provider members to provide some or all of their health care services through the provider cooperative to the enrollees, members, subscribers, or insureds, of a health care network cooperative, community integrated service network, nonprofit health service plan, health maintenance organization, accident and health insurance company, or any other purchaser, including the state of Minnesota and its agencies, instruments, or units of local government. Each purchasing entity is authorized to execute contracts for the purchase of health care services from a health provider cooperative in accordance with this section. ~~Any~~ A contract between a provider cooperative and a purchaser ~~must~~ may provide for payment by the purchaser to the health provider cooperative on a ~~substantially~~ substantially capitated or similar risk-sharing basis, by fee-for-service arrangements, or by other financial arrangements authorized under state law. Each contract between a provider cooperative and a purchaser shall be filed by the provider network cooperative with the commissioner of health and is subject to the provisions of section 62D.19.

Sec. 15. Minnesota Statutes 1998, section 144.065, is amended to read:

144.065 ~~[VENEREAL DISEASE TREATMENT CENTERS PREVENTION AND TREATMENT OF SEXUALLY TRANSMITTED INFECTIONS.]~~

The state commissioner of health shall assist local health agencies and organizations throughout the state with the development and maintenance of services for the detection and treatment of ~~venerereal diseases~~ sexually transmitted infections. These services shall provide for research, screening and diagnosis, treatment, case finding,

investigation, and the dissemination of appropriate educational information. The state commissioner of health shall ~~promulgate rules relative to determine~~ the composition of such services and shall establish a method of providing funds to ~~local health agencies~~ boards of health as defined in section 145A.02, subdivision 2, state agencies, state councils, and organizations ~~nonprofit corporations~~, which offer such services. The state commissioner of health shall provide technical assistance to such agencies and organizations in accordance with the needs of the local area. Planning and implementation of services, and technical assistance may be conducted in collaboration with boards of health; state agencies, including the University of Minnesota and the department of children, families, and learning; state councils; nonprofit organizations; and representatives of affected populations.

Sec. 16. [144.1201] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] For purposes of sections 144.1201 to 144.1204, the terms defined in this section have the meanings given to them.

Subd. 2. [BY-PRODUCT NUCLEAR MATERIAL.] "By-product nuclear material" means a radioactive material, other than special nuclear material, yielded in or made radioactive by exposure to radiation created incident to the process of producing or utilizing special nuclear material.

Subd. 3. [RADIATION.] "Radiation" means ionizing radiation and includes alpha rays; beta rays; gamma rays; x-rays; high energy neutrons, protons, or electrons; and other atomic particles.

Subd. 4. [RADIOACTIVE MATERIAL.] "Radioactive material" means a matter that emits radiation. Radioactive material includes special nuclear material, source nuclear material, and by-product nuclear material.

Subd. 5. [SOURCE NUCLEAR MATERIAL.] "Source nuclear material" means uranium or thorium, or a combination thereof, in any physical or chemical form; or ores that contain by weight 1/20 of one percent (0.05 percent) or more of uranium, thorium, or a combination thereof. Source nuclear material does not include special nuclear material.

Subd. 6. [SPECIAL NUCLEAR MATERIAL.] "Special nuclear material" means:

(1) plutonium, uranium enriched in the isotope 233 or in the isotope 235, and any other material that the Nuclear Regulatory Commission determines to be special nuclear material according to United States Code, title 42, section 2071, except that source nuclear material is not included; and

(2) a material artificially enriched by any of the materials listed in clause (1), except that source nuclear material is not included.

Sec. 17. [144.1202] [UNITED STATES NUCLEAR REGULATORY COMMISSION AGREEMENT.]

Subdivision 1. [AGREEMENT AUTHORIZED.] In order to have a comprehensive program to protect the public from radiation hazards, the governor, on behalf of the state, is authorized to enter into agreements with the United States Nuclear Regulatory Commission under the Atomic Energy Act of 1954, section 274b, as amended. The agreement shall provide for the discontinuance of portions of the Nuclear Regulatory Commission's licensing and related regulatory authority over by-product, source, and special nuclear materials, and the assumption of regulatory authority over these materials by the state.

Subd. 2. [HEALTH DEPARTMENT DESIGNATED LEAD.] The department of health is designated as the lead agency to pursue an agreement on behalf of the governor and for any assumption of specified licensing and regulatory authority from the Nuclear Regulatory Commission under an agreement with the commission. The commissioner of health shall establish an advisory group to assist in preparing the state to meet the requirements for reaching an agreement. The commissioner may adopt rules to allow the state to assume regulatory authority under an agreement under this section, including the licensing and regulation of radioactive materials. Any regulatory authority assumed by the state includes the ability to set and collect fees.

Subd. 3. [TRANSITION.] A person who, on the effective date of an agreement under this section, possesses a Nuclear Regulatory Commission license that is subject to the agreement is deemed to possess a similar license issued by the department of health. A department of health license obtained under this subdivision expires on the expiration date specified in the federal license.

Subd. 4. [AGREEMENT; CONDITIONS OF IMPLEMENTATION.] (a) An agreement entered into before August 2, 2002, must remain in effect until terminated under the Atomic Energy Act of 1954, United States Code, title 42, section 2021, paragraph (j). The governor may not enter into an initial agreement with the Nuclear Regulatory Commission after August 1, 2002. If an agreement is not entered into by August 1, 2002, any rules adopted under this section are repealed effective August 1, 2002.

(b) An agreement authorized under subdivision 1 must be approved by law before it may be implemented.

Sec. 18. [144.1203] [TRAINING; RULEMAKING.]

The commissioner shall adopt rules to ensure that individuals handling or utilizing radioactive materials under the terms of a license issued by the commissioner under section 144.1202 have proper training and qualifications to do so. The rules adopted must be at least as stringent as federal regulations on proper training and qualifications adopted by the Nuclear Regulatory Commission. Rules adopted under this section may incorporate federal regulations by reference.

Sec. 19. [144.1204] [SURETY REQUIREMENTS.]

Subdivision 1. [FINANCIAL ASSURANCE REQUIRED.] The commissioner may require an applicant for a license under section 144.1202, or a person who was formerly licensed by the Nuclear Regulatory Commission and is now subject to sections 144.1201 to 144.1204, to post financial assurances to ensure the completion of all requirements established by the commissioner for the decontamination, closure, decommissioning, and reclamation of sites, structures, and equipment used in conjunction with activities related to licensure. The financial assurances posted must be sufficient to restore the site to unrestricted future use and must be sufficient to provide for surveillance and care when radioactive materials remain at the site after the licensed activities cease. The commissioner may establish financial assurance criteria by rule. In establishing such criteria, the commissioner may consider:

- (1) the chemical and physical form of the licensed radioactive material;
- (2) the quantity of radioactive material authorized;
- (3) the particular radioisotopes authorized and their subsequent radiotoxicity;
- (4) the method in which the radioactive material is held, used, stored, processed, transferred, or disposed of; and
- (5) the potential costs of decontamination, treatment, or disposal of a licensee's equipment and facilities.

Subd. 2. [ACCEPTABLE FINANCIAL ASSURANCES.] The commissioner may, by rule, establish types of financial assurances that meet the requirements of this section. Such financial assurances may include bank letters of credit, deposits of cash, or deposits of government securities.

Subd. 3. [TRUST AGREEMENTS.] Financial assurances must be established together with trust agreements. Both the financial assurances and the trust agreements must be in a form and substance that meet requirements established by the commissioner.

Subd. 4. [EXEMPTIONS.] The commissioner is authorized to exempt from the requirements of this section, by rule, any category of licensee upon a determination by the commissioner that an exemption does not result in a significant risk to the public health or safety or to the environment and does not pose a financial risk to the state.

Subd. 5. [OTHER REMEDIES UNAFFECTED.] Nothing in this section relieves a licensee of a civil liability incurred, nor may this section be construed to relieve the licensee of obligations to prevent or mitigate the consequences of improper handling or abandonment of radioactive materials.

Sec. 20. Minnesota Statutes 1998, section 144.121, is amended by adding a subdivision to read:

Subd. 8. [EXEMPTION FROM EXAMINATION REQUIREMENTS; OPERATORS OF CERTAIN BONE DENSITOMETERS.] (a) This subdivision applies to a bone densitometer that is used on humans to estimate bone mineral content and bone mineral density in a region of a finger on a person's nondominant hand, gives an x-ray dose equivalent of less than 0.001 microsieverts per scan, and has an x-ray leakage exposure rate of less than two milliroentgens per hour at a distance of one meter, provided that the bone densitometer is operating in accordance with manufacturer specifications.

(b) An individual who operates a bone densitometer that satisfies the definition in paragraph (a) and the facility in which an individual operates such a bone densitometer are exempt from the requirements of subdivisions 5 and 6.

Sec. 21. Minnesota Statutes 1998, section 144.148, is amended to read:

144.148 [RURAL HOSPITAL CAPITAL IMPROVEMENT GRANT ~~AND LOAN~~ PROGRAM.]

Subdivision 1. [DEFINITION.] (a) For purposes of this section, the following definitions apply.

(b) "Eligible rural hospital" means a any nonfederal, general acute care hospital that:

(1) is either located in a rural area, as defined in the federal Medicare regulations, Code of Federal Regulations, title 42, section 405.1041, or located in a community with a population of less than 5,000, according to United States Census Bureau Statistics, outside the seven-county metropolitan area;

(2) has 50 or fewer licensed hospital beds with a net hospital operating margin not greater than two percent in the two fiscal years prior to application; and

(3) is 25 miles or more from another hospital not for profit.

(c) "Eligible project" means a modernization project to update, remodel, or replace aging hospital facilities and equipment necessary to maintain the operations of a hospital.

Subd. 2. [PROGRAM.] The commissioner of health shall award rural hospital capital improvement grants ~~or loans~~ to eligible rural hospitals. A grant ~~or loan~~ shall not exceed ~~\$1,500,000~~ \$300,000 per hospital. ~~Grants or loans shall be interest free. An eligible rural hospital may apply the funds retroactively to capital improvements made during the two fiscal years preceding the fiscal year in which the grant or loan was received, provided the hospital met the eligibility criteria during that time period~~ Prior to the receipt of any grant, the hospital must certify to the commissioner that at least one-quarter of the grant amount, which may include in-kind services, is available for the same purposes from nonstate resources.

Subd. 3. [APPLICATIONS.] Eligible hospitals seeking a grant ~~or loan~~ shall apply to the commissioner. Applications must include a description of the problem that the proposed project will address, a description of the project including construction and remodeling drawings or specifications, sources of funds for the project, uses of funds for the project, the results expected, and a plan to maintain or operate any facility or equipment included in the project. The applicant must describe achievable objectives, a timetable, and roles and capabilities of responsible individuals and organization. Applicants must submit to the commissioner evidence that competitive bidding was used to select contractors for the project.

Subd. 4. [CONSIDERATION OF APPLICATIONS.] The commissioner shall review each application to determine whether or not the hospital's application is complete and whether the hospital and the project are eligible for a grant ~~or loan~~. In evaluating applications, the commissioner shall score each application on a 100 point scale, assigning: a maximum of 40 points for an applicant's clarity and thoroughness in describing the problem and the project; a maximum of 40 points for the extent to which the applicant has demonstrated that it has made adequate provisions to assure proper and efficient operation of the facility once the project is completed; and a maximum of 20 points for the extent to which the proposed project is consistent with the hospital's capital improvement plan or strategic plan. The commissioner may also take into account other relevant factors. During application review, the commissioner may request additional information about a proposed project, including information on project cost. Failure to provide the information requested disqualifies ~~a loan~~ an applicant.

Subd. 5. [PROGRAM OVERSIGHT.] ~~The commissioner of health shall review audited financial information of the hospital to assess eligibility.~~ The commissioner shall determine the amount of a grant ~~or loan~~ to be given to an eligible rural hospital based on the relative score of each eligible hospital's application and the funds available to the commissioner. The grant ~~or loan~~ shall be used to update, remodel, or replace aging facilities and equipment necessary to maintain the operations of the hospital. The commissioner may collect, from the hospitals receiving grants, any information necessary to evaluate the program.

Subd. 6. [LOAN PAYMENT.] ~~Loans shall be repaid as provided in this subdivision over a period of 15 years. In those years when an eligible rural hospital experiences a positive net operating margin in excess of two percent, the eligible rural hospital shall pay to the state one-half of the excess above two percent, up to the yearly payment amount based upon a loan period of 15 years. If the amount paid back in any year is less than the yearly payment amount, or if no payment is required because the eligible rural hospital does not experience a positive net operating margin in excess of two percent, the amount unpaid for that year shall be forgiven by the state without any financial penalty. As a condition of receiving an award through this program, eligible hospitals must agree to any and all collection activities the commissioner finds necessary to collect loan payments in those years a payment is due.~~

Subd. 7. [ACCOUNTING TREATMENT.] ~~The commissioner of finance shall record as grants in the state accounting system funds obligated by this section. Loan payments received under this section shall be deposited in the health care access fund.~~

Subd. 8. [EXPIRATION.] This section expires June 30, ~~1999~~ 2001.

Sec. 22. Minnesota Statutes 1998, section 144.1483, is amended to read:

144.1483 [RURAL HEALTH INITIATIVES.]

The commissioner of health, through the office of rural health, and consulting as necessary with the commissioner of human services, the commissioner of commerce, the higher education services office, and other state agencies, shall:

(1) develop a detailed plan regarding the feasibility of coordinating rural health care services by organizing individual medical providers and smaller hospitals and clinics into referral networks with larger rural hospitals and clinics that provide a broader array of services;

(2) develop and implement a program to assist rural communities in establishing community health centers, as required by section 144.1486;

(3) administer the program of financial assistance established under section 144.1484 for rural hospitals in isolated areas of the state that are in danger of closing without financial assistance, and that have exhausted local sources of support;

(4) develop recommendations regarding health education and training programs in rural areas, including but not limited to a physician assistants' training program, continuing education programs for rural health care providers, and rural outreach programs for nurse practitioners within existing training programs;

(5) develop a statewide, coordinated recruitment strategy for health care personnel and maintain a database on health care personnel as required under section 144.1485;

(6) develop and administer technical assistance programs to assist rural communities in: (i) planning and coordinating the delivery of local health care services; and (ii) hiring physicians, nurse practitioners, public health nurses, physician assistants, and other health personnel;

(7) study and recommend changes in the regulation of health care personnel, such as nurse practitioners and physician assistants, related to scope of practice, the amount of on-site physician supervision, and dispensing of medication, to address rural health personnel shortages;

(8) support efforts to ensure continued funding for medical and nursing education programs that will increase the number of health professionals serving in rural areas;

(9) support efforts to secure higher reimbursement for rural health care providers from the Medicare and medical assistance programs;

(10) coordinate the development of a statewide plan for emergency medical services, in cooperation with the emergency medical services advisory council;

(11) establish a Medicare rural hospital flexibility program pursuant to section 1820 of the federal Social Security Act, United States Code, title 42, section 1395i-4, by developing a state rural health plan and designating, consistent with the rural health plan, rural nonprofit or public hospitals in the state as critical access hospitals. Critical access hospitals shall include facilities that are certified by the state as necessary providers of health care services to residents in the area. Necessary providers of health care services are designated as critical access hospitals on the basis of being more than 20 miles, defined as official mileage as reported by the Minnesota department of transportation, from the next nearest hospital or being the sole hospital in the county or being a hospital located in a designated medical underserved area or health professional shortage area. A critical access hospital located in a designated medical underserved area or a health professional shortage area shall continue to be recognized as a critical access hospital in the event the medical underserved area or health professional shortage area designation is subsequently withdrawn; and

(12) carry out other activities necessary to address rural health problems.

Sec. 23. Minnesota Statutes 1998, section 144.1492, subdivision 3, is amended to read:

Subd. 3. [ELIGIBLE APPLICANTS AND CRITERIA FOR AWARDED OF GRANTS TO RURAL COMMUNITIES.] (a) Funding which the department receives to award grants to rural communities to establish health care networks shall be awarded through a request for proposals process. Planning grant funds may be used for community facilitation and initial network development activities including incorporation as a nonprofit organization or cooperative, assessment of network models, and determination of the best fit for the community. Implementation grant funds can be used to enable incorporated nonprofit organizations and cooperatives to purchase technical services needed for further network development such as legal, actuarial, financial, marketing, and administrative services.

(b) In order to be eligible to apply for a planning or implementation grant under the federally funded health care network reform program, an organization must be located in a rural area of Minnesota excluding the seven-county Twin Cities metropolitan area and the census-defined urbanized areas of Duluth, Rochester, St. Cloud, and Moorhead. The proposed network organization must also meet or plan to meet the criteria for a community integrated service network.

