

STATE OF MINNESOTA

EIGHTY-SECOND SESSION — 2002

SIXTY-EIGHTH DAY

SAINT PAUL, MINNESOTA, MONDAY, FEBRUARY 18, 2002

The House of Representatives convened at 3:00 p.m. and was called to order by Steve Sviggum, Speaker of the House.

Prayer was offered by the Reverend Lonnie E. Titus, House Chaplain.

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

The roll was called and the following members were present:

Abeler	Dorman	Holberg	Lenczewski	Otremba	Stanek
Abrams	Dorn	Holsten	Leppik	Ozment	Stang
Anderson, B.	Eastlund	Howes	Lieder	Paulsen	Swapinski
Anderson, I.	Entenza	Huntley	Lindner	Pawlenty	Swenson
Bernardy	Erhardt	Jacobson	Lipman	Paymar	Sykora
Biernat	Erickson	Jaros	Mahoney	Pelowski	Thompson
Bishop	Evans	Jennings	Mares	Penas	Tingelstad
Blaine	Finseth	Johnson, J.	Marko	Peterson	Tuma
Boudreau	Folliard	Johnson, R.	Marquart	Pugh	Vandever
Bradley	Fuller	Johnson, S.	McElroy	Rhodes	Wagenius
Buesgens	Gerlach	Juhnke	McGuire	Rifenberg	Walker
Carlson	Goodno	Kahn	Milbert	Rukavina	Walz
Cassell	Goodwin	Kalis	Molnau	Ruth	Wasiluk
Clark, J.	Gray	Kelliher	Mulder	Schumacher	Westerberg
Clark, K.	Greiling	Kielkucki	Mullery	Seagren	Westrom
Daggett	Gunther	Knoblach	Murphy	Seifert	Wilkin
Davids	Haas	Koskinen	Ness	Sertich	Winter
Davnie	Hackbarth	Krinkie	Nornes	Skoe	Wolf
Dawkins	Harder	Kubly	Olson	Skoglund	Workman
Dehler	Hausman	Kuisle	Opatz	Slawik	Spk. Sviggum
Dempsey	Hilstrom	Larson	Osskopp	Smith	
Dibble	Hilty	Leighton	Osthoff	Solberg	

A quorum was present.

Bakk, Gleason and Mariani were excused.

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

REPORTS OF CHIEF CLERK

S. F. No. 1471 and H. F. No. 1297, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Dempsey moved that S. F. No. 1471 be substituted for H. F. No. 1297 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2655 and H. F. No. 2698, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Paulsen moved that S. F. No. 2655 be substituted for H. F. No. 2698 and that the House File be indefinitely postponed. The motion prevailed.

REPORTS OF STANDING COMMITTEES

Bradley from the Committee on Health and Human Services Policy to which was referred:

H. F. No. 813, A bill for an act relating to professions; establishing the board of licensed mental health counseling; requiring mental health counselors to be licensed; requiring rulemaking; providing penalties; appropriating money; amending Minnesota Statutes 2000, sections 116J.70, subdivision 2a; 148A.01, subdivision 5; 148B.60, subdivision 3; 214.01, subdivision 2; 214.04, subdivision 3; 214.10, subdivision 9; and 609.341, subdivision 17; proposing coding for new law in Minnesota Statutes, chapter 148B; repealing Minnesota Statutes 2000, sections 148B.60; 148B.61; 148B.63; 148B.64; 148B.65; 148B.66; 148B.67; 148B.68; 148B.69; 148B.70; and 148B.71.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2001 Supplement, section 116J.70, subdivision 2a, is amended to read:

Subd. 2a. [LICENSE; EXCEPTIONS.] "Business license" or "license" does not include the following:

(1) any occupational license or registration issued by a licensing board listed in section 214.01 or any occupational registration issued by the commissioner of health pursuant to section 214.13;

(2) any license issued by a county, home rule charter city, statutory city, township, or other political subdivision;

(3) any license required to practice the following occupation regulated by the following sections:

(i) abstracters regulated pursuant to chapter 386;

(ii) accountants regulated pursuant to chapter 326A;

(iii) adjusters regulated pursuant to chapter 72B;

(iv) architects regulated pursuant to chapter 326;

(v) assessors regulated pursuant to chapter 270;

- (vi) athletic trainers regulated pursuant to chapter 148;
- (vii) attorneys regulated pursuant to chapter 481;
- (viii) auctioneers regulated pursuant to chapter 330;
- (ix) barbers regulated pursuant to chapter 154;
- (x) beauticians regulated pursuant to chapter 155A;
- (xi) boiler operators regulated pursuant to chapter 183;
- (xii) chiropractors regulated pursuant to chapter 148;
- (xiii) collection agencies regulated pursuant to chapter 332;
- (xiv) cosmetologists regulated pursuant to chapter 155A;
- (xv) dentists, registered dental assistants, and dental hygienists regulated pursuant to chapter 150A;
- (xvi) detectives regulated pursuant to chapter 326;
- (xvii) electricians regulated pursuant to chapter 326;
- (xviii) mortuary science practitioners regulated pursuant to chapter 149A;
- (xix) engineers regulated pursuant to chapter 326;
- (xx) insurance brokers and salespersons regulated pursuant to chapter 60A;
- (xxi) certified interior designers regulated pursuant to chapter 326;
- (xxii) midwives regulated pursuant to chapter 147D;
- (xxiii) nursing home administrators regulated pursuant to chapter 144A;
- (xxiv) optometrists regulated pursuant to chapter 148;
- (xxv) osteopathic physicians regulated pursuant to chapter 147;
- (xxvi) pharmacists regulated pursuant to chapter 151;
- (xxvii) physical therapists regulated pursuant to chapter 148;
- (xxviii) physician assistants regulated pursuant to chapter 147A;
- (xxix) physicians and surgeons regulated pursuant to chapter 147;
- (xxx) plumbers regulated pursuant to chapter 326;
- (xxxi) podiatrists regulated pursuant to chapter 153;
- (xxxii) practical nurses regulated pursuant to chapter 148;

- (xxxiii) professional fund raisers regulated pursuant to chapter 309;
- (xxxiv) psychologists regulated pursuant to chapter 148;
- (xxxv) real estate brokers, salespersons, and others regulated pursuant to chapters 82 and 83;
- (xxxvi) registered nurses regulated pursuant to chapter 148;
- (xxxvii) securities brokers, dealers, agents, and investment advisers regulated pursuant to chapter 80A;
- (xxxviii) steamfitters regulated pursuant to chapter 326;
- (xxxix) teachers and supervisory and support personnel regulated pursuant to chapter 125;
- (xl) veterinarians regulated pursuant to chapter 156;
- (xli) water conditioning contractors and installers regulated pursuant to chapter 326;
- (xlii) water well contractors regulated pursuant to chapter 103I;
- (xliii) water and waste treatment operators regulated pursuant to chapter 115;
- (xliv) motor carriers regulated pursuant to chapter 221;
- (xlv) professional firms regulated under chapter 319B;
- (xlvi) real estate appraisers regulated pursuant to chapter 82B;
- (xlvii) residential building contractors, residential remodelers, residential roofers, manufactured home installers, and specialty contractors regulated pursuant to chapter 326;
- (xlviii) licensed professional counselors regulated pursuant to chapter 148B;
- (4) any driver's license required pursuant to chapter 171;
- (5) any aircraft license required pursuant to chapter 360;
- (6) any watercraft license required pursuant to chapter 86B;
- (7) any license, permit, registration, certification, or other approval pertaining to a regulatory or management program related to the protection, conservation, or use of or interference with the resources of land, air, or water, which is required to be obtained from a state agency or instrumentality; and
- (8) any pollution control rule or standard established by the pollution control agency or any health rule or standard established by the commissioner of health or any licensing rule or standard established by the commissioner of human services.

Sec. 2. Minnesota Statutes 2000, section 148A.01, subdivision 5, is amended to read:

Subd. 5. [PSYCHOTHERAPIST.] "Psychotherapist" means a physician, psychologist, nurse, chemical dependency counselor, social worker, member of the clergy, marriage and family therapist, mental health service provider, licensed professional counselor, or other person, whether or not licensed by the state, who performs or purports to perform psychotherapy.

BOARD OF LICENSED PROFESSIONAL
COUNSELING

Sec. 3. [148B.50] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] For the purposes of sections 148B.50 to 148B.593, the following terms have the meanings given.

Subd. 2. [APPROVED SUPERVISOR.] "Approved supervisor" means a licensed professional counselor or other qualified supervisor as determined by the board, who has four years of professional counseling experience and documents to the board the completion of a training in counseling supervision that included content and experiences relevant to the supervision of professional counselors.

Subd. 3. [BOARD.] "Board" means the board of licensed professional counseling established by section 148B.51.

Subd. 4. [LICENSED PROFESSIONAL COUNSELING.] "Licensed professional counseling" means the application of counseling, human development, and mental health research, principles, and procedures to maintain and enhance the mental health, development, personal and interpersonal effectiveness, and adjustment to work and life of individuals.

Subd. 5. [SCOPE OF PRACTICE.] (a) The scope of practice of a licensed professional counselor includes, but is not limited to:

(1) the implementation of professional counseling treatment interventions including evaluation, treatment planning, and assessment;

(2) individual and group counseling and psychotherapy;

(3) counseling strategies that effectively respond to diverse populations;

(4) knowledge of relevant laws and ethics impacting practice;

(5) crisis intervention;

(6) consultation;

(7) career education and development;

(8) referral; and

(9) research.

(b) For the purposes of paragraph (a), clause (1), "professional counseling treatment interventions" means the application of cognitive, affective, behavioral, systemic, and community counseling strategies which include principles of human development, wellness, and pathology.

(c) Licensed professional counseling does not include activities or services undertaken by persons listed in section 148B.592, or the performance of any act that licensed professional counselors are not educated and trained to perform.

Sec. 4. [148B.51] [BOARD OF LICENSED PROFESSIONAL COUNSELING.]

The board of licensed professional counseling consists of 11 members appointed by the governor, including eight professional counselors licensed or eligible for licensure under sections 148B.50 to 148B.593 and three public members as defined in section 214.02. The professional counselor members of the board must include persons representing professional counseling and counselor education. The board shall annually elect from its membership a chair and vice-chair. The board shall appoint and employ an executive director who is not a member of the board. Chapter 214 applies to the board of licensed professional counseling unless superseded by sections 148B.50 to 148B.593.

Sec. 5. [148B.52] [DUTIES OF THE BOARD.]

The board of licensed professional counseling shall:

(1) establish by rule appropriate techniques, including examinations and other methods, for determining whether applicants and licensees are qualified under sections 148B.50 to 148B.593;

(2) establish by rule standards for professional conduct, including adoption of a code of professional ethics and requirements for continuing education and supervision;

(3) issue licenses to individuals qualified under sections 148B.50 to 148B.593;

(4) establish by rule standards for initial education including coursework for licensure and content of professional education;

(5) establish by rule procedures, including a standard disciplinary process, to assess whether individuals licensed as licensed professional counselors will comply with the board's rules;

(6) establish, maintain, and publish annually a register of current licensees and approved supervisors;

(7) establish initial and renewal application and examination fees sufficient to cover operating expenses of the board and its agents;

(8) educate the public about the existence and content of the laws and rules for licensed professional counselors to enable consumers to file complaints against licensees who may have violated the rules;

(9) evaluate its rules in order to refine the standards for licensing professional counselors and to improve the methods used to enforce the board's standards; and

(10) establish rules and regulations pertaining to treatment for impaired practitioners.

Sec. 6. [148B.53] [REQUIREMENTS FOR LICENSURE.]

Subdivision 1. [GENERAL REQUIREMENTS.] (a) To be licensed as a licensed professional counselor (LPC), an applicant must provide evidence satisfactory to the board that the applicant:

(1) is at least 18 years old;

(2) is of good moral character;

(3) has successfully completed, at a regionally accredited institution of higher education, a master's degree program in professional counseling or appropriately related field as determined by the board, including a supervised field experience during training of not less than 700 hours, that is professional counseling in nature, that meets the specific academic course content and training standards established by the board, and includes a minimum of 48 semester hours;

(4) has completed 2,000 hours of postgraduate supervised experience working in a professional counseling setting that meets the requirements established by the board;

(5) has demonstrated competence in professional counseling by passing an examination prescribed by the board that is written, oral, or situational, or a combination of all three;

(6) will conduct all professional activities as a licensed professional counselor in accordance with standards for professional conduct established by the rules of the board; and

(7) has declared to the board and agrees to continue to declare areas of professional competencies through a statement of professional intent, describing the intended use of the license and the population to be served.

(b) To be licensed as a professional counselor, a psychological practitioner licensed under section 148.908 need only show evidence of licensure under that section and is not required to comply with paragraph (a).

Subd. 2. [MINIMUM HOUR EFFECTIVE DATE.] The minimum semester hour requirement imposed by subdivision 1, paragraph (a), clause (3), is not effective until July 1, 2004. This subdivision expires July 1, 2004.

Subd. 3. [ASSOCIATE PROFESSIONAL COUNSELOR.] To be licensed as a licensed associate professional counselor (LAPC), an applicant must:

(1) meet all of the requirements in subdivision 1, paragraph (a), clauses (1) to (3) and (5) to (7);

(2) declare to the board in the license application special competence, including at least a master's degree in counseling or an appropriately related field as determined by the board; and

(3) demonstrate professional competence by an examination prescribed by the board, that is written, oral, or situational, or a combination of all three.

Upon examination of credentials, the board may, by a majority of the board members present and voting, consider the credentials adequate evidence of professional competence and approve a license as a licensed associate professional counselor. A licensed associate professional counselor may practice only under the direct supervision of an approved supervisor or under a plan for supervision approved by the board prior to actual performance of counseling by the licensed associate professional counselor.

Subd. 4. [FEE.] Each applicant shall pay a nonrefundable fee set by the board.

Sec. 7. [148B.54] [LICENSE RENEWAL REQUIREMENTS.]

Subdivision 1. [RENEWAL.] Licensees shall renew licenses at the time and in the manner established by the rules of the board.

Subd. 2. [CONTINUING EDUCATION.] At the time of renewal, each licensee shall provide evidence satisfactory to the board that the licensee has completed during each two-year period at least the equivalent of 40 clock hours of professional postdegree continuing education in programs approved by the board and continues to be qualified to practice under sections 148B.50 to 148B.593.

Sec. 8. [148B.55] [LICENSES; TRANSITION PERIOD.]

For two years beginning July 1, 2002, the board shall issue a license without examination to an applicant if the board determines that the applicant satisfies the requirements in section 148B.53, subdivision 1. An applicant licensed under this section must also agree to conduct all professional activities as a licensed professional counselor in accordance with standards for professional conduct established by the board by rule. This section expires July 1, 2004.

Sec. 9. [148B.56] [RECIPROCITY.]

The board may issue an appropriate license to an individual who holds a current license or other credential from another jurisdiction if the board finds that the requirements for that credential are substantially similar to the requirements in sections 148B.50 to 148B.593.

Sec. 10. [148B.57] [SPECIALTY DESIGNATIONS.]

A specialty designation may be added to the license of a professional counselor if the applicant demonstrates to the board that the applicant has met the minimum standards established by a nationally recognized certification agency or, where there is no nationally recognized certification agency, that the applicant has satisfied specific criteria established by the board in rule. A licensed professional counselor may not claim or advertise a counseling specialty unless the specialty designation has been approved by the board.

Sec. 11. [148B.58] [NONTRANSFERABILITY OF LICENSES.]

A professional counseling license is not transferable.

Sec. 12. [148B.59] [GROUNDS FOR DISCIPLINARY ACTION; FORMS OF DISCIPLINARY ACTION; RESTORATION OF LICENSE.]

(a) The board may impose disciplinary action as described in paragraph (b) against an applicant or licensee whom the board, by a preponderance of the evidence, determines:

(1) has violated a statute, rule, or order that the board issued or is empowered to enforce;

(2) has engaged in fraudulent, deceptive, or dishonest conduct, whether or not the conduct relates to the practice of licensed professional counseling, that adversely affects the person's ability or fitness to practice professional counseling;

(3) has engaged in unprofessional conduct or any other conduct which has the potential for causing harm to the public, including any departure from or failure to conform to the minimum standards of acceptable and prevailing practice without actual injury having to be established;

(4) has been convicted of or has pled guilty or nolo contendere to a felony or other crime, an element of which is dishonesty or fraud, or has been shown to have engaged in acts or practices tending to show that the applicant or licensee is incompetent or has engaged in conduct reflecting adversely on the applicant's or licensee's ability or fitness to engage in the practice of professional counseling;

(5) has employed fraud or deception in obtaining or renewing a license, or in passing an examination;

(6) has had any counseling license, certificate, registration, privilege to take an examination, or other similar authority denied, revoked, suspended, canceled, limited, or not renewed for cause in any jurisdiction;

(7) has failed to meet any requirement for the issuance or renewal of the person's license. The burden of proof is on the applicant or licensee to demonstrate the qualifications or satisfy the requirements for a license under the licensed professional counseling act;

(8) has failed to cooperate with an investigation of the board;

(9) has demonstrated an inability to practice professional counseling with reasonable skill and safety to clients due to any mental or physical illness or condition; or

(10) has engaged in fee splitting. This clause does not apply to the distribution of revenues from a partnership, group practice, nonprofit corporation, or professional corporation to its partners, shareholders, members, or employees if the revenues consist only of fees for services performed by the licensee or under a licensee's administrative authority. Fee splitting includes, but is not limited to:

(i) dividing fees with another person or a professional corporation, unless the division is in proportion to the services provided and the responsibility assumed by each professional; and

(ii) referring a client to any health care provider as defined in section 144.335 in which the referring licensee has a significant financial interest, unless the licensee has disclosed in advance to the client the licensee's own financial interest.

(b) If grounds for disciplinary action exist under paragraph (a), the board may take one or more of the following actions:

(1) refuse to grant or renew a license;

(2) revoke a license;

(3) suspend a license;

(4) impose limitations or conditions on a licensee's practice of professional counseling, including, but not limited to, limiting the scope of practice to designated competencies, imposing retraining or rehabilitation requirements, requiring the licensee to practice under supervision, or conditioning continued practice on the demonstration of knowledge or skill by appropriate examination or other review of skill and competence;

(5) censure or reprimand the licensee;

(6) refuse to permit an applicant to take the licensure examination or refuse to release an applicant's examination grade if the board finds that it is in the public interest; or

(7) impose disciplinary fees of up to \$5,000 for each separate violation. The amount of the disciplinary fee shall be fixed so as (i) to deprive the applicant or licensee of any economic advantage gained by reason of the violation charged, and (ii) to reimburse the board for the cost of the investigation and proceeding, including, but not limited to, the costs of legal and investigative services provided by the office of the attorney general and the costs of legal services provided by the office of administrative hearings.

(c) In lieu of or in addition to paragraph (b), the board may require, as a condition of continued licensure, termination of suspension, reinstatement of license, examination, or release of examination grades, that the applicant or licensee:

(1) submit to a quality review, as specified by the board, of the applicant's or licensee's ability, skills, or quality of work; and

(2) complete to the satisfaction of the board educational courses specified by the board.

(d) Service of the order is effective if the order is served on the applicant, licensee, or counsel of record personally or by mail to the most recent address provided to the board for the licensee, applicant, or counsel of record. The order shall state the reasons for the entry of the order.

Sec. 13. [148B.591] [PROHIBITION AGAINST UNLICENSED PRACTICE OR USE OF TITLES.]

Subdivision 1. [PRACTICE.] After the effective date of rules adopted by the board, no individual may engage in the practice of professional counseling unless that individual holds a valid license or is exempt from licensure under section 148B.592.

Subd. 2. [USE OF TITLES.] After the board adopts rules, no individual may be presented to the public by any title or practice incorporating the words "licensed professional counselor," "LPC," "licensed associate professional counselor," or "LAPC" unless that individual holds a valid license issued under sections 148B.50 to 148B.593.

Sec. 14. [148B.592] [EXCEPTIONS TO LICENSE REQUIREMENT.]

Subdivision 1. [OTHER PROFESSIONALS.] Nothing in sections 148B.50 to 148B.593 prevents members of other professions or occupations from performing functions for which they are qualified or licensed. This exception includes, but is not limited to, licensed physicians, registered nurses, licensed practical nurses, licensed psychologists, probation officers, attorneys, social workers, marriage and family therapists, qualified rehabilitation consultants, natural family planning practitioners certified by the American Academy of Natural Family Planning, and registered occupational therapists or certified occupational therapist assistants. These persons must not, however, use a title incorporating the words "licensed professional counselor" or "licensed associate professional counselor" or otherwise hold themselves out to the public by any title or description stating or implying that they are licensed to engage in the practice of professional counseling unless they are licensed under sections 148B.50 to 148B.593.

Subd. 2. [STUDENTS.] Nothing in sections 148B.50 to 148B.593 prevents a student, intern, or trainee enrolled in an accredited program of professional counseling from engaging in professional counseling as part of the supervised course of study if the person is identified as a "counselor intern."

Subd. 3. [GOVERNMENT AGENCIES; EDUCATIONAL INSTITUTIONS.] Nothing in sections 148B.50 to 148B.593 limits the activities and services of, or use of, an official title by a person employed as a counselor by a federal, state, county, or municipal agency, or public or private educational institution if the person is performing the activities within the scope of the person's employment.

Subd. 4. [UNLICENSED MENTAL HEALTH PRACTITIONERS.] Nothing in sections 148B.50 to 148B.593 prohibits the provision of mental health services by an unlicensed mental health practitioner as defined in section 148B.60, subdivision 3.

Subd. 5. [NONRESIDENTS.] A nonresident may engage in the practice of professional counseling within the state without a license for up to 30 days during any calendar year if the nonresident is authorized to provide the services under the law of the state or country of residence and the nonresident has provided proof of credentials to the board, been found qualified to render services in the state, and been granted permission by the board to practice.

Subd. 6. [CLERGY.] Nothing in sections 148B.50 to 148B.593 limits the activities and services of a rabbi, priest, minister, or clergyperson of any religious denomination or sect provided such activities and services are within the scope of the performance of regular or specialized ministerial duties.

Subd. 7. [NONPROFIT ORGANIZATIONS AND CHARITIES.] Nothing in sections 148B.50 to 148B.593 limits the activities, services, and descriptions of persons offering volunteer or professional services for public or private nonprofit organizations or charities.

Sec. 15. [148B.593] [DISCLOSURE OF INFORMATION.]

(a) A person licensed under sections 148B.50 to 148B.593 may not disclose without written consent of the client any communication made by the client to the licensee in the course of the practice of professional counseling, nor may any employee of the licensee reveal the information without the consent of the employer or client except as provided under section 626.556 or 626.557.

(b) For purposes of sections 148B.50 to 148B.593, the confidential relations and communications between the licensee and a client are placed upon the same basis as those that exist between a licensed psychologist and client. Nothing in sections 148B.50 to 148B.593 may be construed to require any communications to be disclosed except by court order.

Sec. 16. Minnesota Statutes 2000, section 148B.60, subdivision 3, is amended to read:

Subd. 3. [UNLICENSED MENTAL HEALTH PRACTITIONER OR PRACTITIONER.] "Unlicensed mental health practitioner" or "practitioner" means a person who provides or purports to provide, for remuneration, mental health services as defined in subdivision 4. It does not include persons licensed by the board of medical practice under chapter 147 or registered by the board of medical practice under chapter 147A; the board of nursing under sections 148.171 to 148.285; the board of psychology under sections 148.88 to 148.98; the board of social work under sections 148B.18 to 148B.289; the board of marriage and family therapy under sections 148B.29 to 148B.39; the board of licensed professional counseling under sections 148B.50 to 148B.593; or another licensing board if the person is practicing within the scope of the license; members of the clergy who are providing pastoral services in the context of performing and fulfilling the salaried duties and obligations required of a member of the clergy by a religious congregation; American Indian medicine men and women; licensed attorneys; probation officers; school counselors employed by a school district while acting within the scope of employment as school counselors; registered occupational therapists; or occupational therapy assistants. For the purposes of complaint investigation or disciplinary action relating to an individual practitioner, the term includes:

(1) persons employed by a program licensed by the commissioner of human services who are acting as mental health practitioners within the scope of their employment;

(2) persons employed by a program licensed by the commissioner of human services who are providing chemical dependency counseling services; persons who are providing chemical dependency counseling services in private practice; and

(3) clergy who are providing mental health services that are equivalent to those defined in subdivision 4.

Sec. 17. Minnesota Statutes 2000, section 214.01, subdivision 2, is amended to read:

Subd. 2. [HEALTH-RELATED LICENSING BOARD.] "Health-related licensing board" means the board of examiners of nursing home administrators established pursuant to section 144A.19, the office of unlicensed complementary and alternative health care practice established pursuant to section 146A.02, the board of medical practice created pursuant to section 147.01, the board of nursing created pursuant to section 148.181, the board of chiropractic examiners established pursuant to section 148.02, the board of optometry established pursuant to section 148.52, the board of physical therapy established pursuant to section 148.67, the board of psychology established pursuant to section 148.90, the board of social work pursuant to section 148B.19, the board of marriage and family therapy pursuant to section 148B.30, the office of mental health practice established pursuant to section 148B.61, the board of licensed professional counseling established by section 148B.51, the alcohol and drug counselors licensing advisory council established pursuant to section 148C.02, the board of dietetics and nutrition practice established under section 148.622, the board of dentistry established pursuant to section 150A.02, the board of pharmacy established pursuant to section 151.02, the board of podiatric medicine established pursuant to section 153.02, and the board of veterinary medicine, established pursuant to section 156.01.

Sec. 18. Minnesota Statutes 2000, section 214.04, subdivision 3, is amended to read:

Subd. 3. [OFFICERS; STAFF.] The executive director of each health-related board and the executive secretary of each non-health-related board shall be the chief administrative officer for the board but shall not be a member of the board. The executive director or executive secretary shall maintain the records of the board, account for all fees received by it, supervise and direct employees servicing the board, and perform other services as directed by the board. The executive directors, executive secretaries, and other employees of the following boards shall be hired by the board, and the executive directors or executive secretaries shall be in the unclassified civil service, except as provided in this subdivision:

(1) dentistry;

(2) medical practice;

- (3) nursing;
- (4) pharmacy;
- (5) accountancy;
- (6) architecture, engineering, land surveying, landscape architecture, geoscience, and interior design;
- (7) barber examiners;
- (8) cosmetology;
- (9) electricity;
- (10) teaching;
- (11) peace officer standards and training;
- (12) social work;
- (13) marriage and family therapy; ~~and~~
- (14) dietetics and nutrition practice; and
- (15) licensed professional counseling.

The executive directors or executive secretaries serving the boards are hired by those boards and are in the unclassified civil service, except for part-time executive directors or executive secretaries, who are not required to be in the unclassified service. Boards not requiring full-time executive directors or executive secretaries may employ them on a part-time basis. To the extent practicable, the sharing of part-time executive directors or executive secretaries by boards being serviced by the same department is encouraged. Persons providing services to those boards not listed in this subdivision, except executive directors or executive secretaries of the boards and employees of the attorney general, are classified civil service employees of the department servicing the board. To the extent practicable, the commissioner shall ensure that staff services are shared by the boards being serviced by the department. If necessary, a board may hire part-time, temporary employees to administer and grade examinations.

Sec. 19. Minnesota Statutes 2000, section 214.10, subdivision 9, is amended to read:

Subd. 9. [ACTS AGAINST MINORS.] (a) As used in this subdivision, the following terms have the meanings given them.

(1) "Licensed person" means a person who is licensed under this chapter by the board of nursing, the board of psychology, the social work licensing board, the board of marriage and family therapy, the board of unlicensed mental health service providers, the board of licensed professional counseling, or the board of teaching.

(2) "Crime against a minor" means conduct that constitutes a violation of section 609.185, 609.19, 609.195, 609.20, 609.205, 609.21, 609.215, 609.221, 609.222, 609.223, 609.342, 609.343, 609.345, or a felony violation of section 609.377.

(b) In any license revocation proceeding, there is a rebuttable presumption that a licensed person who is convicted in a court of competent jurisdiction of committing a crime against a minor is unfit to practice the profession or occupation for which that person is licensed.

Sec. 20. Minnesota Statutes 2000, section 609.341, subdivision 17, is amended to read:

Subd. 17. "Psychotherapist" means a person who is or purports to be a physician, psychologist, nurse, chemical dependency counselor, social worker, marriage and family counselor, licensed professional counselor, or other mental health service provider; or any other person, whether or not licensed by the state, who performs or purports to perform psychotherapy.

Sec. 21. [INITIAL BOARD.]

Notwithstanding Minnesota Statutes, section 148B.51, members of the first board appointed under that section need not be licensed, but must meet all qualifications, other than payment of fees, to be eligible for licensure under Minnesota Statutes, sections 148B.50 to 148B.593.

Sec. 22. [INTERAGENCY AGREEMENT.]

The board of licensed professional counselors and the board of psychology shall enter into an interagency agreement for shared administrative services.

Sec. 23. [TASK FORCE.]

The department of health shall convene a task force composed of licensed psychologists, social workers, marriage and family counselors, rehabilitation counselors, drug and alcohol counselors, and licensed professional counselors to study and recommend ways in which the health care providers can more effectively collaborate in the delivery of counseling services and develop a system to provide the public with a better understanding of the administrative structure of how services are provided and regulatory disputes resolved. The department shall make a report of the task force recommendations to the legislature by February 15, 2003.

Sec. 23. [APPROPRIATION.]

\$..... is appropriated from the state government special revenue fund to the professional counseling licensing board for the purposes of sections 3 to 15 to be available until July 1, 2004. \$5,000 is appropriated from the state government special revenue fund to the commissioner of health for the study in section 23. The commissioner shall seek an additional \$70,000 in funding from foundations and private donors for the completion of the study.

Sec. 24. [EFFECTIVE DATE.]

This act is effective July 1, 2002."

Delete the title and insert:

"A bill for an act relating to professions; establishing the board of licensed professional counseling; requiring professional counselors to be licensed; requiring rulemaking; appropriating money; amending Minnesota Statutes 2000, sections 148A.01, subdivision 5; 148B.60, subdivision 3; 214.01, subdivision 2; 214.04, subdivision 3; 214.10, subdivision 9; 609.341, subdivision 17; Minnesota Statutes 2001 Supplement, section 116J.70, subdivision 2a; proposing coding for new law in Minnesota Statutes, chapter 148B."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Governmental Operations and Veterans Affairs Policy.

The report was adopted.

Rhodes from the Committee on Governmental Operations and Veterans Affairs Policy to which was referred:

H. F. No. 1097, A bill for an act relating to state government; designating the photograph "Grace" as the state picture; proposing coding for new law in Minnesota Statutes, chapter 1.

Reported the same back with the following amendments:

Page 1, line 6, delete "PICTURE" and insert "PHOTOGRAPH"

Page 1, line 10, delete "picture" and insert "photograph"

Amend the title as follows:

Page 1, line 3, delete "picture" and insert "photograph"

With the recommendation that when so amended the bill pass.

The report was adopted.

Bradley from the Committee on Health and Human Services Policy to which was referred:

H. F. No. 1413, A bill for an act relating to insurance; no-fault auto; regulating basic economic loss benefits; amending Minnesota Statutes 2000, section 65B.44, subdivision 1.

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

The report was adopted.

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

H. F. No. 1543, A bill for an act relating to public safety; authorizing limited personal use of fireworks; requiring an affidavit of safety guidelines; providing for criminal penalties; proposing coding for new law in Minnesota Statutes, chapter 624.

Reported the same back with the following amendments:

Page 1, line 15, after "fireworks" insert ", as defined in Code of Federal Regulations, title 49,"

Page 2, line 6, delete "guidelines" and insert "information"

Page 3, line 5, delete "and"

Page 3, line 8, before the period, insert "; and

(12) a fireworks facility may be used for sale of other merchandise during days when fireworks sales are not allowed if all fireworks have been removed from the premises"

Page 3, line 14, delete "\$2,500." and insert "\$5,000. The fire marshal shall deposit the fee in the safe fireworks account established under subdivision 8."

Page 3, line 35, delete "public" and insert "personal"

Page 4, line 12, delete "and"

Page 4, line 14, before the period, insert "; and

(13) information on safe use of fireworks must be distributed to all purchasers"

Page 4, line 26, delete "guidelines" and insert "information"

Page 4, line 30, delete "adopt and disseminate reasonable guidelines" and insert "disseminate information"

Page 4, line 35, delete "petty"

Page 4, after line 36, insert:

"Subd. 8. [CONSUMER SURCHARGE.] (a) A seller of 1.4G consumer fireworks must pay to the commissioner of revenue a fee equal to:

(1) \$1 on each retail sale of fireworks, if the total sale price is \$100 or less; or

(2) \$5, if the total retail sale price of the fireworks is more than \$100.

(b) The retailer must pay the amount of the surcharge annually by September 15 for sales made during the 12-month period ending on the immediately preceding July 31. Payment must be made in a manner and on a return as prescribed by the commissioner of revenue.

(c) For purposes of this subdivision, "retailer" and "retail sale" have the meanings given in section 297A.61. The enforcement, interest, and penalty provisions under chapter 294, appeal provisions in sections 289A.43 and 289A.65, criminal penalties in section 289A.63, refunds provisions in section 289A.50, and collection and rulemaking provisions under chapter 270, apply to a liability for the surcharge imposed under this subdivision.

(d) The commissioner of revenue shall deposit the surcharge in an account created in the state treasury to be known as the safe fireworks account. Money in the account is appropriated to the commissioner of public safety for the purpose of regulating fireworks usage in Minnesota, conducting inspections permitted or required by law, and for public education campaigns related to fireworks."

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

The report was adopted.

Bradley from the Committee on Health and Human Services Policy to which was referred:

H. F. No. 2641, A bill for an act relating to health; changing health plan company regulation provisions; establishing a prescription drug discount program; changing provisions in the Minnesota provider tax and tobacco tax; imposing a limit on punitive damages for health care provider malpractice; appropriating money; amending Minnesota Statutes 2000, sections 62A.02, subdivisions 3, 4a, 5a, by adding a subdivision; 62A.021, subdivision 1; 62C.01; 62C.02, subdivision 6; 62D.02, subdivisions 4, 8; 62D.03, subdivision 1; 62D.04, subdivision 1; 295.52, subdivisions 1, 1a, 2, 3; 297F.05, subdivisions 1, 3; 297F.08, subdivision 7; 297F.10; 549.20, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 62Q; 256; repealing Minnesota Statutes 2000, sections 62A.02, subdivision 2; 62A.309; Minnesota Statutes 2001 Supplement, section 295.52, subdivision 7.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

HEALTH PLAN COMPANY REGULATION

Section 1. Minnesota Statutes 2000, section 62C.01, is amended to read:

62C.01 [~~NONPROFIT~~ HEALTH SERVICE PLAN CORPORATIONS ACT.]

Subdivision 1. [CITATION.] Sections 62C.01 to 62C.23 may be cited as the "Nonprofit Health Service Plan Corporations Act."

Subd. 2. [PURPOSE.] It is the purpose and intent of Laws 1971, chapter 568 to promote a wider, more economical and timely availability of hospital, medical-surgical, dental, and other health services for the people of Minnesota, through ~~nonprofit~~, prepaid health service plans, and thereby advance public health and the art and science of medical and health care within the state, while reasonably regulating the formation, continuation, operation, and termination of such service plans by establishment and enforcement of reasonable and practical standards of administration, investments, surplus and reserves.

Subd. 3. [SCOPE.] Every foreign or domestic ~~nonprofit~~ corporation organized for the purpose of establishing or operating a health service plan in Minnesota whereby health services are provided to subscribers to the plan under a contract with the corporation shall be subject to and governed by Laws 1971, chapter 568, and shall not be subject to the laws of this state relating to insurance, except the gross premiums tax provisions contained in chapter 2971 and as otherwise specifically provided. Laws 1971, chapter 568 shall apply to all health service plan corporations incorporated after August 1, 1971, and to all existing health service plan corporations, except as otherwise provided. Nothing in sections 62C.01 to 62C.23 shall apply to prepaid group practice plans. A prepaid group practice plan is any plan or arrangement other than a service plan, whereby health services are rendered to certain patients by providers who devote their professional effort primarily to members or patients of the plan, and whereby the recipients of health services pay for the services on a regular, periodic basis, not on a fee for service basis.

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

Sec. 2. Minnesota Statutes 2000, section 62C.02, subdivision 6, is amended to read:

Subd. 6. [SERVICE PLAN CORPORATION.] "Service plan corporation" means a foreign or domestic ~~nonprofit~~ corporation which contracts for health service or payment therefor for subscribers pursuant to a service plan, in exchange for periodic prepayments by or on behalf of subscribers. An "existing corporation" means a service plan association or corporation legally in existence on August 1, 1971, and authorized to do business in this state on that date.

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

Sec. 3. Minnesota Statutes 2000, section 62D.02, subdivision 4, is amended to read:

Subd. 4. [HEALTH MAINTENANCE ORGANIZATION.] (a) "Health maintenance organization" means a ~~nonprofit domestic or foreign~~ corporation ~~organized under chapter 317A~~, or a local governmental unit as defined in subdivision 11, controlled and operated as provided in sections 62D.01 to 62D.30, which provides, either directly or through arrangements with providers or other persons, comprehensive health maintenance services, or arranges for the provision of these services, to enrollees on the basis of a fixed prepaid sum without regard to the frequency or extent of services furnished to any particular enrollee.

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

Sec. 4. Minnesota Statutes 2000, section 62D.03, subdivision 1, is amended to read:

Subdivision 1. [CERTIFICATE OF AUTHORITY REQUIRED.] Notwithstanding any law of this state to the contrary, any ~~nonprofit~~ domestic or foreign corporation organized to do so or a local governmental unit may apply to the commissioner of health for a certificate of authority to establish and operate a health maintenance organization in compliance with sections 62D.01 to 62D.30. No person shall establish or operate a health maintenance organization in this state, nor sell or offer to sell, or solicit offers to purchase or receive advance or periodic consideration in conjunction with a health maintenance organization or health maintenance contract unless the organization has a certificate of authority under sections 62D.01 to 62D.30.

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

Sec. 5. Minnesota Statutes 2000, section 62D.04, subdivision 1, is amended to read:

Subdivision 1. [APPLICATION REVIEW.] Upon receipt of an application for a certificate of authority, the commissioner of health shall determine whether the applicant for a certificate of authority has:

(a) demonstrated the willingness and potential ability to assure that health care services will be provided in such a manner as to enhance and assure both the availability and accessibility of adequate personnel and facilities;

(b) arrangements for an ongoing evaluation of the quality of health care;

(c) a procedure to develop, compile, evaluate, and report statistics relating to the cost of its operations, the pattern of utilization of its services, the quality, availability and accessibility of its services, and such other matters as may be reasonably required by regulation of the commissioner of health;

(d) reasonable provisions for emergency and out of area health care services;

(e) demonstrated that it is financially responsible and may reasonably be expected to meet its obligations to enrollees and prospective enrollees. In making this determination, the commissioner of health shall require the amounts of net worth and working capital required in section 62D.042, the deposit required in section 62D.041, and in addition shall consider:

(1) the financial soundness of its arrangements for health care services and the proposed schedule of charges used in connection therewith;

(2) arrangements which will guarantee for a reasonable period of time the continued availability or payment of the cost of health care services in the event of discontinuance of the health maintenance organization; and

(3) agreements with providers for the provision of health care services;

(f) demonstrated that it will assume full financial risk on a prospective basis for the provision of comprehensive health maintenance services, including hospital care; provided, however, that the requirement in this paragraph shall not prohibit the following:

(1) a health maintenance organization from obtaining insurance or making other arrangements (i) for the cost of providing to any enrollee comprehensive health maintenance services, the aggregate value of which exceeds \$5,000 in any year, (ii) for the cost of providing comprehensive health care services to its members on a nonelective emergency basis, or while they are outside the area served by the organization, or (iii) for not more than 95 percent of the amount by which the health maintenance organization's costs for any of its fiscal years exceed 105 percent of its income for such fiscal years; and

(2) a health maintenance organization from having a provision in a group health maintenance contract allowing an adjustment of premiums paid based upon the actual health services utilization of the enrollees covered under the contract, except that at no time during the life of the contract shall the contract holder fully self-insure the financial risk of health care services delivered under the contract. Risk sharing arrangements shall be subject to the requirements of sections 62D.01 to 62D.30;

(g) demonstrated that it has made provisions for and adopted a conflict of interest policy applicable to all members of the board of directors and the principal officers of the health maintenance organization. The conflict of interest policy shall include the procedures described in section 302A.255, subdivisions 1 and 2, or 317A.255, subdivisions 1 and 2. However, the commissioner is not precluded from finding that a particular transaction is an unreasonable expense as described in section 62D.19 even if the directors follow the required procedures; and

(h) otherwise met the requirements of sections 62D.01 to 62D.30.

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

Sec. 6. [CONSUMER COST AWARENESS.]

The commissioner of health, in consultation with representatives of consumers, health plan companies, and employers, shall develop and promote policies to increase consumer awareness of health care costs. These policies shall include, but are not limited to, nonsmoking and other healthy lifestyle premium discounts or financial incentives, provision of employer health care premium contribution information on employee pay stubs, and financial incentives for enrollees to report health care provider billing errors.

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

Sec. 7. [COST AND QUALITY DISCLOSURE.]

(a) The commissioner of health shall assess options and develop recommendations for the legislature on methods of making available to patients information on the expected costs of receiving a course of treatment from a particular health care provider or system of providers, the current allowable payment for health care services, and information on the provider's quality of care. The commissioner shall submit a report to the legislature by December 1, 2002.

(b) The commissioner's recommendations must ensure that the cost information to be made available to consumers is based on:

(1) the expected course of treatment as determined by the patient's health care provider;

(2) the provider's charges and current allowable payment for each service and how many times each service is expected to be provided; and

(3) the methodology used to make any adjustments or discounts to the provider's charges under the patient's health coverage plan.

(c) The commissioner's recommendations shall ensure that patients will have access to reliable and useful information on health care provider quality. The commissioner shall consider, among other possible measures of quality, information on consumer satisfaction and complaint rates; patient outcomes measures; mortality and morbidity rates; rates of infections, complications, and medical errors; chart reviews to determine whether best practice guidelines were followed; preventive care rates; reputation among peers; frequency and experience with a particular procedure; research assessments of the effectiveness of a procedure, drug, device, or technology; and accreditation status.

(d) The report must include an analysis of the impact of various options and recommendations on the cost of health care services and health coverage, antitrust implications, and the expected impact on the health care marketplace. In developing the report and recommendations, the commissioner shall solicit input from interested organizations.

(e) For purposes of this section, "allowable payment" means the total financial compensation, including details of any withhold or settle-up payments, to be paid to a health care provider for providing a health care service, as determined by the contract between the health plan company and the provider.

Sec. 8. [INSTRUCTION TO REVISOR.]

The revisor of statutes shall change the term "nonprofit health service plan corporation" or similar terms to "health service plan corporation" or similar terms wherever they appear in Minnesota Statutes and Minnesota Rules in connection with those entities regulated under Minnesota Statutes, chapter 62C.

Sec. 9. [REPEALER.]

Minnesota Statutes 2000, section 62A.309, is repealed effective the day following final enactment, and applies to health plan contracts and policies issued or renewed on or after that date.

ARTICLE 2

MINNESOTACARE PROVIDER TAX; TOBACCO TAX

Section 1. Minnesota Statutes 2000, section 295.52, subdivision 1, is amended to read:

Subdivision 1. [HOSPITAL TAX.] A tax is imposed on each hospital equal to ~~two~~ one percent of its gross revenues.

[EFFECTIVE DATE.] This section is effective January 1, 2003, and applies to tax periods beginning on or after that date.

Sec. 2. Minnesota Statutes 2000, section 295.52, subdivision 1a, is amended to read:

Subd. 1a. [SURGICAL CENTER TAX.] A tax is imposed on each surgical center equal to ~~two~~ one percent of its gross revenues.

[EFFECTIVE DATE.] This section is effective January 1, 2003, and applies to tax periods beginning on or after that date.

Sec. 3. Minnesota Statutes 2000, section 295.52, subdivision 2, is amended to read:

Subd. 2. [PROVIDER TAX.] A tax is imposed on each health care provider equal to ~~two~~ one percent of its gross revenues.

[EFFECTIVE DATE.] This section is effective January 1, 2003, and applies to tax periods beginning on or after that date.

Sec. 4. Minnesota Statutes 2000, section 295.52, subdivision 3, is amended to read:

Subd. 3. [WHOLESALE DRUG DISTRIBUTOR TAX.] A tax is imposed on each wholesale drug distributor equal to ~~two~~ one percent of its gross revenues.

[EFFECTIVE DATE.] This section is effective January 1, 2003, and applies to tax periods beginning on or after that date.

Sec. 5. Minnesota Statutes 2000, section 297F.05, subdivision 1, is amended to read:

Subdivision 1. [RATES; CIGARETTES.] A tax is imposed upon the sale of cigarettes in this state, upon having cigarettes in possession in this state with intent to sell, upon any person engaged in business as a distributor, and upon the use or storage by consumers, at the following rates, subject to the discount provided in this chapter:

- (1) on cigarettes weighing not more than three pounds per thousand, ~~24~~ 43 mills on each such cigarette; and
- (2) on cigarettes weighing more than three pounds per thousand, ~~48~~ 86 mills on each such cigarette.

[EFFECTIVE DATE.] This section is effective January 1, 2003.

Sec. 6. Minnesota Statutes 2000, section 297F.05, subdivision 3, is amended to read:

Subd. 3. [RATES; TOBACCO PRODUCTS.] A tax is imposed upon all tobacco products in this state and upon any person engaged in business as a distributor, at the rate of ~~35~~ 63 percent of the wholesale sales price of the tobacco products. The tax is imposed at the time the distributor:

- (1) brings, or causes to be brought, into this state from outside the state tobacco products for sale;
- (2) makes, manufactures, or fabricates tobacco products in this state for sale in this state; or
- (3) ships or transports tobacco products to retailers in this state, to be sold by those retailers.

[EFFECTIVE DATE.] This section is effective January 1, 2003.

Sec. 7. Minnesota Statutes 2000, section 297F.08, subdivision 7, is amended to read:

Subd. 7. [PRICE OF STAMPS.] The commissioner shall sell stamps to any person licensed as a distributor at a discount of ~~1.0~~ 0.8 percent from the face amount of the stamps for the first ~~\$1,500,000~~ \$1,800,000 of such stamps purchased in any fiscal year; and at a discount of ~~0.6~~ 0.33 percent on the remainder of such stamps purchased in any fiscal year. The commissioner shall not sell stamps to any other person. The commissioner may prescribe the method of shipment of the stamps to the distributor as well as the quantities of stamps purchased.

[EFFECTIVE DATE.] This section is effective January 1, 2003.

Sec. 8. Minnesota Statutes 2000, section 297F.10, is amended to read:

297F.10 [DEPOSIT OF PROCEEDS.]

Subdivision 1. [TAX AND USE TAX ON CIGARETTES.] Revenue received from cigarette taxes, as well as related penalties, interest, license fees, and miscellaneous sources of revenue shall be deposited by the commissioner in the state treasury and credited as follows:

(a) first to the general obligation special tax bond debt service account in each fiscal year the amount required to increase the balance on hand in the account on each December 1 to an amount equal to the full amount of principal and interest to come due on all outstanding bonds whose debt service is payable primarily from the proceeds of the tax to and including the second following July 1; and

(b) after the requirements of paragraph (a) have been met:

(1) the revenue produced by one mill of the tax on cigarettes weighing not more than three pounds a thousand and two mills of the tax on cigarettes weighing more than three pounds a thousand must be credited to the Minnesota future resources fund; and

(2) the balance of the revenues derived from taxes, penalties, and interest (under this chapter) and from license fees and miscellaneous sources of revenue shall be credited to the general fund, except that the portion of tax revenue resulting from the increase in the tax on cigarettes weighing not more than three pounds per thousand from 24 to 43 mills and the increase in the tax on cigarettes weighing more than three pounds per thousand from 48 to 86 mills shall be deposited in the health care access fund.

Subd. 2. [TAX AND USE TAX ON TOBACCO PRODUCTS.] Revenue received from taxes on tobacco products, as well as related penalties, interest, and license fees shall be deposited by the commissioner in the state treasury and credited to the general fund, except that the portion of tax revenue resulting from the increase in the tax on the wholesale sales price of tobacco products from 35 to 63 percent shall be deposited in the health care access fund.

[EFFECTIVE DATE.] This section is effective January 1, 2003.

Sec. 9. [FLOOR STOCKS TAX.]

Subdivision 1. [CIGARETTES.] (a) A floor stocks tax is imposed on every person engaged in business in this state as a distributor, retailer, subjobber, vendor, manufacturer, or manufacturer's representative of cigarettes, on the stamped cigarettes and unaffixed stamps in the person's possession or under the person's control at 12:01 a.m. on January 1, 2003. The tax is imposed at the following rates, subject to the discounts in Minnesota Statutes, section 297F.08, subdivision 7:

(1) on cigarettes weighing not more than three pounds per thousand, 19 mills on each cigarette; and

(2) on cigarettes weighing more than three pounds per thousand, 38 mills on each cigarette.

(b) Each distributor, by January 1, 2003, shall file a report with the commissioner of revenue, in the form the commissioner prescribes, showing the stamped cigarettes and unaffixed stamps on hand at 12:01 a.m. on January 1, 2003, and the amount of tax due on the cigarettes and unaffixed stamps. The tax imposed by this section is due and payable by February 1, 2003, and after that date bears interest as provided in Minnesota Statutes, section 270.75. Each retailer, subjobber, vendor, manufacturer, or manufacturer's representative shall file a return with the commissioner, in the form the commissioner prescribes, showing the cigarettes on hand at 12:01 a.m. on January 1, 2003, and pay the tax due on them by February 1, 2003. Tax not paid by the due date bears interest as provided in Minnesota Statutes, section 270.75.

Subd. 2. [TOBACCO PRODUCTS.] A floor stocks tax is imposed on every person engaged in business in this state as a distributor of tobacco products, at the rate of 28 percent of the wholesale sales price of each tobacco product in the person's possession or under the person's control at 12:01 a.m. on January 1, 2003, and the amount of tax due on them. The tax imposed by this section, less the discount provided in Minnesota Statutes, section 297F.09, subdivision 2, is due and payable by February 1, 2003, and thereafter bears interest as provided in Minnesota Statutes, section 270.75.

Subd. 3. [AUDIT AND ENFORCEMENT.] The tax imposed by this section is subject to the audit, assessment, and collection provisions applicable to the taxes imposed under Minnesota Statutes, chapter 297F. The commissioner of revenue shall deposit the revenue from the tax imposed under this section in the health care access fund in the state treasury.

[EFFECTIVE DATE.] This section is effective January 1, 2003.

Sec. 10. [REPEALER; TEMPORARY RATE FOR PROVIDER TAX.]

Minnesota Statutes 2001 Supplement, section 295.52, subdivision 7, is repealed effective January 1, 2003.

ARTICLE 3

LIMIT ON DAMAGES FOR NONECONOMIC LOSSES

Section 1. [548.061] [NONECONOMIC LOSSES; LIMITATION; HEALTH CARE PROVIDER MALPRACTICE.]

(a) For purposes of this section, "health care provider" means a physician, surgeon, dentist, occupational therapist, and other health care professionals as defined in section 145.61, or a hospital, or treatment facility.

(b) In an action for injury against a health care provider alleging malpractice, error, mistake, or failure to cure, whether based on a contract or tort, the injured plaintiff may recover noneconomic losses to compensate for pain, suffering, inconvenience, physical impairment, disfigurement, and other nonpecuniary damages. In no action may the amount of damages for noneconomic losses exceed \$250,000.

Delete the title and insert:

"A bill for an act relating to health; changing provisions in health plan company regulations; changing provisions for Minnesota provider tax and tobacco tax; amending Minnesota Statutes 2000, sections 62C.01; 62C.02, subdivision 6; 62D.02, subdivision 4; 62D.03, subdivision 1; 62D.04, subdivision 1; 295.52, subdivisions 1, 1a, 2, 3; 297F.05 subdivisions 1, 3; 297F.08, subdivision 7; 297F.10; proposing coding for new law in Minnesota Statutes, chapter 548; repealing Minnesota Statutes 2000, section 62A.309; Minnesota Statutes 2001 Supplement, section 295.52, subdivision 7."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Commerce, Jobs and Economic Development.

The report was adopted.

Bradley from the Committee on Health and Human Services Policy to which was referred:

H. F. No. 2679, A bill for an act relating to human services; increasing the state's compensation liability insurance for licensed providers; amending Minnesota Statutes 2000, section 245.814, subdivision 3.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Health and Human Services Finance.

The report was adopted.

Finseth from the Committee on Agriculture Policy to which was referred:

H. F. No. 2708, A bill for an act relating to agriculture; clarifying a definition related to the Minnesota extension service; amending Minnesota Statutes 2000, section 38.331, subdivision 2.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2000, section 38.331, subdivision 2, is amended to read:

Subd. 2. [COUNTY EXTENSION WORK.] "County extension work" means educational programs and services provided by extension agents in the areas of agriculture, ~~economic and human development, community, agricultural finance and economics, nutrition, youth leadership development, including 4-H programs, rural leadership,~~ and environment and natural resources.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Higher Education Finance.

The report was adopted.

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

H. F. No. 2719, A bill for an act relating to higher education; providing for registration of agents of student athletes; defining terms; providing penalties and remedies; appropriating money; proposing coding for new law as Minnesota Statutes, chapter 81A.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Civil Law.

The report was adopted.

Bradley from the Committee on Health and Human Services Policy to which was referred:

H. F. No. 2735, A bill for an act relating to civil commitment; conforming certain standards; authorizing the court to commit certain persons with mental illnesses to community hospitals; amending Minnesota Statutes 2000, sections 253B.05, subdivision 2; 253B.07, subdivision 2b; Minnesota Statutes 2001 Supplement, section 253B.09, subdivision 1.

Reported the same back with the following amendments:

Page 2, line 22, before the semicolon, insert "if not immediately detained"

Page 2, line 26, after "others" insert "if not immediately detained"

Page 3, line 3, before "apprehended" insert "immediately"

With the recommendation that when so amended the bill pass.

The report was adopted.

Finseth from the Committee on Agriculture Policy to which was referred:

H. F. No. 2739, A bill for an act relating to environment; modifying expenditure limits for upgrading feedlots; amending Minnesota Statutes 2000, section 116.07, subdivision 7.

Reported the same back with the following amendments:

Page 4, line 20, after the second comma, insert "or the facility is designated as a concentrated animal feeding operation under Code of Federal Regulations, title 40, section 122.23, in effect on January 1, 2002."

Page 4, lines 25 to 32, delete the new language

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Environment and Natural Resources Policy.

The report was adopted.

Bradley from the Committee on Health and Human Services Policy to which was referred:

H. F. No. 2755, A bill for an act relating to insurance; changing certain form and rate filing requirements; eliminating certain minimum loss ratio requirements; modifying the renewal requirements for small employer health insurance; extending the task force on small business health insurance; modifying the geographic premium variations; creating a cap on renewal premium increases; amending Minnesota Statutes 2000, sections 62A.02, subdivisions 3, 4a, 5a, by adding a subdivision; 62A.65, subdivisions 3, 5; 62D.02, subdivision 8; 62D.08, subdivision 1; 62L.02, by adding a subdivision; 62L.03, subdivision 5; 62L.08, subdivision 4, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 62D; repealing Minnesota Statutes 2000, sections 62A.02, subdivision 2; 62A.021; 62L.08, subdivision 11.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2000, section 62A.02, subdivision 3, is amended to read:

Subd. 3. [STANDARDS FOR APPROVAL AND DISAPPROVAL.] The commissioner shall, within 60 days after the filing of any form or rate, approve or disapprove the form or rate. A rate or form filing under this section may be used on or after the date of filing with the commissioner. Forms or rates that are not approved or disapproved within the 60-day time period are deemed approved. The commissioner may disapprove forms or rates for the following reasons:

- (1) if the benefits provided are not reasonable in relation to the premium charged;
- (2) if it contains a provision or provisions which are unjust, unfair, inequitable, misleading, deceptive or encourage misrepresentation of the health plan form, or otherwise does not comply with this chapter, chapter 62L, or chapter 72A;
- (3) if the proposed premium rate is excessive or ~~not adequate~~ inadequate; or
- (4) the actuarial reasons and data submitted do not justify the rate.

The party proposing a rate has the burden of proving by a preponderance of the evidence that it does not violate this subdivision.

~~In determining the reasonableness of a rate, the commissioner shall also review all administrative contracts, service contracts, and other agreements to determine the reasonableness of the cost of the contracts or agreement and effect of the contracts on the rate. If the commissioner determines that a contract or agreement is not reasonable, the commissioner shall disapprove any rate that reflects any unreasonable cost arising out of the contract or agreement. The commissioner may require any information that the commissioner deems necessary to determine the reasonableness of the cost.~~

For the purposes of this subdivision, the commissioner shall establish by rule a schedule of minimum anticipated loss ratios which shall be based on (i) the type or types of coverage provided, (ii) whether the policy is for group or individual coverage, and (iii) the size of the group for group policies. Except for individual policies of disability or income protection insurance, the minimum anticipated loss ratio shall not be less than 50 percent after the first year that a policy is in force. All applicants for a policy shall be informed in writing at the time of application of the anticipated loss ratio of the policy. "Anticipated loss ratio" means the ratio at the time of filing, at the time of notice of withdrawal under subdivision 4a, or at the time of subsequent rate revision of the present value of all expected future benefits, excluding dividends, to the present value of all expected future premiums.

~~If the commissioner notifies a health carrier that has filed any form or rate that it does not comply with this chapter, chapter 62L, or chapter 72A, it shall be unlawful for the health carrier to issue or use the form or rate. In the notice the commissioner shall specify the reasons for disapproval and state that a hearing will be granted within 20 days after request in writing by the health carrier.~~

The 60-day period within which the commissioner is to approve or disapprove the form or rate does not begin to run until a complete filing of all data and materials required by statute or initially requested by the commissioner has been submitted.

However, if the supporting data is not filed within 30 days after a request by the commissioner, the rate is not effective and is presumed to be an excessive rate.

Sec. 2. Minnesota Statutes 2000, section 62A.02, subdivision 4a, is amended to read:

Subd. 4a. ~~[DISAPPROVAL OR WITHDRAWAL OF APPROVAL.] The commissioner may, at any time after a 20-day written notice has been given to the insurer, withdraw approval of any form or rate that has previously been approved on any of the grounds stated in this section.~~ (a) Upon written notice to the health carrier, the commissioner may disapprove or withdraw approval of a form if the form violates this section. The notice shall specify the objectionable provisions, state the reasons for the commissioner's decision, and state that a hearing will be granted in 20 days after the request in writing by the health carrier. If the form is already legally in use by the health carrier in this state, the notice shall give the effective date of the commissioner's disapproval which shall not be less than 30 days subsequent to the delivery of the notice. If the form is not legally in use, the disapproval shall be effective immediately.

(b) Upon written notice to the health carrier, the commissioner may disapprove a rate that has not been approved or deemed approved if the rate violates this section. The notice shall state the reasons for the commissioner's decision, and state that a hearing will be granted in 20 days after a written request by the health carrier. No more than 45 days after a rate has been deemed approved, the commissioner, after a hearing for which at least 30 days' written notice has been given, may withdraw approval of rates deemed approved under this section and may order an appropriate refund or a future premium credit to policyholders. The notice of a hearing to consider the withdrawal of approval must specify the matters to be considered at the hearing. The health carrier may waive its right to a hearing under this paragraph.

(c) It is unlawful for the health carrier to issue a form or rate or use it in connection with any health plan after the effective date of the withdrawal of approval. The notice of withdrawal of approval must advise the health carrier of the right to a hearing under the contested case procedures of chapter 14, and must specify the matters to be considered at the hearing.

The commissioner may request a health carrier to provide actuarial reasons and data, as well as other information, needed to determine if a previously approved rate continues to satisfy the requirements of this section. If the requested information is not provided within 30 days after request by the commissioner, the rate is presumed to be an excessive rate.

Sec. 3. Minnesota Statutes 2000, section 62A.02, subdivision 5a, is amended to read:

Subd. 5a. [HEARING.] In the case of disapproval of a form or rate or withdrawal of approval of a form, if the health carrier ~~must~~ does not request a hearing before the 20-day notice period has ended, or the commissioner's order is final. A request for hearing stays the commissioner's order until the commissioner notifies the health carrier of the result of the hearing. The commissioner's order may require the modification of any rate or form and may require continued coverage to persons covered under a health plan to which the disapproved form or rate applies.

Sec. 4. Minnesota Statutes 2000, section 62A.02, is amended by adding a subdivision to read:

Subd. 8. [DEFINITIONS.] For the purpose of rates reviewed under this section:

(1) "excessive" means a rate that is likely to produce a long-term profit that is unreasonably high for the coverage provided; and

(2) "inadequate" means a rate that is unreasonably low for the coverage provided and the continued use of which endangers the solvency of the health carrier using the rate or will have the effect of substantially lessening competition or creating a monopoly for any health carrier.

Sec. 5. Minnesota Statutes 2000, section 62A.65, subdivision 3, is amended to read:

Subd. 3. [PREMIUM RATE RESTRICTIONS.] No individual health plan may be offered, sold, issued, or renewed to a Minnesota resident unless the premium rate charged is determined in accordance with the following requirements:

(a) Premium rates must be no more than 25 percent above and no more than 25 percent below the index rate charged to individuals for the same or similar coverage, adjusted pro rata for rating periods of less than one year. The premium variations permitted by this paragraph must be based only upon health status, claims experience, and occupation. For purposes of this paragraph, health status includes refraining from tobacco use or other actuarially valid lifestyle factors associated with good health, provided that the lifestyle factor and its effect upon premium rates have been determined by the commissioner to be actuarially valid and have been approved by the commissioner. Variations permitted under this paragraph must not be based upon age or applied differently at different ages. This paragraph does not prohibit use of a constant percentage adjustment for factors permitted to be used under this paragraph.

(b) Premium rates may vary based upon the ages of covered persons only as provided in this paragraph. In addition to the variation permitted under paragraph (a), each health carrier may use an additional premium variation based upon age of up to plus or minus 50 percent of the index rate.

(c) A health carrier may request approval by the commissioner to establish ~~no more than three~~ geographic regions and to establish separate index rates for each region, provided that the index rates do not vary between any two regions by more than ~~20~~ 40 percent. If health carriers that do not do business in the Minneapolis/St. Paul metropolitan area may request approval for no more than two geographic regions, and clauses (2) and (3) do not apply to approval of requests made by those health carriers. The commissioner may grant approval if the following conditions are met:

(1) the geographic regions must be applied uniformly by the health carrier;

(2) one geographic region must be based on the Minneapolis/St. Paul metropolitan area;

(3) for each geographic region that is rural, the index rate for that region must not exceed the index rate for the Minneapolis/St. Paul metropolitan area; and

(4) the health carrier provides actuarial justification acceptable to the commissioner for the proposed geographic variations in index rates, establishing that the variations are based upon differences in the cost to the health carrier of providing coverage.

(d) Health carriers may use rate cells and must file with the commissioner the rate cells they use. Rate cells must be based upon the number of adults or children covered under the policy and may reflect the availability of Medicare coverage. The rates for different rate cells must not in any way reflect generalized differences in expected costs between principal insureds and their spouses.

(e) In developing its index rates and premiums for a health plan, a health carrier shall take into account only the following factors:

- (1) actuarially valid differences in rating factors permitted under paragraphs (a) and (b); and
- (2) actuarially valid geographic variations if approved by the commissioner as provided in paragraph (c).

(f) All premium variations must be justified in initial rate filings and upon request of the commissioner in rate revision filings. All rate variations are subject to approval by the commissioner.

~~(g) The loss ratio must comply with the section 62A.021 requirements for individual health plans.~~

~~(h)~~ The rates must not be approved, unless the commissioner has determined that the rates are reasonable. In determining reasonableness, the commissioner shall consider the growth rates applied under section 62J.04, subdivision 1, paragraph (b), to the calendar year or years that the proposed premium rate would be in effect, actuarially valid changes in risks associated with the enrollee populations, and actuarially valid changes as a result of statutory changes in Laws 1992, chapter 549.

Sec. 6. Minnesota Statutes 2000, section 62A.65, subdivision 5, is amended to read:

Subd. 5. [PORTABILITY AND CONVERSION OF COVERAGE.] (a) No individual health plan may be offered, sold, issued, or with respect to children age 18 or under renewed, to a Minnesota resident that contains a preexisting condition limitation, preexisting condition exclusion, or exclusionary rider, unless the limitation or exclusion is permitted under this subdivision and under chapter 62L, provided that, except for children age 18 or under, underwriting restrictions may be retained on individual contracts that are issued without evidence of insurability as a replacement for prior individual coverage that was sold before May 17, 1993. The individual may be subjected to an 18-month preexisting condition limitation, unless the individual has maintained continuous coverage as defined in section 62L.02. The individual must not be subjected to an exclusionary rider. An individual who has maintained continuous coverage may be subjected to a one-time preexisting condition limitation of up to 12 months, with credit for time covered under qualifying coverage as defined in section 62L.02, at the time that the individual first is covered under an individual health plan by any health carrier. Credit must be given for all qualifying coverage with respect to all preexisting conditions, regardless of whether the conditions were preexisting with respect to any previous qualifying coverage. The individual must not be subjected to an exclusionary rider. Thereafter, the individual must not be subject to any preexisting condition limitation, preexisting condition exclusion, or exclusionary rider under an individual health plan by any health carrier, except an unexpired portion of a limitation under prior coverage, so long as the individual maintains continuous coverage as defined in section 62L.02.

(b) A health carrier must offer an individual health plan to any individual previously covered under a group health plan issued by that health carrier, regardless of the size of the group, so long as the individual maintained continuous coverage as defined in section 62L.02. If the individual has available any continuation coverage provided under sections 62A.146; 62A.148; 62A.17, subdivisions 1 and 2; 62A.20; 62A.21; 62C.142; 62D.101; or 62D.105, or continuation coverage provided under federal law, the health carrier need not offer coverage under this paragraph until the individual has exhausted the continuation coverage. The offer must not be subject to underwriting, except as permitted under this paragraph. A health plan issued under this paragraph must be a qualified plan as defined in section 62E.02 and must not contain any preexisting condition limitation, preexisting condition exclusion, or exclusionary rider, except for any unexpired limitation or exclusion under the previous coverage. The individual health plan must cover pregnancy on the same basis as any other covered illness under the individual health plan. The initial premium rate for the individual health plan must comply with subdivision 3. The premium rate upon renewal must comply with subdivision 2. In no event shall the premium rate exceed ~~90~~ 100 percent of the premium charged for

comparable individual coverage by the Minnesota comprehensive health association, and the premium rate must be less than that amount if necessary to otherwise comply with this section. An individual health plan offered under this paragraph to a person satisfies the health carrier's obligation to offer conversion coverage under section 62E.16, with respect to that person. Coverage issued under this paragraph must provide that it cannot be canceled or nonrenewed as a result of the health carrier's subsequent decision to leave the individual, small employer, or other group market. Section 72A.20, subdivision 28, applies to this paragraph.

Sec. 7. Minnesota Statutes 2000, section 62D.02, subdivision 8, is amended to read:

Subd. 8. [HEALTH MAINTENANCE CONTRACT.] "Health maintenance contract" means any contract whereby a health maintenance organization agrees to provide comprehensive health maintenance services to enrollees, provided that the contract may contain reasonable enrollee ~~copayment~~ cost-sharing provisions. An individual or group health maintenance contract may contain the copayment and deductible provisions specified in this subdivision. Copayment and deductible provisions in group contracts shall not discriminate on the basis of age, sex, race, length of enrollment in the plan, or economic status; and during every open enrollment period in which all offered health benefit plans, including those subject to the jurisdiction of the commissioners of commerce or health, fully participate without any underwriting restrictions, copayment and deductible provisions shall not discriminate on the basis of preexisting health status. ~~In no event shall the sum of the annual copayments and deductible exceed the maximum out-of-pocket expenses allowable for a number three qualified plan under section 62E.06, nor shall that sum exceed \$5,000 per family. The annual deductible must not exceed \$1,000 \$5,000 per person or \$10,000 per family. The annual deductible must not apply to preventive health services as described in Minnesota Rules, part 4685.0801, subpart 8. Where sections 62D.01 to 62D.30 permit a health maintenance organization to contain reasonable copayment provisions for preexisting health status, these provisions may vary with respect to length of enrollment in the plan. A health maintenance organization may impose coinsurance, expressed as percentages or flat fee copayments, up to a maximum of 50 percent of the provider amount paid at the time the claim is processed. A health maintenance organization shall provide for an out-of-pocket maximum on enrollee cost-sharing up to \$8,000 per person per year on group health plans and up to \$15,000 per person per year on individual health plans.~~ Any contract may provide for health care services in addition to those set forth in subdivision 7.