(c) In determining which organizations will receive grants, the commissioner may consider the following factors:

(1) the applicant's description of their plans for health care network development, their need for technical assistance, and other technical assistance resources available to the applicant. The applicant must clearly describe the service area to be served by the network, how the grant funds will be used, what will be accomplished, and the expected results. The applicant should describe achievable objectives, a timetable, and roles and capabilities of responsible individuals and organizations;

(2) the extent of community support for the applicant and the health care network. The applicant should demonstrate support from private and public health care providers in the service area; and local community and government leaders, ~~and the regional coordinating board for the area~~. Evidence of such support may include a commitment of financial support, in-kind services, or cash, for development of the network;

(3) the size and demographic characteristics of the population in the service area for the proposed network and the distance of the service area from the nearest metropolitan area; and

(4) the technical assistance resources available to the applicant from nonstate sources and the financial ability of the applicant to purchase technical assistance services with nonstate funds.

Sec. 24. Minnesota Statutes 1998, section 144.413, subdivision 2, is amended to read:

Subd. 2. [PUBLIC PLACE.] "Public place" means any enclosed, indoor area used by the general public or serving as a place of work, including, but not limited to, restaurants, retail stores, offices and other commercial establishments, public conveyances, educational facilities other than public schools, as defined in section 120A.05, ~~subdivision subdivisions 9, 11, and 13~~, hospitals, nursing homes, auditoriums, arenas, meeting rooms, and common areas of rental apartment buildings, but excluding private, enclosed offices occupied exclusively by smokers even though such offices may be visited by nonsmokers.

Sec. 25. Minnesota Statutes 1998, section 144.414, subdivision 1, is amended to read:

Subdivision 1. [PUBLIC PLACES.] No person shall smoke in a public place or at a public meeting except in designated smoking areas. This prohibition does not apply in cases in which an entire room or hall is used for a private social function and seating arrangements are under the control of the sponsor of the function and not of the proprietor or person in charge of the place. Furthermore, this prohibition shall not apply to ~~factories, warehouses, and similar~~ places of work not usually frequented by the general public, except that the state commissioner of health shall establish rules to restrict or prohibit smoking in factories, warehouses, and those places of work where the close proximity of workers or the inadequacy of ventilation causes smoke pollution detrimental to the health and comfort of nonsmoking employees.

Sec. 26. Minnesota Statutes 1998, section 144.4165, is amended to read:

144.4165 [TOBACCO PRODUCTS PROHIBITED IN PUBLIC SCHOOLS.]

No person shall at any time smoke, chew, or otherwise ingest tobacco or a tobacco product in a public school, as defined in section 120A.05, ~~subdivision subdivisions 9, 11, and 13~~. This prohibition extends to all facilities, whether owned, rented, or leased, and all vehicles that a school district owns, leases, rents, contracts for, or controls. Nothing in this section shall prohibit the lighting of tobacco by an adult as a part of a traditional Indian spiritual or cultural ceremony. For purposes of this section, an Indian is a person who is a member of an Indian tribe as defined in section 257.351, subdivision 9.

Sec. 27. Minnesota Statutes 1998, section 144.56, subdivision 2b, is amended to read:

Subd. 2b. [BOARDING CARE HOMES.] The commissioner shall not adopt or enforce any rule that limits:

(1) a certified boarding care home from providing nursing services in accordance with the home's Medicaid certification; or

(2) a noncertified boarding care home registered under chapter 144D from providing home care services in accordance with the home's registration.

Sec. 28. Minnesota Statutes 1998, section 144.99, subdivision 1, is amended to read:

Subdivision 1. [REMEDIES AVAILABLE.] The provisions of chapters 103I and 157 and sections 115.71 to 115.77; 144.12, subdivision 1, paragraphs (1), (2), (5), (6), (10), (12), (13), (14), and (15); 144.1201 to 144.1204; 144.121; 144.1222; 144.35; 144.381 to 144.385; 144.411 to 144.417; 144.495; 144.71 to 144.74; 144.9501 to 144.9509; 144.992; 326.37 to 326.45; 326.57 to 326.785; 327.10 to 327.131; and 327.14 to 327.28 and all rules, orders, stipulation agreements, settlements, compliance agreements, licenses, registrations, certificates, and permits adopted or issued by the department or under any other law now in force or later enacted for the preservation of public health may, in addition to provisions in other statutes, be enforced under this section.

Sec. 29. Minnesota Statutes 1998, section 144.99, is amended by adding a subdivision to read:

Subd. 12. [SECURING RADIOACTIVE MATERIALS.] (a) In the event of an emergency that poses a danger to the public health, the commissioner shall have the authority to impound radioactive materials and the associated shielding in the possession of a person who fails to abide by the provisions of the statutes, rules, and any other item listed in subdivision 1. If impounding the source of these materials is impractical, the commissioner shall have the authority to lock or otherwise secure a facility that contains the source of such materials, but only the portions of the facility as is necessary to protect the public health. An action taken under this paragraph is effective for up to 72 hours. The commissioner must seek an injunction or take other administrative action to secure radioactive materials beyond the initial 72-hour period.

(b) The commissioner may release impounded radioactive materials and the associated shielding to the owner of the radioactive materials and associated shielding, upon terms and conditions that are in accordance with the provisions of statutes, rules, and other items listed in subdivision 1. In the alternative, the commissioner may bring an action in a court of competent jurisdiction for an order directing the disposal of impounded radioactive materials and associated shielding or directing other disposition as necessary to protect the public health and safety and the environment. The costs of decontamination, transportation, burial, disposal, or other disposition shall be borne by the owner or licensee of the radioactive materials and shielding or by any other person who has used the radioactive materials and shielding for business purposes.

Sec. 30. Minnesota Statutes 1998, section 144A.4605, subdivision 2, is amended to read:

Subd. 2. [ASSISTED LIVING HOME CARE LICENSE ESTABLISHED.] A home care provider license category entitled assisted living home care provider is hereby established. A home care provider may obtain an assisted living license if the program meets the following requirements:

(a) nursing services, delegated nursing services, other services performed by unlicensed personnel, or central storage of medications under the assisted living license are provided solely for residents of one or more housing with services establishments registered under chapter 144D;

(b) unlicensed personnel perform home health aide and home care aide tasks identified in Minnesota Rules, parts 4668.0100, subparts 1 and 2, and 4668.0110, subpart 1. Qualifications to perform these tasks shall be established in accordance with subdivision 3;

(c) periodic supervision of unlicensed personnel is provided as required by rule;

(d) notwithstanding Minnesota Rules, part 4668.0160, subpart 6, item D, client records shall include:

(1) daily records or a weekly summary of ~~the client's status and~~ home care services provided;

(2) documentation each time medications are administered to a client; and

(3) documentation on the day of occurrence of any significant change in the client's status or any significant incident, such as a fall or refusal to take medications.

All entries must be signed by the staff providing the services and entered into the record no later than two weeks after the end of the service day, except as specified in clauses (2) and (3);

(e) medication and treatment orders, if any, are included in the client record and are renewed at least every 12 months, or more frequently when indicated by a clinical assessment;

(f) the central storage of medications in a housing with services establishment registered under chapter 144D is managed under a system that is established by a registered nurse and addresses the control of medications, handling of medications, medication containers, medication records, and disposition of medications; and

(g) in other respects meets the requirements established by rules adopted under sections 144A.45 to 144A.48.

Sec. 31. Minnesota Statutes 1998, section 145.924, is amended to read:

145.924 [AIDS PREVENTION GRANTS.]

(a) The commissioner may award grants to boards of health as defined in section 145A.02, subdivision 2, state agencies, state councils, or nonprofit corporations to provide evaluation and counseling services to populations at risk for acquiring human immunodeficiency virus infection, including, but not limited to, minorities, adolescents, intravenous drug users, and homosexual men.

(b) The commissioner may award grants to agencies experienced in providing services to communities of color, for the design of innovative outreach and education programs for targeted groups within the community who may be at risk of acquiring the human immunodeficiency virus infection, including intravenous drug users and their partners, adolescents, gay and bisexual individuals and women. Grants shall be awarded on a request for proposal basis and shall include funds for administrative costs. Priority for grants shall be given to agencies or organizations that have experience in providing service to the particular community which the grantee proposes to serve; that have policymakers representative of the targeted population; that have experience in dealing with issues relating to HIV/AIDS; and that have the capacity to deal effectively with persons of differing sexual orientations. For purposes of this paragraph, the "communities of color" are: the American-Indian community; the Hispanic community; the African-American community; and the Asian-Pacific community.

(c) All state grants awarded under this section for programs targeted to adolescents shall include the promotion of abstinence from sexual activity and drug use.

Sec. 32. Minnesota Statutes 1998, section 145.9255, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT.] The commissioner of health, in consultation with a representative from Minnesota planning, the commissioner of human services, and the commissioner of children, families, and learning, shall develop and implement the Minnesota education now and babies later (MN ENABL) program, targeted to adolescents ages 12 to 14, with the goal of reducing the incidence of adolescent pregnancy in the state and promoting abstinence until marriage. The program must provide a multifaceted, primary prevention, community health promotion approach to educating and supporting adolescents in the decision to postpone sexual involvement modeled after the ENABL program in California. The commissioner of health shall consult with the chief of the health education section of the California department of health services for general guidance in developing and implementing the program.

Sec. 33. Minnesota Statutes 1998, section 145.9255, subdivision 4, is amended to read:

Subd. 4. [PROGRAM COMPONENTS.] The program must include the following four major components:

(a) A community organization component in which the community-based local contractors shall include:

(1) use of a postponing sexual involvement education curriculum targeted to boys and girls ages 12 to 14 in schools and/or community settings;

(2) planning and implementing community organization strategies to convey and reinforce the MN ENABL message of postponing sexual involvement, including activities promoting awareness and involvement of parents and other primary caregivers/significant adults, schools, and community; and

(3) development of local media linkages.

(b) A statewide, comprehensive media and public relations campaign to promote changes in sexual attitudes and behaviors, and reinforce the message of postponing adolescent sexual involvement and promoting abstinence from sexual activity until marriage. Nothing in this paragraph shall be construed to prevent the commissioner from targeting populations that historically have had a high incidence of adolescent pregnancy with culturally appropriate messages on abstinence from sexual activity.

The commissioner of health, in consultation with the commissioner of children, families, and learning, shall ~~contract with the attorney general's office to~~ develop and implement the media and public relations campaign. In developing the campaign, the ~~attorney general's office~~ commissioner of health shall coordinate and consult with representatives from ethnic and local communities to maximize effectiveness of the social marketing approach to health promotion among the culturally diverse population of the state. ~~The development and implementation of the campaign is subject to input and approval by the commissioner of health. The commissioner may continue to use any campaign materials or media messages developed or produced prior to July 1, 1999.~~

The local community-based contractors shall collaborate and coordinate efforts with other community organizations and interested persons to provide school and community-wide promotional activities that support and reinforce the message of the MN ENABL curriculum.

(c) An evaluation component which evaluates the process and the impact of the program.

The "process evaluation" must provide information to the state on the breadth and scope of the program. The evaluation must identify program areas that might need modification and identify local MN ENABL contractor strategies and procedures which are particularly effective. Contractors must keep complete records on the demographics of clients served, number of direct education sessions delivered and other appropriate statistics, and must document exactly how the program was implemented. The commissioner may select contractor sites for more in-depth case studies.

The "impact evaluation" must provide information to the state on the impact of the different components of the MN ENABL program and an assessment of the impact of the program on adolescents' related sexual knowledge, attitudes, and risk-taking behavior.

The commissioner shall compare the MN ENABL evaluation information and data with similar evaluation data from other states pursuing a similar adolescent pregnancy prevention program modeled after ENABL and use the information to improve MN ENABL and build on aspects of the program that have demonstrated a delay in adolescent sexual involvement.

(d) A training component requiring the commissioner of health, in consultation with the commissioner of children, families, and learning, to provide comprehensive uniform training to the local MN ENABL community-based local contractors and the direct education program staff.

The local community-based contractors may use adolescent leaders slightly older than the adolescents in the program to impart the message to postpone sexual involvement provided:

(1) the contractor follows a protocol for adult mentors/leaders and older adolescent leaders established by the commissioner of health;

(2) the older adolescent leader is accompanied by an adult leader; and

(3) the contractor uses the curriculum as directed and required by the commissioner of the department of health to implement this part of the program. The commissioner of health shall provide technical assistance to community-based local contractors.

Sec. 34. Minnesota Statutes 1998, section 148.5194, subdivision 2, is amended to read:

Subd. 2. [BIENNIAL REGISTRATION FEE.] The fee for initial registration and biennial registration, temporary registration, or renewal is ~~\$160~~ \$200.

Sec. 35. Minnesota Statutes 1998, section 148.5194, subdivision 3, is amended to read:

Subd. 3. [BIENNIAL REGISTRATION FEE FOR DUAL REGISTRATION AS A SPEECH-LANGUAGE PATHOLOGIST AND AUDIOLOGIST.] The fee for initial registration and biennial registration, temporary registration, or renewal is ~~\$160~~ \$200.

Sec. 36. Minnesota Statutes 1998, section 148.5194, is amended by adding a subdivision to read:

Subd. 3a. [SURCHARGE FEE.] Notwithstanding section 16A.1285, subdivision 2, for a period of four years following the effective date of this subdivision, an applicant for registration or registration renewal must pay a surcharge fee of \$25 in addition to any other fees due upon registration or registration renewal. This subdivision expires June 30, 2003.

Sec. 37. Minnesota Statutes 1998, section 148.5194, subdivision 4, is amended to read:

Subd. 4. [PENALTY FEE FOR LATE RENEWALS.] The penalty fee for late submission of a renewal application is ~~\$15~~ \$45.

Sec. 38. Minnesota Statutes 1998, section 256B.69, subdivision 5c, is amended to read:

Subd. 5c. [MEDICAL EDUCATION AND RESEARCH ~~TRUST~~ 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, to the medical education and research ~~trust~~ fund established under section ~~62J.69~~ 62J.692;

(2) 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 ~~trust~~ fund.

Sec. 39. Minnesota Statutes 1998, section 326.40, subdivision 2, is amended to read:

Subd. 2. [~~MASTER PLUMBER'S LICENSE; BOND AND; INSURANCE REQUIREMENTS.~~] ~~The applicant for a master plumber license may give bond to the state in the total penal sum of \$2,000 conditioned upon the faithful and lawful performance of all work entered upon within the state.~~ Any person contracting to do plumbing work must give bond to the state in the amount of \$25,000 for all work entered into within the state. The bond shall be for the benefit of persons injured or suffering financial loss by reason of failure ~~of performance~~ to comply with the

requirements of the plumbing code. The term of the bond shall be concurrent with the term of the license. The A bond given to the state shall be filed with the secretary of state and shall be in lieu of all other license bonds to any political subdivision required for plumbing work. The bond shall be written by a corporate surety licensed to do business in the state.

In addition, each applicant for a master plumber license or renewal thereof, may provide evidence of public liability insurance, including products liability insurance with limits of at least \$50,000 per person and \$100,000 per occurrence and property damage insurance with limits of at least \$10,000. The insurance shall be written by an insurer licensed to do business in the state of Minnesota and each licensed master plumber shall maintain on file with the state commissioner of health a certificate evidencing the insurance providing that the insurance shall not be canceled without the insurer first giving 15 days written notice to the commissioner. The term of the insurance shall be concurrent with the term of the license. The certificate shall be in lieu of all other certificates required by any political subdivision for licensing purposes.

Sec. 40. Minnesota Statutes 1998, section 326.40, subdivision 4, is amended to read:

Subd. 4. [ALTERNATIVE COMPLIANCE.] Compliance with the local bond requirements of a locale within which work is to be performed shall be deemed to satisfy the bond and insurance requirements of subdivision 2, provided the local ordinance requires at least a \$25,000 bond.

Sec. 41. Minnesota Statutes 1998, section 326.40, subdivision 5, is amended to read:

Subd. 5. [FEE.] The state commissioner of health may charge each ~~applicant for a master plumber license or for a renewal of a master plumber license and an additional fee~~ person giving bond an annual bond filing fee commensurate with the cost of administering the bond and insurance requirements of subdivision 2.

Sec. 42. [STUDY REGARDING THE EXPANSION OF PLUMBER LICENSURE AND PLUMBING INSPECTION REQUIREMENTS.]