Sec. 8. Minnesota Statutes 2000, section 62D.08, subdivision 1, is amended to read:

Subdivision 1. [NOTICE OF CHANGES.] A health maintenance organization shall, unless otherwise provided for by rules adopted by the commissioner of health, file notice with the commissioner of health prior to any modification of the operations or documents described in the information submitted under clauses (a), (b), (e), (f), (g), (i), (j), (l), (m), (n), (o), (p), (q), (r), (s), and (t) of section 62D.03, subdivision 4. ~~If the commissioner of health does not disapprove of the filing within 60 days, it shall be deemed approved and may be implemented by the health maintenance organization. Upon filing, any modification may be implemented by the health maintenance organization, unless the commissioner notifies the health maintenance organization that the filing is not approved. A filing shall be deemed approved within 30 days of filing, unless the commissioner otherwise notifies the health maintenance organization.~~

Sec. 9. Minnesota Statutes 2000, section 62H.01, is amended to read:

62H.01 [AUTHORITY TO JOINTLY SELF-INSURE.]

Any two or more employers, excluding the state and its political subdivisions as described in section 471.617, subdivision 1, who are authorized to transact business in Minnesota may jointly self-insure employee health, dental, short-term disability benefits, or other benefits permitted under the Employee Retirement Income Security Act of 1974, United States Code, title 29, sections 1001 et seq. If an employer chooses to jointly self-insure in accordance with this chapter, the employer must participate in the joint plan for at least three consecutive years. If an employer terminates participation in the joint plan before the conclusion of this three-year period, a financial penalty may be assessed under the joint plan, not to exceed the amount contributed by the employer to the plan's reserves as determined under Minnesota Rules, part 2765.1200. Joint plans must have a minimum of ~~100~~ 1,000 covered employees and meet all

conditions and terms of sections 62H.01 to 62H.08. Joint plans covering employers not resident in Minnesota must meet the requirements of sections 62H.01 to 62H.08 as if the portion of the plan covering Minnesota resident employees was treated as a separate plan. A plan may cover employees resident in other states only if the plan complies with the applicable laws of that state.

A multiple employer welfare arrangement as defined in United States Code, title 29, section 1002(40)(a), is subject to this chapter to the extent authorized by the Employee Retirement Income Security Act of 1974, United States Code, title 29, sections 1001 et seq. The commissioner of commerce may, on behalf of the state, enter into an agreement with the United States Secretary of Labor for delegation to the state of some or all of the secretary's enforcement authority with respect to multiple employer welfare arrangements, as described in United States Code, title 29, section 1136(c).

Sec. 10. Minnesota Statutes 2000, section 62H.04, is amended to read:

62H.04 [COMPLIANCE WITH OTHER LAWS.]

(a) A joint self-insurance plan is subject to the requirements of chapters 62A, 62E, ~~and 62L, and 62Q~~, and sections 72A.17 to 72A.32 unless otherwise specifically exempt. ~~A joint self-insurance plan must not offer less than a number two qualified plan or its actuarial equivalent. A joint self-insurance plan must pay assessments made by the Minnesota Comprehensive Health Association, as required under section 62E.11.~~

(b) A joint self-insurance plan is exempt from providing the mandated health benefits described in chapters 62A, 62E, 62L, and 62Q if it otherwise provides the benefits required under the Employee Retirement Income Security Act of 1974, United States Code, title 29, sections 1001, et seq., for all employers and not just for the employers with 50 or more employees who are covered by that federal law.

(c) A joint self-insurance plan is exempt from section 62L.03, subdivision 1, if the plan offers an annual open enrollment period of no less than 15 days during which all employers that qualify for membership may enter the plan without preexisting condition limitations or exclusions except those permitted under chapter 62L.

(d) A joint self-insurance plan is exempt from sections 62A.16, 62A.17, 62A.20, and 62A.21 if the joint self-insurance plan complies with the continuation requirements under the Employee Retirement Income Security Act of 1974, United States Code, title 29, sections 1001, et seq., for all employers and not just for the employers with 20 or more employees who are covered by that federal law.

(e) A joint self-insurance plan must provide to all employers the maternity coverage required by federal law for employers with 15 or more employees.

Sec. 11. Minnesota Statutes 2000, section 62L.02, is amended by adding a subdivision to read:

Subd. 22a. [NEW BUSINESS PREMIUM RATE.] "New business premium rate" means, as to a rating period, the premium rate charged or offered by the small employer carrier to small employers with similar case characteristics for newly issued health benefit plans with the same or similar coverage.

Sec. 12. Minnesota Statutes 2000, section 62L.03, subdivision 5, is amended to read:

Subd. 5. [CANCELLATIONS AND FAILURES TO RENEW.] (a) No health carrier shall cancel, decline to issue, or fail to renew a health benefit plan as a result of the claim experience or health status of the persons covered or to be covered by the health benefit plan. For purposes of this subdivision, a failure to renew does not include a uniform modification of coverage at time of renewal, as described in subdivision 1.

(b) A health carrier may cancel or fail to renew a health benefit plan:

(1) for nonpayment of the required premium;

(2) for fraud or misrepresentation by the small employer with respect to eligibility for coverage or any other material fact;

(3) if the employer fails to comply with the minimum contribution percentage required under subdivision 3; or

(4) for any other reasons or grounds expressly permitted by the respective licensing laws and regulations governing a health carrier, including, but not limited to, service area restrictions imposed on health maintenance organizations under section 62D.03, subdivision 4, paragraph (m), to the extent that these grounds are not expressly inconsistent with this chapter.

(c) A health carrier may fail to renew a health benefit plan:

(1) if eligible employee participation during the preceding calendar year declines to less than 75 percent, subject to the waiver of coverage provision in subdivision 3;

(2) if the health carrier ceases to do business in the small employer market under section 62L.09; or

(3) if a failure to renew is based upon the health carrier's decision to discontinue the health benefit plan form previously issued to the small employer, but only if the health carrier permits each small employer covered under the prior form to switch to its choice of any other health benefit plan offered by the health carrier, without any underwriting restrictions that would not have been permitted for renewal purposes.

(d) A health carrier need not renew a health benefit plan, and shall not renew a small employer plan, if an employer ceases to qualify as a small employer as defined in section 62L.02, except as provided in paragraphs (f) and (g). If a health benefit plan, other than a small employer plan, provides terms of renewal that do not exclude an employer that is no longer a small employer, the health benefit plan may be renewed according to its own terms. If a health carrier issues or renews a health plan to an employer that is no longer a small employer, without interruption of coverage, the health plan is subject to section 60A.082.

(e) A health carrier may cancel or fail to renew the coverage of an individual employee or dependent under a health benefit plan for fraud or misrepresentation by the eligible employee or dependent with respect to eligibility for coverage or any other material fact.

(f) A health carrier must renew a health benefit plan if the employer's number of current employees has been reduced to one within the 12 months immediately prior to the renewal date, provided that the employer otherwise qualifies for coverage as a small employer.

(g) A health carrier must renew a health benefit plan if the employer has more than 50 current employees as of the renewal date, provided that the employer otherwise qualifies for coverage as a small employer.

Sec. 13. Minnesota Statutes 2000, section 62L.08, is amended by adding a subdivision to read:

Subd. 2a. [RENEWAL PREMIUM INCREASES LIMITED.] (a) Beginning January 1, 2003, the percentage increase in the premium rate charged to a small employer for a new rating period must not exceed the sum of the following:

(1) the percentage change in the new business premium rate measured from the first day of the prior rating period to the first day of the new rating period;

(2) an adjustment, not to exceed 15 percent annually and adjusted pro rata for rating periods of less than one year, due to the claims experience, health status, or duration of coverage of the employees or dependents of the employer; and

(3) any adjustment due to change in coverage or in the case characteristics of the employer.

(b) This subdivision does not apply if the employer intentionally provides the health carrier with false information.

Sec. 14. Minnesota Statutes 2000, section 62L.08, subdivision 4, is amended to read:

Subd. 4. [GEOGRAPHIC PREMIUM VARIATIONS.] A health carrier may request approval by the commissioner to establish ~~no more than three~~ geographic regions and to establish separate index rates for each region, provided that the index rates do not vary between any two regions by more than ~~20~~ 40 percent. ~~If health carriers that do not do business in the Minneapolis/St. Paul metropolitan area may request approval for no more than two geographic regions, and clauses (2) and (3) do not apply to approval of requests made by those health carriers.~~ A health carrier may also request approval to establish one or more additional geographic regions and one or more separate index rates for premiums for employees working and residing outside of Minnesota. The commissioner may grant approval if the following conditions are met:

- (1) the geographic regions must be applied uniformly by the health carrier;
- (2) one geographic region must be based on the Minneapolis/St. Paul metropolitan area;
- (3) if one geographic region is rural, the index rate for the rural region must not exceed the index rate for the Minneapolis/St. Paul metropolitan area;
- (4) the health carrier provides actuarial justification acceptable to the commissioner for the proposed geographic variations in index rates, establishing that the variations are based upon differences in the cost to the health carrier of providing coverage.

Sec. 15. [STUDY OF GEOGRAPHIC PREMIUM VARIATIONS.]

The task force on small business health insurance established in Laws 2001, chapter 170, section 9, shall study the impact of eliminating the provision in Minnesota Statutes, section 62L.08, subdivision 4, requiring that, if applicable, the index rate for a geographic rural region may not exceed the index rate for the Minneapolis/St. Paul metropolitan area. The study shall include how the elimination of this rate restriction would affect premium rates in the metropolitan area and the premium rates in the nonmetropolitan areas, including Rochester, Duluth, and St. Cloud. The task force shall submit its recommendations to the legislature by January 15, 2003, and the task force's expiration date is extended to June 30, 2003.

Sec. 16. [REPEALER.]

Minnesota Statutes 2000, sections 62A.02, subdivision 2; 62A.021; and 62L.08, subdivision 11, are repealed."

Amend the title as follows:

Page 1, line 4, after the semicolon, insert "regulating joint self-insurance;"

Page 1, line 11, after "1;" insert "62H.01; 62H.04;"

Page 1, delete line 14

Page 1, line 15, delete "chapter 62D;"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Commerce, Jobs and Economic Development.

The report was adopted.

Ozment from the Committee on Environment and Natural Resources Policy to which was referred:

H. F. No. 2814, A bill for an act relating to state purchasing; requiring state agencies to purchase clean fuels and vehicles capable of running on clean fuels if reasonably available and consistent with the agency's purpose; proposing coding for new law in Minnesota Statutes, chapter 16C.

Reported the same back with the following amendments:

Page 1, lines 11 and 25, delete "clean" and insert "cleaner"

Page 1, line 24, delete "clean" and insert "cleaner" in both places

Page 2, line 4, delete "clean" and insert "cleaner" and after the comma, insert "or a motor vehicle powered by electricity or by a combination of electricity and liquid fuel."

Amend the title as follows:

Page 1, line 3, delete "clean" and insert "cleaner"

Page 1, line 4, delete "clean" and insert "cleaner"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Governmental Operations and Veterans Affairs Policy.

The report was adopted.

Workman from the Committee on Transportation Policy to which was referred:

H. F. No. 2847, A bill for an act relating to public safety; authorizing issuing temporary licenses for certain persons from other countries; establishing hazardous materials drivers' endorsement regulations; canceling hazardous materials endorsement for certain offenses; appropriating money; amending Minnesota Statutes 2000, sections 171.07, subdivision 4; 171.27; proposing coding for new law in Minnesota Statutes, chapter 171.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [168.185] [MOTOR CARRIER USDOT NUMBERS.]

A motor carrier operating a truck or truck tractor having a gross vehicle weight as defined in section 169.01, subdivision 46, of more than 26,000 pounds shall report to the registrar at the time of registration its USDOT carrier number. A motor carrier who does not have a USDOT number shall apply for the number at the time of registration by completing a form MCS-150 Motor Carrier Identification Report, issued by the Federal Motor Carrier Safety Administration, or comparable document as determined by the registrar.

Assigned USDOT numbers need not be displayed on the outside of the vehicle, but must be made available upon request of an authorized agent of the registrar, peace officer, other employees of the state patrol authorized in chapter 299D, or employees of the Minnesota department of transportation. A motor carrier shall notify the registrar if there is a change to the carrier's USDOT number.

If a carrier fails to report or apply for a USDOT number, the registrar shall suspend the carrier's registration.

[EFFECTIVE DATE.] This section is effective July 1, 2002.

Sec. 2. [171.065] [PROOF OF RESIDENCY.]

Subdivision 1. [PROOF OF RESIDENCY AT INITIAL APPLICATION.] Proof of residency is required at the time of application for an initial driving permit, driver's license, or state identification card. The applicant must attest to a residence address in Minnesota and demonstrate proof of either lawful short-term admission to the United States, permanent United States resident status, or United States citizenship.

Subd. 2. [PROOF OF RESIDENCY AT RENEWAL.] (a) Proof of residency is required at the time of application for renewal of a driving permit, driver's license, or state identification card.

(b) A person with permanent United States resident status or United States citizenship must attest to a residence address in Minnesota.

(c) A person with lawful short-term admission to the United States must attest to a residence address in Minnesota and provide proof of lawful short-term admission status to the United States.

Subd. 3. [EVIDENCE REQUIRED WHEN NAME CHANGED.] If there has been a change in the individual's full name as it appears on the presented document, the individual shall also present evidence of a change of name as specified by rule of the commissioner.

Subd. 4. [LAWFUL SHORT-TERM ADMISSION STATUS.] The department shall not issue a state driving permit, driver's license, or identification card if an individual has no lawful admission status to the United States or if the lawful short-term admission period expires in 30 days or less.

Subd. 5. [RULES; VARIANCE.] The commissioner may adopt rules, standards, and procedures according to chapter 14 to administer this section. The requirements of this section are subject to variance under rules of the commissioner.

[EFFECTIVE DATE.] This section is effective July 1, 2002.

Sec. 3. Minnesota Statutes 2000, section 171.07, subdivision 1a, is amended to read:

Subd. 1a. [FILING PHOTOGRAPH OR IMAGE; DATA CLASSIFICATION.] The department shall file, or contract to file, all photographs or electronically produced images obtained in the process of issuing drivers' licenses or Minnesota identification cards. The photographs or electronically produced images shall be private data pursuant to section 13.02, subdivision 12. Notwithstanding section 13.04, subdivision 3, the department shall not be required to provide copies of photographs or electronically produced images to data subjects. The use of the files is restricted:

- (1) to the issuance and control of drivers' licenses;
- (2) for law enforcement purposes in the investigation ~~and~~ or prosecution of crimes; and
- (3) for child support enforcement purposes under section 256.978.

[EFFECTIVE DATE.] This section is effective July 1, 2002.

Sec. 4. Minnesota Statutes 2000, section 171.07, subdivision 4, is amended to read:

Subd. 4. [EXPIRATION.] (a) Except as otherwise provided in this subdivision, the expiration date of Minnesota identification cards of applicants under the age of 65 shall be the birthday of the applicant in the fourth year following the date of issuance of the card.

(b) Minnesota identification cards issued to applicants age 65 or over shall be valid for the lifetime of the applicant.

(c) The expiration date for an Under-21 identification card is the card holder's 21st birthday. The commissioner shall issue an identification card to a holder of an Under-21 identification card who applies for the card, pays the required fee, and presents proof of identity and age, unless the commissioner determines that the applicant is not qualified for the identification card.

(d) Notwithstanding paragraph (a) or (b), the expiration date for an identification card issued to a person who is lawfully in the United States as a result of a document issued by the United States Immigration and Naturalization Service or successor agency that authorizes the person to remain in the United States until a specified date is the date on which that authorization expires, the date on which that authorization is terminated, or four years after the date of issuance of the identification card, whichever occurs first. In the case of an under-21 identification card issued to a person described in this paragraph, the expiration date is the cardholder's 21st birthday or the date on which the person's authorization to remain in the United States expires or is terminated, whichever occurs first. An identification card issued with an expiration date that is the date on which the cardholder's authorization to remain in the United States expires must be clearly marked in code on the back of the card for law enforcement purposes.

(e) The department shall not accept presentation of a permit, driver's license, or identification card from another United States state as proof of lawful short-term admission to the United States, permanent United States resident status, or United States citizenship.

(f) To demonstrate lawful short-term admission to the United States, permanent United States resident status, or United States citizenship, an applicant must attest to a Minnesota residence address on the application form and present either:

(1) a certified copy of a birth certificate issued by a United States government bureau of vital statistics or by a board of health of a United States jurisdiction;

(2) a Certificate of Naturalization issued by the United States Department of Justice;

(3) a document issued by the United States Department of Justice or United States Department of State indicating either lawful short-term admission to the United States or permanent United States resident status; or

(4) a Minnesota driving permit, driver's license, or identification card that is current or expired for not more than five years.

[EFFECTIVE DATE.] This section is effective July 1, 2002.

Sec. 5. Minnesota Statutes 2000, section 171.27, is amended to read:

171.27 [EXPIRATION OF LICENSE.]

Subdivision 1. [GENERALLY.] Except as otherwise provided in this section, the expiration date for each driver's license, other than under-21 licenses, is the birthday of the driver in the fourth year following the date of issuance of the license. The birthday of the driver shall be as indicated on the application for a driver's license. A license may be renewed on or before expiration or within one year after expiration upon application, payment of the required fee, and passing the examination required of all drivers for renewal. Driving privileges shall be extended or renewed on or preceding the expiration date of an existing driver's license unless the commissioner believes that the licensee is no longer qualified as a driver.

Subd. 2. [UNDER-21 LICENSE.] The expiration date for each under-21 license shall be the 21st birthday of the licensee. Upon the licensee attaining the age of 21 and upon the application, payment of the required fee, and passing the examination required of all drivers for renewal, a driver's license shall be issued unless the commissioner determines that the licensee is no longer qualified as a driver.

Subd. 3. [PROVISIONAL LICENSE.] The expiration date for each provisional license is two years after the date of application for the provisional license.

Subd. 4. [LICENSES ISSUED TO PERSONS IN UNITED STATES ON TEMPORARY AUTHORITY.] Notwithstanding subdivisions 1 to 3, the expiration date for a driver's license issued to a person who is lawfully in the United States as a result of a document issued by the United States Immigration and Naturalization Service or successor agency that authorizes the person to remain in the United States until a specified date is the date on which that authorization expires, the date on which that authorization is terminated, or four years after the date of issuance of the license, whichever occurs first. In the case of an under-21 license issued to a person described in this subdivision, the expiration date is the cardholder's 21st birthday or the date on which the person's authorization to remain in the United States expires or is terminated, whichever occurs first. In the case of a provisional license issued to a person described in this subdivision, the expiration date is the date on which the person's authorization to remain in the United States expires or is terminated, or two years after the date of application for the provisional license, whichever occurs first. A license issued with an expiration date that is the date on which the licensee's authorization to remain in the United States expires must be clearly marked in code on the back of the license for law enforcement purposes.

Subd. 5. [LICENSES TO PERSONS ON ACTIVE DUTY.] Any valid Minnesota driver's license issued to a person then or subsequently on active duty with the Armed Forces of the United States, or the person's spouse, shall continue in full force and effect without requirement for renewal until 90 days after the date of the person's discharge from such service, provided that a spouse's license must be renewed if the spouse is residing within the state at the time the license expires or within 90 days after the spouse returns to Minnesota and resides within the state.

[EFFECTIVE DATE.] This section is effective July 1, 2002.

Sec. 6. [171.324] [QUALIFICATIONS OF HAZARDOUS MATERIALS DRIVERS.]

Subdivision 1. [ENDORSEMENT.] Before being issued or renewing a class C, class B, or class A driver's license with a hazardous materials endorsement, the applicant must comply with federal regulations incorporated in this section.

Subd. 2. [ADOPTION OF FEDERAL REGULATIONS.] Public Law Number 107-56, section 1012, as implemented in Code of Federal Regulations, title 49, is incorporated by reference.

Subd. 3. [RULES.] The commissioner of public safety may adopt rules pursuant to section 14.388, clause (1), in order to implement this section.

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

Sec. 7. Minnesota Statutes 2000, section 221.0355, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] For purposes of this section, the following words and phrases have the meanings given them in this subdivision:

- (a) "Base state" means the state selected by a carrier according to the procedures established by the uniform program.
- (b) "Base state agreement" means the agreement between participating states electing to register or permit carriers of hazardous material or hazardous waste.
- (c) "Carrier" means a person who operates a motor vehicle used to transport hazardous material or hazardous waste.
- (d) "Designated hazardous material" means a hazardous material described in Code of Federal Regulations, title 49, section 107.601, which is incorporated by reference.

(e) "Hazardous material" means:

(1) a hazardous material when the hazardous material is of a type or in a quantity that requires the transport vehicle to be placarded in accordance with Code of Federal Regulations, title 49, part 172; or

(2) a hazardous substance or marine pollutant when transported in bulk packaging as defined in Code of Federal Regulations, title 49, section 171.8, which is incorporated by reference.

(f) "Hazardous material transportation" means the transportation of hazardous material or hazardous waste, or both, on the public highways.

(g) "Hazardous waste" means hazardous waste of a type and amount that requires the shipment to be accompanied by a uniform hazardous waste manifest described in Code of Federal Regulations, title 40, part 262, including state-designated hazardous wastes when a list of state-designated hazardous wastes has been filed by the state with the national repository under the uniform program.

(h) "Participating state" means a state electing to participate in the uniform program by entering a base state agreement.

(i) "Person" means an individual, firm, copartnership, cooperative, company, association, limited liability company, corporation, or public entity.

(j) "Public entity" means a carrier who is a federal or state agency or political subdivision.

(k) "Shipper" means a person who offers a designated hazardous material to another person for shipment or who causes a designated hazardous material to be transported or shipped by another person.

(l) "Uniform application" means the uniform motor carrier registration and permit application form established under the uniform program.

(m) "Uniform program" means the Uniform State Hazardous Materials Transportation Motor Carrier Registration and Permit Program established in the report submitted to the secretary of transportation pursuant to the "Hazardous Materials Transportation Uniform Safety Act of 1990," United States Code, title 49 appendix, section 1819, subsection (c).

Sec. 8. Minnesota Statutes 2000, section 221.0355, subdivision 3, is amended to read:

Subd. 3. [GENERAL REQUIREMENTS.] Except as provided in subdivision 17, after October 1, 1994:

(a) No carrier, other than a public entity, may transport a hazardous material by motor vehicle in Minnesota unless it has complied with subdivision 4.

(b) No carrier, other than a public entity, may transport a hazardous waste in Minnesota unless it has complied with subdivisions 4 and 5.

(c) No shipper may offer a designated hazardous material for shipment or cause a designated hazardous material to be transported or shipped in Minnesota unless it has complied with subdivision 7.

(d) No carrier, other than a public entity, may transport a designated hazardous material by rail or water in Minnesota unless it has complied with subdivision 7a.

(e) No public entity may transport a hazardous material or hazardous waste by motor vehicle in Minnesota unless it has complied with subdivision 8.

(f) A carrier registered under this section, who exclusively offers designated materials for shipment only in vehicles controlled or operated by that carrier and who does not offer hazardous materials to other private or for-hire carriers, is not required to register as a shipper under subdivision 7.

Sec. 9. [609.7143] [USING HAZARDOUS MATERIAL FOR ACT OF TERRORISM.]

Subdivision 1. [DEFINITION.] For purposes of this section, "hazardous material" has the meaning given it in section 299A.49 and includes all hazardous materials, radioactive materials, infectious agents, etiologic agents, explosives, flammable agents, and other substances that pose a danger to life and that are subject to the federal regulations in Code of Federal Regulations, title 42, section 72.3, or title 49, part 172, subpart F.

Subd. 2. [CRIME TO TAMPER WITH TERRORISTIC INTENT.] A person is guilty of a felony if the person tampers with any vehicle or equipment being used for the containment, storage, or transportation of hazardous material with the intent to aid or commit an act of terrorism.

Subd. 3. [PENALTY; RESTITUTION.] (a) A person convicted of committing a crime described in subdivision 2 is subject to imprisonment for not more than ten years and to payment of a fine not to exceed \$100,000 for each participating person and, if an organization, to payment of a fine not to exceed \$1,000,000.

(b) A court may provide that all or any part of the fine imposed be disbursed as restitution to any victims of a crime described in subdivision 2 or of another crime committed contemporaneously with or as part of the same conduct in the commission of, or in a scheme to commit, an act of terrorism.

[EFFECTIVE DATE.] This section is effective the day after final enactment and applies to crimes committed on or after that date."

Delete the title and insert:

"A bill for an act relating to public safety; requiring motor carrier USDOT numbers; authorizing issuing temporary licenses for certain persons from other countries; establishing hazardous materials drivers' endorsement regulations; making it a crime to tamper with vehicles used to carry hazardous materials; imposing penalties; amending Minnesota Statutes 2000, sections 171.07, subdivisions 1a, 4; 171.27; 221.0355, subdivisions 2, 3; proposing coding for new law in Minnesota Statutes, chapters 168; 171; 609."

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

The report was adopted.

Workman from the Committee on Transportation Policy to which was referred:

H. F. No. 2884, A bill for an act relating to traffic regulations; setting maximum weight limit for milk trucks; amending Minnesota Statutes 2000, section 169.87, subdivision 4.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2000, section 169.871, subdivision 1, is amended to read:

Subdivision 1. [CIVIL LIABILITY.] (a) The owner or lessee of a vehicle that is operated with a gross weight in excess of a weight limit imposed under sections 169.825 and 169.832 to 169.851 and 169.87 or a shipper who ships or tenders goods for shipment in a single truck or combination vehicle that exceeds a weight limit imposed under sections 169.825 and 169.832 to 169.851 and 169.87 is liable for a civil penalty as follows:

(1) if the total gross excess weight is not more than 1,000 pounds, one cent per pound for each pound in excess of the legal limit;

(2) if the total gross excess weight is more than 1,000 pounds but not more than 3,000 pounds, \$10 plus five cents per pound for each pound in excess of 1,000 pounds;

(3) if the total gross excess weight is more than 3,000 pounds but not more than 5,000 pounds, \$110 plus ten cents per pound for each pound in excess of 3,000 pounds;

(4) if the total gross excess weight is more than 5,000 pounds but not more than 7,000 pounds, \$310 plus 15 cents per pound for each pound in excess of 5,000 pounds;

(5) if the total gross excess weight is more than 7,000 pounds, \$610 plus 20 cents per pound for each pound in excess of 7,000 pounds.

(b) Any penalty imposed upon a defendant under this subdivision shall not exceed the penalty prescribed by this subdivision. Any fine paid by the defendant in a criminal overweight action that arose from the same overweight violation shall be applied toward payment of the civil penalty under this subdivision. A peace officer or department of public safety employee described in section 299D.06 who cites a driver for a violation of the weight limitations established by sections 169.81 to 169.851 and 169.87 shall give written notice to the driver that the driver or another may also be liable for the civil penalties provided herein in the same or separate proceedings.

(c) A penalty imposed upon the owner or lessee of a vehicle that is based on violations identified by the use of shippers' weight records under section 169.872 must not exceed an aggregate of \$10,000.

Sec. 2. Minnesota Statutes 2000, section 169.872, subdivision 1, is amended to read:

Subdivision 1. [RECORD KEEPING.] A person who weighs goods before or after unloading or a person who loads or unloads goods on the basis of liquid volume measure shall keep a written record of the origin, weight and composition of each shipment, the date of loading or receipt, the name and address of the shipper, the total number of axles on the vehicle or combination of vehicles, and the registration number of the power unit or some other means of identification by which the shipment was transported. The record shall be retained for ~~30~~ 14 days and shall be open to inspection and copying by a state law enforcement officer or motor transport representative, except state conservation officers, upon demand. No search warrant is required to inspect or copy the record. This subdivision does not apply to a person weighing goods who is not involved in the shipping, receiving and transporting of those goods, or to a person weighing raw and unfinished farm products transported in a single unit vehicle with not more than three axles or by a trailer towed by a farm tractor when the transportation is the first haul of the product.

Sec. 3. Minnesota Statutes 2000, section 169.872, is amended by adding a subdivision to read:

Subd. 1a. [LIMIT ON CIVIL PENALTIES.] A civil penalty for excessive weight under section 169.871 may be imposed based on a record of a shipment under this section only if a state law enforcement officer or motor transportation representative has inspected and copied the record within 14 days of the date the shipment was received by the person keeping the record."

Delete the title and insert:

"A bill for an act relating to traffic regulations; limiting imposition of civil fine for excessive gross weight; amending Minnesota Statutes 2000, sections 169.871, subdivision 1; 169.872, subdivision 1, by adding a subdivision."

With the recommendation that when so amended the bill pass.

The report was adopted.

Finseth from the Committee on Agriculture Policy to which was referred:

H. F. No. 2894, A bill for an act relating to agriculture; clarifying the definition of pastures for the purpose of animal feedlot regulation; amending Minnesota Statutes 2000, section 116.07, subdivision 7.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2000, section 116.07, subdivision 7, is amended to read:

Subd. 7. [COUNTIES; PROCESSING OF APPLICATIONS FOR ANIMAL LOT PERMITS.] Any Minnesota county board may, by resolution, with approval of the pollution control agency, assume responsibility for processing applications for permits required by the pollution control agency under this section for livestock feedlots, poultry lots, or other animal lots. The responsibility for permit application processing, if assumed by a county, may be delegated by the county board to any appropriate county officer or employee.

(a) For the purposes of this subdivision, the term "processing" includes:

(1) the distribution to applicants of forms provided by the pollution control agency;

(2) the receipt and examination of completed application forms, and the certification, in writing, to the pollution control agency either that the animal lot facility for which a permit is sought by an applicant will comply with applicable rules and standards, or, if the facility will not comply, the respects in which a variance would be required for the issuance of a permit; and

(3) rendering to applicants, upon request, assistance necessary for the proper completion of an application.

(b) For the purposes of this subdivision, the term "processing" may include, at the option of the county board, issuing, denying, modifying, imposing conditions upon, or revoking permits pursuant to the provisions of this section or rules promulgated pursuant to it, subject to review, suspension, and reversal by the pollution control agency. The pollution control agency shall, after written notification, have 15 days to review, suspend, modify, or reverse the issuance of the permit. After this period, the action of the county board is final, subject to appeal as provided in chapter 14. For permit applications filed after October 1, 2001, section 15.99 applies to feedlot permits issued by the agency or a county pursuant to this subdivision.

(c) For the purpose of administration of rules adopted under this subdivision, the commissioner and the agency may provide exceptions for cases where the owner of a feedlot has specific written plans to close the feedlot within five years. These exceptions include waiving requirements for major capital improvements.

(d) For purposes of this subdivision, a discharge caused by an extraordinary natural event such as a precipitation event of greater magnitude than the 25-year, 24-hour event, tornado, or flood in excess of the 100-year flood is not a "direct discharge of pollutants."

(e) In adopting and enforcing rules under this subdivision, the commissioner shall cooperate closely with other governmental agencies.

(f) The pollution control agency shall work with the Minnesota extension service, the department of agriculture, the board of water and soil resources, producer groups, local units of government, as well as with appropriate federal agencies such as the Natural Resources Conservation Service and the Farm Service Agency, to notify and educate producers of rules under this subdivision at the time the rules are being developed and adopted and at least every two years thereafter.

(g) The pollution control agency shall adopt rules governing the issuance and denial of permits for livestock feedlots, poultry lots, or other animal lots pursuant to this section. Pastures are exempt from the rules authorized under this paragraph. A feedlot permit is not required for livestock feedlots with more than ten but less than 50 animal units; provided they are not in shoreland areas. A livestock feedlot permit does not become required solely because of a change in the ownership of the buildings, grounds, or feedlot. These rules apply both to permits issued by counties and to permits issued by the pollution control agency directly.

(h) The pollution control agency shall exercise supervising authority with respect to the processing of animal lot permit applications by a county.

(i) Any new rules or amendments to existing rules proposed under the authority granted in this subdivision, or to implement new fees on animal feedlots, must be submitted to the members of legislative policy and finance committees with jurisdiction over agriculture and the environment prior to final adoption. The rules must not become effective until 90 days after the proposed rules are submitted to the members.

(j) Until new rules are adopted that provide for plans for manure storage structures, any plans for a liquid manure storage structure must be prepared or approved by a registered professional engineer or a United States Department of Agriculture, Natural Resources Conservation Service employee.

(k) A county may adopt by ordinance standards for animal feedlots that are more stringent than standards in pollution control agency rules.

(l) After January 1, 2001, a county that has not accepted delegation of the feedlot permit program must hold a public meeting prior to the agency issuing a feedlot permit for a feedlot facility with 300 or more animal units, unless another public meeting has been held with regard to the feedlot facility to be permitted.

(m) After the proposed rules published in the State Register, volume 24, number 25, are finally adopted, the agency may not impose additional conditions as a part of a feedlot permit, unless specifically required by law or agreed to by the feedlot operator.

(n) For the purposes of feedlot permitting, a discharge from land-applied manure or a manure stockpile that is managed according to agency rule must not be subject to a fine for a discharge violation.

(o) For the purposes of feedlot permitting, manure that is land applied, or a manure stockpile that is managed according to agency rule, must not be considered a discharge into waters of the state, unless the discharge is to waters of the state, as defined by section 103G.005, subdivision 17, except type 1 or type 2 wetlands, as defined in section 103G.005, subdivision 17b, and does not meet discharge standards established for feedlots under agency rule.

(p) Unless the upgrade is needed to correct an immediate public health threat under section 145A.04, subdivision 8, the agency may not require a feedlot operator:

(1) to spend more than \$3,000 to upgrade an existing feedlot with less than 300 animal units unless cost-share money is available to the feedlot operator for 75 percent of the cost of the upgrade; or

(2) to spend more than \$10,000 to upgrade an existing feedlot with between 300 and 500 animal units, unless cost-share money is available to the feedlot operator for 75 percent of the cost of the upgrade or \$50,000, whichever is less.

(q) For the purposes of this section, "pastures" means areas where grass or other growing plants are used for grazing and where the concentration of animals is such that a vegetation cover is maintained during the growing season, except that vegetation cover is not required:

(1) in the immediate vicinity of supplemental feeding or watering devices;

(2) in associated corrals and chutes where livestock are gathered for the purpose of sorting, veterinary services, loading and unloading trucks and trailers, and other necessary activities related to good animal husbandry practices; and

(3) in associated livestock access lanes used to convey livestock to and from areas of the pasture.