(a) The commissioner of health, in consultation with representatives of the plumbing industry and other interested individuals, shall study and make recommendations to the legislature on the following issues:

(1) whether licensure requirements for plumbers should be expanded to require all persons and firms working as master plumbers or journeyman plumbers in any home rule city or statutory city to be licensed by the commissioner;

(2) whether any modifications are necessary to the education requirements for licensure for master plumbers and journeyman plumbers;

(3) whether the commissioner may charge fees to fund the hiring of inspectors and plan reviewers to inspect and review all new plumbing installations, and the amounts of such fees; and

(4) whether the commissioner's authority to inspect new plumbing installations should be expanded to require inspections of all new plumbing installations for new construction and additions, regardless of location or the population of the city or town in which the installation is located.

(b) These recommendations, and draft legislation if appropriate, must be presented to the legislature by January 15, 2000.

Sec. 43. [CASE STUDIES TO DEVELOP STANDARDS FOR AUTOPSY PRACTICE IN SPECIAL CASES.]

Subdivision 1. [CASE STUDIES.] (a) If a professional association representing coroners and medical examiners in Minnesota accepts a grant from the commissioner of health for purposes of this section, it must comply with the terms of this section. A professional association representing coroners and medical examiners in Minnesota may conduct a series of case studies to examine cases in which performing autopsies are controversial or in which

autopsies are opposed by a decedent's relative or friend based on the decedent's religious beliefs. The cases to be examined may be cases in which it is not immediately apparent that an autopsy is needed to determine the person's cause of death but that, upon further investigation, the coroner or medical examiner determines that an autopsy is necessary to determine the cause of death and that the cause of death must be determined. Using these case studies, the professional association may develop:

(1) guidelines for coroners and medical examiners regarding when to perform autopsies in controversial situations or in situations in which autopsies are opposed based on a decedent's religious beliefs; and

(2) special autopsy methods and procedures, if appropriate, for autopsies in controversial situations or situations in which autopsies are opposed based on a decedent's religious beliefs.

(b) The professional association may conduct 12 case studies or more for the purposes in paragraph (a). Upon completion of the case studies, the professional association may disseminate the guidelines and procedures developed to all coroners and medical examiners conducting autopsies in Minnesota.

Subd. 2. [REPORT TO LEGISLATURE.] The professional association may report to the legislature by January 15, 2000, on the results of the case studies, the guidelines developed for autopsy practice, the special autopsy methods and procedures developed, and efforts or plans to disseminate the guidelines and procedures developed to coroners and medical examiners conducting autopsies in Minnesota.

Subd. 3. [DATA PRIVACY.] All records held by the professional association for purposes of completing the case studies must be held in confidence. The guidelines for autopsies and special autopsy methods and procedures that are disseminated to coroners and medical examiners shall contain no individually identifiable information.

Sec. 44. [AMENDMENT TO RULES.]

The commissioner of health shall amend Minnesota Rules, chapter 4730 to conform with Minnesota Statutes, section 144.121, subdivision 8. The amendments required by this section may be done in the manner specified in Minnesota Statutes, section 14.388, under the authority of clause (3) of that section. Minnesota Statutes, section 14.386, paragraph (b), does not apply to amendments to rules made under this section.

Sec. 45. [REPEALER.]

(a) Minnesota Statutes 1998, sections 13.99, subdivision 19m; 62J.77; 62J.78; and 62J.79, are repealed.

(b) Minnesota Statutes 1998, sections 62J.69; 144.9507, subdivision 4; 144.9511; and 145.46, are repealed.

(c) Laws 1998, chapter 407, article 2, section 104, is repealed.

Sec. 46. [EFFECTIVE DATE.]

(a) Sections 33 to 35 are effective January 1, 2000.

(b) Sections 16, 20 to 22, and 37 are effective the day following final enactment.

ARTICLE 3

LONG-TERM CARE

Section 1. Minnesota Statutes 1998, section 144A.073, subdivision 5, is amended to read:

Subd. 5. [REPLACEMENT RESTRICTIONS.] (a) Proposals submitted or approved under this section involving replacement must provide for replacement of the facility on the existing site except as allowed in this subdivision.

(b) Facilities located in a metropolitan statistical area other than the Minneapolis-St. Paul seven-county metropolitan area may relocate to a site within the same census tract or a contiguous census tract.

(c) Facilities located in the Minneapolis-St. Paul seven-county metropolitan area may relocate to a site within the same or contiguous health planning area as adopted in March 1982 by the metropolitan council.

(d) Facilities located outside a metropolitan statistical area may relocate to a site within the same city or township, or within a contiguous township.

(e) A facility relocated to a different site under paragraph (b), (c), or (d) must not be relocated to a site more than six miles from the existing site.

(f) The relocation of part of an existing first facility to a second location, under paragraphs (d) and (e), may include the relocation to the second location of up to four beds from part of an existing third facility located in a township contiguous to the location of the first facility. The six-mile limit in paragraph (e) does not apply to this relocation from the third facility.

(g) For proposals approved on January 13, 1994, under this section involving the replacement of 102 licensed and certified beds, the relocation of the existing first facility to the ~~second and third locations~~ new location under paragraphs (d) and (e) may include the relocation of up to ~~50 percent of the 75~~ beds of the existing ~~first facility to each of the locations~~. The six-mile limit in paragraph (e) does not apply to this relocation ~~to the third location~~. ~~Notwithstanding subdivision 3, construction of this project may be commenced any time prior to January 1, 1996.~~

Sec. 2. Minnesota Statutes 1998, section 144A.10, is amended by adding a subdivision to read:

Subd. 1a. [TRAINING AND EDUCATION FOR NURSING FACILITY PROVIDERS.] The commissioner of health must establish and implement a prescribed process and program for providing training and education to providers licensed by the department of health, either by itself or in conjunction with the industry trade associations, before using any new regulatory guideline, regulation, interpretation, program letter or memorandum, or any other materials used in surveyor training to survey licensed providers. The process should include, but is not limited to, the following key components:

(1) facilitate the implementation of immediate revisions to any course curriculum for nursing assistants which reflect any new standard of care practice that has been adopted or referenced by the health department concerning the issue in question;

(2) conduct training of long-term care providers and health department survey inspectors either jointly or during the same time frame on the department's new expectations; and

(3) within available resources the commissioner shall cooperate in the development of clinical standards, work with vendors of supplies and services regarding hazards, and identify research of interest to the long-term care community.

Sec. 3. Minnesota Statutes 1998, section 144A.10, is amended by adding a subdivision to read:

Subd. 11. [DATA ON FOLLOW-UP SURVEYS.] (a) If requested, and not prohibited by federal law, the commissioner shall make available to the nursing home associations and the public photocopies of statements of deficiencies and related letters from the department pertaining to federal certification surveys. The commissioner may charge for the actual cost of reproduction of these documents.

(b) The commissioner shall also make available on a quarterly basis aggregate data for all statements of deficiencies issued after federal certification follow-up surveys related to surveys that were conducted in the quarter prior to the immediately preceding quarter. The data shall include the number of facilities with deficiencies, the total

number of deficiencies, the number of facilities that did not have any deficiencies, the number of facilities for which a resurvey or follow-up survey was not performed, and the average number of days between the follow-up or resurvey and the exit date of the preceding survey.

Sec. 4. Minnesota Statutes 1998, section 144A.10, is amended by adding a subdivision to read:

Subd. 12. [NURSE AIDE TRAINING WAIVERS.] Because any disruption or delay in the training and registration of nurse aides may reduce access to care in certified facilities, the commissioner shall grant all possible waivers for the continuation of an approved nurse aide training and competency evaluation program or nurse aide training program or competency evaluation program conducted by or on the site of any certified nursing facility or skilled nursing facility that would otherwise lose approval for the program or programs. The commissioner shall take into consideration the distance to other training programs, the frequency of other training programs, and the impact that the loss of the onsite training will have on the nursing facility's ability to recruit and train nurse aides.

Sec. 5. Minnesota Statutes 1998, section 144A.10, is amended by adding a subdivision to read:

Subd. 13. [IMMEDIATE JEOPARDY.] When conducting survey certification and enforcement activities related to regular, expanded, or extended surveys under Code of Federal Regulations, title 42, part 488, the commissioner may not issue a finding of immediate jeopardy unless the specific event or omission that constitutes the violation of the requirements of participation poses an imminent risk of life-threatening or serious injury to a resident. The commissioner may not issue any findings of immediate jeopardy after the conclusion of a regular, expanded, or extended survey unless the survey team identified the deficient practice or practices that constitute immediate jeopardy and the residents at risk prior to the close of the exit conference.

Sec. 6. Minnesota Statutes 1998, section 144A.10, is amended by adding a subdivision to read:

Subd. 14. [INFORMAL DISPUTE RESOLUTION.] The commissioner shall respond in writing to a request from a nursing facility certified under the federal Medicare and Medicaid programs for an informal dispute resolution within 30 days of the exit date of the facility's survey. The commissioner's response shall identify the commissioner's decision regarding the continuation of each deficiency citation challenged by the nursing facility, as well as a statement of any changes in findings, level of severity or scope, and proposed remedies or sanctions for each deficiency citation.

Sec. 7. [144A.102] [USE OF CIVIL MONEY PENALTIES; WAIVER FROM STATE AND FEDERAL RULES AND REGULATIONS.]

By January 2000, the commissioner of health shall work with providers to examine state and federal rules and regulations governing the provision of care in licensed nursing facilities and apply for federal waivers and identify necessary changes in state law to:

(1) allow the use of civil money penalties imposed upon nursing facilities to abate any deficiencies identified in a nursing facility's plan of correction; and

(2) stop the accrual of any fine imposed by the health department when a follow-up inspection survey is not conducted by the department within the regulatory deadline.

Sec. 8. Minnesota Statutes 1998, section 144D.01, subdivision 4, is amended to read:

Subd. 4. [HOUSING WITH SERVICES ESTABLISHMENT OR ESTABLISHMENT.] "Housing with services establishment" or "establishment" means an establishment providing sleeping accommodations to one or more adult residents, at least 80 percent of which are 55 years of age or older, and offering or providing, for a fee, one or more regularly scheduled health-related services or two or more regularly scheduled supportive services, whether offered or provided directly by the establishment or by another entity arranged for by the establishment.

Housing with services establishment does not include:

- (1) a nursing home licensed under chapter 144A;
- (2) a hospital, certified boarding care home, or supervised living facility licensed under sections 144.50 to 144.56;
- (3) a board and lodging establishment licensed under chapter 157 and Minnesota Rules, parts 9520.0500 to 9520.0670, 9525.0215 to 9525.0355, 9525.0500 to 9525.0660, or 9530.4100 to 9530.4450, or under chapter 245B;
- (4) a board and lodging establishment which serves as a shelter for battered women or other similar purpose;
- (5) a family adult foster care home licensed by the department of human services;
- (6) private homes in which the residents are related by kinship, law, or affinity with the providers of services;
- (7) residential settings for persons with mental retardation or related conditions in which the services are licensed under Minnesota Rules, parts 9525.2100 to 9525.2140, or applicable successor rules or laws;
- (8) a home-sharing arrangement such as when an elderly or disabled person or single-parent family makes lodging in a private residence available to another person in exchange for services or rent, or both;
- (9) a duly organized condominium, cooperative, common interest community, or owners' association of the foregoing where at least 80 percent of the units that comprise the condominium, cooperative, or common interest community are occupied by individuals who are the owners, members, or shareholders of the units; or
- (10) services for persons with developmental disabilities that are provided under a license according to Minnesota Rules, parts 9525.2000 to 9525.2140 in effect until January 1, 1998, or under chapter 245B.

Sec. 9. Minnesota Statutes 1998, section 252.28, subdivision 1, is amended to read:

Subdivision 1. [DETERMINATIONS; REDETERMINATIONS.] In conjunction with the appropriate county boards, the commissioner of human services shall determine, and shall redetermine at least every four years, the need, location, size, and program of public and private ~~residential services and~~ day training and habilitation services for persons with mental retardation or related conditions. This subdivision does not apply to semi-independent living services and residential-based habilitation services provided to four or fewer persons at a single site funded as home and community-based services. A determination of need shall not be required for a change in ownership.

Sec. 10. [252.282] [ICF/MR LOCAL SYSTEM NEEDS PLANNING.]

Subdivision 1. [HOST COUNTY RESPONSIBILITY.] (a) For purposes of this section, "local system needs planning" means the determination of need for ICF/MR services by program type, location, demographics, and size of licensed services for persons with developmental disabilities or related conditions.

(b) This section does not apply to semi-independent living services and residential-based habilitation services funded as home and community-based services.

(c) In collaboration with the commissioner and ICF/MR providers, counties shall complete a local system needs planning process for each ICF/MR facility. Counties shall evaluate the preferences and needs of persons with developmental disabilities to determine resource demands through a systematic assessment and planning process by May 15, 2000, and by July 1 every two years thereafter beginning in 2001.

(d) A local system needs planning process shall be undertaken more frequently when the needs or preferences of consumers change significantly to require reformation of the resources available to persons with developmental disabilities.

(e) A local system needs plan shall be amended anytime recommendations for modifications to existing ICF/MR services are made to the host county, including recommendations for:

(1) closure;

(2) relocation of services;

(3) downsizing;

(4) rate adjustments exceeding 90 days duration to address access; or

(5) modification of existing services for which a change in the framework of service delivery is advocated.

Subd. 2. [CONSUMER NEEDS AND PREFERENCES.] In conducting the local system needs planning process, the host county must use information from the individual service plans of persons for whom the county is financially responsible and of persons from other counties for whom the county has agreed to be the host county. The determination of services and supports offered within the county shall be based on the preferences and needs of consumers. The host county shall also consider the community social services plan, waiting lists, and other sources that identify unmet needs for services. A review of ICF/MR facility licensing and certification surveys, substantiated maltreatment reports, and established service standards shall be employed to assess the performance of providers and shall be considered in the county's recommendations. Consumer satisfaction surveys may also be considered in this process.

Subd. 3. [RECOMMENDATIONS.] (a) Upon completion of the local system needs planning assessment, the host county shall make recommendations by May 15, 2000, and by July 1 every two years thereafter beginning in 2001. If no change is recommended, a copy of the assessment along with corresponding documentation shall be provided to the commissioner by July 1 prior to the contract year.

(b) Except as provided in section 252.292, subdivision 4, recommendations regarding closures, relocations, or downsizings that include a rate increase and recommendations regarding rate adjustments exceeding 90 days shall be submitted to the statewide advisory committee for review and determination, along with the assessment, plan, and corresponding budget.

(c) Recommendations for closures, relocations, and downsizings that do not include a rate increase and for modification of existing services for which a change in the framework of service delivery is necessary shall be provided to the commissioner by July 1 prior to the contract year or at least 90 days prior to the anticipated change, along with the assessment and corresponding documentation.

Subd. 4. [THE STATEWIDE ADVISORY COMMITTEE.] (a) The commissioner shall appoint a five-member statewide advisory committee. The advisory committee shall include representatives of providers and counties and the commissioner or the commissioner's designee.

(b) The criteria for ranking proposals, already developed in 1997 by a task force authorized by the legislature, shall be adopted and incorporated into the decision-making process. Specific guidelines, including time frame for submission of requests, shall be established and announced through the State Register, and all requests shall be considered in comparison to each other and the ranking criteria. The advisory committee shall review and recommend requests for facility rate adjustments to address closures, downsizing, relocation, or access needs within the county and shall forward recommendations and documentation to the commissioner. The committee shall ensure that:

(1) applications are in compliance with applicable state and federal law and with the state plan; and

(2) cost projections for the proposed service are within fiscal limitations.

(c) The advisory committee shall review proposals and submit recommendations to the commissioner within 60 days following the published deadline for submission under subdivision 5.

Subd. 5. [RESPONSIBILITIES OF THE COMMISSIONER.] (a) In collaboration with counties, providers, and the statewide advisory committee, the commissioner shall ensure that services recognize the preferences and needs of persons with developmental disabilities and related conditions through a recurring systemic review and assessment of ICF/MR facilities within the state.

(b) The commissioner shall publish a notice in the State Register twice each calendar year to announce the opportunity for counties or providers to submit requests for rate adjustments associated with plans for downsizing, relocation, and closure of ICF/MR facilities.

(c) The commissioner shall designate funding parameters to counties and to the statewide advisory committee for the overall implementation of system needs within the fiscal resources allocated by the legislature.

(d) The commissioner shall contract with ICF/MR providers. The initial contracts shall cover the period from October 1, 2000, to December 31, 2001. Subsequent contracts shall be for two-year periods beginning January 1, 2002.