Sec. 2. [PASTURE CLARIFICATION REPORT.]

By January 15, 2003, the commissioner of the pollution control agency shall report to the senate and house of representatives committees with jurisdiction over agriculture and environment policy on options and recommendations for clarifying the pasture and winter feeding area exemption to the feedlot permit program under Minnesota Statutes, section 116.07, subdivision 7. The commissioner shall work with interested individuals and organizations in developing the options and recommendations. The report must include, but is not limited to:

(1) specific criteria for winter feeding areas that are considered pasture, under Laws 2000, chapter 435, section 10, paragraph (b), clause (1); and

(2) criteria to better define "immediate vicinity" for the purpose of the pasture definition in section 1."

Amend the title as follows:

Page 1, line 3, after the semicolon, insert "requiring a report;"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Environment and Natural Resources Policy.

The report was adopted.

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

H. F. No. 2901, A bill for an act relating to family and early childhood education; providing for children and family support, prevention, and self-sufficiency programs; appropriating money and reducing earlier appropriations; amending Minnesota Statutes 2000, sections 119A.37, subdivision 3; 119A.374, by adding a subdivision; 119B.011, subdivision 7, by adding a subdivision; 119B.02, subdivision 1; 119B.061, subdivisions 1, 5; 119B.09, subdivisions 1, 2; 119B.11, subdivision 2a; 119B.12, subdivision 2; 119B.13, subdivision 1; 124D.135, subdivision 3; 124D.221, subdivision 2; 124D.518, subdivision 3, by adding a subdivision; 124D.52, subdivision 3; 124D.531, subdivision 4, by adding a subdivision; Minnesota Statutes 2001 Supplement, sections 119B.061, subdivision 4; 119B.13, subdivision 6; 124D.135, subdivision 8; 124D.16, subdivision 6; 124D.531, subdivision 1; Laws 2000, chapter 489, article 1, section 36; Laws 2001, First Special Session chapter 3, article 1, section 17, subdivisions 3, 7, 8, 9, 11; Laws 2001, First Special Session chapter 3, article 1, section 18; Laws 2001, First Special Session chapter 3, article 1, section 19, subdivisions 3, 5; Laws 2001, First Special Session chapter 3, article 2, section 15, subdivisions 3, 6, 9, 10; Laws 2001, First Special Session chapter 3, article 2, section 16, subdivision 2; Laws 2001, First Special Session chapter 3, article 3, section 9, subdivisions 2, 5, 6; repealing Laws 2001, First Special Session chapter 3, article 3, section 8.

Reported the same back with the following amendments:

Page 6, line 3, delete "2003" and insert "2002"

Page 11, after line 15, insert:

"Sec. 17. Laws 2001, First Special Session chapter 3, article 1, section 16, is amended to read:

Sec. 16. [CHILD CARE REPORT.]

The commissioner of children, families, and learning must report to house and senate committees with jurisdiction over child care by ~~November and February~~ January of each year with information on the number of families served and the cost of direct services per family for each child care assistance program administered by the commissioner. The report must include the number of families being served ~~and the number that would be served if entry income eligibility was set at 120 percent of the federal poverty guidelines and 30 percent of the state median income~~ and continuing at reasonable increments, with an exit level of both ~~250~~ 225 percent and ~~300~~ 275 percent of the federal poverty guidelines ~~and 63 percent and 75 percent of the state median income.~~

~~The information must be provided for the same time periods for which the department of finance prepares the budget forecast."~~

Page 12, line 13, delete "\$45,254,000" and insert "\$45,236,000"

Page 12, line 14, delete "\$44,718,000" and insert "\$44,698,000"

Page 14, line 10, delete "Notwithstanding" and insert "In addition to"

Page 14, line 12, delete "family and early childhood education" and insert "child care assistance"

Page 14, lines 18 and 19, delete "family and early childhood education" and insert "child care assistance"

Page 20, lines 29 and 30, delete "the state total adult basic education aid for fiscal year 2002" and insert "\$32,368,000"

Page 21, line 25, delete "contact hours" and insert "aid"

Page 21, line 26, after "than" insert "the greater of"

Page 21, line 27, after "percent" insert "or \$10,000"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 19, after the semicolon, insert "Laws 2001, First Special Session chapter 3, article 1, section 16;"

With the recommendation that when so amended the bill pass.

The report was adopted.

Bradley from the Committee on Health and Human Services Policy to which was referred:

H. F. No. 2935, A bill for an act relating to health; permitting a health maintenance organization rural demonstration project; amending Minnesota Statutes 2000, section 62D.30, by adding a subdivision.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2000, section 62D.30, is amended by adding a subdivision to read:

Subd. 8. [RURAL DEMONSTRATION PROJECT.] (a) The commissioner may permit demonstration projects to allow health maintenance organizations to extend coverage to a health improvement and purchasing coalition located in rural Minnesota, comprised of the health maintenance organization and members from a precise community. For purposes of this subdivision, rural is defined as greater Minnesota excluding the seven-county metropolitan area of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington. The coalition must be designed in such a way that members will:

- (1) become better informed about health care trends and cost increases;
- (2) be actively engaged in the design of health benefit options that will meet the needs of their community;
- (3) pool their insurance risk;
- (4) purchase these products from the health maintenance organization involved in the demonstration project; and
- (5) actively participate in health improvement decisions for their community.

(b) The commissioner must consider the following when approving applications for rural demonstration projects:

- (1) the extent of consumer involvement in development of the project;
- (2) the degree to which the project is likely to reduce the number of uninsured or to maintain existing coverage; and
- (3) a plan to evaluate and report to the commissioner and legislature as prescribed by paragraph (e).

(c) For purposes of this subdivision, the commissioner must waive compliance with the following statutes and rules: the cost-sharing restrictions under section 62D.02, subdivision 8, which for purposes of this subdivision is the sum of the annual copayments and deductible which is prohibited from exceeding the maximum out-of-pocket expenses allowable for a number three qualified plan under section 62E.06 or \$5,000 per family and an annual deductible of \$1,000 per person and Minnesota Rules, part 4685.0801, subparts 1 to 7; for a period of at least two years, participation in government programs under section 62D.04, subdivision 5, in the counties of the demonstration project if that compliance would have been required solely due to participation in the demonstration project and shall continue to waive this requirement beyond two years if the enrollment in the demonstration project is less than 10,000 employees; small employer marketing under section 62L.05, subdivisions 1 to 3; and small employer geographic premium variations under section 62L.08, subdivision 4. The commissioner shall approve enrollee cost-sharing features desired by the coalition that appropriately share costs between employers, individuals, and the health maintenance organization.

(d) The health maintenance organization may make the starting date of the project contingent upon a minimum number of enrollees as cited in the application, provide for an initial term of contract with the purchasers of a minimum of three years, and impose a reasonable penalty for employers who withdraw early from the project. For purposes of this subdivision, loss ratios are to be determined as if the policies issued under this section are considered individual or small employer policies pursuant to section 62A.021, subdivision 1, paragraph (f). The health maintenance organization may consider businesses of one to be a small employer under section 62L.02, subdivision 26. The health maintenance organization may limit enrollment and establish enrollment criteria for businesses of one. Health improvement and purchasing coalitions under this subdivision are not associations under section 62L.045, subdivision 1, paragraph (a).

(e) The health improvement and purchasing coalition must report to the commissioner and legislature annually on the progress of the demonstration project and, to the extent possible, any significant findings in the criteria listed in clauses (1), (2), and (3) for the final report. The coalition must submit a final report five years from the starting date of the project. The final report must detail significant findings from the project and must include, to the extent available, but should not be limited to, information on the following:

(1) the extent to which the project had an impact on the number of uninsured in the project area;

(2) the effect on health coverage premiums for groups in the project's geographic area, including those purchasing health coverage outside the health improvement and purchasing coalition; and

(3) the degree to which health care consumers were involved in the development and implementation of the demonstration project.

(f) The commissioner must limit the number of demonstration projects under this subdivision to five projects.

(g) Approval of the application for the demonstration project is deemed to be compliance with sections 62E.03 and 62E.06, subdivisions 1, paragraph (a), 2, and 3.

(h) Subdivisions 2 to 7 apply to demonstration projects under this subdivision. Waivers permitted under subdivision 1 do not apply to demonstration projects under this subdivision.

(i) If a demonstration project under this subdivision works in conjunction with a purchasing alliance formed under chapter 62T, that chapter will apply to the purchasing alliance except to the extent that chapter 62T is inconsistent with this subdivision.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment."

With the recommendation that when so amended the bill pass.

The report was adopted.

Bradley from the Committee on Health and Human Services Policy to which was referred:

H. F. No. 2988, A bill for an act relating to insurance; regulating certain licenses, fees, and coverages; amending Minnesota Statutes 2000, sections 62A.25, subdivision 2; 62A.31, subdivision 1h; 62E.14, subdivisions 4, 5, 6; 62L.02, subdivision 13a; 62L.03, subdivisions 1, 5; 62Q.185; 79A.04, subdivision 9; Minnesota Statutes 2001 Supplement, sections 60A.14, subdivision 1; 60K.56, subdivisions 6, 8, 9; 62M.03, subdivision 2; Laws 2001, chapter 117, article 1, section 29.

Reported the same back with the following amendments:

Page 4, lines 30 to 35, delete the new language and insert "Reconstructive surgery benefits include all stages of reconstruction of the breast on which the mastectomy has been performed, surgery and reconstruction of the other breast to produce a symmetrical appearance, and prosthesis and physical complications at all stages of a mastectomy, including lymphedemas, in a manner determined in consultation with the attending physician and patient. Coverage may be subject to annual deductible, copayment, and coinsurance provisions as may be deemed appropriate and as are consistent with those established for other benefits under the plan or coverage. Coverage may not:

(1) deny to a patient eligibility, or continued eligibility, to enroll or to renew coverage under the terms of the plan, solely for the purpose of avoiding the requirements of this section; and

(2) penalize or otherwise reduce or limit the reimbursement of an attending provider, or provide monetary or other incentives to an attending provider to induce the provider to provide care to an individual participant or beneficiary in a manner inconsistent with this section.

Written notice of the availability of the coverage must be delivered to the participant upon enrollment and annually thereafter. The health carrier must provide notice to each current participant and beneficiary in the next mailing made by the health carrier and as part of any yearly information packet sent to the participant or beneficiary."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Commerce, Jobs and Economic Development.

The report was adopted.

Bradley from the Committee on Health and Human Services Policy to which was referred:

H. F. No. 2992, A bill for an act relating to professions; modifying terms of temporary licensure for occupational therapists; amending Minnesota Statutes 2000, section 148.6418, subdivision 5.

Reported the same back with the recommendation that the bill pass and be placed on the Consent Calendar.

The report was adopted.

Rhodes from the Committee on Governmental Operations and Veterans Affairs Policy to which was referred:

H. F. No. 3073, A bill for an act relating to gambling; providing for linked bingo games and electronic bingo devices; providing and modifying certain definitions and prize amounts relating to lawful gambling; modifying procedures for pull-tab dispensing devices; amending Minnesota Statutes 2000, sections 349.12, subdivisions 4, 18, by adding subdivisions; 349.151, subdivisions 4, 4b, by adding a subdivision; 349.155, subdivision 3; 349.17, by adding a subdivision; 349.211, subdivisions 1, 2, 2a; Minnesota Statutes 2001 Supplement, section 349.15, subdivision 1a; proposing coding for new law in Minnesota Statutes, chapter 349.

Reported the same back with the following amendments:

Page 2, after line 12, insert:

"Sec. 4. Minnesota Statutes 2001 Supplement, section 349.12, subdivision 25, is amended to read:

Subd. 25. [LAWFUL PURPOSE.] (a) "Lawful purpose" means one or more of the following:

(1) any expenditure by or contribution to a 501(c)(3) or festival organization, as defined in subdivision 15a, provided that the organization and expenditure or contribution are in conformity with standards prescribed by the board under section 349.154, which standards must apply to both types of organizations in the same manner and to the same extent;

(2) a contribution to an individual or family suffering from poverty, homelessness, or physical or mental disability, which is used to relieve the effects of that poverty, homelessness, or disability;

(3) a contribution to an individual for treatment for delayed posttraumatic stress syndrome or a contribution to a program recognized by the Minnesota department of human services for the education, prevention, or treatment of compulsive gambling;

(4) a contribution to or expenditure on a public or private nonprofit educational institution registered with or accredited by this state or any other state;

(5) a contribution to a scholarship fund for defraying the cost of education to individuals where the funds are awarded through an open and fair selection process;

(6) activities by an organization or a government entity which recognize humanitarian or military service to the United States, the state of Minnesota, or a community, subject to rules of the board, provided that the rules must not include mileage reimbursements in the computation of the per occasion reimbursement limit and must impose no aggregate annual limit on the amount of reasonable and necessary expenditures made to support:

(i) members of a military marching or color guard unit for activities conducted within the state;

(ii) members of an organization solely for services performed by the members at funeral services; or

(iii) members of military marching, color guard, or honor guard units may be reimbursed for participating in color guard, honor guard, or marching unit events within the state or states contiguous to Minnesota at a per participant rate of up to \$35 per occasion;

(7) recreational, community, and athletic facilities and activities intended primarily for persons under age 21, provided that such facilities and activities do not discriminate on the basis of gender and the organization complies with section 349.154;

(8) payment of local taxes authorized under this chapter, taxes imposed by the United States on receipts from lawful gambling, the taxes imposed by section 297E.02, subdivisions 1, 4, 5, and 6, and the tax imposed on unrelated business income by section 290.05, subdivision 3;

(9) payment of real estate taxes and assessments on permitted gambling premises wholly owned by the licensed organization paying the taxes, or wholly leased by a licensed veterans organization under a national charter recognized under section 501(c)(19) of the Internal Revenue Code, not to exceed:

(i) for premises used for bingo, the amount that an organization may expend under board rules on rent for bingo; and

(ii) \$35,000 per year for premises used for other forms of lawful gambling;

(10) a contribution to the United States, this state or any of its political subdivisions, or any agency or instrumentality thereof other than a direct contribution to a law enforcement or prosecutorial agency;

(11) a contribution to or expenditure by a nonprofit organization which is a church or body of communicants gathered in common membership for mutual support and edification in piety, worship, or religious observances;

(12) payment of the reasonable costs of an audit required in section 297E.06, subdivision 4, provided the annual audit is filed in a timely manner with the department of revenue;

(13) a contribution to or expenditure on a wildlife management project that benefits the public at-large, provided that the state agency with authority over that wildlife management project approves the project before the contribution or expenditure is made;

(14) expenditures, approved by the commissioner of natural resources, by an organization for grooming and maintaining snowmobile trails and all-terrain vehicle trails that are (1) grant-in-aid trails established under section 85.019, or (2) other trails open to public use, including purchase or lease of equipment for this purpose; or

(15) conducting nutritional programs, food shelves, and congregate dining programs primarily for persons who are age 62 or older or disabled; or

(16) a contribution to a community arts organization, or an expenditure to sponsor arts programs in the community, including but not limited to visual, literary, performing, or musical arts.

(b) Notwithstanding paragraph (a), "lawful purpose" does not include:

(1) any expenditure made or incurred for the purpose of influencing the nomination or election of a candidate for public office or for the purpose of promoting or defeating a ballot question;

(2) any activity intended to influence an election or a governmental decision-making process;

(3) the erection, acquisition, improvement, expansion, repair, or maintenance of real property or capital assets owned or leased by an organization, unless the board has first specifically authorized the expenditures after finding that (i) the real property or capital assets will be used exclusively for one or more of the purposes in paragraph (a); (ii) with respect to expenditures for repair or maintenance only, that the property is or will be used extensively as a meeting place or event location by other nonprofit organizations or community or service groups and that no rental fee is charged for the use; (iii) with respect to expenditures, including a mortgage payment or other debt service payment, for erection or acquisition only, that the erection or acquisition is necessary to replace with a comparable building, a building owned by the organization and destroyed or made uninhabitable by fire or natural disaster, provided that the expenditure may be only for that part of the replacement cost not reimbursed by insurance; (iv) with respect to expenditures, including a mortgage payment or other debt service payment, for erection or acquisition only, that the erection or acquisition is necessary to replace with a comparable building a building owned by the organization that was acquired from the organization by eminent domain or sold by the organization to a purchaser that the organization reasonably believed would otherwise have acquired the building by eminent domain, provided that the expenditure may be only for that part of the replacement cost that exceeds the compensation received by the organization for the building being replaced; or (v) with respect to an expenditure to bring an existing building into compliance with the Americans with Disabilities Act under item (ii), an organization has the option to apply the amount of the board-approved expenditure to the erection or acquisition of a replacement building that is in compliance with the Americans with Disabilities Act;

(4) an expenditure by an organization which is a contribution to a parent organization, foundation, or affiliate of the contributing organization, if the parent organization, foundation, or affiliate has provided to the contributing organization within one year of the contribution any money, grants, property, or other thing of value;

(5) a contribution by a licensed organization to another licensed organization unless the board has specifically authorized the contribution. The board must authorize such a contribution when requested to do so by the contributing organization unless it makes an affirmative finding that the contribution will not be used by the recipient organization for one or more of the purposes in paragraph (a); or

(6) a contribution to a statutory or home rule charter city, county, or town by a licensed organization with the knowledge that the governmental unit intends to use the contribution for a pension or retirement fund."

Page 2, line 23, after "game" insert "conducted during a bingo occasion, and"

Page 2, line 24, after "locations" insert "within Minnesota"

Page 7, after line 30, insert:

"Sec. 13. Minnesota Statutes 2000, section 349.161, subdivision 4, is amended to read:

Subd. 4. [FEES.] The ~~annual~~ initial fee for a distributor's license is \$3,500. The initial term of a distributor's license is one year. Renewal licenses under this section are valid for two years and the fee for the renewal license is \$7,000.

Sec. 14. Minnesota Statutes 2000, section 349.163, subdivision 2, is amended to read:

Subd. 2. [LICENSE; FEE.] ~~A~~ The initial license under this section is valid for one year. The annual fee for the initial license is \$5,000. Renewal licenses under this section are valid for two years and the fee for the renewal license is \$10,000.

Page 8, line 10, after "The" insert "initial"

Page 8, line 11, after the period, insert "The term of an initial license is one year. Renewal licenses under this section are valid for two years and the fee for a renewal license is \$7,000."

Page 8, after line 21, insert:

"Sec. 16. Minnesota Statutes 2000, section 349.164, subdivision 4, is amended to read:

Subd. 4. [FEES; TERM OF LICENSE.] ~~The annual initial fee for a bingo hall license is \$2,500. An initial license under this section is valid for one year. Renewal licenses under this section are valid for two years and the fee for the renewal license is \$5,000.~~

Page 9, line 6, delete the second "and"

Page 9, after line 6, insert:

"(4) prohibit linked bingo games from being progressive games; and"

Page 9, line 7, delete "(4)" and insert "(5)"

Page 9, line 11, before "Except" insert "(a)"

Page 9, line 15, before "Total" insert:

"(b)"

Page 9, line 17, before "A" insert:

"(c)"

Page 9, line 20, delete everything after the period and insert:

"(d) Paragraphs (a) and (c) do"

Page 9, line 21, delete "subdivision does"

Reorder the sections in sequence

Amend the title as follows:

Page 1, line 9, after the second semicolon, insert "349.161, subdivision 4; 349.163, subdivision 2; 349.164, subdivision 4;"

Page 1, line 11, delete "section" and insert "sections 349.12, subdivision 25;"

With the recommendation that when so amended the bill pass.

The report was adopted.

Mares from the Committee on Education Policy to which was referred:

H. F. No. 3118, A bill for an act relating to education; providing an additional method for school districts to form and sponsor a charter school; amending Minnesota Statutes 2000, section 124D.10, by adding a subdivision.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on K-12 Education Finance.

The report was adopted.

Ozment from the Committee on Environment and Natural Resources Policy to which was referred:

H. F. No. 3129, A bill for an act relating to environment; clarifying individual sewage treatment classification; abolishing the waste tire grant and loan program; amending Minnesota Statutes 2000, section 115.55, by adding a subdivision; Minnesota Statutes 2001 Supplement, section 115A.912, subdivision 1; repealing Minnesota Statutes 2000, section 115A.913; Minnesota Rules, parts 9220.0130, subpart 2, item H; 9220.0170; 9220.0180; 9220.0800; 9220.0805; 9220.0810; 9220.0815; 9220.0820; 9220.0825; 9220.0830; 9220.0835; 9220.0900; 9220.0905; 9220.0910; 9220.0915; 9220.0920; 9220.0925; 9220.0930; 9220.0935.

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

The report was adopted.

Bradley from the Committee on Health and Human Services Policy to which was referred:

H. F. No. 3148, A bill for an act relating to health occupations; modifying registration requirements for speech-language pathologists and audiologists whose registrations have lapsed for more than three years; amending Minnesota Statutes 2000, section 148.518, subdivision 2.

Reported the same back with the recommendation that the bill pass and be placed on the Consent Calendar.

The report was adopted.

Seagren from the Committee on K-12 Education Finance to which was referred:

H. F. No. 3150, A bill for an act relating to education; amending certain kindergarten through grade 12 provisions; amending Minnesota Statutes 2001 Supplement, section 126C.17, subdivision 1; repealing Laws 2001, First Special Session chapter 6, article 1, section 31.

Reported the same back with the following amendments:

Page 1, after line 7, insert:

"ARTICLE 1

BUDGET MODIFICATIONS

Section 1. Minnesota Statutes 2000, section 4.07, subdivision 3, is amended to read:

Subd. 3. [FEDERAL AND STATE LAW; APPROPRIATION OF FUNDS.] (a) The governor or any state department or agency designated by the governor shall comply with any and all requirements of federal law and any rules and regulations promulgated thereunder to enable the application for, the receipt of, and the acceptance of such

federal funds. The expenditure of any such funds received shall be governed by the laws of the state except insofar as federal requirements may otherwise provide. All such money received by the governor or any state department or agency designated by the governor for such purpose shall be deposited in the state treasury and, subject to section 3.3005, are hereby appropriated annually in order to enable the governor or the state department or agency designated by the governor for such purpose to carry out the purposes for which the funds are received. None of such federal money so deposited in the state treasury shall cancel and they shall be available for expenditure in accordance with the requirements of federal law.

(b) Notwithstanding paragraph (a), money received according to the authorization in the federal law designated as the Elementary and Secondary Education Act are not appropriated in this subdivision and are available for expenditure only after being appropriated for a specific year in a law.

Sec. 2. Minnesota Statutes 2000, section 123B.78, subdivision 3, is amended to read:

Subd. 3. [TAX AND AID ANTICIPATION CERTIFICATES.] Minnesota school districts may issue tax and aid anticipation certificates and intermediate school districts may issue revenue anticipation certificates in conformance with the provisions of sections 126C.50 to 126C.56, with the additional provision that the proceeds of such borrowing or any other method of borrowing shall be recorded as liabilities of funds for which the taxes were levied, or for which the aids are receivable. Nothing in this subdivision provides authority for borrowing against the tax levies and aids of one district fund for the purpose of increasing the available cash balance of another fund.

Sec. 3. Minnesota Statutes 2001 Supplement, section 124D.20, subdivision 5, is amended to read:

Subd. 5. [TOTAL COMMUNITY EDUCATION LEVY.] To obtain total community education revenue, a district operating a youth after-school enrichment program under section 124D.19, subdivision 12, may levy the amount raised by a maximum tax rate of ~~.7431~~ 0.994 percent times the adjusted net tax capacity of the district. To obtain total community education revenue, a district not operating a youth after-school enrichment program may levy the amount raised by a maximum tax rate of ~~.4795~~ 0.830 percent times the adjusted net tax capacity of the district. If the amount of the total community education levy would exceed the total community education revenue, the total community education levy shall be determined according to subdivision 6. The rates in this subdivision must not be adjusted by Laws 2001, First Special Session chapter 6, article 5, section 12.

Sec. 4. Minnesota Statutes 2000, section 124D.385, subdivision 3, is amended to read:

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

(1) develop, with the assistance of the governor, the commissioner of children, families, and learning, and affected state agencies, a comprehensive state plan to provide services under sections 124D.37 to 124D.45 and federal law;

(2) actively pursue public and private funding sources for services, including funding available under federal law;

(3) ~~coordinate volunteer service-learning programs within the state;~~

~~(4) develop, in cooperation with the workforce development council and the commissioner of children, families, and learning, volunteer service-learning programs, including curriculum, materials, and methods of instruction;~~

~~(5) work collaboratively with the workforce development council, the commissioner of children, families, and learning, schools, public and private agencies, for-profit and nonprofit employers, and labor unions to identify mentoring and service-learning opportunities, solicit and recruit participants for these programs, and disseminate information on the programs;~~

~~(6) administer the youth works grant program under sections 124D.39 to 124D.44, with assistance from the commissioner of children, families, and learning and the executive director of the higher education services office, including soliciting and approving grant applications from eligible organizations, and administering individual postservice benefits;~~

~~(7)~~ (4) establish an evaluation plan for programs developed and services provided under sections 124D.37 to 124D.45;

~~(8)~~ (5) report to the governor, commissioner of children, families, and learning, and legislature; and

~~(9)~~ ~~provide oversight and support for school, campus, and community-based service programs; and~~

~~(10)~~ (6) administer the federal AmeriCorps program.

(b) Nothing in sections 124D.37 to 124D.45 precludes an organization from independently seeking public or private funding to accomplish purposes similar to those described in paragraph (a).

~~(c) The commissioner of children, families, and learning shall consult with commission members before the commissioner selects the executive director for the commission, who shall serve in the unclassified service.~~

[EFFECTIVE DATE.] This section, including the termination of the employment of the executive director in the state unclassified service, is effective July 1, 2002.

Sec. 5. Minnesota Statutes 2000, section 124D.385, is amended by adding a subdivision to read:

Subd. 4. [DELEGATION TO NONPROFIT.] The commission may create a private nonprofit corporation that is exempt from taxation under section 501(c)(3) of the Internal Revenue Code of 1986. If the commission creates a private nonprofit corporation, the commission must serve as the corporation's board of directors. The private nonprofit corporation is not subject to laws governing state agencies or political subdivisions. The commission may delegate any or all of its powers and duties under federal law or under sections 124D.37 to 124D.45 to the corporation if the nonprofit corporation is approved under federal law to administer the National and Community Service Trust Act. The commission may revoke a delegation of powers and duties at any time, and must revoke the delegation if the corporation is no longer approved under federal law as the administrator in the state of Minnesota for the National and Community Service Trust Act.

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

Sec. 6. Minnesota Statutes 2001 Supplement, section 124D.86, subdivision 3, is amended to read:

Subd. 3. [INTEGRATION REVENUE.] Integration revenue equals the following amounts:

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

~~(2)~~ for independent school district No. 625, St. Paul, and for special school district No. 1, Minneapolis, \$446 times the adjusted pupil units for the school year;

~~(3)~~ (2) for a district not listed in clause (1) ~~or (2)~~ that must implement a plan under Minnesota Rules, parts 3535.0100 to 3535.0180, where the district's enrollment of protected students, as defined under Minnesota Rules, part 3535.0110, exceeds 15 percent, the lesser of (i) the actual cost of implementing the plan during the fiscal year minus the aid received under subdivision 6, or (ii) \$130 times the adjusted pupil units for the school year;

~~(4)~~ (3) for a district not listed in clause (1); ~~or (2)~~, ~~or (3)~~ that is required to implement a plan according to the requirements of Minnesota Rules, parts 3535.0100 to 3535.0180, the lesser of

(i) the actual cost of implementing the plan during the fiscal year minus the aid received under subdivision 6, or

(ii) \$93 times the adjusted pupil units for the school year.

Any money received by districts in clauses (1) ~~to (3)~~ or (2) which exceeds the amount received in fiscal year 2000 shall be subject to the budget requirements in subdivision 1a; and

~~(5)~~ (4) for a member district of a multidistrict integration collaborative that files a plan with the commissioner, but is not contiguous to a racially isolated district, integration revenue equals the amount defined in clause ~~(4)~~ (3).

[EFFECTIVE DATE.] This section is effective for revenue for fiscal year 2003.

Sec. 7. Minnesota Statutes 2000, section 124D.86, subdivision 4, is amended to read:

Subd. 4. [INTEGRATION LEVY.] A district may levy an amount equal to ~~33~~ 37 percent for fiscal year ~~2000~~ 2003 and ~~22~~ 33 percent for fiscal year ~~2001~~ 2004 and thereafter of the district's integration revenue as defined in subdivision 3.

Sec. 8. Minnesota Statutes 2000, section 124D.86, subdivision 5, is amended to read:

Subd. 5. [INTEGRATION AID.] A district's integration aid equals ~~67~~ 63 percent for fiscal year ~~2000~~ 2003 and ~~78~~ 67 percent for fiscal year ~~2001~~ 2004 and thereafter of the district's integration revenue as defined in subdivision 3.

Sec. 9. Minnesota Statutes 2001 Supplement, section 126C.05, subdivision 15, is amended to read:

Subd. 15. [LEARNING YEAR PUPIL UNITS.] (a) When a pupil is enrolled in a learning year program under section 124D.128, an area learning center under sections 123A.05 and 123A.06, an alternative program approved by the commissioner, or a contract alternative program under section 124D.68, subdivision 3, paragraph (d), or subdivision 3a, for more than 1,020 hours in a school year for a secondary student, more than 935 hours in a school year for an elementary student, or more than 425 hours in a school year for a kindergarten student without a disability, that pupil may be counted as more than one pupil in average daily membership. The amount in excess of one pupil must be determined by the ratio of the number of hours of instruction provided to that pupil in excess of: (i) the greater of 1,020 hours or the number of hours required for a full-time secondary pupil in the district to 1,020 for a secondary pupil; (ii) the greater of 935 hours or the number of hours required for a full-time elementary pupil in the district to 935 for an elementary pupil in grades 1 through 6; and (iii) the greater of 425 hours or the number of hours required for a full-time kindergarten student without a disability in the district to 425 for a kindergarten student without a disability. Hours that occur after the close of the instructional year in June shall be attributable to the following fiscal year. A kindergarten student must not be counted as more than 1.2 pupils in average daily membership under this subdivision. A student in grades 1 through 12 must not be counted as more than 1.5 pupils in average daily membership under this subdivision.

(b)(i) To receive general education revenue for a pupil in an alternative program that has an independent study component, a district must meet the requirements in this paragraph. The district must develop, for the pupil, a continual learning plan consistent with section 124D.128, subdivision 3. Each school district that has a state-approved public alternative program must reserve revenue in an amount equal to at least 90 percent of the district average general education revenue per pupil unit less compensatory revenue per pupil unit times the number of pupil units generated by students attending a state-approved public alternative program. The amount of reserved revenue available under this subdivision may only be spent for program costs associated with the state-approved public alternative program. Compensatory revenue must be allocated according to section 126C.15, subdivision 2.

(ii) General education revenue for a pupil in an approved alternative program without an independent study component must be prorated for a pupil participating for less than a full year, or its equivalent. The district must develop a continual learning plan for the pupil, consistent with section 124D.128, subdivision 3. Each school district that has a state-approved public alternative program must reserve revenue in an amount equal to at least 90 percent of the district average general education revenue per pupil unit less compensatory revenue per pupil unit times the number of pupil units generated by students attending a state-approved public alternative program. The amount of reserved revenue available under this subdivision may only be spent for program costs associated with the state-approved public alternative program. Compensatory revenue must be allocated according to section 126C.15, subdivision 2.

(iii) General education revenue for a pupil in an approved alternative program that has an independent study component must be paid for each hour of teacher contact time and each hour of independent study time completed toward a credit or graduation standards necessary for graduation. Average daily membership for a pupil shall equal the number of hours of teacher contact time and independent study time divided by 1,020.

(iv) For an alternative program having an independent study component, the commissioner shall require a description of the courses in the program, the kinds of independent study involved, the expected learning outcomes of the courses, and the means of measuring student performance against the expected outcomes.

Sec. 10. Minnesota Statutes 2000, section 126C.10, subdivision 3, is amended to read:

Subd. 3. [COMPENSATORY EDUCATION REVENUE.] The compensatory education revenue for each building in the district equals ~~the formula allowance~~ \$4,601 times the compensation revenue pupil units computed according to section 126C.05, subdivision 3. Revenue shall be paid to the district and must be allocated according to section 126C.15, subdivision 2.

[EFFECTIVE DATE.] This section is effective for revenue for fiscal year 2004.

Page 2, after line 5, insert:

"Sec. 12. Minnesota Statutes 2001 Supplement, section 126C.17, subdivision 5, is amended to read:

Subd. 5. [REFERENDUM EQUALIZATION REVENUE.] (a) ~~For fiscal year 2003 and later,~~ A district's referendum equalization revenue equals the sum of the first tier referendum equalization revenue and the second tier referendum equalization revenue.

(b) A district's first tier referendum equalization revenue equals the district's first tier referendum equalization allowance times the district's resident marginal cost pupil units for that year.

(c) A district's first tier referendum equalization allowance equals the lesser of the district's referendum allowance under subdivision 1 or ~~\$126~~ \$230.

(d) A district's second tier referendum equalization revenue equals the district's second tier referendum equalization allowance times the district's resident marginal cost pupil units for that year.

(e) A district's second tier referendum equalization allowance equals the lesser of the district's referendum allowance under subdivision 1 or 18.2 percent of the formula allowance, minus the district's first tier referendum equalization allowance.

(f) Notwithstanding paragraph (e), the second tier referendum allowance for a district qualifying for secondary sparsity revenue under section 126C.10, subdivision 7, or elementary sparsity revenue under section 126C.10, subdivision 8, equals the district's referendum allowance under subdivision 1 minus the district's first tier referendum equalization allowance.

[EFFECTIVE DATE.] This section is effective for revenue for fiscal year 2004.

Sec. 13. Minnesota Statutes 2001 Supplement, section 126C.43, subdivision 3, is amended to read:

Subd. 3. [TAX LEVY FOR JUDGMENT.] A school district or intermediate school district may levy the amounts necessary to pay judgments against the district under section 123B.25 that became final after the date the district certified its proposed levy in the previous year. With the approval of the commissioner, a district may spread this levy over a period not to exceed three years.

Sec. 14. [126C.457] [CAREER AND TECHNICAL LEVY.]

For taxes payable in 2003 and later, a school district may levy an amount equal to the greater of (1) \$10,000, or (2) the district's fiscal year 2001 entitlement for career and technical aid under section 124D.453. The district must recognize the full amount of this levy as revenue for the fiscal year in which it is certified. Revenue received under this section must be reserved and used only for career and technical programs.

Sec. 15. Minnesota Statutes 2000, section 126C.50, is amended to read:

126C.50 [TAX AND AID ANTICIPATION BORROWING; DEFINITIONS.]

School district as used in sections 126C.50 to 126C.56 means any school district or intermediate school district in the state of Minnesota, however organized and wherever located.

Sec. 16. Minnesota Statutes 2000, section 136F.68, is amended to read:

136F.68 [STATE PROPERTY AGREEMENTS.]

Notwithstanding section 16B.24, or other law to the contrary, the board may enter into an agreement with an intermediate school district for the cooperative use of state property for an initial period of ten years, which may be renewed or extended for additional periods of up to ten years each any period of time specified in the agreement.

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

Sec. 17. Laws 1997, First Special Session chapter 4, article 3, section 25, subdivision 7, is amended to read:

Subd. 7. [WORKSTUDY STUDENT COMPENSATION.] For enabling school districts to pay the employer's share of work study students compensation under Minnesota Statutes, section 136A.233, subdivision 3:

\$50,000	.....	1998
\$50,000	.....	1999

Money shall be available to districts upon request until ~~the appropriation is exhausted~~ February 14, 2002. The commissioner may establish an application procedure for allocating the money to districts.

Sec. 18. Laws 2001, First Special Session chapter 6, article 1, section 54, subdivision 2, is amended to read:

Subd. 2. [GENERAL AND SUPPLEMENTAL EDUCATION AID.] For general and supplemental education aid:

\$3,364,596,000 <u>\$3,404,787,000</u>	.....	2002
\$3,506,910,000 <u>\$4,982,334,000</u>	.....	2003

The 2002 appropriation includes ~~\$318,932,000~~ \$323,767,000 for 2001 and ~~\$3,045,664,000~~ \$3,081,020,000 for 2002.

The 2003 appropriation includes ~~\$338,407,000~~ \$335,220,000 for 2002 and ~~\$3,168,503,000~~ \$4,647,114,000 for 2003.

The fiscal year 2003 appropriation is reduced by \$2,032,000.

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

Sec. 19. Laws 2001, First Special Session chapter 6, article 2, section 77, subdivision 7, is amended to read:

Subd. 7. [BEST PRACTICES SEMINARS.] For best practices graduation rule seminars and other professional development capacity building activities that assure proficiency in teaching and implementation of graduation rule standards:

\$5,260,000	.....	2002
\$3,480,000 <u>\$750,000</u>	.....	2003

\$1,000,000 in fiscal year 2002 is for arts via the Internet collaborative project between the Walker Art Center and the Minneapolis Institute of Arts; \$500,000 each year is for best practices grants to intermediate school districts Nos. 287, 916, and 917 to train teachers of special needs students under Laws 1998, chapter 398, article 5, section 42; and \$250,000 each year is for a grant to A Chance to Grow/New Visions for the Minnesota Learning Resource Center.

The commissioner shall consider a curriculum development grant, consistent with the graduation rule, to develop curricula in the area of natural sciences including botany, horticulture, and zoology. The grant shall also be used to provide instructional materials on the Internet. The commissioner shall consider best practices grants to districts for developing gifted and talented services that are integrated with the state's graduation standards. The commissioner shall consider a grant to independent school district No. 621, Mounds View, for a pilot project to establish a parallel block schedule strategy in grades 1 through 3.

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

Sec. 20. Laws 2001, First Special Session chapter 6, article 2, section 77, subdivision 8, is amended to read:

Subd. 8. [INTEGRATION AID.] For integration aid:

\$65,478,000 <u>\$63,421,000</u>	.....	2002
\$51,996,000 <u>\$52,934,000</u>	.....	2003

The 2002 appropriation includes \$5,729,000 for 2001 and ~~\$59,749,000~~ \$57,692,000 for 2002.

The 2003 appropriation includes ~~\$6,639,000~~ \$6,410,000 for 2002 and ~~\$45,357,000~~ \$46,524,000 for 2003.

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

Sec. 21. Laws 2001, First Special Session chapter 6, article 2, section 77, subdivision 22, is amended to read:

Subd. 22. [YOUTHWORKS PROGRAM.] For youthworks programs under Minnesota Statutes, sections 124D.37 to 124D.45:

\$1,788,000	.....	2002
\$1,788,000	.....	2003

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

Up to \$250,000 each year may be used for the jobs for America graduates program.

Any balance in the first year does not cancel but is available in the second year. The base for this program is \$1,000,000 in fiscal year 2004 and \$1,000,000 in fiscal year 2005.

Sec. 22. Laws 2001, First Special Session chapter 6, article 2, section 77, subdivision 23, is amended to read:

Subd. 23. [EDUCATION AND EMPLOYMENT TRANSITIONS PROGRAM GRANTS.] For education and employment transitions programming under Minnesota Statutes, section 124D.46:

\$775,000	.....	2002
\$775,000	.....	2003

\$250,000 ~~each year~~ is for ISEEK.

\$450,000 ~~each year~~ is for youth apprenticeship grants and to conduct a high school follow-up survey to include first, third, and sixth year graduates of Minnesota schools.

\$75,000 ~~each year~~ is for grants to school districts for the junior achievement program.

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

Sec. 23. Laws 2001, First Special Session chapter 6, article 3, section 21, subdivision 11, is amended to read:

Subd. 11. [WEB-BASED, INDIVIDUAL INTERAGENCY INTERVENTION PLAN.] For ongoing development, administration, and interagency training costs associated with a statewide, Web-based application for the individual interagency intervention plan required in Minnesota Statutes, section 125A.023:

\$250,000	.....	2002
\$250,000	.....	2003

Sec. 24. Laws 2001, First Special Session chapter 6, article 7, section 13, as amended by Laws 2001, First Special Session chapter 13, section 15, is amended to read:

Sec. 13. [APPROPRIATIONS; DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING.]

Subdivision 1. [DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING.] Unless otherwise indicated, 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. [DEPARTMENT.] (a) For the department of children, families, and learning:

\$31,530,000 <u>\$28,801,000</u>	.....	2002
\$31,748,000 <u>\$27,567,000</u>	.....	2003

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

(b) ~~\$684,000~~ \$616,000 in 2002 and ~~\$690,000~~ \$621,000 in 2003 are for the board of teaching.

(c) \$165,000 each year is for the board of school administrators.

(d) ~~\$500,000 in 2002 and \$250,000 in 2003 and thereafter are for the Minnesota Academic Excellence Foundation.~~

(e) ~~\$260,000 each year in fiscal year 2002~~ is for the Minnesota Children's Museum; \$50,000 in fiscal year 2002 is for the Duluth Children's Museum.

(f) (e) The expenditures of federal grants and aids other than funds for state assessments and enhanced assessment instruments as shown in the biennial budget document and its supplements are approved and appropriated and shall be spent as indicated. The commissioner shall report to the education committees of the legislature by January 15, 2003, the proposed plan for expending federal funds for state assessments and enhanced assessment instruments.

(g) (f) In preparing the department budget for fiscal years 2004-2005, the department shall shift all administrative funding from aids appropriations into the appropriation for the department.

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

Sec. 25. Laws 2001, First Special Session chapter 6, article 7, section 14, is amended to read:

Sec. 14. [APPROPRIATIONS; PERPICH CENTER FOR ARTS EDUCATION.]

The sums indicated in this section are appropriated from the general fund to the Perpich Center for Arts Education for the fiscal years designated:

\$7,681,000	<u>\$7,130,000</u>	.....	2002
\$7,816,000	<u>\$6,818,000</u>	.....	2003

\$150,000 each year is to extend the partnership network to up to five new partnership sites and for developing whole-school, arts-based teaching and learning curriculum at new sites.

The base for this program is \$7,035,000 in fiscal year 2004 and \$7,035,000 in fiscal year 2005.

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

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

Sec. 26. [EXCESS COST AID ADJUSTMENT; CAMBRIDGE-ISANTI.]

For fiscal year 2002 only, the commissioner of children, families, and learning must make a positive adjustment of \$748,000 to the special education excess cost aid payment to independent school district No. 911, Cambridge-Isanti.

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

Sec. 27. [TRANSITION.]

On the effective date of section 28, all powers and duties of the commissioner of children, families, and learning relating to the commission cease, except for the assistance described in section 124D.385, subdivision 3, clause (1), and the duty to provide pass-through grant funds that are appropriated by law for the benefit of the commission or the nonprofit corporation.

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

Sec. 28. [APPROPRIATION TRANSFER.]

The unspent and unencumbered portion of the appropriation in Laws 2001, First Special Session chapter 6, article 2, section 77, subdivision 22, is transferred from the commissioner of children, families, and learning to the administrative entity approved by the Corporation for National and Community Service to carry out the National and Community Service Trust Act.

[EFFECTIVE DATE.] This section is effective the day after the commission certifies to the commissioner of finance that it has created a nonprofit corporation under section 5, that the corporation has been approved by the Corporation for National and Community Service to carry out the National and Community Service Trust Act, and that the commission has delegated duties to administer sections 124D.37 to 124D.45 to the corporation.

Sec. 29. [CAPITAL ACCOUNT TRANSFER.]

Subdivision 1. [BUTTERFIELD.] Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, on June 30, 2002, independent school district No. 836, Butterfield, may permanently transfer up to \$117,000 from its reserved capital accounts in its general fund to the undesignated fund balance.

Subd. 2. [TRUMAN.] Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, on June 30, 2002, independent school district No. 458, Truman, may permanently transfer up to \$500,000 from its reserved capital accounts in its general fund to the undesignated fund balance.

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

Sec. 30. [APPROPRIATION; MINNESOTA ASSOCIATION OF ALTERNATIVE PROGRAMS.]

\$250,000 in fiscal year 2003 is appropriated from the general fund to the department of children, families, and learning for a grant to the Minnesota association of alternative programs to implement electronic continual learning plans at area learning centers and alternative programs. This is a one-time appropriation.

Sec. 31. [REPEALER.]

Subdivision 1. [FISCAL YEAR 2003.] Minnesota Statutes 2000, sections 124D.453 and 124D.46; Minnesota Statutes 2001 Supplement, sections 93.22, subdivision 2; 93.223; and 93.2235, are repealed.

Subd. 2. [FISCAL YEAR 2004.] Minnesota Statutes 2000, section 123B.59, subdivisions 6 and 7; and Laws 2000, chapter 489, article 2, section 36, as amended by Laws 2001, First Special Session chapter 6, article 1, section 44, are repealed for revenue for fiscal year 2004 and later.

Subd. 3. [RETROACTIVE.] Laws 2001, First Special Session chapter 6, article 1, section 31, is repealed retroactive to July 1, 2001."

Page 2, delete lines 6 to 8 and insert:

"ARTICLE 2

FORECAST ADJUSTMENTS

Section 1. Minnesota Statutes 2001 Supplement, section 123B.54, is amended to read:

123B.54 [DEBT SERVICE APPROPRIATION.]

(a) ~~\$25,989,000~~ \$25,987,000 in fiscal year 2002, ~~\$35,163,000~~ \$31,892,000 in fiscal year 2003, ~~\$31,787,000~~ \$36,629,000 in fiscal year 2004, and ~~\$26,453,000~~ \$36,931,000 in fiscal years 2005 and later are appropriated from the general fund to the commissioner of children, families, and learning for payment of debt service equalization aid under section 123B.53.

(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.

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

Sec. 2. Laws 2001, First Special Session chapter 6, article 1, section 54, subdivision 4, is amended to read:

Subd. 4. [ABATEMENT AID.] For abatement aid according to Minnesota Statutes, section 127A.49:

\$7,098,000 <u>\$5,698,000</u>	.....	2002
\$7,692,000 <u>\$2,990,000</u>	.....	2003

The 2002 appropriation includes \$640,000 for 2001 and ~~\$6,458,000~~ \$5,058,000 for 2002.

The 2003 appropriation includes ~~\$717,000~~ \$562,000 for 2002 and ~~\$6,975,000~~ \$2,428,000 for 2003.

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

Sec. 3. Laws 2001, First Special Session chapter 6, article 1, section 54, subdivision 5, is amended to read:

Subd. 5. [NONPUBLIC PUPIL AID.] For nonpublic pupil education aid according to Minnesota Statutes, sections 123.79 and 123B.40 to 123B.43:

\$14,099,000 <u>\$14,441,000</u>	.....	2002
\$16,472,000 <u>\$15,977,000</u>	.....	2003

The 2002 appropriation includes \$1,330,000 for 2001 and ~~\$12,769,000~~ \$13,111,000 for 2002.

The 2003 appropriation includes ~~\$1,419,000~~ \$1,457,000 for 2002 and ~~\$15,053,000~~ \$14,520,000 for 2003.

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

Sec. 4. Laws 2001, First Special Session chapter 6, article 1, section 54, subdivision 6, is amended to read:

Subd. 6. [NONPUBLIC PUPIL TRANSPORTATION.] For nonpublic pupil transportation aid under Minnesota Statutes, section 123B.92, subdivision 9:

\$20,488,000 <u>\$20,635,000</u>	.....	2002
\$24,802,000 <u>\$25,347,000</u>	.....	2003

The 2002 appropriation includes \$2,000,000 for 2001 and ~~\$18,488,000~~ \$18,635,000 for 2002.

The 2003 appropriation includes ~~\$2,054,000~~ \$2,070,000 for 2002 and ~~\$22,748,000~~ \$23,277,000 for 2003.

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

Sec. 5. Laws 2001, First Special Session chapter 6, article 1, section 54, subdivision 7, is amended to read:

Subd. 7. [CONSOLIDATION TRANSITION AID.] For districts consolidating under Minnesota Statutes, section 123A.485:

\$675,000 <u>\$531,000</u>	.....	2002
\$669,000 <u>\$736,000</u>	.....	2003

The 2002 appropriation includes \$44,000 for 2001 and ~~\$631,000~~ \$487,000 for 2002.

The 2003 appropriation includes ~~\$70,000~~ \$54,000 for 2002 and ~~\$599,000~~ \$682,000 for 2003.

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

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

Sec. 6. Laws 2001, First Special Session chapter 6, article 2, section 77, subdivision 4, is amended to read:

Subd. 4. [CHARTER SCHOOL BUILDING LEASE AID.] For building lease aid under Minnesota Statutes, section 124D.11, subdivision 4:

\$16,554,000 <u>\$12,323,000</u>	.....	2002
\$25,176,000 <u>\$15,330,000</u>	.....	2003

The 2002 appropriation includes \$1,114,000 for 2001 and ~~\$15,440,000~~ \$11,209,000 for 2002.

The 2003 appropriation includes ~~\$1,715,000~~ \$1,245,000 for 2002 and ~~\$23,461,000~~ \$14,085,000 for 2003.

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

Sec. 7. Laws 2001, First Special Session chapter 6, article 2, section 77, subdivision 5, is amended to read:

Subd. 5. [CHARTER SCHOOL STARTUP GRANTS.] For charter school startup cost aid under Minnesota Statutes, section 124D.11:

\$2,738,000 <u>\$2,090,000</u>	.....	2002
\$3,143,000 <u>\$1,549,000</u>	.....	2003

The 2002 appropriation includes ~~\$273,000~~ \$258,000 for 2001 and ~~\$2,465,000~~ \$1,832,000 for 2002.

The 2003 appropriation includes ~~\$274,000~~ \$204,000 for 2002 and ~~\$2,869,000~~ \$1,345,000 for 2003.

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

Sec. 8. Laws 2001, First Special Session chapter 6, article 2, section 77, subdivision 11, is amended to read:

Subd. 11. [MAGNET SCHOOL STARTUP AID.] For magnet school startup aid under Minnesota Statutes, section 124D.88:

\$482,000 <u>\$475,000</u>	.....	2002
\$326,000 <u>\$298,000</u>	.....	2003

The 2002 appropriation includes \$25,000 for 2001 and ~~\$457,000~~ \$450,000 for 2002.

The 2003 appropriation includes ~~\$51,000~~ \$50,000 for 2002 and ~~\$275,000~~ \$248,000 for 2003.

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

Sec. 9. Laws 2001, First Special Session chapter 6, article 2, section 77, subdivision 15, is amended to read:

Subd. 15. [SUCCESS FOR THE FUTURE.] For American Indian success for the future grants according to Minnesota Statutes, section 124D.81:

\$2,047,000 <u>\$1,924,000</u>	.....	2002
\$2,137,000	.....	2003

The 2002 appropriation includes \$0 for 2001 and ~~\$2,047,000~~ \$1,924,000 for 2002.

The 2003 appropriation includes ~~\$255,000~~ \$213,000 for 2002 and ~~\$2,132,000~~ \$1,924,000 for 2003.

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

Sec. 10. Laws 2001, First Special Session chapter 6, article 2, section 77, subdivision 18, is amended to read:

Subd. 18. [TRIBAL CONTRACT SCHOOLS.] For tribal contract school aid under Minnesota Statutes, section 124D.83:

\$2,520,000 <u>\$2,304,000</u>	.....	2002
\$2,767,000 <u>\$2,408,000</u>	.....	2003

The 2002 appropriation includes \$192,000 for 2001 and ~~\$2,328,000~~ \$2,112,000 for 2002.

The 2003 appropriation includes ~~\$258,000~~ \$235,000 for 2002 and ~~\$2,509,000~~ \$2,173,000 for 2003.

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

Sec. 11. Laws 2001, First Special Session chapter 6, article 2, section 77, subdivision 25, as amended by Laws 2001, First Special Session chapter 13, section 14, is amended to read:

Subd. 25. [SCHOOL EVALUATION SERVICES.] For contracting with an independent school evaluation services contractor to evaluate and report on school districts' academic and financial performance under section 64:

\$2,500,000	2002
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Any balance in the first year does not cancel but is available in the second year. The base for this program is \$2,000,000 in fiscal year 2004 and \$2,000,000 in fiscal year 2005.

Sec. 12. Laws 2001, First Special Session chapter 6, article 3, section 21, subdivision 2, is amended to read:

Subd. 2. [SPECIAL EDUCATION AID.] For special education aid according to Minnesota Statutes, section 125A.75:

\$507,448,000 <u>\$507,841,000</u>	.....	2002
\$531,481,000 <u>\$532,282,000</u>	.....	2003

The 2002 appropriation includes \$47,400,000 for 2001 and ~~\$460,048,000~~ \$460,441,000 for 2002.

The 2003 appropriation includes ~~\$51,116,000~~ \$51,160,000 for 2002 and ~~\$480,365,000~~ \$481,122,000 for 2003.

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

Sec. 13. Laws 2001, First Special Session chapter 6, article 3, section 21, subdivision 3, is amended to read:

Subd. 3. [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:

\$1,877,000 <u>\$1,358,000</u>	.....	2002
\$2,033,000 <u>\$3,161,000</u>	.....	2003

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.

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

Sec. 14. Laws 2001, First Special Session chapter 6, article 3, section 21, subdivision 4, is amended to read:

Subd. 4. [TRAVEL FOR HOME-BASED SERVICES.] For aid for teacher travel for home-based services according to Minnesota Statutes, section 125A.75, subdivision 1:

\$135,000 <u>\$143,000</u>	.....	2002
\$138,000 <u>\$148,000</u>	.....	2003

The 2002 appropriation includes ~~\$13,000~~ \$14,000 for 2001 and ~~\$122,000~~ \$129,000 for 2002.

The 2003 appropriation includes ~~\$13,000~~ \$15,000 for 2002 and ~~\$125,000~~ \$133,000 for 2003.

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

Sec. 15. Laws 2001, First Special Session chapter 6, article 3, section 21, subdivision 5, is amended to read:

Subd. 5. [SPECIAL EDUCATION EXCESS COST AID.] For excess cost aid:

\$102,665,000 <u>\$103,061,000</u>	.....	2002
\$104,773,000 <u>\$105,289,000</u>	.....	2003

The 2002 appropriation includes \$9,889,000 for 2001 and ~~\$92,776,000~~ \$93,172,000 for 2002.

The 2003 appropriation includes ~~\$10,308,000~~ \$10,352,000 for 2002 and ~~\$94,465,000~~ \$94,937,000 for 2003.

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

Sec. 16. Laws 2001, First Special Session chapter 6, article 3, section 21, subdivision 7, is amended to read:

Subd. 7. [TRANSITION PROGRAMS; STUDENTS WITH DISABILITIES.] For aid for transition programs for pupils with disabilities according to Minnesota Statutes, section 124D.454:

\$8,954,000 <u>\$8,960,000</u>	.....	2002
\$8,939,000 <u>\$8,952,000</u>	.....	2003

The 2002 appropriation includes \$896,000 for 2001 and ~~\$8,058,000~~ \$8,064,000 for 2002.

The 2003 appropriation includes ~~\$895,000~~ \$896,000 for 2002 and ~~\$8,044,000~~ \$8,056,000 for 2003.

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

Sec. 17. Laws 2001, First Special Session chapter 6, article 4, section 27, subdivision 2, is amended to read:

Subd. 2. [HEALTH AND SAFETY AID.] For health and safety aid according to Minnesota Statutes, section 123B.57, subdivision 5:

\$14,980,000 <u>\$13,630,000</u>	.....	2002
\$14,550,000 <u>\$10,800,000</u>	.....	2003

The 2002 appropriation includes \$1,480,000 for 2001 and ~~\$13,500,000~~ \$12,150,000 for 2002.

The 2003 appropriation includes ~~\$1,500,000~~ \$1,350,000 for 2002 and ~~\$13,050,000~~ \$9,450,000 for 2003.

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

Sec. 18. Laws 2001, First Special Session chapter 6, article 4, section 27, subdivision 3, is amended to read:

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

\$25,989,000 <u>\$25,987,000</u>	.....	2002
\$35,523,000 <u>\$31,892,000</u>	.....	2003

The 2002 appropriation includes \$2,890,000 for 2001 and ~~\$23,099,000~~ \$23,097,000 for 2002.

The 2003 appropriation includes ~~\$2,567,000~~ \$2,566,000 for 2002 and ~~\$32,956,000~~ \$29,326,000 for 2003.

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

Sec. 19. Laws 2001, First Special Session chapter 6, article 4, section 27, subdivision 5, is amended to read:

Subd. 5. [ALTERNATIVE FACILITIES BONDING AID.] For alternative facilities bonding aid, according to Minnesota Statutes, section 123B.59, subdivision 1:

\$19,279,000 <u>\$19,280,000</u>	.....	2002
\$19,287,000	.....	2003

The 2002 appropriation includes \$1,921,000 for 2001 and ~~\$17,358,000~~ \$17,359,000 for 2002.

The 2003 appropriation includes ~~\$1,929,000~~ \$1,928,000 for 2002 and ~~\$17,358,000~~ \$17,359,000 for 2003.

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

Sec. 20. Laws 2001, First Special Session chapter 6, article 4, section 27, subdivision 6, is amended to read:

Subd. 6. [TELECOMMUNICATION ACCESS COST REVENUE.] For telecommunication access cost revenue under Minnesota Statutes, section 125B.25:

\$15,387,000 <u>\$14,800,000</u>	.....	2002
\$1,565,000 <u>\$1,500,000</u>	.....	2003

The 2002 appropriation includes \$1,300,000 for 2001 and ~~\$14,087,000~~ \$13,500,000 for 2002.

The 2003 appropriation includes ~~\$1,565,000~~ \$1,500,000 for 2002 and \$0 for 2003.

If the appropriation amount is insufficient, the commissioner shall reduce the reimbursement rate in Minnesota Statutes, section 125B.25, subdivisions 5 and 6, and the revenue for the 2001-2002 school year shall be prorated. The reimbursement rate shall not exceed 100 percent.

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

Sec. 21. Laws 2001, First Special Session chapter 6, article 5, section 13, subdivision 2, is amended to read:

Subd. 2. [SCHOOL LUNCH.] (a) For school lunch aid according to Minnesota Statutes, section 124D.111, and Code of Federal Regulations, title 7, section 210.17, and for school milk aid according to Minnesota Statutes, section 124D.118:

\$8,710,000	.....	2002
\$8,950,000 <u>\$8,500,000</u>	.....	2003

(b) Not more than \$800,000 of the amount appropriated each year may be used for school milk aid.

Sec. 22. Laws 2001, First Special Session chapter 6, article 5, section 13, subdivision 5, is amended to read:

Subd. 5. [FAST BREAK TO LEARNING GRANTS.] For fast break to learning grants under Minnesota Statutes, section 124D.1156:

\$2,446,000	.....	2002
\$2,839,000	.....	2003

The 2002 appropriation includes \$0 for 2001 and \$2,446,000 for 2002.

The 2003 appropriation includes ~~\$272,000~~ \$271,000 for 2002 and ~~\$2,567,000~~ \$2,568,000 for 2003.

ARTICLE 3

EDUCATION POLICY

Section 1. [120B.25] [AMERICAN HERITAGE EDUCATION.]

(a) School districts shall adopt a policy to allow for grade-level instruction to assure that all students are encouraged, and have the opportunity, to read and study America's founding documents that are pertinent to understanding the principles, character, and world view of America's founders; including documents that contributed to the foundation or maintenance of America's representative republican form of limited government, our free-market economic system,

and patriotism. Districts shall permit a principal or teacher, in the ordinary course of their duties, to use, read, or post in a public school building or classroom any excerpts or portions of the documents, writings, speeches, proclamations, or records relating to the history, heritage, or foundation of the United States or the state of Minnesota, including, but not limited to:

(1) the Mayflower compact;

(2) the Declaration of Independence;

(3) the Constitutions of the United States and the state of Minnesota and the Bill of Rights;

(4) the Federalist Papers;

(5) the Northwest Ordinance of 1787;

(6) the Pledge of Allegiance in its original and current forms and the national anthem;

(7) Washington's farewell address to the nation, Lincoln's Gettysburg address, and other writings from George Washington Carver, Phyllis Wheatley, and Martin Luther King; and

(8) the published records of Congress and the United States Supreme Court decisions.

(b) In the ordinary course of providing instruction and curriculum, districts may not prohibit the use of documents, writings, speeches, proclamations, or records described under paragraph (a) based on religious references. These and any other materials must be used for educational purposes and not to establish any religion.

(c) Students may voluntarily choose to read, write, share, report, or otherwise study a topic which is religious in nature provided other students are provided with the same opportunity to freely choose a topic.

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

Sec. 2. Minnesota Statutes 2000, section 121A.11, is amended by adding a subdivision to read:

Subd. 3. [PLEDGE OF ALLEGIANCE.] (a) All public and charter school students shall recite the pledge of allegiance to the flag of the United States of America one or more times each week. The recitation shall be conducted:

(1) by each individual classroom teacher or the teacher's surrogate; or

(2) over a school intercom system by a person designated by the school principal or other person having administrative control over the school.

A local school board or a charter school board of directors annually, by majority vote, may waive this requirement.

(b) Any student or teacher who objects to reciting the pledge must be excused from participating without penalty.

(c) A local school board or a charter school board of directors that waives the requirement to recite the pledge of allegiance under paragraph (a) may adopt a district or school policy regarding the reciting of the pledge of allegiance.

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

Sec. 3. Minnesota Statutes 2000, section 121A.11, is amended by adding a subdivision to read:

Subd. 4. [INSTRUCTION.] Unless this requirement is waived annually by a majority vote of the school board, a school district must instruct students in the proper etiquette toward, correct display of, and respect for the flag, and in patriotic exercises. The instruction is recommended to be part of the district's fifth grade social studies curriculum.

[EFFECTIVE DATE.] This section is effective the day following final enactment. Each school district must begin the instruction required under this section no later than the 2003-2004 school year.

Sec. 4. Minnesota Statutes 2001 Supplement, section 122A.61, subdivision 1, is amended to read:

Subdivision 1. [STAFF DEVELOPMENT REVENUE.] A district is required to may reserve an amount equal to at least two percent of the basic revenue under section 126C.10, subdivision 2, for in-service education for programs under section 120B.22, subdivision 2, for staff development plans, including plans for challenging instructional activities and experiences under section 122A.60, and for curriculum development and programs, other in-service education, teachers' workshops, teacher conferences, the cost of substitute teachers staff development purposes, preservice and in-service education for special education professionals and paraprofessionals, and other related costs for staff development efforts. A district may annually waive the requirement to reserve their basic revenue under this section if a majority vote of the licensed teachers in the district and a majority vote of the school board agree to a resolution to waive the requirement. A district in statutory operating debt is exempt from reserving basic revenue according to this section. Districts may expend an additional amount of unreserved revenue for staff development based on their needs. With the exception of amounts reserved for staff development from revenues allocated directly to school sites; The board must initially may 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 or may use the revenue for district wide staff development efforts. The remaining 25 percent of the revenue must be used or to make grants to school sites for best practices methods. A grant may be used for any purpose authorized under section 120B.22, subdivision 2, 122A.60, or for the costs of curriculum development and programs, other in-service education, teachers' workshops, teacher conferences, substitute teachers for staff development purposes, and other staff development efforts, and determined by the site professional development team. The site professional development team must demonstrate to the school board the extent to which staff at the site have met the outcomes of the program. The board may withhold a portion of initial allocation of revenue if the staff development outcomes are not being met.

[EFFECTIVE DATE.] This section is effective for the 2002-2003 school year and later.

Sec. 5. Minnesota Statutes 2000, section 124D.10, is amended by adding a subdivision to read:

Subd. 3a. [FORMATION OF SCHOOL BY SCHOOL BOARD.] (a) This subdivision is intended to provide a method for school districts to create schools that serve to implement the school board's strategic plan for public education in the district.

(b) In addition to subdivision 4, paragraph (a), a school board or one or more licensed teachers working in cooperation with the school board may initiate a proposal to operate a charter school. A charter school formed under this subdivision does not require commissioner approval before the school may operate.

(c) A charter school formed under this subdivision is subject to the provisions of this section and section 124D.11 unless specifically exempted.

(d) Notwithstanding the board of directors selection requirements in subdivision 4, paragraph (c), up to two members of the charter school board of directors must be selected by the sponsoring school board.

(e) A charter school formed under this subdivision must submit its budget to the sponsoring school board for review and comment by school district officials. The charter school must submit its learning program to the sponsoring school board for review and comment before implementation or making significant changes.

(f) The sponsoring school district must provide facilities for the charter school formed under this subdivision. The charter school must pay the school district for the operating costs of the facility. If the school district does not have space for the charter school, the school may apply to the commissioner for building lease aid under section 124D.11, subdivision 4.

(g) The teacher selection process must be established in the charter school's bylaws. Teachers may be selected:

(1) by acquiring teaching services from a teachers cooperative or similar professional practice organization;

(2) from existing teachers in the sponsoring school district who are covered by the contract with the district and as a result, retain their contract rights in the district; or

(3) from outside the district.

If teachers are selected according to clause (2) or (3), the personnel selection, evaluation, and termination are the responsibility of the charter school. If teachers are selected according to clause (1), the personnel selection, evaluation, and termination are the responsibility of the professional practice organization.

(h) The nonrenewal or termination of a charter school contract formed under this section must follow the requirements of subdivision 23. However, if a hearing is requested according to the requirements of subdivision 23, the sponsoring school board must provide notice to the public and allow for public input at the hearing before a vote on nonrenewal or termination by the school board.

Sec. 6. Minnesota Statutes 2001 Supplement, section 124D.10, subdivision 8, is amended to read:

Subd. 8. [STATE AND LOCAL REQUIREMENTS.] (a) A charter school shall meet all applicable state and local health and safety requirements.

(b) A school sponsored by a school board may be located in any district, unless the school board of the district of the proposed location disapproves by written resolution.

(c) A charter school must be nonsectarian in its programs, admission policies, employment practices, and all other operations. A sponsor may not authorize a charter school or program that is affiliated with a nonpublic sectarian school or a religious institution.

(d) Charter schools must not be used as a method of providing education or generating revenue for students who are being home-schooled.

(e) The primary focus of a charter school must be to provide a comprehensive program of instruction for at least one grade or age group from five through 18 years of age. Instruction may be provided to people younger than five years and older than 18 years of age.

(f) A charter school may not charge tuition.

(g) A charter school is subject to and must comply with chapter 363 and section 121A.04.

(h) A charter school is subject to and must comply with the Pupil Fair Dismissal Act, sections 121A.40 to 121A.56, and the Minnesota Public School Fee Law, sections 123B.34 to 123B.39.

(i) A charter school is subject to the same financial audits, audit procedures, and audit requirements as a district. Audits must be conducted in compliance with generally accepted governmental auditing standards, the Federal Single Audit Act, if applicable, and section 6.65. A charter school is subject to and must comply with sections 15.054; 118A.01; 118A.02; 118A.03; 118A.04; 118A.05; 118A.06; 123B.52, subdivision 5; 471.38; 471.391; 471.392; 471.425; 471.87; 471.88, subdivisions 1, 2, 3, 4, 5, 6, 12, 13, and 15; 471.881; and 471.89. The audit must comply

with the requirements of sections 123B.75 to 123B.83, except to the extent deviations are necessary because of the program at the school. Deviations must be approved by the commissioner. The department of children, families, and learning, state auditor, or legislative auditor may conduct financial, program, or compliance audits. A charter school determined to be in statutory operating debt under sections 123B.81 to 123B.83 must submit a plan under section 123B.81, subdivision 4.

(j) A charter school is a district for the purposes of tort liability under chapter 466.

(k) A charter school is subject to the pledge of allegiance requirement under section 121A.11, subdivision 3.

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

Sec. 7. [TITLE.]

Minnesota Statutes, section 120B.25, shall be known as the American Heritage Education in Minnesota Public Schools Act.

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

ARTICLE 4

TECHNICAL AMENDMENTS

Section 1. Minnesota Statutes 2000, section 123B.92, subdivision 3, is amended to read:

Subd. 3. [ALTERNATIVE ATTENDANCE PROGRAMS.] A district that enrolls nonresident pupils in programs under sections 124D.03, 124D.06, ~~124D.07~~, 124D.08, 123A.05 to 123A.08, and 124D.68, must provide authorized transportation to the pupil within the attendance area for the school that the pupil attends. The resident district need not provide or pay for transportation between the pupil's residence and the district's border.

Sec. 2. Minnesota Statutes 2000, section 124D.03, subdivision 12, is amended 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 260C.007, 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. 3. Minnesota Statutes 2000, section 124D.10, subdivision 13, is amended to read:

Subd. 13. [LENGTH OF SCHOOL YEAR.] A charter school must provide instruction each year for at least the number of days required by section ~~120A.22, subdivision 5~~ 120A.41. It may provide instruction throughout the year according to sections 124D.12 to 124D.127 or 124D.128.