Sec. 11. Minnesota Statutes 1998, section 252.291, is amended by adding a subdivision to read:

Subd. 2a. [EXCEPTION FOR LAKE OWASSO PROJECT.] (a) The commissioner shall authorize and grant a license under chapter 245A to a new intermediate care facility for persons with mental retardation effective January 1, 2000, under the following circumstances:

(1) the new facility replaces an existing 64-bed intermediate care facility for the mentally retarded located in Ramsey county;

(2) the new facility is located upon a parcel of land contiguous to the parcel upon which the existing 64-bed facility is located;

(3) the new facility is comprised of no more than eight twin home style buildings and an administration building;

(4) the total licensed bed capacity of the facility does not exceed 64 beds; and

(5) the existing 64-bed facility is demolished.

(b) The medical assistance payment rate for the new facility shall be the higher of the rate specified in paragraph (c) or as otherwise provided by law.

(c) The new facility shall be considered a newly established facility for rate setting purposes, and shall be eligible for the investment per bed limit specified in section 256B.501, subdivision 11, paragraph (c), and the interest expense limitation specified in section 256B.501, subdivision 11, paragraph (d). Notwithstanding section 256B.5011, the newly established facility's initial payment rate shall be set according to Minnesota Rules, part 9553.0075, and shall not be subject to the provisions of section 256B.501, subdivision 5b.

(d) During the construction of the new facility, Ramsey county shall work with residents, families, and service providers to explore all service options open to current residents of the facility.

Sec. 12. Minnesota Statutes 1998, section 256B.0911, subdivision 6, is amended to read:

Subd. 6. [PAYMENT FOR PREADMISSION SCREENING.] (a) The total screening payment for each county must be paid monthly by certified nursing facilities in the county. The monthly amount to be paid by each nursing facility for each fiscal year must be determined by dividing the county's annual allocation for screenings by 12 to determine the monthly payment and allocating the monthly payment to each nursing facility based on the number of licensed beds in the nursing facility.

(b) The commissioner shall include the total annual payment for screening for each nursing facility according to section 256B.431, subdivision 2b, paragraph (g), or 256B.435.

(c) Payments for screening activities are available to the county or counties to cover staff salaries and expenses to provide the screening function. The lead agency shall employ, or contract with other agencies to employ, within the limits of available funding, sufficient personnel to conduct the preadmission screening activity while meeting the state's long-term care outcomes and objectives as defined in section 256B.0917, subdivision 1. The local agency shall be accountable for meeting local objectives as approved by the commissioner in the CSSA biennial plan.

~~(d)~~ (d) Notwithstanding section 256B.0641, overpayments attributable to payment of the screening costs under the medical assistance program may not be recovered from a facility.

~~(e)~~ (e) The commissioner of human services shall amend the Minnesota medical assistance plan to include reimbursement for the local screening teams.

Sec. 13. Minnesota Statutes 1998, section 256B.0913, subdivision 5, is amended to read:

Subd. 5. [SERVICES COVERED UNDER ALTERNATIVE CARE.] (a) Alternative care funding may be used for payment of costs of:

- (1) adult foster care;
- (2) adult day care;
- (3) home health aide;
- (4) homemaker services;
- (5) personal care;
- (6) case management;
- (7) respite care;
- (8) assisted living;
- (9) residential care services;
- (10) care-related supplies and equipment;
- (11) meals delivered to the home;
- (12) transportation;
- (13) skilled nursing;
- (14) chore services;
- (15) companion services;
- (16) nutrition services;
- (17) training for direct informal caregivers; ~~and~~

(18) telemedicine devices to monitor recipients in their own homes as an alternative to hospital care, nursing home care, or home visits; and

(19) other services including direct cash payments to clients, approved by the county agency, subject to the provisions of paragraph (m). Total annual payments for other services for all clients within a county may not exceed either ten percent of that county's annual alternative care program base allocation or \$5,000, whichever is greater. In no case shall this amount exceed the county's total annual alternative care program base allocation.

(b) The county agency must ensure that the funds are used only to supplement and not supplant services available through other public assistance or services programs.

(c) Unless specified in statute, the service standards for alternative care services shall be the same as the service standards defined in the elderly waiver. Except for the county agencies' approval of direct cash payments to clients, persons or agencies must be employed by or under a contract with the county agency or the public health nursing agency of the local board of health in order to receive funding under the alternative care program.

(d) The adult foster care rate shall be considered a difficulty of care payment and shall not include room and board. The adult foster care daily rate shall be negotiated between the county agency and the foster care provider. The rate established under this section shall not exceed 75 percent of the state average monthly nursing home payment for the case mix classification to which the individual receiving foster care is assigned, and it must allow for other alternative care services to be authorized by the case manager.

(e) Personal care services may be provided by a personal care provider organization. A county agency may contract with a relative of the client to provide personal care services, but must ensure nursing supervision. Covered personal care services defined in section 256B.0627, subdivision 4, must meet applicable standards in Minnesota Rules, part 9505.0335.

(f) A county may use alternative care funds to purchase medical supplies and equipment without prior approval from the commissioner when: (1) there is no other funding source; (2) the supplies and equipment are specified in the individual's care plan as medically necessary to enable the individual to remain in the community according to the criteria in Minnesota Rules, part 9505.0210, item A; and (3) the supplies and equipment represent an effective and appropriate use of alternative care funds. A county may use alternative care funds to purchase supplies and equipment from a non-Medicaid certified vendor if the cost for the items is less than that of a Medicaid vendor. A county is not required to contract with a provider of supplies and equipment if the monthly cost of the supplies and equipment is less than \$250.

(g) For purposes of this section, residential care services are services which are provided to individuals living in residential care homes. Residential care homes are currently licensed as board and lodging establishments and are registered with the department of health as providing special services. Residential care services are defined as "supportive services" and "health-related services." "Supportive services" means the provision of up to 24-hour supervision and oversight. Supportive services includes: (1) transportation, when provided by the residential care center only; (2) socialization, when socialization is part of the plan of care, has specific goals and outcomes established, and is not diversional or recreational in nature; (3) assisting clients in setting up meetings and appointments; (4) assisting clients in setting up medical and social services; (5) providing assistance with personal laundry, such as carrying the client's laundry to the laundry room. Assistance with personal laundry does not include any laundry, such as bed linen, that is included in the room and board rate. Health-related services are limited to minimal assistance with dressing, grooming, and bathing and providing reminders to residents to take medications that are self-administered or providing storage for medications, if requested. Individuals receiving residential care services cannot receive both personal care services and residential care services.

(h) For the purposes of this section, "assisted living" refers to supportive services provided by a single vendor to clients who reside in the same apartment building of three or more units which are not subject to registration under chapter 144D. Assisted living services are defined as up to 24-hour supervision, and oversight, supportive services as defined in clause (1), individualized home care aide tasks as defined in clause (2), and individualized home

management tasks as defined in clause (3) provided to residents of a residential center living in their units or apartments with a full kitchen and bathroom. A full kitchen includes a stove, oven, refrigerator, food preparation counter space, and a kitchen utensil storage compartment. Assisted living services must be provided by the management of the residential center or by providers under contract with the management or with the county.

(1) Supportive services include:

(i) socialization, when socialization is part of the plan of care, has specific goals and outcomes established, and is not diversional or recreational in nature;

(ii) assisting clients in setting up meetings and appointments; and

(iii) providing transportation, when provided by the residential center only.

Individuals receiving assisted living services will not receive both assisted living services and homemaking or personal care services. Individualized means services are chosen and designed specifically for each resident's needs, rather than provided or offered to all residents regardless of their illnesses, disabilities, or physical conditions.

(2) Home care aide tasks means:

(i) preparing modified diets, such as diabetic or low sodium diets;

(ii) reminding residents to take regularly scheduled medications or to perform exercises;

(iii) household chores in the presence of technically sophisticated medical equipment or episodes of acute illness or infectious disease;

(iv) household chores when the resident's care requires the prevention of exposure to infectious disease or containment of infectious disease; and

(v) assisting with dressing, oral hygiene, hair care, grooming, and bathing, if the resident is ambulatory, and if the resident has no serious acute illness or infectious disease. Oral hygiene means care of teeth, gums, and oral prosthetic devices.

(3) Home management tasks means:

(i) housekeeping;

(ii) laundry;

(iii) preparation of regular snacks and meals; and

(iv) shopping.

Assisted living services as defined in this section shall not be authorized in boarding and lodging establishments licensed according to sections 157.011 and 157.15 to 157.22.

(i) For establishments registered under chapter 144D, assisted living services under this section means the services described and licensed under section 144A.4605.

(j) For the purposes of this section, reimbursement for assisted living services and residential care services shall be a monthly rate negotiated and authorized by the county agency based on an individualized service plan for each resident. The rate shall not exceed the nonfederal share of the greater of either the statewide or any of the geographic groups' weighted average monthly medical assistance nursing facility payment rate of the case mix resident class

to which the 180-day eligible client would be assigned under Minnesota Rules, parts 9549.0050 to 9549.0059, unless the services are provided by a home care provider licensed by the department of health and are provided in a building that is registered as a housing with services establishment under chapter 144D and that provides 24-hour supervision.

(k) For purposes of this section, companion services are defined as nonmedical care, supervision and oversight, provided to a functionally impaired adult. Companions may assist the individual with such tasks as meal preparation, laundry and shopping, but do not perform these activities as discrete services. The provision of companion services does not entail hands-on medical care. Providers may also perform light housekeeping tasks which are incidental to the care and supervision of the recipient. This service must be approved by the case manager as part of the care plan. Companion services must be provided by individuals or ~~nonprofit~~ organizations who are under contract with the local agency to provide the service. Any person related to the waiver recipient by blood, marriage or adoption cannot be reimbursed under this service. Persons providing companion services will be monitored by the case manager.

(l) For purposes of this section, training for direct informal caregivers is defined as a classroom or home course of instruction which may include: transfer and lifting skills, nutrition, personal and physical cares, home safety in a home environment, stress reduction and management, behavioral management, long-term care decision making, care coordination and family dynamics. The training is provided to an informal unpaid caregiver of a 180-day eligible client which enables the caregiver to deliver care in a home setting with high levels of quality. The training must be approved by the case manager as part of the individual care plan. Individuals, agencies, and educational facilities which provide caregiver training and education will be monitored by the case manager.

(m) A county agency may make payment from their alternative care program allocation for other services provided to an alternative care program recipient if those services prevent, shorten, or delay institutionalization. These services may include direct cash payments to the recipient for the purpose of purchasing the recipient's services. The following provisions apply to payments under this paragraph:

(1) a cash payment to a client under this provision cannot exceed 80 percent of the monthly payment limit for that client as specified in subdivision 4, paragraph (a), clause (7);

(2) a county may not approve any cash payment for a client who has been assessed as having a dependency in orientation, unless the client has an authorized representative under section 256.476, subdivision 2, paragraph (g), or for a client who is concurrently receiving adult foster care, residential care, or assisted living services;

(3) any service approved under this section must be a service which meets the purpose and goals of the program as listed in subdivision 1;

(4) cash payments must also meet the criteria in section 256.476, subdivision 4, paragraph (b), and recipients of cash grants must meet the requirements in section 256.476, subdivision 10; and

(5) the county shall report client outcomes, services, and costs under this paragraph in a manner prescribed by the commissioner.

Upon implementation of direct cash payments to clients under this section, any person determined eligible for the alternative care program who chooses a cash payment approved by the county agency shall receive the cash payment under this section and not under section 256.476 unless the person was receiving a consumer support grant under section 256.476 before implementation of direct cash payments under this section.

Sec. 14. Minnesota Statutes 1998, section 256B.0913, subdivision 10, is amended to read:

Subd. 10. [ALLOCATION FORMULA.] (a) The alternative care appropriation for fiscal years 1992 and beyond shall cover only 180-day eligible clients.

(b) Prior to July 1 of each year, the commissioner shall allocate to county agencies the state funds available for alternative care for persons eligible under subdivision 2. The allocation for fiscal year 1992 shall be calculated using a base that is adjusted to exclude the medical assistance share of alternative care expenditures. The adjusted base is calculated by multiplying each county's allocation for fiscal year 1991 by the percentage of county alternative care expenditures for 180-day eligible clients. The percentage is determined based on expenditures for services rendered in fiscal year 1989 or calendar year 1989, whichever is greater.

(c) If the county expenditures for 180-day eligible clients are 95 percent or more of its adjusted base allocation, the allocation for the next fiscal year is 100 percent of the adjusted base, plus inflation to the extent that inflation is included in the state budget.

(d) If the county expenditures for 180-day eligible clients are less than 95 percent of its adjusted base allocation, the allocation for the next fiscal year is the adjusted base allocation less the amount of unspent funds below the 95 percent level.

(e) For fiscal year 1992 only, a county may receive an increased allocation if annualized service costs for the month of May 1991 for 180-day eligible clients are greater than the allocation otherwise determined. A county may apply for this increase by reporting projected expenditures for May to the commissioner by June 1, 1991. The amount of the allocation may exceed the amount calculated in paragraph (b). The projected expenditures for May must be based on actual 180-day eligible client caseload and the individual cost of clients' care plans. If a county does not report its expenditures for May, the amount in paragraph (c) or (d) shall be used.

(f) Calculations for paragraphs (c) and (d) are to be made as follows: for each county, the determination of expenditures shall be based on payments for services rendered from April 1 through March 31 in the base year, to the extent that claims have been submitted by June 1 of that year. Calculations for paragraphs (c) and (d) must also include the funds transferred to the consumer support grant program for clients who have transferred to that program from April 1 through March 31 in the base year.

(g) For the biennium ending June 30, 2001, the allocation of state funds to county agencies shall be calculated as described in paragraphs (c) and (d). If the annual legislative appropriation for the alternative care program is inadequate to fund the combined county allocations for fiscal year 2000 or 2001, the commissioner shall distribute to each county the entire annual appropriation as that county's percentage of the computed base as calculated in paragraph (f).

Sec. 15. Minnesota Statutes 1998, section 256B.0913, subdivision 12, is amended to read:

Subd. 12. [CLIENT PREMIUMS.] (a) A premium is required for all 180-day eligible clients to help pay for the cost of participating in the program. The amount of the premium for the alternative care client shall be determined as follows:

(1) when the alternative care client's income less recurring and predictable medical expenses is greater than the medical assistance income standard but less than 150 percent of the federal poverty guideline, and total assets are less than ~~\$6,000~~ \$10,000, the fee is zero;

(2) when the alternative care client's income less recurring and predictable medical expenses is greater than 150 percent of the federal poverty guideline, and total assets are less than ~~\$6,000~~ \$10,000, the fee is 25 percent of the cost of alternative care services or the difference between 150 percent of the federal poverty guideline and the client's income less recurring and predictable medical expenses, whichever is less; and

(3) when the alternative care client's total assets are greater than ~~\$6,000~~ \$10,000, the fee is 25 percent of the cost of alternative care services.

For married persons, total assets are defined as the total marital assets less the estimated community spouse asset allowance, under section 256B.059, if applicable. For married persons, total income is defined as the client's income less the monthly spousal allotment, under section 256B.058.

All alternative care services except case management shall be included in the estimated costs for the purpose of determining 25 percent of the costs.

The monthly premium shall be calculated based on the cost of the first full month of alternative care services and shall continue unaltered until the next reassessment is completed or at the end of 12 months, whichever comes first. Premiums are due and payable each month alternative care services are received unless the actual cost of the services is less than the premium.

(b) The fee shall be waived by the commissioner when:

- (1) a person who is residing in a nursing facility is receiving case management only;
- (2) a person is applying for medical assistance;
- (3) a married couple is requesting an asset assessment under the spousal impoverishment provisions;
- (4) a person is a medical assistance recipient, but has been approved for alternative care-funded assisted living services;
- (5) a person is found eligible for alternative care, but is not yet receiving alternative care services; or
- (6) a person's fee under paragraph (a) is less than \$25.

(c) The county agency must collect the premium from the client and forward the amounts collected to the commissioner in the manner and at the times prescribed by the commissioner. Money collected must be deposited in the general fund and is appropriated to the commissioner for the alternative care program. The client must supply the county with the client's social security number at the time of application. If a client fails or refuses to pay the premium due, the county shall supply the commissioner with the client's social security number and other information the commissioner requires to collect the premium from the client. The commissioner shall collect unpaid premiums using the Revenue Recapture Act in chapter 270A and other methods available to the commissioner. The commissioner may require counties to inform clients of the collection procedures that may be used by the state if a premium is not paid.

(d) The commissioner shall begin to adopt emergency or permanent rules governing client premiums within 30 days after July 1, 1991, including criteria for determining when services to a client must be terminated due to failure to pay a premium.

Sec. 16. Minnesota Statutes 1998, section 256B.0913, subdivision 16, is amended to read:

Subd. 16. [CONVERSION OF ENROLLMENT.] Upon approval of the elderly waiver amendments described in section 256B.0915, subdivision 1d, persons currently receiving services shall have their eligibility for the elderly waiver program determined under section 256B.0915. Persons currently receiving alternative care services whose income is under the special income standard according to Code of Federal Regulations, title 42, section 435.236, who are eligible for the elderly waiver program shall be transferred to that program and shall receive priority access to elderly waiver slots for six months after implementation of this subdivision, except that persons whose income is above the maintenance needs amount described in section 256B.0915, subdivision 1d, paragraph (a), shall have the option of remaining in the alternative care program. Persons currently enrolled in the alternative care program who are not eligible for the elderly waiver program shall continue to be eligible for the alternative care program as long as continuous eligibility is maintained. Continued eligibility for the alternative care program shall be reviewed every six months. Persons who apply for the alternative care program after approval of the elderly waiver amendments in section 256B.0915, subdivision 1d, are not eligible for alternative care if they would qualify for the elderly waiver, with or without a spenddown. Persons who apply for the alternative care program after approval of the elderly waiver amendments in section 256B.0915, subdivision 1d, whose income is under the special income standard according to Code of Federal Regulations, title 42, section 435.236, are not eligible for alternative care if they would

qualify for the elderly waiver, except that persons whose income is above the maintenance needs amount described in section 256B.0915, subdivision 1d, paragraph (a), shall have the option of remaining in the alternative care program.

Sec. 17. Minnesota Statutes 1998, section 256B.431, subdivision 2i, is amended to read:

Subd. 2i. [OPERATING COSTS AFTER JULY 1, 1988.] (a) [OTHER OPERATING COST LIMITS.] ~~For the rate year beginning July 1, 1988, the commissioner shall increase the other operating cost limits established in Minnesota Rules, part 9549.0055, subpart 2, item E, to 110 percent of the median of the array of allowable historical other operating cost per diems and index these limits as in Minnesota Rules, part 9549.0056, subparts 3 and 4. The limits must be established in accordance with subdivision 2b, paragraph (d).~~ For rate years beginning on or after July 1, 1989, the adjusted other operating cost limits must be indexed as in Minnesota Rules, part 9549.0056, subparts 3 and 4. For the rate period beginning October 1, 1992, and for rate years beginning after June 30, 1993, the amount of the surcharge under section 256.9657, subdivision 1, shall be included in the plant operations and maintenance operating cost category. The surcharge shall be an allowable cost for the purpose of establishing the payment rate.

(b) [CARE-RELATED OPERATING COST LIMITS.] ~~For the rate year beginning July 1, 1988, the commissioner shall increase the care-related operating cost limits established in Minnesota Rules, part 9549.0055, subpart 2, items A and B, to 125 percent of the median of the array of the allowable historical case mix operating cost standardized per diems and the allowable historical other care-related operating cost per diems and index those limits as in Minnesota Rules, part 9549.0056, subparts 1 and 2. The limits must be established in accordance with subdivision 2b, paragraph (d).~~ For rate years beginning on or after July 1, 1989, the adjusted care-related limits must be indexed as in Minnesota Rules, part 9549.0056, subparts 1 and 2.

(c) [SALARY ADJUSTMENT PER DIEM.] Effective July 1, 1998, to June 30, 2000, the commissioner shall make available the salary adjustment per diem calculated in clause (1) or (2) to the total operating cost payment rate of each nursing facility reimbursed under this section or section 256B.434. The salary adjustment per diem for each nursing facility must be determined as follows:

(1) For each nursing facility that reports salaries for registered nurses, licensed practical nurses, and aides, orderlies and attendants separately, the commissioner shall determine the salary adjustment per diem by multiplying the total salaries, payroll taxes, and fringe benefits allowed in each operating cost category, except management fees and administrator and central office salaries and the related payroll taxes and fringe benefits, by 3.0 percent and then dividing the resulting amount by the nursing facility's actual resident days.

(2) For each nursing facility that does not report salaries for registered nurses, licensed practical nurses, aides, orderlies, and attendants separately, the salary adjustment per diem is the weighted average salary adjustment per diem increase determined under clause (1).

(3) A nursing facility may apply for the salary adjustment per diem calculated under clauses (1) and (2). The application must be made to the commissioner and contain a plan by which the nursing facility will distribute the salary adjustment to employees of the nursing facility. In order to apply for a salary adjustment, a nursing facility reimbursed under section 256B.434, must report the information required by clause (1) or (2) in the application, in the manner specified by the commissioner. 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, after July 1, 1998, may constitute the plan for the salary distribution. The commissioner shall review the plan to ensure that the salary adjustment per diem is used solely to increase the compensation of nursing home facility employees. To be eligible, a facility must submit its plan for the salary distribution by December 31, 1998. If a facility's plan for salary distribution is effective for its employees after July 1, 1998, the salary adjustment cost per diem shall be effective the same date as its plan.

(4) Additional costs incurred by nursing facilities as a result of this salary adjustment are not allowable costs for purposes of the September 30, 1998, cost report.

~~(d) [NEW BASE YEAR.] The commissioner shall establish new base years for both the reporting year ending September 30, 1989, and the reporting year ending September 30, 1990. In establishing new base years, the commissioner must take into account:~~

~~(1) statutory changes made in geographic groups;~~

~~(2) redefinitions of cost categories; and~~

~~(3) reclassification, pass-through, or exemption of certain costs such as Public Employee Retirement Act contributions.~~

~~(d)~~ (d) [NEW BASE YEAR.] The commissioner shall establish a new base year for the reporting years ending September 30, 1991, and September 30, 1992. In establishing a new base year, the commissioner must take into account:

(1) statutory changes made in geographic groups;

(2) redefinitions of cost categories; and

(3) reclassification, pass-through, or exemption of certain costs.

Sec. 18. Minnesota Statutes 1998, section 256B.431, subdivision 17, is amended to read:

Subd. 17. [SPECIAL PROVISIONS FOR MORATORIUM EXCEPTIONS.] (a) Notwithstanding Minnesota Rules, part 9549.0060, subpart 3, for rate periods beginning on October 1, 1992, and for rate years beginning after June 30, 1993, a nursing facility that (1) has completed a construction project approved under section 144A.071, subdivision 4a, clause (m); (2) has completed a construction project approved under section 144A.071, subdivision 4a, and effective after June 30, 1995; or (3) has completed a renovation, replacement, or upgrading project approved under the moratorium exception process in section 144A.073 shall be reimbursed for costs directly identified to that project as provided in subdivision 16 and this subdivision.

(b) Notwithstanding Minnesota Rules, part 9549.0060, subparts 5, item A, subitems (1) and (3), and 7, item D, allowable interest expense on debt shall include:

(1) interest expense on debt related to the cost of purchasing or replacing depreciable equipment, excluding vehicles, not to exceed six percent of the total historical cost of the project; and

(2) interest expense on debt related to financing or refinancing costs, including costs related to points, loan origination fees, financing charges, legal fees, and title searches; and issuance costs including bond discounts, bond counsel, underwriter's counsel, corporate counsel, printing, and financial forecasts. Allowable debt related to items in this clause shall not exceed seven percent of the total historical cost of the project. To the extent these costs are financed, the straight-line amortization of the costs in this clause is not an allowable cost; and

(3) interest on debt incurred for the establishment of a debt reserve fund, net of the interest earned on the debt reserve fund.

(c) Debt incurred for costs under paragraph (b) is not subject to Minnesota Rules, part 9549.0060, subpart 5, item A, subitem (5) or (6).

(d) The incremental increase in a nursing facility's rental rate, determined under Minnesota Rules, parts 9549.0010 to 9549.0080, and this section, resulting from the acquisition of allowable capital assets, and allowable debt and interest expense under this subdivision shall be added to its property-related payment rate and shall be effective on the first day of the month following the month in which the moratorium project was completed.

(e) Notwithstanding subdivision 3f, paragraph (a), for rate periods beginning on October 1, 1992, and for rate years beginning after June 30, 1993, the replacement-costs-new per bed limit to be used in Minnesota Rules, part 9549.0060, subpart 4, item B, for a nursing facility that has completed a renovation, replacement, or upgrading project that has been approved under the moratorium exception process in section 144A.073, or that has completed an addition to or replacement of buildings, attached fixtures, or land improvements for which the total historical cost exceeds the lesser of \$150,000 or ten percent of the most recent appraised value, must be \$47,500 per licensed bed in multiple-bed rooms and \$71,250 per licensed bed in a single-bed room. These amounts must be adjusted annually as specified in subdivision 3f, paragraph (a), beginning January 1, 1993.

(f) A nursing facility that completes a project identified in this subdivision and, as of April 17, 1992, has not been mailed a rate notice with a special appraisal for a completed project, or completes a project after April 17, 1992, but before September 1, 1992, may elect either to request a special reappraisal with the corresponding adjustment to the property-related payment rate under the laws in effect on June 30, 1992, or to submit their capital asset and debt information after that date and obtain the property-related payment rate adjustment under this section, but not both.

(g) For purposes of this paragraph, a total replacement means the complete replacement of the nursing facility's physical plant through the construction of a new physical plant or the transfer of the nursing facility's license from one physical plant location to another. For total replacement projects completed on or after July 1, 1992, the commissioner shall compute the incremental change in the nursing facility's rental per diem, for rate years beginning on or after July 1, 1995, by replacing its appraised value, including the historical capital asset costs, and the capital debt and interest costs with the new nursing facility's allowable capital asset costs and the related allowable capital debt and interest costs. If the new nursing facility has decreased its licensed capacity, the aggregate investment per bed limit in subdivision 3a, paragraph (d), shall apply. If the new nursing facility has retained a portion of the original physical plant for nursing facility usage, then a portion of the appraised value prior to the replacement must be retained and included in the calculation of the incremental change in the nursing facility's rental per diem. For purposes of this part, the original nursing facility means the nursing facility prior to the total replacement project. The portion of the appraised value to be retained shall be calculated according to clauses (1) to (3):

(1) The numerator of the allocation ratio shall be the square footage of the area in the original physical plant which is being retained for nursing facility usage.

(2) The denominator of the allocation ratio shall be the total square footage of the original nursing facility physical plant.

(3) Each component of the nursing facility's allowable appraised value prior to the total replacement project shall be multiplied by the allocation ratio developed by dividing clause (1) by clause (2).

In the case of either type of total replacement as authorized under section 144A.071 or 144A.073, the provisions of this subdivision shall also apply. For purposes of the moratorium exception authorized under section 144A.071, subdivision 4a, paragraph (s), if the total replacement involves the renovation and use of an existing health care facility physical plant, the new allowable capital asset costs and related debt and interest costs shall include first the allowable capital asset costs and related debt and interest costs of the renovation, to which shall be added the allowable capital asset costs of the existing physical plant prior to the renovation, and if reported by the facility, the related allowable capital debt and interest costs.

(h) Notwithstanding Minnesota Rules, part 9549.0060, subpart 11, item C, subitem (2), for a total replacement, as defined in paragraph (g), authorized under section 144A.071 or 144A.073 after July 1, 1999, the replacement-costs-new per bed limit shall be \$74,280 per licensed bed in multiple-bed rooms, \$92,850 per licensed bed in 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.

Sec. 19. Minnesota Statutes 1998, section 256B.431, subdivision 26, is amended to read:

Subd. 26. [CHANGES TO NURSING FACILITY REIMBURSEMENT BEGINNING JULY 1, 1997.] The nursing facility reimbursement changes in paragraphs (a) to (f) shall apply in the sequence specified in Minnesota Rules, parts 9549.0010 to 9549.0080, and this section, beginning July 1, 1997.

(a) For rate years beginning on or after July 1, 1997, the commissioner shall limit a nursing facility's allowable operating per diem for each case mix category for each rate year. The commissioner shall group nursing facilities into two groups, freestanding and nonfreestanding, within each geographic group, using their operating cost per diem for the case mix A classification. A nonfreestanding nursing facility is a nursing facility whose other operating cost per diem is subject to the hospital attached, short length of stay, or the rule 80 limits. All other nursing facilities shall be considered freestanding nursing facilities. The commissioner shall then array all nursing facilities in each grouping by their allowable case mix A operating cost per diem. In calculating a nursing facility's operating cost per diem for this purpose, the commissioner shall exclude the raw food cost per diem related to providing special diets that are based on religious beliefs, as determined in subdivision 2b, paragraph (h). For those nursing facilities in each grouping whose case mix A operating cost per diem:

(1) is at or below the median of the array, the commissioner shall limit the nursing facility's allowable operating cost per diem for each case mix category to the lesser of the prior reporting year's allowable operating cost per diem as specified in Laws 1996, chapter 451, article 3, section 11, paragraph (h), plus the inflation factor as established in paragraph (d), clause (2), increased by two percentage points, or the current reporting year's corresponding allowable operating cost per diem; or

(2) is above the median of the array, the commissioner shall limit the nursing facility's allowable operating cost per diem for each case mix category to the lesser of the prior reporting year's allowable operating cost per diem as specified in Laws 1996, chapter 451, article 3, section 11, paragraph (h), plus the inflation factor as established in paragraph (d), clause (2), increased by one percentage point, or the current reporting year's corresponding allowable operating cost per diem.

For purposes of paragraph (a), if a nursing facility reports on its cost report a reduction in cost due to a refund or credit for a rate year beginning on or after July 1, 1998, the commissioner shall increase that facility's spend-up limit for the rate year following the current rate year by the amount of the cost reduction divided by its resident days for the reporting year preceding the rate year in which the adjustment is to be made.

(b) For rate years beginning on or after July 1, 1997, the commissioner shall limit the allowable operating cost per diem for high cost nursing facilities. After application of the limits in paragraph (a) to each nursing facility's operating cost per diem, the commissioner shall group nursing facilities into two groups, freestanding or nonfreestanding, within each geographic group. A nonfreestanding nursing facility is a nursing facility whose other operating cost per diem are subject to hospital attached, short length of stay, or rule 80 limits. All other nursing facilities shall be considered freestanding nursing facilities. The commissioner shall then array all nursing facilities within each grouping by their allowable case mix A operating cost per diem. In calculating a nursing facility's operating cost per diem for this purpose, the commissioner shall exclude the raw food cost per diem related to providing special diets that are based on religious beliefs, as determined in subdivision 2b, paragraph (h). For those nursing facilities in each grouping whose case mix A operating cost per diem exceeds 1.0 standard deviation above the median, the commissioner shall reduce their allowable operating cost per diem by three percent. For those nursing facilities in each grouping whose case mix A operating cost per diem exceeds 0.5 standard deviation above the median but is less than or equal to 1.0 standard deviation above the median, the commissioner shall reduce their allowable operating cost per diem by two percent. However, in no case shall a nursing facility's operating cost per diem be reduced below its grouping's limit established at 0.5 standard deviations above the median.

(c) For rate years beginning on or after July 1, 1997, the commissioner shall determine a nursing facility's efficiency incentive by first computing the allowable difference, which is the lesser of \$4.50 or the amount by which the facility's other operating cost limit exceeds its nonadjusted other operating cost per diem for that rate year. The commissioner shall compute the efficiency incentive by:

- (1) subtracting the allowable difference from \$4.50 and dividing the result by \$4.50;
- (2) multiplying 0.20 by the ratio resulting from clause (1), and then;
- (3) adding 0.50 to the result from clause (2); and
- (4) multiplying the result from clause (3) times the allowable difference.

The nursing facility's efficiency incentive payment shall be the lesser of \$2.25 or the product obtained in clause (4).

(d) For rate years beginning on or after July 1, 1997, the forecasted price index for a nursing facility's allowable operating cost per diem shall be determined under clauses (1) and (2) using the change in the Consumer Price Index-All Items (United States city average) (CPI-U) as forecasted by Data Resources, Inc. The commissioner shall use the indices as forecasted in the fourth quarter of the calendar year preceding the rate year, subject to subdivision 21, paragraph (c).

(1) The CPI-U forecasted index for allowable operating cost per diem shall be based on the 21-month period from the midpoint of the nursing facility's reporting year to the midpoint of the rate year following the reporting year.

(2) For rate years beginning on or after July 1, 1997, the forecasted index for operating cost limits referred to in subdivision 21, paragraph (b), shall be based on the CPI-U for the 12-month period between the midpoints of the two reporting years preceding the rate year.

(e) After applying these provisions for the respective rate years, the commissioner shall index these allowable operating cost per diem by the inflation factor provided for in paragraph (d), clause (1), and add the nursing facility's efficiency incentive as computed in paragraph (c).