Sec. 4. Minnesota Statutes 2001 Supplement, section 124D.10, subdivision 23a, is amended to read:

Subd. 23a. [RELATED PARTY LEASE COSTS.] (a) A charter school is prohibited from entering a lease of real property with a related party as defined in this subdivision, unless the lessor is a nonprofit corporation under chapter 317A or a cooperative under chapter 308A, and the lease cost is reasonable under section 124D.11, subdivision 4, clause (1).

(b) For purposes of this subdivision:

(1) A "related party" is an affiliate or close relative of the other party in question, an affiliate of a close relative, or a close relative of an affiliate.

(2) "Affiliate" means a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, another person.

(3) "Close relative" means an individual whose relationship by blood, marriage, or adoption to another individual is no more remote than first cousin.

(4) "Person" means an individual or entity of any kind.

(5) "Control" includes the terms "controlling," "controlled by," and "under common control with" and means the possession, direct or indirect, of the power to direct or cause the direction of the management, operations, or policies of a person, whether through the ownership of voting securities, by contract, or otherwise.

(c) A lease of real property to be used for a charter school, not excluded in paragraph (b), must contain the following statement: "This lease is subject to Minnesota Statutes, section 124D.10, subdivision 23a."

(d) If a charter school enters into as lessee a lease with a related party and the charter school subsequently closes, the commissioner has the right to recover from the lessor any lease payments in excess of those that are reasonable under section ~~124.11~~ 124D.11, subdivision 4, clause (1).

Sec. 5. Minnesota Statutes 2000, section 124D.86, subdivision 6, is amended to read:

Subd. 6. [ALTERNATIVE ATTENDANCE PROGRAMS.] (a) The integration aid under subdivision 5 must be adjusted for each pupil residing in a district eligible for integration revenue under subdivision 3, clause (1), (2), or (3), and attending a nonresident district under sections 123A.05 to 123A.08, 124D.03, 124D.06, ~~124D.07~~, and 124D.08, that is not eligible for integration revenue under subdivision 3, clause (1), (2), or (3), and has implemented a plan under Minnesota Rules, parts 3535.0100 to 3535.0180, if the enrollment of the pupil in the nonresident district contributes to desegregation or integration purposes. The adjustments must be made according to this subdivision.

(b) Aid paid to a district serving nonresidents must be increased by an amount equal to the revenue per pupil unit of the resident district under subdivision 3, clause (1), (2), or (3), minus the revenue attributable to the pupil in the nonresident district under subdivision 3, clause (4), for the time the pupil is enrolled in the nonresident district.

Sec. 6. Minnesota Statutes 2000, section 125A.12, is amended to read:

125A.12 [ATTENDANCE IN ANOTHER DISTRICT.]

No resident of a district who is eligible for special instruction and services pursuant to this section may be denied provision of this instruction and service because of attending a public school in another district pursuant to section 123B.88, subdivision 5, if the attendance is not subject to section 124D.06, ~~124D.07~~, or 124D.08. If the pupil attends a public school located in a contiguous district and the district of attendance does not provide special instruction and services, the district of residence must provide necessary transportation for the pupil between the boundary of the district of residence and the educational facility where special instruction and services are provided within the district of residence. The district of residence may provide necessary transportation for the pupil between its boundary and the school attended in the contiguous district, but must not pay the cost of transportation provided outside the boundary of the district of residence.

Sec. 7. Minnesota Statutes 2001 Supplement, section 127A.45, subdivision 12, is amended to read:

Subd. 12. [PAYMENT PERCENTAGE FOR CERTAIN AIDS.] (a) One hundred percent of the aid for the current fiscal year must be paid for the following aids: reimbursement for enrollment options transportation, according to sections 124D.03, subdivision 8, 124D.09, subdivision 22, and 124D.10; school lunch aid, according to section 124D.111; hearing impaired support services aid, according to section 124D.57; and Indian post-secondary preparation grants according to section 124D.85.

(b) One hundred percent of the aid for the current fiscal year, based on enrollment in the previous year, must be paid for the first grade preparedness program according to section 124D.081.

Sec. 8. Minnesota Statutes 2000, 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 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 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 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. 9. Minnesota Statutes 2000, section 260B.171, subdivision 3, is amended to read:

Subd. 3. [DISPOSITION ORDER; COPY TO SCHOOL.] (a) If a juvenile is enrolled in school, the juvenile's probation officer shall transmit a copy of the court's disposition order to the superintendent of the juvenile's school district or the chief administrative officer of the juvenile's school if the juvenile has been adjudicated delinquent for committing an act on the school's property or an act:

(1) that would be a violation of section 609.185 (first-degree murder); 609.19 (second-degree murder); 609.195 (third-degree murder); 609.20 (first-degree manslaughter); 609.205 (second-degree manslaughter); 609.21 (criminal vehicular homicide and injury); 609.221 (first-degree assault); 609.222 (second-degree assault); 609.223 (third-degree assault); 609.2231 (fourth-degree assault); 609.224 (fifth-degree assault); 609.2242 (domestic assault); 609.24 (simple robbery); 609.245 (aggravated robbery); 609.25 (kidnapping); 609.255 (false imprisonment); 609.342 (first-degree

criminal sexual conduct); 609.343 (second-degree criminal sexual conduct); 609.344 (third-degree criminal sexual conduct); 609.345 (fourth-degree criminal sexual conduct); 609.3451 (fifth-degree criminal sexual conduct); 609.498 (tampering with a witness); 609.561 (first-degree arson); 609.582, subdivision 1 or 2 (burglary); 609.713 (terroristic threats); or 609.749 (harassment and stalking), if committed by an adult;

(2) that would be a violation of section 152.021 (first-degree controlled substance crime); 152.022 (second-degree controlled substance crime); 152.023 (third-degree controlled substance crime); 152.024 (fourth-degree controlled substance crime); 152.025 (fifth-degree controlled substance crime); 152.0261 (importing a controlled substance); or 152.027 (other controlled substance offenses), if committed by an adult; or

(3) that involved the possession or use of a dangerous weapon as defined in section 609.02, subdivision 6.

When a disposition order is transmitted under this subdivision, the probation officer shall notify the juvenile's parent or legal guardian that the disposition order has been shared with the juvenile's school.

(b) In addition, the juvenile's probation officer may transmit a copy of the court's disposition order to the superintendent of the juvenile's school district or the chief administrative officer of the juvenile's school if the juvenile has been adjudicated delinquent for offenses not listed in paragraph (a) and placed on probation. The probation officer shall notify the superintendent or chief administrative officer when the juvenile is discharged from probation.

(c) The disposition order must be accompanied by a notice to the school that the school may obtain additional information from the juvenile's probation officer with the consent of the juvenile or the juvenile's parents, as applicable. The disposition order must be maintained, shared, or released only as provided in section ~~121A.07~~ 121A.75.

(d) The juvenile's probation officer shall maintain a record of disposition orders released under this subdivision and the basis for the release.

(e) The criminal and juvenile justice information policy group, in consultation with representatives of probation officers and educators, shall prepare standard forms for use by juvenile probation officers in forwarding information to schools under this subdivision and in maintaining a record of the information that is released.

(f) As used in this subdivision, "school" means a school as defined in section 120A.22, subdivision 4, except a home school.

Sec. 10. [REPEALER.]

(a) Minnesota Statutes 2000, sections 126C.55, subdivision 5, and 127A.41, subdivision 6, are repealed.

(b) Laws 2001, First Special Session chapter 3, article 4, section 1, is repealed."

Renumber the sections in sequence and correct internal references

Delete the title and insert:

"A bill for an act relating to education; kindergarten through grade 12; providing for budget modifications, education policy, and technical amendments; appropriating money; amending Minnesota Statutes 2000, sections 4.07, subdivision 3; 121A.11, by adding subdivisions; 123B.78, subdivision 3; 123B.92, subdivision 3; 124D.03, subdivision 12; 124D.10, subdivision 13, by adding a subdivision; 124D.385, subdivision 3, by adding a subdivision; 124D.86, subdivisions 4, 5, 6; 125A.12; 126C.10, subdivision 3; 126C.50; 127A.47, subdivision 7; 136F.68; 260B.171, subdivision 3; Minnesota Statutes 2001 Supplement, sections 122A.61, subdivision 1; 123B.54; 124D.10, subdivisions 8, 23a; 124D.20, subdivision 5; 124D.86, subdivision 3; 126C.05, subdivision 15; 126C.17, subdivisions 1, 5; 126C.43, subdivision 3; 127A.45, subdivision 12; Laws 1997, First Special Session chapter 4, article 3, section 25, subdivision 7; Laws 2001, First Special Session chapter 6, article 1, section 54, subdivisions 2, 4, 5, 6, 7; Laws 2001, First Special

Session chapter 6, article 2, section 77, subdivisions 4, 5, 7, 8, 11, 15, 18, 22, 23, 25, as amended; Laws 2001, First Special Session chapter 6, article 3, section 21, subdivisions 2, 3, 4, 5, 7, 11; Laws 2001, First Special Session chapter 6, article 4, section 27, subdivisions 2, 3, 5, 6; Laws 2001, First Special Session chapter 6, article 5, section 13, subdivisions 2, 5; Laws 2001, First Special Session chapter 6, article 7, sections 13, as amended; 14; proposing coding for new law in Minnesota Statutes, chapters 120B; 126C; repealing Minnesota Statutes 2000, sections 123B.59, subdivisions 6, 7; 124D.453; 124D.46; 126C.55, subdivision 5; 127A.41, subdivision 6; Minnesota Statutes 2001 Supplement, sections 93.22, subdivision 2; 93.223; 93.2235; Laws 2000, chapter 489, article 2, section 36, as amended; Laws 2001, First Special Session chapter 3, article 4, section 1; Laws 2001, First Special Session chapter 6, article 1, section 31."

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

The report was adopted.

Ness from the Committee on Agriculture and Rural Development Finance to which was referred:

H. F. No. 3157, A bill for an act relating to state government; appropriating and reducing money for environmental, natural resources, and agricultural purposes; establishing and modifying certain programs; providing for regulation of certain activities and practices; providing for accounts, assessments, and fees; amending Minnesota Statutes 2000, sections 41A.09, subdivision 3a; 84.0887, subdivision 8; Minnesota Statutes 2001 Supplement, sections 93.2235; 115A.545, subdivision 2; Laws 2000, chapter 488, article 3, section 7; Laws 2001, First Special Session chapter 2, sections 5, subdivisions 2, 4, 5, 6, 7, 8, 9, 10, 11; 6; 14, subdivision 5; repealing Minnesota Statutes 2000, sections 1.31; 17.110; 84.0887, subdivisions 3, 7; 84.98, subdivisions 1, 2, 3, 4, 6, 7, 8; 84.99; 84B.11; 103B.3369, subdivisions 7, 8; 103B.351; 103F.461; 103G.2373; Minnesota Statutes 2001 Supplement, sections 84.0887, subdivisions 1, 2, 4, 5, 6, 9; 84.98, subdivision 5; Minnesota Rules, parts 8405.0100; 8405.0110; 8405.0120; 8405.0130; 8405.0140; 8405.0150; 8405.0160; 8405.0170; 8405.0180; 8405.0190; 8405.0200; 8405.0210; 8405.0220; 8405.0230.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [AGRICULTURE APPROPRIATIONS AND REDUCTIONS.]

The dollar amounts in the columns under "APPROPRIATIONS" are added to or, if shown in parentheses, are subtracted from the appropriations in Laws 2001, First Special Session chapter 2, or other law, to the specified agencies. The appropriations are from the general fund or other named fund and are available for the fiscal years indicated for each purpose. The figure "2002" or "2003" means that the addition to or subtraction from the appropriations listed under the figure are for the fiscal year ending June 30, 2002, or June 30, 2003, respectively. The term "the first year" means the year ending June 30, 2002, and the term "the second year" means the year ending June 30, 2003.

APPROPRIATIONS Available for the Year Ending June 30	
2002	2003

Sec. 2. AGRICULTURE

Subdivision 1. Total Appropriation Reductions	(26,000)	(810,000)
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The amounts reduced from the appropriations in Laws 2001, First Special Session chapter 2, are specified in the following subdivisions.

APPROPRIATIONS
Available for the Year
Ending June 30
2002 2003

Subd. 2. Protection Services

-0- (250,000)

Base funding for the protection service program is \$11,451,000 in the fiscal year beginning July 1, 2003.

Subd. 3. Agricultural Marketing and Development

(21,000) (71,000)

Base funding for the agricultural marketing and development program is \$5,514,000 for the fiscal year beginning July 1, 2003.

Beginning in fiscal year 2003, the commissioner shall contract with counties or other qualified entities to deliver the manure management program.

Subd. 4. Administration and Financial Assistance

(5,000) (489,000)

\$5,000 the first year and \$2,000 the second year of this reduction are from family farm security interest payment adjustments.

\$175,000 the second year of this reduction is from grants to agriculture information centers.

\$11,500 the second year of this reduction is from the appropriation for the Seaway Port Authority of Duluth.

Base funding for the administration and financial assistance program is \$4,344,000 for the fiscal year beginning July 1, 2003.

Subd. 5. Cancellations

\$43,000 from Laws 2000, chapter 488, article 3, section 5, for grants to one or more cooperative associations for the purpose of facilitating the production and marketing of short rotation woody crops is canceled to the general fund.

Subd. 6. Transfers

(a) By June 30, 2002, the commissioner shall transfer the unencumbered cash balance in the ethanol development fund established in Minnesota Statutes, section 41B.044, to the general fund.

APPROPRIATIONS
Available for the Year
Ending June 30
2002 2003

(b) By June 30, 2002, the commissioner shall transfer \$106,000 from the balance in the family farm security account established in Minnesota Statutes, section 41.61, to the general fund.

(c) By June 30, 2002, the commissioner shall transfer \$1,690,000 from the unencumbered bond proceeds balance in the family farm security account established in Minnesota Statutes, section 41.61, to the debt service fund.

(d) By June 30, 2004, the commissioner shall transfer \$50,000 from the balance in the family farm security account established in Minnesota Statutes, section 41.61, to the general fund.

(e) By June 30, 2005, the commissioner shall transfer \$410,000 from the unencumbered bond proceeds balance in the family farm security account established in Minnesota Statutes, section 41.61, to the debt service fund.

Sec. 3. MINNESOTA HORTICULTURE SOCIETY	-0-	(16,000)
Sec. 4. AGRICULTURAL UTILIZATION RESEARCH INSTITUTE	(400,000)	(401,000)

\$20,000 each year of the reduction is from the money appropriated for hybrid tree management research and development.

Base funding of the agricultural utilization research institute is \$3,717,000 for the fiscal year beginning July 1, 2003.

Sec. 5. Minnesota Statutes 2000, section 38.331, subdivision 2, is amended to read:

Subd. 2. [COUNTY EXTENSION WORK.] "County extension work" means educational programs and services provided by extension agents in the areas of agriculture, ~~economic and human development, community, agricultural finance, economic development, nutrition, youth leadership development including 4-H programs,~~ leadership, and environment and natural resources.

Sec. 6. Minnesota Statutes 2000, section 41A.09, subdivision 3a, is amended to read:

Subd. 3a. [PAYMENTS.] (a) The commissioner of agriculture shall make cash payments to producers of ethanol, anhydrous alcohol, and wet alcohol located in the state. These payments shall apply only to ethanol, anhydrous alcohol, and wet alcohol fermented in the state and produced at plants that have begun production by June 30, 2000, except that a plant eligible for payments under paragraph (l) must begin production by June 30, 2004. For the purpose of this subdivision, an entity that holds a controlling interest in more than one ethanol plant is considered a single producer. The amount of the payment for each producer's annual production is:

(1) except as provided in ~~paragraph~~ paragraphs (b) or (l), (m), and (n), for each gallon of ethanol or anhydrous alcohol produced on or before June 30, 2000, or ten years after the start of production, whichever is later, 20 cents per gallon; and

(2) for each gallon produced of wet alcohol on or before June 30, 2000, or ten years after the start of production, whichever is later, a payment in cents per gallon calculated by the formula "alcohol purity in percent divided by five," and rounded to the nearest cent per gallon, but not less than 11 cents per gallon.

The producer payments for anhydrous alcohol and wet alcohol under this section may be paid to either the original producer of anhydrous alcohol or wet alcohol or the secondary processor, at the option of the original producer, but not to both.

Except as provided in paragraphs (l), (m), and (n), no payments shall be made for production that occurs after June 30, 2010.

(b) If the level of production at an ethanol plant increases due to an increase in the production capacity of the plant, the payment under paragraph (a), clause (1), applies to the additional increment of production until ten years after the increased production began. Once a plant's production capacity reaches 15,000,000 gallons per year, no additional increment will qualify for the payment. A plant eligible for payments under paragraph (l) is not eligible for payments in excess of the production capacity certified to the commissioner on June 30, 2004.

(c) The commissioner shall make payments to producers of ethanol or wet alcohol in the amount of 1.5 cents for each kilowatt hour of electricity generated using closed-loop biomass in a cogeneration facility at an ethanol plant located in the state. Payments under this paragraph shall be made only for electricity generated at cogeneration facilities that begin operation by June 30, 2000. The payments apply to electricity generated on or before the date ten years after the producer first qualifies for payment under this paragraph. Total payments under this paragraph in any fiscal year may not exceed \$750,000. For the purposes of this paragraph:

(1) "closed-loop biomass" means any organic material from a plant that is planted for the purpose of being used to generate electricity or for multiple purposes that include being used to generate electricity; and

(2) "cogeneration" means the combined generation of:

(i) electrical or mechanical power; and

(ii) steam or forms of useful energy, such as heat, that are used for industrial, commercial, heating, or cooling purposes.

(d) Payments under paragraphs (a) ~~and~~ (b), and (l) to all producers may not exceed \$37,000,000 in a fiscal year. Total payments under paragraphs (a) ~~and~~ (b), and (l) to a producer in a fiscal year may not exceed \$3,000,000.

(e) By the last day of October, January, April, and July, each producer shall file a claim for payment for ethanol, anhydrous alcohol, and wet alcohol production during the preceding three calendar months. A producer with more than one plant shall file a separate claim for each plant. A producer that files a claim under this subdivision shall include a statement of the producer's total ethanol, anhydrous alcohol, and wet alcohol production in Minnesota during the quarter covered by the claim, including anhydrous alcohol and wet alcohol produced or received from an outside source. A producer shall file a separate claim for any amount claimed under paragraph (c). For each claim and statement of total ethanol, anhydrous alcohol, and wet alcohol production filed under this subdivision, the volume of ethanol, anhydrous alcohol, and wet alcohol production or amounts of electricity generated using closed-loop biomass must be examined by an independent certified public accountant in accordance with standards established by the American Institute of Certified Public Accountants.

(f) Payments shall be made November 15, February 15, May 15, and August 15. A separate payment shall be made for each claim filed. Except as provided in paragraph (j), the total quarterly payment to a producer under this paragraph, excluding amounts paid under paragraph (c), may not exceed \$750,000.

(g) If the total amount for which all producers are eligible in a quarter under paragraph (c) exceeds the amount available for payments, the commissioner shall make payments in the order in which the plants covered by the claims began generating electricity using closed-loop biomass.

(h) After July 1, 1997, new production capacity is only eligible for payment under this subdivision if the commissioner receives:

- (1) an application for approval of the new production capacity;
- (2) an appropriate letter of long-term financial commitment for construction of the new production capacity; and
- (3) copies of all necessary permits for construction of the new production capacity.

The commissioner may approve new production capacity based on the order in which the applications are received.

(i) Except as provided in paragraph (l), the commissioner may not approve any new production capacity after July 1, 1998, except that a producer with an approved production capacity of at least 12,000,000 gallons per year but less than 15,000,000 gallons per year prior to July 1, 1998, is approved for 15,000,000 gallons of production capacity.

(j) Notwithstanding the quarterly payment limits of paragraph (f), the commissioner shall make an additional payment in the eighth quarter of each fiscal biennium to ethanol producers for the lesser of: (1) 20 cents per gallon of production in the eighth quarter of the biennium that is greater than 3,750,000 gallons; or (2) the total amount of payments lost during the first seven quarters of the biennium due to plant outages, repair, or major maintenance. Total payments to an ethanol producer in a fiscal biennium, including any payment under this paragraph, must not exceed the total amount the producer is eligible to receive based on the producer's approved production capacity. The provisions of this paragraph apply only to production losses that occur in quarters beginning after December 31, 1999.

(k) For the purposes of this subdivision "new production capacity" means annual ethanol production capacity that was not allowed under a permit issued by the pollution control agency prior to July 1, 1997, or for which construction did not begin prior to July 1, 1997.

(l) Beginning in fiscal year 2005, to the extent funding is available as provided in paragraph (n), the commissioner may make ethanol producer payments for one additional second generation cooperative-owned plant that meets the following conditions:

(1) the cooperative owning the plant makes application to the commissioner and includes copies of all major construction or operating permits and a letter of financial commitment for the plant;

(2) the plant is located in west central or northwestern Minnesota;

(3) the plant is designed to accommodate nontraditional feedstocks and may also be capable of utilizing traditional feedstocks; and

(4) construction on the plant is begun after January 1, 2003.

(m) A plant eligible to receive ethanol producer payments under paragraph (l) shall receive payments for eligible production for a period of ten years after payments are begun or until expiration of this section under subdivision 5a.

(n) To the extent that anticipated producer payments in a fiscal year for eligible ethanol plant capacity in production on January 1, 2002, total less than \$37,000,000, the commissioner of agriculture shall make cash payments to an ethanol plant eligible for payments under paragraphs (l) and (m).

Sec. 7. Minnesota Statutes 2000, section 41A.09, subdivision 5a, is amended to read:

Subd. 5a. [EXPIRATION.] This section expires June 30, ~~2010~~ 2015, and the unobligated balance of each appropriation under this section on that date reverts to the general fund.

Sec. 8. [41B.049] [RENEWABLE ENERGY LOAN PROGRAM.]

Subdivision 1. [ESTABLISHMENT.] The authority shall establish and implement a methane digester loan program to help finance the purchase of necessary equipment and the construction of a system that will utilize manure to produce electricity.

Subd. 2. [REVOLVING ACCOUNT.] There is established in the state treasury a revolving account which is eligible to receive appropriations and the transfer of funds from other services. All repayments of financial assistance granted under subdivision 1, including principal and interest, must be deposited into this account. Interest earned on money in the account accrues to the account, and money in the fund is appropriated to the commissioner of agriculture for purposes of this section, including costs incurred by the authority to establish and administer the program.

Subd. 3. [ELIGIBILITY.] Notwithstanding section 41B.03, to be eligible for these programs a borrower must:

- (1) locate the projects and utilize the equipment and practices on land located in Minnesota;
- (2) provide evidence of financial stability;
- (3) demonstrate an ability to repay the loan; and
- (4) provide evidence that the practices implemented and capital assets purchased will be properly managed and maintained.

Subd. 4. [LOANS.] (a) The authority may participate in a loan with an eligible lender to a farmer who is eligible under subdivision 3. The interest rates and repayment terms of the authority's participation interest may differ from the interest rates and repayment terms of the lender's retained portion of the loan, but the authority's interest rate must not exceed four percent.

(b) Application for loan participation must be made on forms prescribed by the authority.

(c) Standards for loan amortization must be set by the rural finance authority not to exceed ten years.

(d) Security for the loans must be a personal note executed by the borrower and whatever other security is required by the eligible lender or the authority.

(e) No loan proceeds may be used to refinance a debt existing prior to application.

(f) The authority may impose a reasonable nonrefundable application fee for each application for loan participation. The authority may review the application fees annually and make adjustments as necessary. The application fee is initially set at \$100 for a methane digester loan under subdivision 1. The fees received by the authority must be deposited in the revolving account created in subdivision 2.

Subd. 5. [METHANE DIGESTER LOAN CRITERIA.] (a) To be eligible, a borrower must be a resident of Minnesota or an entity that is not prohibited from owning agricultural land under section 500.24.

(b) Participation is limited to 45 percent of the principal amount of the loan or \$250,000, whichever is less.

(c) Loans under this program may be used as a match for federal loans or grants.

(d) A borrower who has previously participated in a loan under subdivision 1 is prohibited from participating in another methane digester loan under subdivision 1.

Sec. 9. [TRANSFER OF FUNDS; DEPOSIT OF REPAYMENTS.]

The remaining balance in the disaster recovery revolving fund established under Minnesota Statutes, section 41B.047, subdivision 2, is transferred to the revolving account established under Minnesota Statutes, section 41B.049, subdivision 2, and the fund is abolished on the effective date of this section. Notwithstanding Minnesota Statutes, section 41B.047, subdivision 2, all future receipts from loans originated under Minnesota Statutes, section 41B.047, shall be deposited in the revolving account established under Minnesota Statutes, section 41B.049, subdivision 2.

Sec. 10. [UNIVERSITY OF MINNESOTA.]

Notwithstanding the restrictions in Minnesota Statutes, section 41B.049, subdivision 4, the commissioner may participate in a zero interest loan to the University of Minnesota for up to \$75,000 to contract for the design and construction of a demonstration, small-scale methane digester under Minnesota Statutes, section 41B.049, subdivision 1. For purposes of this section, "small scale" means a methane digester suitable for processing the waste produced by no more than 150 animal units.

Sec. 11. [LOCATION OF DEPARTMENT OF AGRICULTURE PRINCIPAL ADMINISTRATIVE OFFICES.]

(a) The commissioner of administration, in consultation with the commissioner of agriculture, shall develop comprehensive plans and timelines for relocation of the principal administrative offices of the department of agriculture to a location outside the metropolitan counties listed in Minnesota Statutes, section 473.121, subdivision 4. Planning for the relocation must be completed no later than June 30, 2003, the date on which the current lease on the agriculture department headquarters at 90 West Plato Blvd., St. Paul, Minnesota expires.

(b) Priority to be used in determining a nonmetropolitan area location of the principal administrative offices shall be relocation to:

- (1) an existing state-owned building that is currently vacant;
- (2) suitable existing space available for lease or purchase; and
- (3) newly constructed administrative space.

(c) This section is not intended to preclude colocation of agriculture department laboratories with laboratory facilities of other appropriate departments, or to specify the location of a collocated laboratory.

Sec. 12. [EFFECTIVE DATE.]

Except as otherwise specified, sections 1 to 11 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to state government; appropriating and reducing money for agricultural purposes; establishing and modifying certain programs; providing for regulation of certain activities and practices; providing for accounts, assessments, and fees; amending Minnesota Statutes 2000, sections 38.331, subdivision 2; 41A.09, subdivisions 3a, 5a; proposing coding for new law in Minnesota Statutes, chapter 41B."

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

The report was adopted.

Bradley from the Committee on Health and Human Services Policy to which was referred:

H. F. No. 3200, A bill for an act relating to health occupations; establishing guest licenses for dentists and dental hygienists; establishing guest registration for dental assistants; amending Minnesota Statutes 2000, section 150A.06, by adding a subdivision.

Reported the same back with the following amendments:

Page 1, line 16, before the semicolon, insert ", South Dakota, Iowa, or Wisconsin"

Page 1, line 17, after "dentist" insert ", dental hygienist, or dental assistant"

Page 1, line 18, delete "dentistry" and insert "that person's respective profession" and before the semicolon, insert ", South Dakota, Iowa, or Wisconsin"

Page 1, line 24, delete ", with a focus on immediate pain relief."

Page 2, line 6, before the comma, insert ", South Dakota, Iowa, or Wisconsin"

With the recommendation that when so amended the bill pass.

The report was adopted.

Ozment from the Committee on Environment and Natural Resources Policy to which was referred:

H. F. No. 3275, A bill for an act relating to the environment; encouraging citizen water quality monitoring; amending Minnesota Statutes 2000, section 115.061.

Reported the same back with the following amendments:

Delete page 1, line 23 to page 2, line 16, and insert:

"Subd. 2. [CITIZEN MONITORING.] The agency shall encourage citizen monitoring of water quality for waters of the state by:

(1) providing technical assistance, when available, to citizen and local group water quality monitoring efforts;

(2) integrating citizen monitoring data into water quality assessments and agency programs provided that the data adheres to agency quality assurance and quality control protocols; and

(3) seeking public and private funds, to:

(i) collaboratively develop clear guidelines for water quality monitoring procedures and data management practices for specific data and information uses;

(ii) distribute the guidelines to citizens, local governments, and other interested parties;

(iii) improve and expand water quality monitoring activities carried out by the agency; and

(iv) continue to improve electronic and Web access to water quality data and information about waters of the state that have been either fully or partially assessed."

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 3286, A bill for an act relating to the organization and operation of state government; providing for programs relating to higher education; appropriating money and reducing earlier appropriations with certain conditions; amending Minnesota Statutes 2001 Supplement, sections 136A.124, subdivisions 2, 4; 136G.01; 136G.11, subdivision 1; Laws 2001, First Special Session chapter 1, article 1, section 2, subdivision 3; repealing Minnesota Statutes 2000, section 124D.95, subdivisions 1, 2, 3, 4, 5, 7, 8; Minnesota Statutes 2001 Supplement, section 136G.11, subdivisions 2, 3, 4, 5, 6, 7, 8, 9, 10; Laws 1997, chapter 183, article 2, section 19.

Reported the same back with the following amendments:

Page 4, lines 17 and 18, delete the new language and insert "do not exceed the general fund transfers for tuition reciprocity in that fiscal year"

Page 4, delete lines 39 to 52

Renumber the sections in sequence

With the recommendation that when so amended the bill pass.

The report was adopted.

Bradley from the Committee on Health and Human Services Policy to which was referred:

H. F. No. 3310, A bill for an act relating to human services; modifying requirements for medical assistance coverage of prescription drugs; amending Minnesota Statutes 2001 Supplement, section 256B.0625, subdivision 13.

Reported the same back with the following amendments:

Page 5, line 15, after "brand" insert "medically" and delete "genetically" and insert "generically"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Health and Human Services Finance.

The report was adopted.

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

H. F. No. 3395, A bill for an act relating to appropriations; changing and reducing appropriations made for public safety, criminal justice, and other agencies and activities; making clarifying changes; amending Laws 2001, First Special Session chapter 8, article 4, sections 10, subdivisions 1, 7; 11.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

CRIMINAL JUSTICE APPROPRIATIONS

Section 1. APPROPRIATIONS/REDUCTIONS

The dollar amounts in the columns under "APPROPRIATIONS" are added to or, if shown in parentheses, are subtracted from the appropriations in Laws 2001, First Special Session chapters 8, 9, or other law to the specified agencies. The appropriations are from the general fund or other named fund and are available for the fiscal years indicated for each purpose. The figure "2002" or "2003" means that the addition to or subtraction from the appropriations listed under the figure are for the fiscal year ending June 30, 2002, or June 30, 2003, respectively.

	2002	2003
APPROPRIATION REDUCTIONS	(8,166,000)	(25,342,000)

SUMMARY BY FUND

	2002	2003
General	\$(8,166,000)	\$(25,282,000)
Special Revenue		(60,000)

APPROPRIATIONS Available for the Year Ending June 30	
2002	2003

Sec. 2. SUPREME COURT	-0-	(1,656,000)
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\$459,000 the second year is to reduce funding to civil legal services. The base for fiscal year 2004 shall be reduced by \$500,000 and for fiscal year 2005 by \$500,000. The funding and base for civil legal services may not be reduced more than these amounts.

The base for fiscal year 2004 shall be reduced by \$1,614,000 and for fiscal year 2005 by \$1,504,000.

No portion of this reduction may come from a reduction in spending of the funds appropriated to the courts for the Minnesota criminal information system.

Sec. 3. COURT OF APPEALS	-0-	(243,000)
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The base for fiscal year 2004 shall be reduced by \$325,000 and for fiscal year 2005 by \$325,000.

	APPROPRIATIONS Available for the Year Ending June 30	
	2002	2003
Sec. 4. DISTRICT COURTS	-0-	(3,865,000)
<p>The base for fiscal year 2004 shall be reduced by \$7,224,000 and for fiscal year 2005 by \$8,002,000. These appropriation reductions may also be applied to the appropriations to the trial courts as amended in Laws 2001, First Special Session chapter 8, article 5, section 23.</p>		
Sec. 5. HUMAN RIGHTS	-0-	(207,000)
<p>The base for fiscal year 2004 shall be reduced by \$227,000 and for fiscal year 2005 by \$227,000.</p>		
Sec. 6. BOARD OF PUBLIC DEFENSE	-0-	(1,766,000)
<p>For the board of public defense, the base for fiscal year 2004 shall be reduced by \$2,313,000 and for fiscal year 2005 by \$2,313,000.</p>		
Sec. 7. CORRECTIONS		
Subdivision 1. Total Appropriation Changes	(5,165,000)	(12,380,000)
Subd. 2. Adult Institutions	(5,200,000)	(3,000,000)
<p>For adult institutions, the base for fiscal year 2004 shall be reduced by \$4,988,000 and for fiscal year 2005 by \$4,988,000.</p>		
Subd. 3. Juvenile Services	-0-	(115,000)
Subd. 4. Community Services	35,000	(8,815,000)
<p>[RESTORATIVE JUSTICE PROGRAM.] \$443,000 the second year is to eliminate funding for the restorative justice program.</p>		
<p>[AMERICAN INDIAN PROGRAMS.] \$421,000 the second year is to eliminate funding for the American Indian programs.</p>		
<p>[CRIMINAL JUSTICE AND JAIL RESOURCE CENTER.] \$205,000 the second year is to eliminate funding for the criminal justice and jail resource center.</p>		
<p>[JUVENILE RESIDENTIAL TREATMENT GRANTS.] \$5,000,000 the second year is to reduce juvenile residential treatment grants.</p>		
<p>[EXTENDED JUVENILE JURISDICTION REIMBURSEMENT.] \$1,998,000 the second year is to eliminate extended juvenile jurisdiction reimbursement grants.</p>		

APPROPRIATIONS
Available for the Year
Ending June 30
2002 2003

[CLEARWATER COUNTY PROBATION SERVICES.] \$35,000 the first year and \$74,000 the second year are for an increase to probation services provided to Clearwater county. It is anticipated that the county will reimburse the state for these costs and that these proceeds will be deposited in the general fund.

[PRETRIAL BAILEVALUATION REIMBURSEMENT.] \$322,000 the second year is to eliminate pretrial bail evaluation reimbursement.

[COMMUNITY REENTRY PROGRAM.] \$200,000 the second year is to eliminate the community reentry program.