(f) For rate years beginning on or after July 1, 1997, the total operating cost payment rates for a nursing facility shall be the greater of the total operating cost payment rates determined under this section or the total operating cost payment rates in effect on June 30, 1997, subject to rate adjustments due to field audit or rate appeal resolution. This provision shall not apply to subsequent field audit adjustments of the nursing facility's operating cost rates for rate years beginning on or after July 1, 1997.

(g) For the rate years beginning on July 1, 1997, July 1, 1998, and July 1, 1999, a nursing facility licensed for 40 beds effective May 1, 1992, with a subsequent increase of 20 Medicare/Medicaid certified beds, effective January 26, 1993, in accordance with an increase in licensure is exempt from paragraphs (a) and (b).

(h) For a nursing facility whose construction project was authorized according to section 144A.073, subdivision 5, paragraph (g), the operating cost payment rates for the ~~third~~ new location shall be determined based on Minnesota Rules, part 9549.0057. The relocation allowed under section 144A.073, subdivision 5, paragraph (g), and the rate determination allowed under this paragraph must meet the cost neutrality requirements of section 144A.073, subdivision 3c. Paragraphs (a) and (b) shall not apply until the second rate year after the settle-up cost report is filed. Notwithstanding subdivision 2b, paragraph (g), real estate taxes and special assessments payable by the ~~third~~ new location, a 501(c)(3) nonprofit corporation, shall be included in the payment rates determined under this subdivision for all subsequent rate years.

(i) For the rate year beginning July 1, 1997, the commissioner shall compute the payment rate for a nursing facility licensed for 94 beds on September 30, 1996, that applied in October 1993 for approval of a total replacement under the moratorium exception process in section 144A.073, and completed the approved replacement in June 1995,

with other operating cost spend-up limit under paragraph (a), increased by \$3.98, and after computing the facility's payment rate according to this section, the commissioner shall make a one-year positive rate adjustment of \$3.19 for operating costs related to the newly constructed total replacement, without application of paragraphs (a) and (b). The facility's per diem, before the \$3.19 adjustment, shall be used as the prior reporting year's allowable operating cost per diem for payment rate calculation for the rate year beginning July 1, 1998. A facility described in this paragraph is exempt from paragraph (b) for the rate years beginning July 1, 1997, and July 1, 1998.

(j) For the purpose of applying the limit stated in paragraph (a), a nursing facility in Kandiyohi county licensed for 86 beds that was granted hospital-attached status on December 1, 1994, shall have the prior year's allowable care-related per diem increased by \$3.207 and the prior year's other operating cost per diem increased by \$4.777 before adding the inflation in paragraph (d), clause (2), for the rate year beginning on July 1, 1997.

(k) For the purpose of applying the limit stated in paragraph (a), a 117 bed nursing facility located in Pine county shall have the prior year's allowable other operating cost per diem increased by \$1.50 before adding the inflation in paragraph (d), clause (2), for the rate year beginning on July 1, 1997.

(l) For the purpose of applying the limit under paragraph (a), a nursing facility in Hibbing licensed for 192 beds shall have the prior year's allowable other operating cost per diem increased by \$2.67 before adding the inflation in paragraph (d), clause (2), for the rate year beginning July 1, 1997.

Sec. 20. Minnesota Statutes 1998, section 256B.431, is amended by adding a subdivision 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 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 a rate increase for compensation related costs of 3.632 percent and a rate increase for all other operating costs of 2.585 percent.

(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. 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.

Sec. 21. Minnesota Statutes 1998, section 256B.434, subdivision 3, is amended to read:

Subd. 3. [DURATION AND TERMINATION OF CONTRACTS.] (a) Subject to available resources, the commissioner may begin to execute contracts with nursing facilities November 1, 1995.

(b) All contracts entered into under this section are for a term of one year. Either party may terminate a contract at any time without cause by providing ~~30~~ 90 calendar days advance written notice to the other party. The decision to terminate a contract is not appealable. ~~If neither party provides written notice of termination the contract shall be renegotiated for additional one-year terms, for up to a total of four consecutive one-year terms Notwithstanding section 16C.05, subdivision 2, paragraph (a), clause (5), the contract shall be renegotiated for additional one-year terms, unless either party provides written notice of termination.~~ The provisions of the contract shall be renegotiated annually by the parties prior to the expiration date of the contract. The parties may voluntarily renegotiate the terms of the contract at any time by mutual agreement.

(c) If a nursing facility fails to comply with the terms of a contract, the commissioner shall provide reasonable notice regarding the breach of contract and a reasonable opportunity for the facility to come into compliance. If the facility fails to come into compliance or to remain in compliance, the commissioner may terminate the contract. If a contract is terminated, the contract payment remains in effect for the remainder of the rate year in which the contract was terminated, but in all other respects the provisions of this section do not apply to that facility effective the date the contract is terminated. The contract shall contain a provision governing the transition back to the cost-based reimbursement system established under section 256B.431, subdivision 25, and Minnesota Rules, parts 9549.0010 to 9549.0080. A contract entered into under this section may be amended by mutual agreement of the parties.

Sec. 22. Minnesota Statutes 1998, section 256B.434, subdivision 4, is amended to read:

Subd. 4. [ALTERNATE RATES FOR NURSING FACILITIES.] (a) For nursing facilities which have their payment rates determined under this section rather than section 256B.431, subdivision 25, the commissioner shall establish a rate under this subdivision. The nursing facility must enter into a written contract with the commissioner.

(b) A nursing facility's case mix payment rate for the first rate year of a facility's contract under this section is the payment rate the facility would have received under section 256B.431, subdivision 25.

(c) A nursing facility's case mix payment rates for the second and subsequent years of a facility's contract under this section are the previous rate year's contract payment rates plus an inflation adjustment. The index for the inflation adjustment must be based on the change in the Consumer Price Index-All Items (United States City average) (CPI-U) forecasted by Data Resources, Inc., as forecasted in the fourth quarter of the calendar year preceding the rate year. The inflation adjustment must be based on the 12-month period from the midpoint of the previous rate year to the midpoint of the rate year for which the rate is being determined. For the rate years beginning on July 1, 1999, and July 1, 2000, this paragraph shall apply only to the property related payment rate. In determining the amount of the property related payment rate adjustment under this paragraph, the commissioner shall determine the proportion of the facility's rates that are property related based on the facility's most recent cost report.

(d) The commissioner shall develop additional incentive-based payments of up to five percent above the standard contract rate for achieving outcomes specified in each contract. The specified facility-specific outcomes must be measurable and approved by the commissioner. The commissioner may establish, for each contract, various levels of achievement within an outcome. After the outcomes have been specified the commissioner shall assign various levels of payment associated with achieving the outcome. Any incentive-based payment cancels if there is a termination of the contract. In establishing the specified outcomes and related criteria the commissioner shall consider the following state policy objectives:

- (1) improved cost effectiveness and quality of life as measured by improved clinical outcomes;
- (2) successful diversion or discharge to community alternatives;
- (3) decreased acute care costs;
- (4) improved consumer satisfaction;
- (5) the achievement of quality; or
- (6) any additional outcomes proposed by a nursing facility that the commissioner finds desirable.

Sec. 23. Minnesota Statutes 1998, section 256B.434, is amended by adding a subdivision to read:

Subd. 4a. [FACILITY RATE INCREASES.] For the rate year beginning July 1, 1999, the nursing facilities described in clauses (1) to (5) shall receive the rate increases indicated. The increases provided under this subdivision

shall be included in the facility's total payment rates for the purpose of determining future rates under this section or any other section:

(1) a nursing facility in Becker county licensed for 102 nursing home beds on September 30, 1998, shall receive an increase of \$1.30 in its case mix class A payment rate; an increase of \$1.33 in its case mix class B payment rate; an increase of \$1.36 in its case mix class C payment rate; an increase of \$1.39 in its case mix class D payment rate; an increase of \$1.42 in its case mix class E payment rate; an increase of \$1.42 in its case mix class F payment rate; an increase of \$1.45 in its case mix class G payment rate; an increase of \$1.49 in its case mix class H payment rate; an increase of \$1.51 in its case mix class I payment rate; an increase of \$1.54 in its case mix class J payment rate; and an increase of \$1.59 in its case mix class K payment rate;

(2) a nursing facility in Chisago county licensed for 101 nursing home beds on September 30, 1998, shall receive an increase of \$3.67 in each case mix payment rate;

(3) a nursing facility in Canby, licensed for 75 beds shall have its property-related per diem rate increased by \$1.21. This increase shall be recognized in the facility's contract payment rate under this section;

(4) a nursing facility in Golden Valley with all its beds licensed to provide residential rehabilitative services to young adults under Minnesota Rules, parts 9570.2000 to 9570.3400, shall have the payment rate computed according to this section increased by \$14.83; and

(5) a county-owned 130-bed nursing facility in Park Rapids shall have its per diem contract payment rate increased by \$1.02 for costs related to compliance with comparable worth requirements.

Sec. 24. Minnesota Statutes 1998, section 256B.434, subdivision 13, is amended to read:

Subd. 13. [PAYMENT SYSTEM REFORM ADVISORY COMMITTEE.] ~~(a)~~ The commissioner, in consultation with an advisory committee, shall study options for reforming the regulatory and reimbursement system for nursing facilities to reduce the level of regulation, reporting, and procedural requirements, and to provide greater flexibility and incentives to stimulate competition and innovation. The advisory committee shall include, at a minimum, representatives from the long-term care provider community, the department of health, and consumers of long-term care services. ~~The advisory committee sunsets on June 30, 1997.~~ Among other things, the commissioner shall consider the feasibility and desirability of changing from a certification requirement to an accreditation requirement for participation in the medical assistance program, options to encourage early discharge of short-term residents through the provision of intensive therapy, and further modifications needed in rate equalization. The commissioner shall also include detailed recommendations for a permanent managed care payment system to replace the contractual alternative payment demonstration project authorized under this section. The commissioner shall submit a report with findings and recommendations to the legislature by January 15, 1997.

~~(b) If a permanent managed care payment system has not been enacted into law by July 1, 1997, the commissioner shall develop and implement a transition plan to enable nursing facilities under contract with the commissioner under this section to revert to the cost-based payment system at the expiration of the alternative payment demonstration project. The commissioner shall include in the alternative payment demonstration project contracts entered into under this section a provision to permit an amendment to the contract to be made after July 1, 1997, governing the transition back to the cost-based payment system. The transition plan and contract amendments are not subject to rulemaking requirements.~~

Sec. 25. Minnesota Statutes 1998, section 256B.435, is amended to read:

256B.435 [NURSING FACILITY REIMBURSEMENT SYSTEM EFFECTIVE JULY 1, ~~2000~~ 2001.]

Subdivision 1. [IN GENERAL.] Effective July 1, ~~2000~~ 2001, the commissioner shall implement a performance-based contracting system to replace the current method of setting operating cost payment rates under sections 256B.431 and 256B.434 and Minnesota Rules, parts 9549.0010 to 9549.0080. Operating cost payment rates

for newly established facilities under Minnesota Rules, part 9549.0057, shall be established using section 256B.431 and Minnesota Rules, parts 9549.0010 to 9549.0070. A nursing facility in operation on May 1, 1998, with payment rates not established under section 256B.431 or 256B.434 on that date, is ineligible for this performance-based contracting system. In determining prospective payment rates of nursing facility services, the commissioner shall distinguish between operating costs and property-related costs. The commissioner of finance shall include an annual inflationary adjustment in operating costs for nursing facilities using the inflation factor specified in subdivision 3 and funding for incentive-based payments as a budget change request in each biennial detailed expenditure budget submitted to the legislature under section 16A.11. Property related payment rates, including real estate taxes and special assessments, shall be determined under section 256B.431 or 256B.434 or under a new property-related reimbursement system, if one is implemented by the commissioner under subdivision 3. The commissioner shall present additional recommendations for performance-based contracting for nursing facilities to the legislature by February 15, 2000, in the following specific areas:

(1) development of an interim default payment mechanism for nursing facilities that do not respond to the state's request for proposal but wish to continue participation in the medical assistance program, and nursing facilities the state does not select in the request for proposal process, and nursing facilities whose contract has been canceled;

(2) development of criteria for facilities to earn performance-based incentive payments based on relevant outcomes negotiated by nursing facilities and the commissioner and that recognize both continuous quality efforts and quality improvement;

(3) development of criteria and a process under which nursing facilities can request rate adjustments for low base rates, geographic disparities, or other reasons;

(4) development of a dispute resolution mechanism for nursing facilities that are denied a contract, denied incentive payments, or denied a rate adjustment;

(5) development of a property payment system to address the capital needs of nursing facilities that will be funded with additional appropriations;

(6) establishment of a transitional plan to move from dual assessment instruments to the federally mandated resident assessment system, whereby the financial impact for each facility would be budget neutral;

(7) identification of net cost implications for facilities and to the department of preparing for and implementing performance-based contracting or any proposed alternative system;

(8) identification of facility financial and statistical reporting requirements; and

(9) identification of exemptions from current regulations and statutes applicable under performance-based contracting.

Subd. 1a. [REQUESTS FOR PROPOSALS.] (a) For nursing facilities with rates established under section 256B.434 on January 1, 2001, the commissioner shall renegotiate contracts without requiring a response to a request for proposal, notwithstanding the solicitation process described in chapter 16C.

(b) Prior to July 1, 2001, the commissioner shall publish in the State Register a request for proposals to provide nursing facility services according to this section. The commissioner will consider proposals from all nursing facilities that have payment rates established under section 256B.431. The commissioner must respond to all proposals in a timely manner.

(c) In issuing a request for proposals, the commissioner may develop reasonable requirements which, in the judgment of the commissioner, are necessary to protect residents or ensure that the performance-based contracting system furthers the interests of the state of Minnesota. The request for proposals may include, but need not be limited to:

(1) a requirement that a nursing facility make reasonable efforts to maximize Medicare payments on behalf of eligible residents;

(2) requirements designed to prevent inappropriate or illegal discrimination against residents enrolled in the medical assistance program as compared to private paying residents;

(3) requirements designed to ensure that admissions to a nursing facility are appropriate and that reasonable efforts are made to place residents in home and community-based settings when appropriate;

(4) a requirement to agree to participate in the development of data collection systems and outcome-based standards. Among other requirements specified by the commissioner, each facility entering into a contract may be required to pay an annual fee not to exceed \$1,000. The commissioner must use revenue generated from the fees to contract with a qualified consultant or contractor to develop data collection systems and outcome-based contracting standards;

(5) a requirement that Medicare-certified contractors agree to maintain Medicare cost reports and to submit them to the commissioner upon request, or at times specified by the commissioner; and that contractors that are not Medicare-certified agree to maintain a uniform cost report in a format established by the commissioner and to submit the report to the commissioner upon request, or at times specified by the commissioner;

(6) a requirement that demonstrates willingness and ability to develop and maintain data collection and retrieval systems to measure outcomes; and

(7) a requirement to provide all information and assurances required by the terms and conditions of the federal waiver or federal approval.

(d) In addition to the information and assurances contained in the submitted proposals, the commissioner may consider the following criteria in developing the terms of the contract:

(1) the facility's history of compliance with federal and state laws and rules. A facility deemed to be in substantial compliance with federal and state laws and rules is eligible to respond to a request for proposals. A facility's compliance history shall not be the sole determining factor in situations where the facility has been sold and the new owners have submitted a proposal;

(2) whether the facility has a record of excessive licensure fines or sanctions or fraudulent cost reports;

(3) the facility's financial history and solvency; and

(4) other factors identified by the commissioner deemed relevant to developing the terms of the contract, including a determination that a contract with a particular facility is not in the best interests of the residents of the facility or the state of Minnesota.

(e) Notwithstanding the requirements of the solicitation process described in chapter 16C, the commissioner may contract with nursing facilities established according to section 144A.073 without issuing a request for proposals.

(f) Notwithstanding subdivision 1, after July 1, 2001, the commissioner may contract with additional nursing facilities, according to requests for proposals.

Subd. 2. [CONTRACT PROVISIONS.] (a) The performance-based contract with each nursing facility must include provisions that:

(1) apply the resident case mix assessment provisions of Minnesota Rules, parts 9549.0051, 9549.0058, and 9549.0059, or another assessment system, with the goal of moving to a single assessment system;

(2) monitor resident outcomes through various methods, such as quality indicators based on the minimum data set and other utilization and performance measures;

(3) require the establishment and use of a continuous quality improvement process that integrates information from quality indicators and regular resident and family satisfaction interviews;

(4) require annual reporting of facility statistical information, including resident days by case mix category, productive nursing hours, wages and benefits, and raw food costs for use by the commissioner in the development of facility profiles that include trends in payment and service utilization;

(5) require from each nursing facility an annual certified audited financial statement consisting of a balance sheet, income and expense statements, and an opinion from either a licensed or certified public accountant, if a certified audit was prepared, or unaudited financial statements if no certified audit was prepared; ~~and~~

(6) specify the method for resolving disputes; and

(7) establish additional requirements and penalties for nursing facilities not meeting the standards set forth in the performance-based contract.