[RESEARCH UNIT.] \$300,000 the second year is to reduce funding for the research unit. The base for community services shall be reduced by \$400,000 in fiscal year 2004 and \$400,000 in fiscal year 2005 to reflect decreased funding for the research unit.

[REMOTE ELECTRONIC ALCOHOL MONITORING PROGRAM.] The base for community services shall be reduced by \$100,000 for fiscal year 2004 and \$100,000 for fiscal year 2005 to reflect decreased funding for the remote electronic alcohol monitoring project.

[CONTINUUM OF CARE GRANTS.] The base for community services shall be reduced by \$1,000,000 for fiscal year 2004 and \$1,000,000 for fiscal year 2005 to reflect the elimination of continuum of care grants for juveniles at high risk to become extended jurisdiction juveniles and for extended jurisdiction juveniles.

[FEMALE OFFENDER PROBATION UNIT.] The base for community services shall be reduced by \$242,000 for fiscal year 2004 and \$242,000 for fiscal year 2005 to reflect decreased funding for the female offender probation unit.

Subd. 5. Management Services (450,000)

The base for fiscal year 2004 shall be reduced by \$600,000 and for fiscal year 2005 by \$600,000.

Sec. 8. PUBLIC SAFETY

Subdivision 1. Total Appropriation Reductions (3,001,000) (4,363,000)

Subd. 2. Emergency Management (200,000) (1,200,000)

For emergency management, the base for fiscal year 2004 shall be reduced by \$2,990,000 and for fiscal year 2005 by \$2,990,000.

APPROPRIATIONS
Available for the Year
Ending June 30

	2002	2003
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Subd. 3. Fire Marshal	-0-	(84,000)
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The base for fiscal year 2004 shall be reduced by \$99,000 and for fiscal year 2005 by \$99,000.

Subd. 4. Alcohol and Gambling Enforcement	-0-	(84,000)
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[BACKGROUND CHECK FEE.] The fee charged by the alcohol and gambling division to Indian tribal governments for investigations and background checks under Minnesota Statutes, section 3.9221, is increased from \$8 to \$15, effective July 1, 2002.

[BACKGROUND CHECK FEE.] The fee charged by the alcohol and gambling division to manufacturers and distributors of gambling devices for background checks under Minnesota Statutes, section 299L.07, subdivision 5, is increased from \$8 to \$15, effective July 1, 2002.

For alcohol and gambling enforcement, the base for fiscal year 2004 shall be reduced by \$168,000 and for fiscal year 2005 by \$168,000.

Subd. 5. Crime Victims Services Center	(1,284,000)	(1,668,000)
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[SHELTER PER DIEMS.] \$900,000 the first year and \$900,000 the second year are reductions in per diem funding for shelters. The base for the crime victim services center shall be reduced by \$995,000 in fiscal year 2004 and \$995,000 in fiscal year 2005 to reflect reduced funding for shelters.

[CRIME VICTIMS SERVICES STAFF AND GRANTS.] \$384,000 the first year and \$768,000 the second year are reductions for crime victims services staff and grants. For crime victims services grants, the base for fiscal year 2004 shall be reduced by \$900,000 and for fiscal year 2005 by \$900,000.

Subd. 6. Law Enforcement and Community Grants	(1,517,000)	(1,327,000)
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[DRUG POLICY AND VIOLENCE PREVENTION GRANTS.] \$1,292,000 the first year and \$142,000 the second year are to reduce drug policy and violence prevention grants. The base for law enforcement and community grants shall be reduced by \$243,000 in fiscal year 2004 and \$243,000 in fiscal year 2005 to reflect reduced funding for drug policy and violence prevention grants.

[MODEL POLICING; MENTAL ILLNESS CALLS.] \$150,000 the first year is to eliminate the onetime appropriation for the model policing program mental illness calls.

APPROPRIATIONS
Available for the Year
Ending June 30
2002 2003

[CAMP RIPLEY WEEKEND CAMP.] \$175,000 the second year is to eliminate the Camp Ripley weekend camp.

[VIOLENCE PREVENTION COUNCIL.] \$75,000 the first year and \$75,000 the second year are to eliminate grants to the violence prevention council.

[AUTOMOBILE THEFT PREVENTION ACCOUNT.] By June 30, 2002, the commissioner of finance shall transfer the available unencumbered balance from the automobile theft prevention account in the special revenue fund to the general fund. Minnesota Statutes, section 168A.40, subdivision 4, does not apply to money transferred to the general fund under this paragraph.

[VIOLENCE REDUCTION MEDIA CAMPAIGN.] \$750,000 the second year is to eliminate the public advertising campaign designed to reduce violence and counteract the effect of violence in the media.

[STAFF SAVINGS.] \$185,000 the second year is to reduce staff. The base for law enforcement and community grants shall be reduced by \$250,000 in fiscal year 2004 and \$250,000 in fiscal year 2005 to reflect decreased funding for staff.

Sec. 9. OMBUDSMAN FOR CORRECTIONS	-0-	(336,000)
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Sec. 10. SENTENCING GUIDELINES COMMISSION	-0-	(55,000)
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The base for fiscal year 2004 shall be reduced by \$60,000 and for fiscal year 2005 by \$60,000.

Sec. 11. CRIME VICTIM OMBUDSMAN	-0-	(411,000)
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Sec. 12. [ADMINISTRATION.]

[ISSUANCE OF REQUEST FOR PROPOSALS; FELONY-LEVEL DWI OFFENDERS.] The commissioner of administration shall issue a request for proposals by November 1, 2002, and shall make a report by January 15, 2003, to the legislature on the vendor proposals received that would provide housing and chemical dependency treatment for felony-level driving while impaired offenders. The department of corrections shall respond to the request for proposals.

Sec. 13. Laws 2001, First Special Session chapter 8, article 4, section 11, is amended to read:

Sec. 11. BOARD OF PEACE OFFICER STANDARDS AND TRAINING	4,692,000	4,724,000 4,664,000
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[PEACE OFFICER TRAINING ACCOUNT.] This appropriation is from the peace officer training account in the special revenue fund. Any receipts credited to the peace officer training account in the

special revenue fund in the first year in excess of \$4,692,000 must be transferred and credited to the general fund. Any receipts credited to the peace officer training account in the special revenue fund in the second year in excess of ~~\$4,724,000~~ \$4,664,000 must be transferred and credited to the general fund.

The base for fiscal year 2004 shall be reduced by an additional \$60,000 and for fiscal year 2005 by an additional \$60,000.

Sec. 14. Minnesota Statutes 2000, section 168A.40, subdivision 4, is amended to read:

Subd. 4. [AUTOMOBILE THEFT PREVENTION ACCOUNT.] A special revenue account is created in the state treasury to be credited with the proceeds of the surcharge imposed under subdivision 3. Of the revenue in the account, \$1,300,000 each year shall be transferred to the general fund. Revenues in excess of \$1,300,000 each year may be used only for the automobile theft prevention program described in section 299A.75.

Sec. 15. Minnesota Statutes 2001 Supplement, section 171.29, subdivision 2, is amended to read:

Subd. 2. [REINSTATEMENT FEES AND SURCHARGES, ALLOCATION.] (a) A person whose driver's license has been revoked as provided in subdivision 1, except under section 169A.52, 169A.54, or 609.21, shall pay a \$30 fee before the driver's license is reinstated.

(b) A person whose driver's license has been revoked as provided in subdivision 1 under section 169A.52, 169A.54, or 609.21, shall pay a \$250 fee plus a \$40 surcharge before the driver's license is reinstated. Beginning July 1, 2002, the surcharge is \$145. Beginning July 1, 2003, the surcharge is \$380. The \$250 fee is to be credited as follows:

(1) Twenty percent must be credited to the trunk highway fund.

(2) ~~Fifty-five~~ Sixty-seven percent must be credited to the general fund.

(3) Eight percent must be credited to a separate account to be known as the bureau of criminal apprehension account. Money in this account may be appropriated to the commissioner of public safety and the appropriated amount must be apportioned 80 percent for laboratory costs and 20 percent for carrying out the provisions of section 299C.065.

(4) ~~Twelve percent must be credited to a separate account to be known as the alcohol-impaired driver education account. Money in the account is appropriated as follows:~~

~~(i) in fiscal year 2002:~~

~~(A) the first \$200,000 to the commissioner of children, families, and learning for programs for elementary and secondary school students; and~~

~~(B) the remainder credited to the commissioner of public safety to be spent as grants through March 31, 2002, to the Minnesota highway safety center at St. Cloud State University for programs relating to alcohol and highway safety education in elementary and secondary schools and then from April 1, 2002, through June 30, 2002, for programs described in item (ii); and~~

~~(ii) after June 30, 2002, to the commissioner of public safety for grants for programs relating to alcohol and highway safety education in elementary and secondary schools.~~

~~(5) Five percent must be credited to a separate account to be known as the traumatic brain injury and spinal cord injury account. The money in the account is annually appropriated to the commissioner of health to be used as follows: 35 percent for a contract with a qualified community-based organization to provide information, resources, and support to assist persons with traumatic brain injury and their families to access services, and 65 percent to maintain the~~

traumatic brain injury and spinal cord injury registry created in section 144.662. For the purposes of this clause, a "qualified community-based organization" is a private, not-for-profit organization of consumers of traumatic brain injury services and their family members. The organization must be registered with the United States Internal Revenue Service under section 501(c)(3) as a tax-exempt organization and must have as its purposes:

- (i) the promotion of public, family, survivor, and professional awareness of the incidence and consequences of traumatic brain injury;
- (ii) the provision of a network of support for persons with traumatic brain injury, their families, and friends;
- (iii) the development and support of programs and services to prevent traumatic brain injury;
- (iv) the establishment of education programs for persons with traumatic brain injury; and
- (v) the empowerment of persons with traumatic brain injury through participation in its governance.

No patient's name, identifying information or identifiable medical data will be disclosed to the organization without the informed voluntary written consent of the patient or patient's guardian, or if the patient is a minor, of the parent or guardian of the patient.

(c) The surcharge must be credited to a separate account to be known as the remote electronic alcohol monitoring program account. The commissioner shall transfer the balance of this account to the commissioner of finance on a monthly basis for deposit in the general fund.

(d) When these fees are collected by a licensing agent, appointed under section 171.061, a handling charge is imposed in the amount specified under section 171.061, subdivision 4. The reinstatement fees and surcharge must be deposited in an approved state depository as directed under section 171.061, subdivision 4.

Sec. 16. Minnesota Statutes 2000, section 120A.34, is amended to read:

120A.34 [VIOLATIONS; PENALTIES.]

Any person who fails or refuses to provide for instruction of a child of whom the person has legal custody, and who is required by section 120A.22, subdivision 5, to receive instruction, when notified so to do by a truant officer or other official, or any person who induces or attempts to induce any child unlawfully to be absent from school, or who knowingly harbors or employs, while school is in session, any child unlawfully absent from school, shall be guilty of a petty misdemeanor. Any fines collected shall be paid into the county treasury for the benefit of the school district in which the offense is committed.

Sec. 17. Minnesota Statutes 2001 Supplement, section 260B.007, subdivision 16, is amended to read:

Subd. 16. [JUVENILE PETTY OFFENDER; JUVENILE PETTY OFFENSE.] (a) "Juvenile petty offense" includes a juvenile alcohol offense, a juvenile controlled substance offense, a violation of section 609.685, or a violation of a local ordinance, which by its terms prohibits conduct by a child under the age of 18 years which would be lawful conduct if committed by an adult. "Juvenile petty offense" also includes the first two times that a child is a habitual truant, as defined in section 260C.007, subdivision 19.

(b) Except as otherwise provided in paragraph (c), "juvenile petty offense" also includes an offense that would be a misdemeanor if committed by an adult.

(c) "Juvenile petty offense" does not include any of the following:

(1) a misdemeanor-level violation of section 518B.01, 588.20, 609.224, 609.2242, 609.324, 609.563, 609.576, 609.66, 609.746, 609.748, 609.79, or 617.23;

(2) a major traffic offense or an adult court traffic offense, as described in section 260B.225;

(3) a misdemeanor-level offense committed by a child whom the juvenile court previously has found to have committed a misdemeanor, gross misdemeanor, or felony offense; or

(4) a misdemeanor-level offense committed by a child whom the juvenile court has found to have committed a misdemeanor-level juvenile petty offense on two or more prior occasions, unless the county attorney designates the child on the petition as a juvenile petty offender notwithstanding this prior record. As used in this clause, "misdemeanor-level juvenile petty offense" includes a misdemeanor-level offense that would have been a juvenile petty offense if it had been committed on or after July 1, 1995.

(d) A child who commits a juvenile petty offense is a "juvenile petty offender."

Sec. 18. Minnesota Statutes 2001 Supplement, section 260C.007, subdivision 6, is amended to read:

Subd. 6. [CHILD IN NEED OF PROTECTION OR SERVICES.] "Child in need of protection or services" means a child who is in need of protection or services because the child:

(1) is abandoned or without parent, guardian, or custodian;

(2)(i) has been a victim of physical or sexual abuse, (ii) resides with or has resided with a victim of domestic child abuse as defined in subdivision 5, (iii) resides with or would reside with a perpetrator of domestic child abuse or child abuse as defined in subdivision 5, or (iv) is a victim of emotional maltreatment as defined in subdivision 8;

(3) is without necessary food, clothing, shelter, education, or other required care for the child's physical or mental health or morals because the child's parent, guardian, or custodian is unable or unwilling to provide that care;

(4) is without the special care made necessary by a physical, mental, or emotional condition because the child's parent, guardian, or custodian is unable or unwilling to provide that care, including a child in voluntary placement due solely to the child's developmental disability or emotional disturbance;

(5) is medically neglected, which includes, but is not limited to, the withholding of medically indicated treatment from a disabled infant with a life-threatening condition. The term "withholding of medically indicated treatment" means the failure to respond to the infant's life-threatening conditions by providing treatment, including appropriate nutrition, hydration, and medication which, in the treating physician's or physicians' reasonable medical judgment, will be most likely to be effective in ameliorating or correcting all conditions, except that the term does not include the failure to provide treatment other than appropriate nutrition, hydration, or medication to an infant when, in the treating physician's or physicians' reasonable medical judgment:

(i) the infant is chronically and irreversibly comatose;

(ii) the provision of the treatment would merely prolong dying, not be effective in ameliorating or correcting all of the infant's life-threatening conditions, or otherwise be futile in terms of the survival of the infant; or

(iii) the provision of the treatment would be virtually futile in terms of the survival of the infant and the treatment itself under the circumstances would be inhumane;

(6) is one whose parent, guardian, or other custodian for good cause desires to be relieved of the child's care and custody, including a child in placement according to voluntary release by the parent under section 260C.212, subdivision 8;

(7) has been placed for adoption or care in violation of law;

(8) is without proper parental care because of the emotional, mental, or physical disability, or state of immaturity of the child's parent, guardian, or other custodian;

(9) is one whose behavior, condition, or environment is such as to be injurious or dangerous to the child or others. An injurious or dangerous environment may include, but is not limited to, the exposure of a child to criminal activity in the child's home;

(10) is experiencing growth delays, which may be referred to as failure to thrive, that have been diagnosed by a physician and are due to parental neglect;

(11) has engaged in prostitution as defined in section 609.321, subdivision 9;

(12) has committed a delinquent act or a juvenile petty offense before becoming ten years old;

(13) is a runaway;

(14) is a habitual truant for the third time;

(15) has been found incompetent to proceed or has been found not guilty by reason of mental illness or mental deficiency in connection with a delinquency proceeding, a certification under section 260B.125, an extended jurisdiction juvenile prosecution, or a proceeding involving a juvenile petty offense; or

(16) has been found by the court to have committed domestic abuse perpetrated by a minor under Laws 1997, chapter 239, article 10, sections 2 to 26, has been ordered excluded from the child's parent's home by an order for protection/minor respondent, and the parent or guardian is either unwilling or unable to provide an alternative safe living arrangement for the child.

Sec. 19. Minnesota Statutes 2001 Supplement, section 299A.75, subdivision 1, is amended to read:

Subdivision 1. [PROGRAM DESCRIBED; COMMISSIONER'S DUTIES.] (a) The commissioner of public safety shall:

(1) develop and sponsor the implementation of statewide plans, programs, and strategies to combat automobile theft, improve the administration of the automobile theft laws, and provide a forum for identification of critical problems for those persons dealing with automobile theft;

(2) coordinate the development, adoption, and implementation of plans, programs, and strategies relating to interagency and intergovernmental cooperation with respect to automobile theft enforcement;

(3) annually audit the plans and programs that have been funded in whole or in part to evaluate the effectiveness of the plans and programs and withdraw funding should the commissioner determine that a plan or program is ineffective or is no longer in need of further financial support from the fund;

(4) develop a plan of operation including:

(i) an assessment of the scope of the problem of automobile theft, including areas of the state where the problem is greatest;

(ii) an analysis of various methods of combating the problem of automobile theft;

(iii) a plan for providing financial support to combat automobile theft;

(iv) a plan for eliminating car hijacking; and

- (v) an estimate of the funds required to implement the plan; and
- (5) distribute money pursuant to subdivision 3 from the automobile theft prevention special revenue account for automobile theft prevention activities, including:
- (i) paying the administrative costs of the program;
 - (ii) providing financial support to the state patrol and local law enforcement agencies for automobile theft enforcement teams;
 - (iii) providing financial support to state or local law enforcement agencies for programs designed to reduce the incidence of automobile theft and for improved equipment and techniques for responding to automobile thefts;
 - (iv) providing financial support to local prosecutors for programs designed to reduce the incidence of automobile theft;
 - (v) providing financial support to judicial agencies for programs designed to reduce the incidence of automobile theft;
 - (vi) providing financial support for neighborhood or community organizations or business organizations for programs designed to reduce the incidence of automobile theft and to educate people about the common methods of automobile theft, the models of automobiles most likely to be stolen, and the times and places automobile theft is most likely to occur; and
 - (vii) providing financial support for automobile theft educational and training programs for state and local law enforcement officials, driver and vehicle services exam and inspections staff, and members of the judiciary.
- (b) The commissioner may not spend in any fiscal year more than ten percent of the money in the fund for the program's administrative and operating costs. The commissioner is annually appropriated and must distribute the ~~full~~ amount of the proceeds credited to the automobile theft prevention special revenue account each year, less the transfer of \$1,300,000 each year to the general fund described in section 168A.40, subdivision 4.

Sec. 20. Minnesota Statutes 2000, section 299F.011, is amended by adding a subdivision to read:

Subd. 7. [FEES.] A fee of \$100 shall be charged by the state fire marshal for each plan review involving:

- (1) flammable liquids under Minnesota Rules, part 7510.3650;
- (2) motor vehicle fuel-dispensing stations under Minnesota Rules, part 7510.3610; or
- (3) liquefied petroleum gases under Minnesota Rules, part 7510.3670.

Sec. 21. Minnesota Statutes 2000, section 299L.02, subdivision 7, is amended to read:

Subd. 7. [REVOLVING ACCOUNT.] The director shall deposit in a separate account in the state treasury all money received from Indian tribal governments for charges for investigations and background checks under compacts negotiated under section 3.9221, except for \$7 from each charge that shall be deposited in the general fund. Money in the account is appropriated to the director for the purpose of carrying out the director's powers and duties under those compacts.

Sec. 22. Minnesota Statutes 2000, section 299L.07, subdivision 5, is amended to read:

Subd. 5. [INVESTIGATION.] Before a license under this section is granted, the director may conduct a background and financial investigation of the applicant, including the applicant's sources of financing. The director may, or shall when required by law, require that fingerprints be taken and the director may forward the fingerprints to the Federal Bureau of Investigation for a national criminal history check. The director may charge an investigation fee to cover the cost of the investigation. Of this fee, \$7 from each charge shall be deposited in the general fund.

Sec. 23. Minnesota Statutes 2001 Supplement, section 242.192, is amended to read:

242.192 [CHARGES TO COUNTIES.]

~~(a) Until June 30, 2002,~~ The commissioner shall charge counties or other appropriate jurisdictions 65 percent of the per diem cost of confinement, excluding educational costs and nonbillable service, of juveniles at the Minnesota correctional facility-Red Wing and of juvenile females committed to the commissioner of corrections. This charge applies to juveniles committed to the commissioner of corrections and juveniles admitted to the Minnesota correctional facility-Red Wing under established admissions criteria. This charge applies to both counties that participate in the Community Corrections Act and those that do not. The commissioner shall determine the per diem cost of confinement based on projected population, pricing incentives, market conditions, and the requirement that expense and revenue balance out over a period of two years. All money received under this section must be deposited in the state treasury and credited to the general fund.

~~(b) Until June 30, 2002, the department of corrections shall be responsible for 35 percent of the per diem cost of confinement described in this section.~~

Sec. 24. Minnesota Statutes 2000, section 611.17, is amended to read:

611.17 [FINANCIAL INQUIRY; STATEMENTS; CO-PAYMENT.]

(a) Each judicial district must screen requests under paragraph (b).

(b) Upon a request for the appointment of counsel, the court shall make appropriate inquiry into the financial circumstances of the applicant, who shall submit a financial statement under oath or affirmation setting forth the applicant's assets and liabilities, including the value of any real property owned by the applicant, whether homestead or otherwise, less the amount of any encumbrances on the real property, the source or sources of income, and any other information required by the court. The applicant shall be under a continuing duty while represented by a public defender to disclose any changes in the applicant's financial circumstances that might be relevant to the applicant's eligibility for a public defender. The state public defender shall furnish appropriate forms for the financial statements. The forms must contain conspicuous notice of the applicant's continuing duty to disclose to the court changes in the applicant's financial circumstances. The information contained in the statement shall be confidential and for the exclusive use of the court and the public defender appointed by the court to represent the applicant except for any prosecution under section 609.48. A refusal to execute the financial statement or produce financial records constitutes a waiver of the right to the appointment of a public defender.

(c) Upon disposition of the case, an individual who has received public defender services shall pay to the court a \$28 co-payment for representation provided by a public defender, unless the co-payment is, or has been, waived by the court. The co-payment shall be deposited in the state general fund. If a term of probation is imposed as a part of an offender's sentence, the co-payment required by this section must not be made a condition of probation. The co-payment required by this section is a civil obligation and must not be made a condition of a criminal sentence.

Sec. 25. Minnesota Statutes 2000, section 611A.371, subdivision 1, is amended to read:

Subdivision 1. [PURPOSE.] The purpose of the per diem grant program is to provide reimbursement in a timely, efficient manner to local programs for the reasonable and necessary costs of providing battered women and their children with food, lodging, and safety. Per diem Grant funding may not be used for other purposes.

[EFFECTIVE DATE.] This section is effective July 1, 2003.

Sec. 26. Minnesota Statutes 2001 Supplement, section 611A.372, is amended to read:

611A.372 [DUTIES OF DIRECTOR.]

In addition to any other duties imposed by law, the director, with the approval of the commissioner of public safety, shall:

- (1) supervise the administration of per diem grant payments to designated shelter facilities;
- (2) collect data on shelter facilities;
- (3) conduct an annual evaluation of the per diem grant program;
- (4) report to the governor and the legislature on the need for emergency secure shelter;
- (5) develop an application process for shelter facilities to follow in seeking reimbursement under the per diem grant program; and
- (6) adopt rules to implement and administer sections 611A.37 to 611A.375.

[EFFECTIVE DATE.] This section is effective July 1, 2003.

Sec. 27. Minnesota Statutes 2000, section 611A.373, is amended to read:

611A.373 [PAYMENTS.]

Subdivision 1. [PAYMENT REQUESTS.] Payments to designated shelter facilities must be in the form of a grant. Designated shelter facilities may submit requests for payment monthly based on the number of persons housed their expenses. The process for the submission of payments and for the submission for requests may be established by the director. Upon approval of the request for payment by the center, payments shall be made directly to designated shelter facilities from per diem grant funds on behalf of women and their children who reside in the shelter facility. Payments made to a designated shelter facility must not exceed the annual reserve grant amount for that facility unless approved by the director. These payments must not affect the eligibility of individuals who reside in shelter facilities for public assistance benefits, except when required by federal law or regulation.

Subd. 2. [RESERVE GRANT AMOUNT.] The center shall calculate annually the reserve the grant amount for each designated shelter facility. This calculation may be based upon program type, average occupancy rates, and licensed capacity limits. The total of all reserve grant amounts shall not exceed the legislative per diem appropriation.

Subd. 3. [ACCOUNTABILITY.] Shelter facilities must comply with reporting requirements and any other measures imposed by the Minnesota center for crime victim services to improve accountability and program outcomes including, but not limited to, information on all restricted or unrestricted fund balances.

[EFFECTIVE DATE.] The amendments to subdivisions 1 and 2 of this section are effective July 1, 2003. Subdivision 3 is effective the day following final enactment.

Sec. 28. [WORKING GROUP ON CRIMINAL JUSTICE SYSTEM EFFICIENCY.]

(a) The commissioners of corrections and public safety shall convene a working group of criminal justice professionals to identify and study ways to make the state's criminal justice system more efficient and effective at both the state and local levels. The chief justice of the supreme court and state public defender are requested to take part in this working group.

The working group may be divided into subworking groups if doing so will assist in meeting the working group's objectives. The working group and each subworking group shall seek input from criminal justice practitioners and individuals working throughout the criminal justice area. To the extent feasible and practical, the working group shall incorporate bench marking and best practices components in carrying out its work.

(b) The commissioners of corrections and public safety, with the input of the chief justice of the supreme court and state public defender, shall report to the chairs and ranking minority members of the house and senate committees with jurisdiction over criminal justice policy and funding on its findings and recommendations by January 15, 2003.

Sec. 29. [OFFICE ABOLISHED.]

The office of ombudsman for the Minnesota state department of corrections is hereby abolished.

Sec. 30. [REPEALER.]

Subdivision 1. [CORRECTIONS OMBUDSMAN.] Minnesota Statutes 2000, sections 241.41, 241.42, 241.43, 241.44, 241.441, and Minnesota Statutes 2001 Supplement, section 241.45, are repealed.

Subd. 2. [SHELTER GRANTS CHANGES.] Minnesota Statutes 2000, sections 611A.37, subdivisions 6 and 7; and 611A.375, are repealed.

Subd. 3. [ANTI-VIOLENCE MEDIA CAMPAIGN.] Laws 1996, chapter 408, article 2, section 10, is repealed.

[EFFECTIVE DATE.] Subdivision 2 is effective July 1, 2003.

ARTICLE 2

CRIME VICTIMS OVERSIGHT CHANGES

Section 1. Minnesota Statutes 2000, section 13.871, subdivision 5, is amended to read:

Subd. 5. [CRIME VICTIMS.] (a) [CRIME VICTIM NOTICE OF RELEASE.] Data on crime victims who request notice of an offender's release are classified under section 611A.06.

(b) [SEX OFFENDER HIV TESTS.] Results of HIV tests of sex offenders under section 611A.19, subdivision 2, are classified under that section.

(c) [BATTERED WOMEN.] Data on battered women maintained by grantees for emergency shelter and support services for battered women are governed by section 611A.32, subdivision 5.

(d) [VICTIMS OF DOMESTIC ABUSE.] Data on battered women and victims of domestic abuse maintained by grantees and recipients of per diem payments for emergency shelter for battered women and support services for battered women and victims of domestic abuse are governed by sections 611A.32, subdivision 5, and 611A.371, subdivision 3.

(e) [CRIME VICTIM CLAIMS FOR REPARATIONS.] Claims and supporting documents filed by crime victims seeking reparations are classified under section 611A.57, subdivision 6.

(f) [CRIME VICTIM ~~OMBUDSMAN~~ OVERSIGHT ACT.] Data maintained by the ~~crime victim ombudsman commissioner of public safety under the Crime Victim Oversight Act~~ are classified under section 611A.74, subdivision 2.

Sec. 2. Minnesota Statutes 2000, section 135A.15, subdivision 1, is amended to read:

Subdivision 1. [POLICY REQUIRED.] The board of trustees of the Minnesota state colleges and universities shall, and the University of Minnesota is requested to, adopt a clear, understandable written policy on sexual harassment and sexual violence that informs victims of their rights under the crime victims bill of rights, including the right to assistance from the crime victims reparations board and the ~~office of the crime victim ombudsman~~ commissioner of public safety. The policy must apply to students and employees and must provide information about their rights and duties. The policy must apply to criminal incidents occurring on property owned by the post-secondary system or institution in which the victim is a student or employee of that system or institution. It must include procedures for reporting incidents of sexual harassment or sexual violence and for disciplinary actions against violators. During student registration, each technical college, community college, or state university shall, and the University of Minnesota is requested to, provide each student with information regarding its policy. A copy of the policy also shall be posted at appropriate locations on campus at all times. Each private post-secondary institution that is an eligible institution as defined in section 136A.101, subdivision 4, must adopt a policy that meets the requirements of this section.

Sec. 3. Minnesota Statutes 2001 Supplement, section 256.022, subdivision 1, is amended to read:

Subdivision 1. [CREATION.] The commissioner of human services shall establish a review panel for purposes of reviewing investigating agency determinations regarding maltreatment of a child in a facility in response to requests received under section 626.556, subdivision 10i, paragraph (b). The review panel consists of the commissioners of health; human services; children, families, and learning; public safety; and corrections; ~~the ombudsman for crime victims~~; and the ombudsman for mental health and mental retardation; or their designees.

Sec. 4. Minnesota Statutes 2000, section 611A.72, is amended to read:

611A.72 [CITATION.]

Sections 611A.72 to 611A.74 may be cited as the "Crime Victim ~~Ombudsman~~ Oversight Act."

Sec. 5. Minnesota Statutes 2000, section 611A.73, subdivision 2, is amended to read:

Subd. 2. [APPROPRIATE AUTHORITY.] "Appropriate authority" includes anyone who is the subject of a complaint under sections 611A.72 to 611A.74 to the ~~crime victim ombudsman~~ commissioner or anyone within the agency who is in a supervisory position with regard to one who is the subject of a complaint under sections 611A.72 to 611A.74.

Sec. 6. Minnesota Statutes 2000, section 611A.73, is amended by adding a subdivision to read:

Subd. 6. [COMMISSIONER.] "Commissioner" means the commissioner of public safety.

Sec. 7. Minnesota Statutes 2001 Supplement, section 611A.74, subdivision 1, is amended to read:

Subdivision 1. [~~CREATION AUTHORITY UNDER THIS ACT.~~] ~~The office of crime victim ombudsman for Minnesota is created. The ombudsman shall be appointed by the governor, shall serve in the unclassified service at the pleasure of the governor, and shall be selected without regard to political affiliation. No person may serve as ombudsman while holding any other public office. The ombudsman is directly accountable to the governor and must periodically report to the commissioner of public safety on the operations and activities of the office. The ombudsman commissioner shall have the authority under sections 611A.72 to 611A.74 to investigate decisions, acts, and other matters of the criminal justice system so as to promote the highest attainable standards of competence, efficiency, and justice for crime victims in the criminal justice system.~~

Sec. 8. Minnesota Statutes 2000, section 611A.74, subdivision 2, is amended to read:

Subd. 2. [DUTIES.] The ~~crime victim ombudsman~~ ombudsman commissioner may investigate complaints concerning possible violation of the rights of crime victims or witnesses provided under this chapter, the delivery of victim services by victim assistance programs, the administration of the crime victims reparations act, and other complaints of mistreatment by elements of the criminal justice system or victim assistance programs. The ombudsman commissioner shall act as a liaison, when the ombudsman commissioner deems necessary, between agencies, either in the criminal justice system or in victim assistance programs, and victims and witnesses. The ombudsman commissioner may be concerned with activities that strengthen procedures and practices which lessen the risk that objectionable administrative acts will occur. The ombudsman commissioner ~~must be made available through the use of a toll free telephone number and shall answer questions concerning the criminal justice system and victim services put to the~~ ombudsman commissioner by victims and witnesses in accordance with the ombudsman's commissioner's knowledge of the facts or law, unless the information is otherwise restricted. The ombudsman commissioner shall establish a procedure for referral to the crime victim crisis centers, the crime victims reparations board, and other victim assistance programs when services are requested by crime victims or deemed necessary by the ombudsman commissioner.

The ombudsman's commissioner's files are confidential data as defined in section 13.02, subdivision 3, during the course of an investigation or while the files are active. Upon completion of the investigation or when the files are placed on inactive status, they are private data on individuals as defined in section 13.02, subdivision 12.

Sec. 9. Minnesota Statutes 2000, section 611A.74, subdivision 3, is amended to read:

Subd. 3. [POWERS.] The ~~crime victim ombudsman~~ ombudsman commissioner has those powers necessary to carry out the duties set out in subdivision 2, including:

(a) The ombudsman commissioner may investigate, with or without a complaint, any action of an element of the criminal justice system or a victim assistance program included in subdivision 2.

(b) The ombudsman commissioner may request and shall be given access to information and assistance the ombudsman commissioner considers necessary for the discharge of responsibilities. The ombudsman commissioner may inspect, examine, and be provided copies of records and documents of all elements of the criminal justice system and victim assistance programs. The ombudsman commissioner may request and shall be given access to police reports pertaining to juveniles and juvenile delinquency petitions, notwithstanding section 260B.171 or 260C.171. Any information received by the ombudsman commissioner retains its data classification under chapter 13 while in the ombudsman's commissioner's possession. Juvenile records obtained under this subdivision may not be released to any person.

(c) The ombudsman commissioner may prescribe the methods by which complaints are to be made, received, and acted upon; may determine the scope and manner of investigations to be made; and subject to the requirements of sections 611A.72 to 611A.74, may determine the form, frequency, and distribution of ombudsman commissioner conclusions, recommendations, and proposals.

(d) After completing investigation of a complaint, the ombudsman commissioner shall inform in writing the complainant, the investigated person or entity, and other appropriate authorities of the action taken. If the complaint involved the conduct of an element of the criminal justice system in relation to a criminal or civil proceeding, the ombudsman's commissioner's findings shall be forwarded to the court in which the proceeding occurred.

(e) Before announcing a conclusion or recommendation that expressly or impliedly criticizes an administrative agency or any person, the ombudsman commissioner shall consult with that agency or person.

Sec. 10. Minnesota Statutes 2000, section 611A.74, subdivision 4, is amended to read:

Subd. 4. [NO COMPELLED TESTIMONY.] Neither the ~~ombudsman~~ commissioner nor any member of the ~~ombudsman's commissioner's~~ staff may be compelled to testify or produce evidence in any judicial or administrative proceeding with respect to matters involving the exercise of official duties under sections 611A.72 to 611A.74 except as may be necessary to enforce the provisions of this section.