(b) The commissioner may develop additional incentive-based payments for achieving specified outcomes specified in each contract. The specified facility-specific outcomes must be measurable and approved by the commissioner.

(c) The commissioner may also contract with nursing facilities in other ways through requests for proposals, including contracts on a risk or nonrisk basis, with nursing facilities or consortia of nursing facilities, to provide comprehensive long-term care coverage on a premium or capitated basis.

(d) The commissioner may negotiate different contract terms for different nursing facilities.

Subd. 2a. [DURATION AND TERMINATION OF CONTRACTS.] (a) All contracts entered into under this section are for a term of one year. Either party may terminate this contract at any time without cause by providing 90 calendar days' advance written notice to the other party. Notwithstanding section 16C.05, subdivisions 2, paragraph (a), and 5, if neither party provides written notice of termination, the contract shall be renegotiated for additional one-year terms or the terms of the existing contract will be extended for one year. The provisions of the contract shall be renegotiated annually by the parties prior to the expiration date of the contract. The parties may voluntarily renegotiate the terms of the contract at any time by mutual agreement.

(b) If a nursing facility fails to comply with the terms of a contract, the commissioner shall provide reasonable notice regarding the breach of contract and a reasonable opportunity for the facility to come into compliance. If the facility fails to come into compliance or to remain in compliance, the commissioner may terminate the contract. If a contract is terminated, provisions of section 256B.48, subdivision 1a, shall apply.

Subd. 3. [PAYMENT RATE PROVISIONS.] (a) For rate years beginning on or after July 1, 2000 2001, within the limits of appropriations specifically for this purpose, the commissioner shall determine operating cost payment rates for each licensed and certified nursing facility by indexing its operating cost payment rates in effect on June 30, 2000 2001, for inflation. The inflation factor to be used must be based on the change in the Consumer Price Index-All Items, United States city average (CPI-U) as forecasted by Data Resources, Inc. in the fourth quarter preceding the rate year. For rate years beginning on or after July 1, 2001, the inflation factor must be based on the change in the Employment Cost Index for Private Industry Workers - Total Compensation as forecasted by the commissioner of finance's national economic consultant, in the fourth quarter preceding the rate year. The CPI-U forecasted index for operating cost payment rates shall be based on the 12-month period from the midpoint of the nursing facility's prior rate year to the midpoint of the rate year for which the operating payment rate is being determined. The operating cost payment rate to be inflated shall be the total payment rate in effect on June 30, 2001, minus the portion determined to be the property-related payment rate, minus the per diem amount of the preadmission screening cost included in the nursing facility's last payment rate established under section 256B.431.

(b) Beginning July 1, 2000, each nursing facility subject to a performance-based contract under this section shall choose one of two methods of payment for property-related costs:

(1) ~~the method established in section 256B.434; or~~

~~(2) the method established in section 256B.431.~~

~~Once the nursing facility has made the election in this paragraph, that election shall remain in effect for at least four years or until an alternative property payment system is developed. A per diem amount for preadmission screening will be added onto the contract payment rates according to the method of distribution of county allocation described in section 256B.0911, subdivision 6, paragraph (a).~~

(c) For rate years beginning on or after July 1, ~~2000~~ 2001, the commissioner may implement a new method of payment for property-related costs that addresses the capital needs of facilities. ~~Notwithstanding paragraph (b),~~ The new property payment system or systems, if implemented, shall replace the current ~~method~~ methods of setting property payment rates under sections 256B.431 and 256B.434.

Subd. 4. [CONTRACT PAYMENT RATES; APPEALS.] If an appeal is pending concerning the cost-based payment rates that are the basis for the calculation of the payment rate under this section, the commissioner and the nursing facility may agree on an interim contract rate to be used until the appeal is resolved. When the appeal is resolved, the contract rate must be adjusted retroactively according to the appeal decision.

Subd. 5. [CONSUMER PROTECTION.] In addition to complying with all applicable laws regarding consumer protection, as a condition of entering into a contract under this section, a nursing facility must agree to:

(1) establish resident grievance procedures;

(2) establish expedited grievance procedures to resolve complaints made by short-stay residents; and

(3) make available to residents and families a copy of the performance-based contract and outcomes to be achieved.

Subd. 6. [CONTRACTS ARE VOLUNTARY.] Participation of nursing facilities in the medical assistance program is voluntary. The terms and procedures governing the performance-based contract are determined under this section and through negotiations between the commissioner and nursing facilities.

Subd. 7. [FEDERAL REQUIREMENTS.] The commissioner shall implement the performance-based contracting system subject to any required federal waivers or approval and in a manner that is consistent with federal requirements. If a provision of this section is inconsistent with a federal requirement, the federal requirement supersedes the inconsistent provision. The commissioner shall seek federal approval and request waivers as necessary to implement this section.

Sec. 26. Minnesota Statutes 1998, section 256B.48, subdivision 1, is amended to read:

Subdivision 1. [PROHIBITED PRACTICES.] A nursing facility is not eligible to receive medical assistance payments unless it refrains from all of the following:

(a) Charging private paying residents rates for similar services which exceed those which are approved by the state agency for medical assistance recipients as determined by the prospective desk audit rate, except under the following circumstances: the nursing facility may (1) charge private paying residents a higher rate for a private room, and (2) charge for special services which are not included in the daily rate if medical assistance residents are charged separately at the same rate for the same services in addition to the daily rate paid by the commissioner. Services covered by the payment rate must be the same regardless of payment source. Special services, if offered, must be available to all residents in all areas of the nursing facility and charged separately at the same rate. Residents are free to select or decline special services. Special services must not include services which must be provided by the nursing facility in order to comply with licensure or certification standards and that if not provided would result in a deficiency or violation by the nursing facility. Services beyond those required to comply with licensure or certification standards must not be charged separately as a special service if they were included in the payment rate for the previous reporting year. A nursing facility that charges a private paying resident a rate in violation of this

clause is subject to an action by the state of Minnesota or any of its subdivisions or agencies for civil damages. A private paying resident or the resident's legal representative has a cause of action for civil damages against a nursing facility that charges the resident rates in violation of this clause. The damages awarded shall include three times the payments that result from the violation, together with costs and disbursements, including reasonable attorneys' fees or their equivalent. A private paying resident or the resident's legal representative, the state, subdivision or agency, or a nursing facility may request a hearing to determine the allowed rate or rates at issue in the cause of action. Within 15 calendar days after receiving a request for such a hearing, the commissioner shall request assignment of an administrative law judge under sections 14.48 to 14.56 to conduct the hearing as soon as possible or according to agreement by the parties. The administrative law judge shall issue a report within 15 calendar days following the close of the hearing. The prohibition set forth in this clause shall not apply to facilities licensed as boarding care facilities which are not certified as skilled or intermediate care facilities level I or II for reimbursement through medical assistance.

~~(b) Requiring (1) Charging, soliciting, accepting, or receiving from an applicant for admission to the facility, or the guardian or conservator from anyone acting in behalf of the applicant, as a condition of admission, to pay expediting the admission, or as a requirement for the individual's continued stay, any fee or deposit in excess of \$100, gift, money, donation, or other consideration not otherwise required as payment under the state plan;~~

~~(2) requiring an individual, or anyone acting in behalf of the individual, to loan any money to the nursing facility; or;~~

~~(3) requiring an individual, or anyone acting in behalf of the individual, to promise to leave all or part of the applicant's individual's estate to the facility; or~~

~~(4) requiring a third-party guarantee of payment to the facility as a condition of admission, expedited admission, or continued stay in the facility.~~

Nothing in this paragraph would prohibit discharge for nonpayment of services in accordance with state and federal regulations.

(c) Requiring any resident of the nursing facility to utilize a vendor of health care services chosen by the nursing facility.

(d) Providing differential treatment on the basis of status with regard to public assistance.

(e) Discriminating in admissions, services offered, or room assignment on the basis of status with regard to public assistance or refusal to purchase special services. Admissions discrimination shall include, but is not limited to:

(1) basing admissions decisions upon assurance by the applicant to the nursing facility, or the applicant's guardian or conservator, that the applicant is neither eligible for nor will seek public assistance for payment of nursing facility care costs; and

(2) engaging in preferential selection from waiting lists based on an applicant's ability to pay privately or an applicant's refusal to pay for a special service.

The collection and use by a nursing facility of financial information of any applicant pursuant to a preadmission screening program established by law shall not raise an inference that the nursing facility is utilizing that information for any purpose prohibited by this paragraph.

(f) Requiring any vendor of medical care as defined by section 256B.02, subdivision 7, who is reimbursed by medical assistance under a separate fee schedule, to pay any amount based on utilization or service levels or any portion of the vendor's fee to the nursing facility except as payment for renting or leasing space or equipment or purchasing support services from the nursing facility as limited by section 256B.433. All agreements must be disclosed to the commissioner upon request of the commissioner. Nursing facilities and vendors of ancillary services

that are found to be in violation of this provision shall each be subject to an action by the state of Minnesota or any of its subdivisions or agencies for treble civil damages on the portion of the fee in excess of that allowed by this provision and section 256B.433. Damages awarded must include three times the excess payments together with costs and disbursements including reasonable attorney's fees or their equivalent.

(g) Refusing, for more than 24 hours, to accept a resident returning to the same bed or a bed certified for the same level of care, in accordance with a physician's order authorizing transfer, after receiving inpatient hospital services.

~~The prohibitions set forth in clause (b) shall not apply to a retirement facility with more than 325 beds including at least 150 licensed nursing facility beds and which:~~

- ~~(1) is owned and operated by an organization tax-exempt under section 290.05, subdivision 1, clause (i); and~~
- ~~(2) accounts for all of the applicant's assets which are required to be assigned to the facility so that only expenses for the cost of care of the applicant may be charged against the account; and~~
- ~~(3) agrees in writing at the time of admission to the facility to permit the applicant, or the applicant's guardian, or conservator, to examine the records relating to the applicant's account upon request, and to receive an audited statement of the expenditures charged against the applicant's individual account upon request; and~~
- ~~(4) agrees in writing at the time of admission to the facility to permit the applicant to withdraw from the facility at any time and to receive, upon withdrawal, the balance of the applicant's individual account.~~

For a period not to exceed 180 days, the commissioner may continue to make medical assistance payments to a nursing facility or boarding care home which is in violation of this section if extreme hardship to the residents would result. In these cases the commissioner shall issue an order requiring the nursing facility to correct the violation. The nursing facility shall have 20 days from its receipt of the order to correct the violation. If the violation is not corrected within the 20-day period the commissioner may reduce the payment rate to the nursing facility by up to 20 percent. The amount of the payment rate reduction shall be related to the severity of the violation and shall remain in effect until the violation is corrected. The nursing facility or boarding care home may appeal the commissioner's action pursuant to the provisions of chapter 14 pertaining to contested cases. An appeal shall be considered timely if written notice of appeal is received by the commissioner within 20 days of notice of the commissioner's proposed action.

In the event that the commissioner determines that a nursing facility is not eligible for reimbursement for a resident who is eligible for medical assistance, the commissioner may authorize the nursing facility to receive reimbursement on a temporary basis until the resident can be relocated to a participating nursing facility.

Certified beds in facilities which do not allow medical assistance intake on July 1, 1984, or after shall be deemed to be decertified for purposes of section 144A.071 only.

Sec. 27. Minnesota Statutes 1998, section 256B.48, subdivision 1a, is amended to read:

Subd. 1a. [TERMINATION.] If a nursing facility terminates its participation in the medical assistance program, whether voluntarily or involuntarily, the commissioner may authorize the nursing facility to receive continued medical assistance reimbursement ~~only on a temporary basis~~ until medical assistance residents can be relocated to nursing facilities participating in the medical assistance program.

Sec. 28. Minnesota Statutes 1998, section 256B.48, subdivision 1b, is amended to read:

Subd. 1b. [EXCEPTION.] Notwithstanding any agreement between a nursing facility and the department of human services or the provisions of this section or section 256B.411, other than subdivision 1a, the commissioner may authorize continued medical assistance payments to a nursing facility which ceased intake of medical assistance recipients prior to July 1, 1983, and which charges private paying residents rates that exceed those permitted by

subdivision 1, paragraph (a), for (i) residents who resided in the nursing facility before July 1, 1983, or (ii) residents for whom the commissioner or any predecessors of the commissioner granted a permanent individual waiver prior to October 1, 1983. Nursing facilities seeking continued medical assistance payments under this subdivision shall make the reports required under subdivision 2, except that on or after December 31, 1985, the financial statements required need not be audited by or contain the opinion of a certified public accountant or licensed public accountant, but need only be reviewed by a certified public accountant or licensed public accountant. In the event that the state is determined by the federal government to be no longer eligible for the federal share of medical assistance payments made to a nursing facility under this subdivision, the commissioner may cease medical assistance payments, under this subdivision, to that nursing facility. ~~Between October 1, 1992, and July 1, 1993, a facility governed by this subdivision may elect to resume full participation in the medical assistance program by agreeing to comply with all of the requirements of the medical assistance program, including the rate equalization law in subdivision 1, paragraph (a), and all other requirements established in law or rule, and to resume intake of new medical assistance recipients.~~

Sec. 29. Minnesota Statutes 1998, section 256B.48, subdivision 6, is amended to read:

Subd. 6. [MEDICARE CERTIFICATION.] (a) [DEFINITION.] For purposes of this subdivision, "nursing facility" means a nursing facility that is certified as a skilled nursing facility or, after September 30, 1990, a nursing facility licensed under chapter 144A that is certified as a nursing facility.

(b) [MEDICARE PARTICIPATION REQUIRED.] All nursing facilities shall participate in Medicare part A and part B unless, after submitting an application, Medicare certification is denied by the federal health care financing administration. Medicare review shall be conducted at the time of the annual medical assistance review. Charges for Medicare-covered services provided to residents who are simultaneously eligible for medical assistance and Medicare must be billed to Medicare part A or part B before billing medical assistance. Medical assistance may be billed only for charges not reimbursed by Medicare.

(c) ~~[UNTIL SEPTEMBER 30, 1990.]~~ Until September 30, 1990, a nursing facility satisfies the requirements of paragraph (b) if: (1) at least 50 percent of the facility's beds that are licensed under section 144A and certified as skilled nursing beds under the medical assistance program are Medicare certified; or (2) if a nursing facility's beds are licensed under section 144A, and some are medical assistance certified as skilled nursing beds and others are medical assistance certified as intermediate care facility I beds, at least 50 percent of the facility's total skilled nursing beds and intermediate care facility I beds or 100 percent of its skilled nursing beds, whichever is less, are Medicare certified.

~~(d)~~ [AFTER SEPTEMBER 30, 1990.] After September 30, 1990, a nursing facility satisfies the requirements of paragraph (b) if at least 50 percent of the facility's beds certified as nursing facility beds under the medical assistance program are Medicare certified.

~~(e)~~ (d) [CONFLICT WITH MEDICARE DISTINCT PART REQUIREMENTS.] At the request of a facility, the commissioner of human services may reduce the 50 percent Medicare participation requirement in ~~paragraphs paragraph (c) and (d)~~ to no less than 20 percent if the commissioner of health determines that, due to the facility's physical plant configuration, the facility cannot satisfy Medicare distinct part requirements at the 50 percent certification level. To receive a reduction in the participation requirement, a facility must demonstrate that the reduction will not adversely affect access of Medicare-eligible residents to Medicare-certified beds.

~~(f)~~ (e) [INSTITUTIONS FOR MENTAL DISEASE.] The commissioner may grant exceptions to the requirements of paragraph (b) for nursing facilities that are designated as institutions for mental disease.

~~(g)~~ (f) [NOTICE OF RIGHTS.] The commissioner shall inform recipients of their rights under this subdivision and section 144.651, subdivision 29.

Sec. 30. Minnesota Statutes 1998, section 256B.50, subdivision 1e, is amended to read:

Subd. 1e. [ATTORNEY'S FEES AND COSTS.] (a) Notwithstanding section 15.472, paragraph (a), for an issue appealed under subdivision 1, the prevailing party in a contested case proceeding or, if appealed, in subsequent judicial review, must be awarded reasonable attorney's fees and costs incurred in litigating the appeal, if the prevailing party shows that the position of the opposing party was not substantially justified. The procedures for awarding fees and costs set forth in section 15.474 must be followed in determining the prevailing party's fees and costs except as otherwise provided in this subdivision. For purposes of this subdivision, "costs" means subpoena fees and mileage, transcript costs, court reporter fees, witness fees, postage and delivery costs, photocopying and printing costs, amounts charged the commissioner by the office of administrative hearings, and direct administrative costs of the department; and "substantially justified" means that a position had a reasonable basis in law and fact, based on the totality of the circumstances prior to and during the contested case proceeding and subsequent review.

(b) When an award is made to the department under this subdivision, attorney fees must be calculated at the cost to the department. When an award is made to a provider under this subdivision, attorney fees must be calculated at the rate charged to the provider except that attorney fees awarded must be the lesser of the attorney's normal hourly fee or \$100 per hour.

(c) In contested case proceedings involving more than one issue, the administrative law judge shall determine what portion of each party's attorney fees and costs is related to the issue or issues on which it prevailed and for which it is entitled to an award. In making that determination, the administrative law judge shall consider the amount of time spent on each issue, the precedential value of the issue, the complexity of the issue, and other factors deemed appropriate by the administrative law judge.

(d) When the department prevails on an issue involving more than one provider, the administrative law judge shall allocate the total amount of any award for attorney fees and costs among the providers. In determining the allocation, the administrative law judge shall consider each provider's monetary interest in the issue and other factors deemed appropriate by the administrative law judge.

(e) Attorney fees and costs awarded to the department for proceedings under this subdivision must not be reported or treated as allowable costs on the provider's cost report.

(f) Fees and costs awarded to a provider for proceedings under this subdivision must be reimbursed to them by ~~reporting the amount of fees and costs awarded as allowable costs on the provider's cost report for the reporting year in which they were awarded. Fees and costs reported pursuant to this subdivision must be included in the general and administrative cost category but are not subject to categorical or overall cost limitations established in rule or statute within 120 days of the final decision on the award of attorney fees and costs.~~

(g) If the provider fails to pay the awarded attorney fees and costs within 120 days of the final decision on the award of attorney fees and costs, the department may collect the amount due through any method available to it for the collection of medical assistance overpayments to providers. Interest charges must be assessed on balances outstanding after 120 days of the final decision on the award of attorney fees and costs. The annual interest rate charged must be the rate charged by the commissioner of revenue for late payment of taxes that is in effect on the 121st day after the final decision on the award of attorney fees and costs.

(h) Amounts collected by the commissioner pursuant to this subdivision must be deemed to be recoveries pursuant to section 256.01, subdivision 2, clause (15).

(i) This subdivision applies to all contested case proceedings set on for hearing by the commissioner on or after April 29, 1988, regardless of the date the appeal was filed.

Sec. 31. Minnesota Statutes 1998, section 256B.5011, subdivision 1, is amended to read:

Subdivision 1. [IN GENERAL.] Effective October 1, 2000, the commissioner shall implement a ~~performance-based~~ contracting system to replace the current method of setting total cost payment rates under section 256B.501 and Minnesota Rules, parts 9553.0010 to 9553.0080. In determining prospective payment rates of

intermediate care facilities for persons with mental retardation or related conditions, the commissioner shall index each facility's ~~total~~ operating payment rate by an inflation factor as described in ~~subdivision 3~~ section 256B.5012. The commissioner of finance shall include annual inflation adjustments in operating costs for intermediate care facilities for persons with mental retardation and related conditions as a budget change request in each biennial detailed expenditure budget submitted to the legislature under section 16A.11.

Sec. 32. Minnesota Statutes 1998, section 256B.5011, subdivision 2, is amended to read:

Subd. 2. [CONTRACT PROVISIONS.] (a) The ~~performance-based~~ service contract with each intermediate care facility must include provisions for:

(1) modifying payments when significant changes occur in the needs of the consumers;

(2) ~~monitoring service quality using performance indicators that measure consumer outcomes;~~

~~(3) the establishment and use of continuous quality improvement processes using the results attained through service quality monitoring;~~

~~(4) the annual reporting of facility statistical information on all supervisory personnel, direct care personnel, specialized support personnel, hours, wages and benefits, staff-to-consumer ratios, and staffing patterns~~

(3) appropriate and necessary statistical information required by the commissioner;

~~(5) (4) annual aggregate facility financial information or an annual certified audited financial statement, including a balance sheet and income and expense statements for each facility, if a certified audit was prepared; and~~

~~(6) (5) additional requirements and penalties for intermediate care facilities not meeting the standards set forth in the performance-based service contract.~~

(b) The commissioner shall recommend to the legislature by January 15, 2000, whether the contract should include service quality monitoring that may utilize performance indicators that measure consumer and program outcomes. Performance measurement shall not increase or duplicate regulatory requirements.

Sec. 33. [256B.5012] [ICF/MR PAYMENT SYSTEM IMPLEMENTATION.]

Subdivision 1. [TOTAL PAYMENT RATE.] The total payment rate effective October 1, 2000, for existing ICF/MR facilities is the total of the operating payment rate and the property payment rate plus inflation factors as defined in this section. The initial rate year shall run from October 1, 2000, through December 31, 2001. Subsequent rate years shall run from January 1 through December 31 beginning in the year 2002.

Subd. 2. [OPERATING PAYMENT RATE.] (a) The operating payment rate equals the facility's total payment rate in effect on September 30, 2000, minus the property rate. The operating payment rate includes the special operating rate and the efficiency incentive in effect as of September 30, 2000. Within the limits of appropriations specifically for this purpose, the operating payment shall be increased for each rate year by the annual percentage change in the Employment Cost Index for Private Industry Workers - Total Compensation, as forecasted by the commissioner of finance's economic consultant, in the second quarter of the calendar year preceding the start of each rate year. In the case of the initial rate year beginning October 1, 2000, and continuing through December 31, 2001, the percentage change shall be based on the percentage change in the Employment Cost Index for Private Industry Workers - Total Compensation for the 15-month period beginning October 1, 2000, as forecast by Data Resources, Inc., in the first quarter of 2000.

(b) Effective October 1, 2000, the operating payment rate shall be adjusted to reflect an occupancy rate equal to 100 percent of the facility's capacity days as of September 30, 2000.

Subd. 3. [PROPERTY PAYMENT RATE.] (a) The property payment rate effective October 1, 2000, is based on the facility's modified property payment rate in effect on September 30, 2000. The modified property payment rate is the actual property payment rate exclusive of the effect of gains or losses on disposal of capital assets or adjustments for excess depreciation claims. Effective October 1, 2000, a facility minimum property rate of \$8.13 shall be applied to all existing ICF/MR facilities. Facilities with a modified property payment rate effective September 30, 2000, which is below the minimum property rate shall receive an increase effective October 1, 2000, equal to the difference between the minimum property payment rate and the modified property payment rate in effect as of September 30, 2000. Facilities with a modified property payment rate at or above the minimum property payment rate effective September 30, 2000, shall receive the modified property payment rate effective October 1, 2000.

(b) Within the limits of appropriations specifically for this purpose, facility property payment rates shall be increased annually for inflation, effective January 1, 2002. The increase shall be based on each facility's property payment rate in effect on September 30, 2000. Modified property payment rates effective September 30, 2000, shall be arrayed from highest to lowest before applying the minimum property payment rate in paragraph (a). For modified property payment rates at the 90th percentile or above, the annual inflation increase shall be zero. For modified property payment rates below the 90th percentile but equal to or above the 75th percentile, the annual inflation increase shall be one percent. For modified property payment rates below the 75th percentile, the annual inflation increase shall be two percent.

Sec. 34. [256B.5013] [PAYMENT RATE ADJUSTMENTS.]

Subdivision 1. [VARIABLE RATE ADJUSTMENTS.] When there is a documented increase in the resource needs of a current ICF/MR recipient or recipients, or a person is admitted to a facility who requires additional resources, the county of financial responsibility may approve an enhanced rate for one or more persons in the facility. Resource needs directly attributable to an individual that may be considered under the variable rate adjustment include increased direct staff hours and other specialized services, equipment, and human resources. The guidelines in paragraphs (a) to (d) apply for the payment rate adjustments under this section.

(a) All persons must be screened according to section 256B.092, subdivisions 7 and 8, prior to implementation of the new payment system and annually thereafter. Screening data shall be analyzed to develop broad profiles of the functional characteristics of recipients. Three components shall be used to distinguish recipients based on the following broad profiles:

- (1) functional ability to care for and maintain one's own basic needs;
- (2) the intensity of any aggressive or destructive behavior; and
- (3) any history of obstructive behavior in combination with a diagnosis of psychosis or neurosis.

The profile groups shall be used to link resource needs to funding. The resource profile shall determine the level of funding that may be authorized by the county. The county of financial responsibility may approve a rate adjustment for an individual. The commissioner shall recommend to the legislature by January 15, 2000, a methodology using the profile groups to determine variable rates. The variable rate must be applied to expenses related to increased direct staff hours and other specialized services, equipment, and human resources. This variable rate component plus the facility's current operating payment rate equals the individual's total operating payment rate.

(b) A recipient must be screened by the county of financial responsibility using the developmental disabilities screening document completed immediately prior to approval of a variable rate by the county. A comparison of the updated screening and the previous screening must demonstrate an increase in resource needs.

(c) Rate adjustments projected to exceed the authorized funding level associated with the person's profile must be submitted to the commissioner.

(d) The new rate approved through this process shall not be averaged across all persons living at a facility but shall be an individual rate. The county of financial responsibility must indicate the projected length of time that the additional funding may be needed by the individual. The need to continue an individual variable rate must be reviewed at the end of the anticipated duration of need but at least annually through the completion of the developmental disabilities screening document.

Subd. 2. [OTHER PAYMENT RATE ADJUSTMENTS.] Facility total payment rates may be adjusted by the host county, with authorization from a statewide advisory committee, if, through the local system needs planning process, it is determined that a need exists to amend the package of purchased services with a resulting increase or decrease in costs. Except as provided in section 252.292, subdivision 4, if a provider demonstrates that the loss of revenues caused by the downsizing or closure of a facility cannot be absorbed by the facility based on current operations, the host county or the provider may submit a request to the statewide advisory committee for a facility base rate adjustment.

Subd. 3. [RELOCATION.] (a) Property rates for all facilities relocated after December 31, 1997, and up to and including October 1, 2000, shall have the full annual costs of relocation included in their October 1, 2000, property rate. The property rate for the relocated home is subject to the costs that were allowable under Minnesota Rules, chapter 9553, and the investment per bed limitation for newly constructed or newly established class B facilities.

(b) In ensuing years, all relocated homes shall be subject to the investment per bed limit for newly constructed or newly established class B facilities under section 256B.501, subdivision 11. The limits shall be adjusted on January 1 of each year by the percentage increase in the construction index published by the Bureau of Economic Analysis of the United States Department of Commerce in the Survey of Current Business Statistics in October of the previous two years. Facilities that are relocated within the investment per bed limit may be approved by the statewide advisory committee. Costs for relocation of a facility that exceed the investment per bed limit must be absorbed by the facility.

(c) The payment rate shall take effect when the new facility is licensed and certified by the commissioner of health. Rates for facilities that are relocated after December 31, 1997, through October 1, 2000, shall be adjusted to reflect the full inclusion of the relocation costs, subject to the investment per bed limit in paragraph (b). The investment per bed limit calculated rate for the year in which the facility was relocated shall be the investment per bed limit used.

Subd. 4. [TEMPORARY RATE ADJUSTMENTS TO ADDRESS OCCUPANCY AND ACCESS.] If a facility is operating at less than 100 percent occupancy on September 30, 2000, or if a recipient is discharged from a facility, the commissioner shall adjust the total payment rate for up to 90 days for the remaining recipients. This mechanism shall not be used to pay for hospital or therapeutic leave days beyond the maximums allowed. Facility payment adjustments exceeding 90 days to address a demonstrated need for access must be submitted to the statewide advisory committee with a local system needs assessment, plan, and budget for review and recommendation.

Sec. 35. [256B.5014] [FINANCIAL REPORTING.]

All facilities shall maintain financial records and shall provide annual income and expense reports to the commissioner of human services on a form prescribed by the commissioner no later than April 30 of each year in order to receive medical assistance payments. The reports for the reporting year ending December 31 must include:

(1) salaries and related expenses, including program salaries, administrative salaries, other salaries, payroll taxes, and fringe benefits;

(2) general operating expenses, including supplies, training, repairs, purchased services and consultants, utilities, food, licenses and fees, real estate taxes, insurance, and working capital interest;

(3) property related costs, including depreciation, capital debt interest, rent, and leases; and

(4) total annual resident days.

Sec. 36. [256B.5015] [PASS-THROUGH OF TRAINING AND HABILITATION SERVICES COSTS.]

Training and habilitation services costs shall be paid as a pass-through payment at the lowest rate paid for the comparable services at that site under sections 252.40 to 252.46. The pass-through payments for training and habilitation services shall be paid separately by the commissioner and shall not be included in the computation of the total payment rate.

Sec. 37. Minnesota Statutes 1998, section 256B.69, subdivision 6a, is amended to read:

Subd. 6a. [NURSING HOME SERVICES.] (a) Notwithstanding Minnesota Rules, part 9500.1457, subpart 1, item B, up to 90 days of nursing facility services as defined in section 256B.0625, subdivision 2, which are provided in a nursing facility certified by the Minnesota department of health for services provided and eligible for payment under Medicaid, shall be covered under the prepaid medical assistance program for individuals who are not residing in a nursing facility at the time of enrollment in the prepaid medical assistance program. ~~Liability for coverage of nursing facility services by a participating health plan is limited to 365 days for any person enrolled under the prepaid medical assistance program.~~

(b) For individuals enrolled in the Minnesota senior health options project authorized under subdivision 23, nursing facility services shall be covered according to the terms and conditions of the federal ~~waiver agreement~~ governing that demonstration project.

Sec. 38. Minnesota Statutes 1998, section 256B.69, subdivision 6b, is amended to read:

Subd. 6b. [~~ELDERLY HOME AND COMMUNITY-BASED WAIVER SERVICES.~~] ~~Notwithstanding Minnesota Rules, part 9500.1457, subpart 1, item C, elderly waiver services shall be covered under the prepaid medical assistance program for all individuals who are eligible according to section 256B.0915. (a) For individuals enrolled in the Minnesota senior health options project authorized under subdivision 23, elderly waiver services shall be covered according to the terms and conditions of the federal waiver agreement governing that demonstration project.~~

(b) For individuals under age 65 with physical disabilities but without a primary diagnosis of mental illness or developmental disabilities, except for related conditions, enrolled in the Minnesota senior health options project authorized under subdivision 23, home and community-based waiver services shall be covered according to the terms and conditions of the federal agreement governing that demonstration project.

Sec. 39. Minnesota Statutes 1998, section 256I.04, subdivision 3, is amended to read:

Subd. 3. [MORATORIUM ON THE DEVELOPMENT OF GROUP RESIDENTIAL HOUSING BEDS.] (a) County agencies shall not enter into agreements for new group residential housing beds with total rates in excess of the MSA equivalent rate except: (1) for group residential housing establishments meeting the requirements of subdivision 2a, clause (2) with department approval; (2) for group residential housing establishments licensed under Minnesota Rules, parts 9525.0215 to 9525.0355, provided the facility is needed to meet the census reduction targets for persons with mental retardation or related conditions at regional treatment centers; (3) to ensure compliance with the federal Omnibus Budget Reconciliation Act alternative disposition plan requirements for inappropriately placed persons with mental retardation or related conditions or mental illness; (4) up to 80 beds in a single, specialized facility located in Hennepin county that will provide housing for chronic inebriates who are repetitive users of detoxification centers and are refused placement in emergency shelters because of their state of intoxication, and planning for the specialized facility must have been initiated before July 1, 1991, in anticipation of receiving a grant from the housing finance agency under section 462A.05, subdivision 20a, paragraph (b); ~~or~~ (5) notwithstanding the provisions of subdivision 2a, for up to 190 supportive housing units in Anoka, Dakota, Hennepin, or Ramsey county for homeless adults with a mental illness, a history of substance abuse, or human immunodeficiency virus or acquired immunodeficiency syndrome. For purposes of this section, "homeless adult" means a person who is living on the street or in a shelter or discharged from a regional treatment center, community hospital, or residential treatment program and has no appropriate housing available and lacks the resources and support necessary to access appropriate housing. At least 70 percent of the supportive housing units must serve homeless adults with mental