Sec. 11. Minnesota Statutes 2000, section 611A.74, subdivision 5, is amended to read:

Subd. 5. [RECOMMENDATIONS.] (a) On finding a complaint valid after duly considering the complaint and whatever material the ~~ombudsman~~ commissioner deems pertinent, the ~~ombudsman~~ commissioner may recommend action to the appropriate authority.

(b) If the ~~ombudsman~~ commissioner makes a recommendation to an appropriate authority for action, the authority shall, within a reasonable time period, but not more than 30 days, inform the ~~ombudsman~~ commissioner about the action taken or the reasons for not complying with the recommendation.

(c) The ~~ombudsman~~ commissioner may publish conclusions and suggestions by transmitting them to the governor, the legislature or any of its committees, the press, and others who may be concerned. When publishing an opinion adverse to an administrative agency, the ~~ombudsman~~ commissioner shall include any statement the administrative agency may have made to the ~~ombudsman~~ commissioner by way of explaining its past difficulties or its present rejection of the ~~ombudsman's commissioner's~~ proposals.

Sec. 12. Minnesota Statutes 2000, section 611A.74, subdivision 6, is amended to read:

Subd. 6. [REPORTS.] In addition to whatever reports the ~~ombudsman~~ commissioner may make from time to time, the ~~ombudsman~~ commissioner shall biennially report to the legislature and to the governor concerning the exercise of ~~ombudsman the commissioner's~~ functions under sections 611A.72 to 611A.74 during the preceding biennium. The biennial report is due on or before the beginning of the legislative session following the end of the biennium.

Sec. 13. [FILE AND DATA TRANSFER.]

On June 30, 2002, the crime victim ombudsman shall deliver to the commissioner of public safety all files, records, and data under the authority or control of the ombudsman relating to all of the activities and investigations of the office of the crime victim ombudsman.

Sec. 14. [REPEALER.]

Minnesota Statutes 2000, section 611A.74, subdivision 1a, is repealed.

ARTICLE 3

TECHNICAL CORRECTIONS

Section 1. Laws 2001, First Special Session chapter 8, article 4, section 10, subdivision 1, is amended to read:

Subdivision 1. Total Appropriation	88,001,000	84,299,000
	<u>87,851,000</u>	<u>84,149,000</u>

Summary by Fund

	2002	2003
General	84,919,000 <u>84,769,000</u>	81,195,000 <u>81,045,000</u>
Special Revenue	2,674,000	2,687,000
State Government Special Revenue	7,000	7,000
Environmental	47,000	49,000
Trunk Highway	354,000	361,000

[APPROPRIATIONS FOR PROGRAMS.] The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

[DWI PENALTY FUNDS.] The commissioners of public safety and transportation must jointly report annually to the chairs and ranking minority members of the house of representatives and senate committees having jurisdiction over transportation and public safety finance issues on the expenditure of any federal funds available under the repeat offender transfer program, Public Law Number 105-206, section 164.

Sec. 2. Laws 2001, First Special Session chapter 8, article 4, section 10, subdivision 7, is amended to read:

Subd. 7. Law Enforcement and Community Grants

Summary by Fund

General	6,942,000 <u>6,792,000</u>	6,136,000 <u>5,986,000</u>
Special Revenue	2,130,000	2,130,000

[UNENCUMBERED BALANCES.] Any unencumbered balances remaining in the first year do not cancel but are available for the second year.

[ENCUMBERED BALANCES.] Notwithstanding Minnesota Statutes, section 16A.28, appropriations encumbered under contract on or before June 30 each year are available until the following June 30.

[SPECIAL REVENUE; RACIAL PROFILING.] The appropriation from the special revenue account must be spent according to article 7, section 14.

[FUNDING TO COMBAT METHAMPHETAMINE TRAFFICKING AND PRODUCTION.] \$471,000 the first year is a onetime appropriation for grants under Minnesota Statutes, section 299C.065, subdivision 1, clause (1), including grants to the bureau of criminal apprehension for increased law enforcement costs relating to methamphetamine trafficking and production. Grant recipients must be chosen by the office of drug policy and violence prevention after consulting with the narcotics enforcement coordinating committee. Grants to drug task force agencies must be allocated in a balanced manner among rural, suburban, and urban agencies. Grants may be awarded and used for the following items relating to clandestine methamphetamine labs:

- (1) increased general law enforcement costs;
- (2) training materials and public awareness publications;
- (3) peace officer training courses, certification, and equipment; and
- (4) reimbursements to law enforcement agencies for extraordinary or unusual overtime and investigative expenses.

Grants must not be used for methamphetamine lab site cleanup or disposal of seized equipment or chemicals. Additionally, grants must not supplant current local spending or other state or federal grants allocated by the commissioner for similar purposes.

[GANG STRIKE FORCE GRANTS.] \$750,000 the first year and \$750,000 the second year are onetime appropriations for criminal gang strike force grants under Minnesota Statutes, section 299A.66. The commissioner of public safety must provide direct administrative and fiscal oversight for all grants awarded under Minnesota Statutes, section 299A.66.

[USE OF BYRNE GRANTS.] The commissioner must consider using a portion of federal Byrne grant funds for grants to:

- (1) the center for reducing rural violence;
- (2) organizations or agencies that provide gang prevention services, such as the boys and girls club, the youth experiencing alternatives (YEA) program, the police athletic league, agencies eligible for Asian-American juvenile crime intervention and prevention grants under Minnesota Statutes, section 299A.2994, subdivision 3, clause (2), or other similar organizations; and
- (3) continue funding the pilot project to provide neighborhood-based services to crime victims and witnesses funded in Laws 1999, chapter 216, article 1, section 8, subdivision 3, and described in Laws 1999, chapter 216, article 2, section 23.

[JOINT DOMESTIC ABUSE PROSECUTION UNIT.] \$197,000 the first year is a onetime appropriation for a grant to the Ramsey county attorney's office to continue funding the joint domestic abuse prosecution unit. This appropriation is available until June 30, 2003.

The Ramsey county attorney's office and the St. Paul city attorney's office shall continue the joint domestic abuse prosecution unit pilot project established by the legislature under Laws 2000, chapters 471, section 3; and 488, article 6, section 10. The appropriation must be used to continue the pilot project beyond its first year of operation and allow a meaningful evaluation that will benefit other jurisdictions in Minnesota. The unit has authority to prosecute misdemeanors, gross misdemeanors, and felonies. The unit shall also coordinate efforts with child protection attorneys. The unit may include four cross-deputized assistant city attorneys and assistant county attorneys and a police investigator. A victim/witness advocate, a law clerk, a paralegal, and a secretary may provide support.

The goals of this pilot project are to:

- (1) recognize children as both victims and witnesses in domestic abuse situations;
- (2) recognize and respect the interests of children in the prosecution of domestic abuse; and
- (3) reduce the exposure to domestic violence for both adult and child victims.

By January 15, 2002, the Ramsey county attorney's office and the St. Paul city attorney's office shall report to the chairs and ranking minority members of the senate and house of representatives committees and divisions having jurisdiction over criminal justice policy and funding on the pilot project. The report may include the number and types of cases referred, the number of cases charged, the outcome of cases, and other relevant outcome measures.

[COPS, HEAT, AND FINANCIAL CRIMES INVESTIGATION UNIT GRANTS.] \$250,000 the first year and \$250,000 the second year are onetime appropriations for grants under either Minnesota Statutes, section 299A.62 or 299A.68. Grants awarded from this appropriation under Minnesota Statutes, section 299A.62, are for overtime for peace officers. Of the total grants awarded from this appropriation under Minnesota Statutes, section 299A.62, 50 percent must go to the St. Paul and Minneapolis police departments and 50 percent must go to other law enforcement agencies statewide. Any amounts from this appropriation awarded to the St. Paul police department must be used to increase the current degree of implementation of the HEAT law enforcement strategy. The HEAT law enforcement strategy must be a community-driven strategic initiative that is used to target criminal conduct in specific areas of St. Paul with higher crime rates than the city average. It must target

offenders based upon their criminal behavior and not other factors and be planned and implemented taking into consideration the wishes of the targeted communities. Grants awarded under Minnesota Statutes, section 299A.68, may be used to cover costs for salaries, equipment, office space, and other necessary services or expenses of a financial crimes investigation task force. The commissioner must distribute the grants in a manner designed to be equitable to the grantees given their contributions to the investigation task force and to encourage their continued participation. Participating local units of government must provide a 25 percent match from nonstate funds or in-kind contributions either directly from their budgets or from businesses directly donating support in order for the financial crimes investigation task force to obtain any grant funding under Minnesota Statutes, section 299A.68. This appropriation is available until June 30, 2003.

[MODEL POLICING PROGRAM; MENTAL ILLNESS CALLS.] \$150,000 the first year is a onetime appropriation for developing and implementing up to four model policing program pilot projects required under Minnesota Statutes, section 626.8441, subdivision 1, and to produce required reports.

[AUTOMOBILE THEFT PREVENTION GRANTS.] The commissioner may make grants under Minnesota Statutes 2000, section 299A.75, to past grantees during the time period before which the changes made to that section in article 5, sections 6 to 8, become operational.

[ADMINISTRATION COSTS.] Up to 2.5 percent of the grant funds appropriated in this subdivision may be used to administer the grant programs."

Delete the title and insert:

"A bill for an act relating to appropriations; changing and reducing appropriations made for public safety, criminal justice, and other agencies and activities; making clarifying changes; allocating driver's license reinstatement fees and surcharges; establishing certain fees; providing for the distribution and expenditure of fees; requiring deposit of portions of certain fees in the general fund; requiring co-payments for public defender appointments; requiring payments to designated shelter facilities to be in the form of grants; establishing a working group on criminal justice efficiency; abolishing the office of corrections ombudsman; imposing crime victims oversight duties on the commissioner of public safety; amending Minnesota Statutes 2000, sections 13.871, subdivision 5; 120A.34; 135A.15, subdivision 1; 168A.40, subdivision 4; 299F.011, by adding a subdivision; 299L.02, subdivision 7; 299L.07, subdivision 5; 611.17; 611A.371, subdivision 1; 611A.373; 611A.72; 611A.73, subdivision 2, by adding a subdivision; 611A.74, subdivisions 2, 3, 4, 5, 6; Minnesota Statutes 2001 Supplement, sections 171.29, subdivision 2; 242.192; 256.022, subdivision 1; 260B.007, subdivision 16; 260C.007, subdivision 6; 299A.75, subdivision 1; 611A.372; 611A.74, subdivision 1; Laws 2001, First Special Session chapter 8, article 4, section 10, subdivisions 1, 7; Laws 2001, First Special Session chapter 8, article 4, section 11; repealing Minnesota Statutes 2000, sections 241.41; 241.42; 241.43; 241.44; 241.441; 611A.37, subdivisions 6, 7; 611A.375; 611A.74, subdivision 1a; Minnesota Statutes 2001 Supplement, section 241.45; Laws 1996, chapter 408, article 2, section 10."

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

The report was adopted.

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

H. F. No. 3416, A bill for an act relating to appropriations; reducing appropriations for fiscal years 2002 and 2003 to the department of transportation and other agencies; changing certain formulas for Greater Minnesota transit assistance; abolishing reimbursement to local units of government for certain expenditures relating to peace officer and firefighter insurance coverage; amending Minnesota Statutes 2000, section 174.22, by adding a subdivision; Minnesota Statutes 2001 Supplement, section 174.24, subdivision 3b; repealing Minnesota Statutes 2000, section 299A.465, subdivision 4.

Reported the same back with the following amendments:

Page 2, line 7, delete "(416,000)" and insert "(234,000)"

Page 2, line 9, delete "\$365,000" and insert "\$183,000"

Page 2, line 13, delete "\$730,000" and insert "\$366,000"

Page 3, line 7, delete "(1,277,000)" and insert "(1,459,000)"

Page 3, line 9, delete "(840,000)" and insert "(1,022,000)"

Page 3, line 11, delete "375,000" and insert "557,000"

Page 3, line 19, delete "469,000" and insert "833,000"

Page 4, line 29, delete "50" and insert "45"

Page 5, lines 4 to 8, reinstate the stricken language

With the recommendation that when so amended the bill pass.

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. Nos. 1097, 1413, 2735, 2884, 2901, 2935, 2992, 3073, 3129, 3148, 3200, 3275, 3286 and 3416 were read for the second time.

SECOND READING OF SENATE BILLS

S. F. Nos. 1471 and 2655 were read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Abeler, Walker, Greiling and Mariani introduced:

H. F. No. 3479, A bill for an act relating to human services; changing provisions in the medical assistance prepayment demonstration project; amending Minnesota Statutes 2000, section 256B.69, subdivision 4.

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

Abeler, Bernardy, Workman, Vandevveer, Tingelstad and Pugh introduced:

H. F. No. 3480, A bill for an act relating to taxation; property; limiting market value growth on all property; phasing in the market value of new improvements; eliminating the current phase-out of limited market value; making limited market value permanent; amending Minnesota Statutes 2001 Supplement, section 273.11, subdivision 1a.

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

Walker introduced:

H. F. No. 3481, A bill for an act relating to human services; extending the time for emergency assistance; amending Minnesota Statutes 2000, section 256J.48, subdivision 1.

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

Huntley and Mulder introduced:

H. F. No. 3482, A bill for an act relating to consumer protection; regulating tanning facilities; requiring consent by a parent or guardian of a person under the age of 18 before initial exposure; amending Minnesota Statutes 2000, section 325H.08.

The bill was read for the first time and referred to the Committee on Commerce, Jobs and Economic Development.

Vandevveer, Opatz and Paymar introduced:

H. F. No. 3483, A bill for an act relating to highways; authorizing local zoning authorities to impose certain restrictions on outdoor advertising devices in zoned commercial or industrial areas; amending Minnesota Statutes 2000, section 173.16, subdivision 5.

The bill was read for the first time and referred to the Committee on Local Government and Metropolitan Affairs.

Rhodes introduced:

H. F. No. 3484, A bill for an act relating to financial institutions; strengthening regulation of payday loans; amending Minnesota Statutes 2000, section 47.60.

The bill was read for the first time and referred to the Committee on Commerce, Jobs and Economic Development.

Schumacher introduced:

H. F. No. 3485, A bill for an act relating to highways; allowing certain seasonal, agriculture-related business signs to be placed in state highway right-of-way; proposing coding for new law in Minnesota Statutes, chapter 160.

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

Clark, J.; Tuma; Murphy; Stanek; Skoglund and Paulsen introduced:

H. F. No. 3486, A bill for an act relating to crime prevention; specifying minimum sentences for first through fourth degree criminal sexual conduct crimes; amending Minnesota Statutes 2000, sections 609.342, subdivision 2; 609.343, subdivision 2; 609.344, subdivision 2; 609.345, subdivision 2.

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

Davnie, Mares, Bernardy, Swapinski and Kubly introduced:

H. F. No. 3487, A bill for an act relating to education; establishing a task force to examine and make recommendations about eliminating violence, discrimination, intimidation, and harassment against Minnesota youth.

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

Kelliher, Otremba, Cassell and Wasiluk introduced:

H. F. No. 3488, A bill for an act relating to the environment; clarifying and increasing regulation of pesticide use; increasing pesticide registration application fees; classifying restricted-use pesticide records as public data; expanding the definition of pollutant; increasing the scope of groundwater monitoring; creating a task force; amending Minnesota Statutes 2000, sections 18B.02; 18B.04; 18B.064; 18B.26, subdivisions 1, 3, 5; 18B.37, subdivision 5, by adding a subdivision; 103H.005, subdivision 11; 103H.151, subdivision 4; 103H.175, by adding a subdivision; 103H.251; 103H.275.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources Policy.

Dawkins introduced:

H. F. No. 3489, A bill for an act relating to child protection; clarifying the child's rights and status as a party in child protection proceedings; amending Minnesota Statutes 2000, section 260C.163, by adding a subdivision.

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

Mullery, by request, introduced:

H. F. No. 3490, A bill for an act relating to traffic regulations; requiring parked vehicle to be parallel with curb; amending Minnesota Statutes 2000, section 169.35, subdivision 1.

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

Mullery introduced:

H. F. No. 3491, A bill for an act relating to tax increment financing; authorizing certain cities to include not more than 200 parcels in a housing replacement district; amending Laws 1995, chapter 264, article 5, section 45, subdivision 1, as amended.

The bill was read for the first time and referred to the Committee on Local Government and Metropolitan Affairs.

Davids introduced:

H. F. No. 3492, A bill for an act relating to insurance; making certain changes involving the joint underwriting association's procedures; amending Minnesota Statutes 2000, section 62F.04, by adding a subdivision; repealing Minnesota Statutes 2000, section 62F.04, subdivision 1a.

The bill was read for the first time and referred to the Committee on Commerce, Jobs and Economic Development.

Abeler and Clark, K., introduced:

H. F. No. 3493, A bill for an act relating to insurance; requiring coverage of acupuncture services by certain group policies and subscriber contracts; requiring claim determinations regarding acupuncture services to be made or reviewed by acupuncture practitioners; requiring reporting on referrals to acupuncture practitioners and reimbursement rates; amending Minnesota Statutes 2000, section 62A.15, subdivision 4, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 62D.

The bill was read for the first time and referred to the Committee on Commerce, Jobs and Economic Development.

Stanek introduced:

H. F. No. 3494, A bill for an act relating to crime; providing for a verdict of guilty but mentally ill; amending Minnesota Statutes 2000, sections 609.02, subdivision 5; 609.1095, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 630.

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

Winter introduced:

H. F. No. 3495, A bill for an act relating to Nobles county; permitting the appointment of the auditor-treasurer and recorder.

The bill was read for the first time and referred to the Committee on Local Government and Metropolitan Affairs.

Lenczewski introduced:

H. F. No. 3496, A bill for an act relating to gambling; prohibiting location of state-operated or state-licensed gambling facility in a city in which the governing body has adopted a resolution of disapproval.

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

Davids, Larson, Entenza, Leighton and Westerberg introduced:

H. F. No. 3497, A bill for an act relating to commerce; establishing a division of insurance fraud prevention within the department of commerce to investigate and prosecute insurance fraud; providing new grounds for revocation of a chiropractic license for the employment of runners, cappers, or steerers; requiring chiropractors to disclose their financial interest before referrals to any health care provider; establishing removal from arbitration for allegations of fraud; appropriating money; prescribing criminal penalties; amending Minnesota Statutes 2000, sections 60A.951, subdivisions 1, 2, by adding subdivisions; 60A.952, subdivisions 1, 2, by adding subdivisions; 60A.953; 65B.525, by adding a subdivision; 168A.40, subdivisions 3, 4; Minnesota Statutes 2001 Supplement, section 148.10, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 45; 60A; 609; repealing Minnesota Statutes 2000, sections 175.16, subdivision 2; 299A.75.

The bill was read for the first time and referred to the Committee on Commerce, Jobs and Economic Development.

Harder, Jennings and Bakk introduced:

H. F. No. 3498, A bill for an act relating to telecommunications; promoting competition within the local exchange marketplace; requiring structural separation of retail and wholesale activities of large incumbent local exchange carriers into affiliated companies; providing criteria for structural separation and continuing operations of the affiliates, including standards of conduct applicable to the resulting separate affiliates, in conducting business with new entrants; providing for approval by public utilities commission of certain transactions; providing for implementation and enforcement by commission and department of commerce; defining certain terms; requiring the completion of structural separation by a date certain; proposing coding for new law in Minnesota Statutes, chapter 237.

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

Entenza introduced:

H. F. No. 3499, A bill for an act relating to local government; establishing a retroactive effective date for St. Paul civil service separation.

The bill was read for the first time and referred to the Committee on Local Government and Metropolitan Affairs.

Kuisle and Bradley introduced:

H. F. No. 3500, A bill for an act relating to public safety; requiring commissioner of public safety to adopt rules establishing certification program to train and qualify towing and recovery vehicle operators to recover vehicles under extraordinary conditions; proposing coding for new law in Minnesota Statutes, chapter 299A.

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

Gunther introduced:

H. F. No. 3501, A bill for an act relating to education finance; increasing the equalizing factor in the debt service equalization program for independent school district No. 2071, Lake Crystal-Wellcome Memorial.

The bill was read for the first time and referred to the Committee on K-12 Education Finance.

Gunther introduced:

H. F. No. 3502, A bill for an act relating to education finance; increasing the equalizing factor in the debt service equalization program; amending Minnesota Statutes 2001 Supplement, section 123B.53, subdivision 5.

The bill was read for the first time and referred to the Committee on K-12 Education Finance.

Daggett; Dorman; Abrams; Anderson, I.; Milbert; Gunther; Sviggum; Lenczewski and Holsten introduced:

H. F. No. 3503, A bill for an act relating to taxation; exempting certain bakery products and certain food sold in bulk or requiring cooking by the consumer to prevent food borne illness from sales and use taxes; amending Minnesota Statutes 2001 Supplement, section 297A.61, subdivision 31.

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

Goodno introduced:

H. F. No. 3504, A bill for an act relating to human services; establishing hearing procedures; proposing coding for new law in Minnesota Statutes, chapter 256.

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

Marko introduced:

H. F. No. 3505, A bill for an act relating to commerce; prohibiting body piercing services for a person under 18 without parental consent; proposing coding for new law in Minnesota Statutes, chapter 325F.

The bill was read for the first time and referred to the Committee on Commerce, Jobs and Economic Development.

Ozment and Gray introduced:

H. F. No. 3506, A bill for an act relating to auditing; modifying certain state and local auditing procedures and reporting practices; amending Minnesota Statutes 2000, sections 115A.929; 609.5315, subdivision 6; proposing coding for new law in Minnesota Statutes, chapter 366; repealing Minnesota Statutes 2000, section 6.77.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources Policy.

Abeler and Haas introduced:

H. F. No. 3507, A bill for an act relating to human services; adding provisions for emergency license requirements for emergency foster care; amending Minnesota Statutes 2000, section 245A.035, subdivision 3.

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

Tingelstad and Wagenius introduced:

H. F. No. 3508, A bill for an act relating to health; providing protection of drinking water, air, and land from chemicals found to cause cancer or reproductive toxicity; proposing coding for new law in Minnesota Statutes, chapter 144.

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

Howes introduced:

H. F. No. 3509, A bill for an act relating to municipalities; housing and redevelopment authority officers; adding an exception to conflict of interest provisions; amending Minnesota Statutes 2000, section 471.88, by adding a subdivision.

The bill was read for the first time and referred to the Committee on Local Government and Metropolitan Affairs.

Dorman introduced:

H. F. No. 3510, A bill for an act relating to taxes; local sales and use; authorizing the city of Albert Lea to impose a local sales and use tax.

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

Mulder introduced:

H. F. No. 3511, A bill for an act relating to Rock county; permitting the appointment of the auditor-treasurer and recorder.

The bill was read for the first time and referred to the Committee on Local Government and Metropolitan Affairs.

Cassell introduced:

H. F. No. 3512, A bill for an act relating to state lands; providing for a land exchange with city of Garfield.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources Policy.

Blaine; Walz; Erickson; Anderson, I.; Eastlund and Hilty introduced:

H. F. No. 3513, A bill for an act relating to the military; providing education-related protections for certain persons called to active military service; proposing coding for new law in Minnesota Statutes, chapter 192.

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

Blaine and Walz introduced:

H. F. No. 3514, A bill for an act relating to transportation; providing certain conditions and exceptions for a new class I rest area on state highway No. 371 between Brainerd and Little Falls.

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

Winter introduced:

H. F. No. 3515, A bill for an act relating to Murray county; permitting the appointment of the county recorder.

The bill was read for the first time and referred to the Committee on Local Government and Metropolitan Affairs.

Osskopp, Swapinski, Mahoney, Jaros and Mares introduced:

H. F. No. 3516, A bill for an act relating to professions; modifying provisions relating to electricians; adding power limited licensing classifications; requiring rulemaking; amending Minnesota Statutes 2000, sections 326.01, subdivisions 5, 6d, 6g, by adding subdivisions; 326.241, subdivision 1; 326.242, subdivisions 1, 2, 3, 5, 6, 6a, 6b, 6c, 7, 8, 10, 12, by adding subdivisions; 326.2421, subdivisions 2, 3, 4, 9; 326.244, subdivisions 1a, 2, 5, 6; 326.245; Minnesota Statutes 2001 Supplement, section 326.243.

The bill was read for the first time and referred to the Committee on Commerce, Jobs and Economic Development.

Otremba, Mulder, Wilkin, Kubly, Goodno, Juhnke, Holberg and Rifenberg introduced:

H. F. No. 3517, A bill for an act relating to health; modifying the allocation of family planning special projects grants; authorizing rulemaking; amending Minnesota Statutes 2000, section 145.925, subdivision 9, by adding a subdivision.

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

Krinkie; Holberg; Howes; Buesgens; Fuller; Vandever; Anderson, B.; Kielkucki; Gerlach; Kuisle; Lindner; Olson; Erickson and Eastlund introduced:

H. F. No. 3518, A bill for an act relating to the building code; providing the method for inspection of certain residential buildings; proposing coding for new law in Minnesota Statutes, chapter 16B.

The bill was read for the first time and referred to the Committee on Local Government and Metropolitan Affairs.

Ozment introduced:

H. F. No. 3519, A bill for an act relating to the environment; modifying the application of recyclable material container requirements for public entities; amending Minnesota Statutes 2000, section 115A.151.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources Policy.

Mullery and Gunther introduced:

H. F. No. 3520, A bill for an act relating to landlords and tenants; modifying provisions relating to applicant screening fees; amending Minnesota Statutes 2000, section 504B.173, subdivision 1, by adding a subdivision.

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

Harder, Seifert, Mulder and Clark, J., introduced:

H. F. No. 3521, A bill for an act relating to human services; providing for choice of residential treatment facility; allowing medical assistance to reimburse facilities in border states for residential services for children with severe emotional disturbance; amending Minnesota Statutes 2000, sections 245.4882, subdivision 1; 256B.0945, subdivision 1.

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

Dorman, Harder, Abrams, Kuisle and Tingelstad introduced:

H. F. No. 3522, A bill for an act relating to taxation; sales; providing nexus rules for affiliated companies; amending Minnesota Statutes 2000, section 297A.66, by adding a subdivision; Minnesota Statutes 2001 Supplement, section 297A.66, subdivision 1.

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

Erickson introduced:

H. F. No. 3523, A bill for an act relating to education; directing the department of children, families, and learning to study the efficacy of American Indian education programs.

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

Dawkins introduced:

H. F. No. 3524, A bill for an act relating to accessibility of buildings; clarifying provisions relating to accessible entrances; amending Minnesota Statutes 2000, section 16B.61, subdivision 5.

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

Holberg and Kuisle introduced:

H. F. No. 3525, A bill for an act relating to highways; requiring all highways in national highway system be subject to same final construction plan procedures as interstate highways; amending Minnesota Statutes 2001 Supplement, section 161.165, subdivision 1.

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

Entenza, Jaros, Swapinski and Huntley introduced:

H. F. No. 3526, A bill for an act relating to education finance; extending the levy for retired employee health benefits; amending Minnesota Statutes 2001 Supplement, section 126C.41, subdivision 2.

The bill was read for the first time and referred to the Committee on K-12 Education Finance.

Bakk introduced:

H. F. No. 3527, A bill for an act relating to natural resources; modifying timber sale provisions on tax-forfeited land; amending Minnesota Statutes 2001 Supplement, section 282.04, subdivision 1.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources Policy.

Workman; Clark, J., and Howes introduced:

H. F. No. 3528, A bill for an act relating to highways; providing for issuance by road authorities in the metropolitan area of permits for certain vehicles during certain periods in which seasonal weight restrictions are in effect; amending Minnesota Statutes 2000, section 169.87, by adding a subdivision.

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

Abeler, Carlson, Greiling and Davnie introduced:

H. F. No. 3529, A bill for an act relating to education; requiring teacher and community expert display of license or credential; limiting nonlicensed community expert teaching; providing for an optional credential for community experts; increasing grant amounts to promote teaching standards; providing for rulemaking; appropriating money; amending Minnesota Statutes 2000, sections 122A.22; 122A.25, subdivision 2, by adding a subdivision; Laws 1997, First Special Session chapter 4, article 5, section 22, as amended; proposing coding for new law in Minnesota Statutes, chapter 122A.

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

Abeler, Carlson, Cassell, Ness and Greiling introduced:

H. F. No. 3530, A bill for an act relating to education; imposing an alternate bargaining deadline for districts and teachers.

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

Biernat introduced:

H. F. No. 3531, A bill for an act relating to state employment; modifying the statewide affirmative action program; amending Minnesota Statutes 2000, sections 43A.02, subdivision 6a, by adding subdivisions; 43A.19, subdivision 1; 43A.191.

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

Krinkie, Abeler and Haas introduced:

H. F. No. 3532, A bill for an act relating to real property; specifying limitation of actions based on breach of statutory home warranties; amending Minnesota Statutes 2000, section 541.051, subdivision 4.

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

Buesgens introduced:

H. F. No. 3533, A bill for an act relating to children; child protection proceedings; marriage dissolution; requiring criminal background checks for court services personnel and individuals who supervise parenting time; increasing the penalty for a false report of child abuse; reducing the immunity of child protection workers; requiring the use of certain

guidelines; amending Minnesota Statutes 2000, sections 609.507; 626.561, by adding a subdivision; Minnesota Statutes 2001 Supplement, sections 626.556, subdivisions 10, 10b; 626.559, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 518.

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

Molnau, Rukavina, Workman, Winter, Ruth and Holberg introduced:

H. F. No. 3534, A bill for an act relating to law enforcement; prohibiting the department of public safety from using trooper's enforcement activity as a measure of performance; imposing penalties; amending Minnesota Statutes 2000, section 299D.08.

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

Anderson, I., and Solberg introduced:

H. F. No. 3535, A bill for an act relating to state lands; authorizing conveyance of land in Itasca county.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources Policy.

Sviggum introduced:

H. F. No. 3536, A bill for an act relating to retirement; public employees retirement association police and fire plan; authorizing survivor benefit for the survivor of a deceased member.

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

Rhodes and Pelowski introduced:

H. F. No. 3537, A bill for an act relating to public employment labor relations; extending the expiration of an interest arbitration provision governing firefighters; amending Minnesota Statutes 2000, section 179A.16, subdivision 7a.

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

Haas, Hilstrom and Abeler introduced:

H. F. No. 3538, A bill for an act relating to education; authorizing a fund transfer for school districts.

The bill was read for the first time and referred to the Committee on K-12 Education Finance.

Dawkins introduced:

H. F. No. 3539, A bill for an act relating to family law; clarifying procedures for certain counseling; amending Minnesota Statutes 2000, section 518.17, by adding a subdivision.

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

Gray, McGuire and Kahn introduced:

H. F. No. 3540, A bill for an act relating to elections; changing certain provisions on restoration of civil rights and eligibility to vote; amending Minnesota Statutes 2000, sections 201.014, subdivision 2; 609.165, subdivision 1; repealing Minnesota Statutes 2000, section 609.165, subdivision 2.

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

Seagren, Huntley, Dorn and Jaros introduced:

H. F. No. 3541, A bill for an act relating to education finance; adjusting the referendum transfer for independent school district No. 709, Duluth.

The bill was read for the first time and referred to the Committee on K-12 Education Finance.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker:

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

H. F. No. 351, A bill for an act relating to the operation of state government; crime prevention and judiciary finance; appropriating money for the judicial branch, public defense, human rights, corrections, public safety, crime victims, and related purposes; establishing and expanding grant programs, task forces, and pilot projects; requiring reports and studies; transferring, modifying, and expanding responsibility for various governmental responsibilities; providing procedures and policies for integrated criminal justice information systems; adopting various provisions relating to corrections; imposing, clarifying, and expanding certain criminal and civil provisions and penalties; regulating dangerous dogs; providing for protection of public safety in bail determinations; making certain changes related to sex offenders and sex offender registration; providing for state funding of certain programs and personnel; abolishing the office of the ombudsman for corrections; eliminating the Camp Ripley weekend camp program; increasing certain fees and modifying the allocation of certain fees; establishing a theft prevention advisory board; establishing a felony-level penalty for driving while impaired; modifying certain policies and procedures relating to domestic violence; making technical changes to the driving while impaired laws; reforming and recodifying the law relating to marriage dissolution, child custody, child support, maintenance, and property division; clarifying certain medical support bonus incentive provisions; making style and form changes; amending Minnesota Statutes 2000, sections 2.724, subdivision 3; 8.16, subdivision 1; 13.87, by adding a subdivision; 15A.083, subdivision 4; 169A.03, subdivision 12, by adding subdivisions; 169A.20, subdivision 3; 169A.25; 169A.26; 169A.27; 169A.275, subdivisions 3, 5; 169A.277, subdivision 2; 169A.28, subdivision 2; 169A.283, subdivision 1; 169A.37, subdivision 1; 169A.40, subdivision 3; 169A.41, subdivision 2; 169A.51, subdivision 7; 169A.54, subdivision 6; 169A.60, subdivisions 1, 13, 14; 169A.63, subdivision 1; 171.09; 171.186, by adding a subdivision; 171.29, subdivision 2; 171.30, subdivision 1; 241.272, subdivision 6; 242.192; 243.166, subdivisions 1, 3, 4a, 6; 243.167, subdivision 1; 243.51, subdivisions 1, 3; 256.9791; 299A.75, subdivision 1, by adding subdivisions; 299C.10, subdivision 1; 299C.11; 299C.147, subdivision 2; 299C.65, subdivisions 1, 2; 299F.058, subdivision 2; 343.20, by adding subdivisions; 343.21, subdivisions 9, 10; 518.002; 518.003, subdivisions 1, 3; 518.005; 518.01; 518.02; 518.03; 518.04; 518.05; 518.055; 518.06; 518.07; 518.09; 518.10; 518.11; 518.12; 518.13; 518.131; 518.14, subdivision 1; 518.148; 518.155; 518.156; 518.157, subdivisions 1, 2, 3, 5,

6; 518.158, subdivisions 2, 4; 518.165; 518.166; 518.167, subdivisions 3, 4, 5; 518.168; 518.1705, subdivision 6; 518.175, subdivisions 1, 1a, 2, 3, 5, 6, 7, 8; 518.1751, subdivisions 1b, 2, 2a, 2b, 2c, 3; 518.176; 518.177; 518.178; 518.179, subdivision 1; 518.18; 518.24; 518.25; 518.54, subdivisions 1, 5, 6, 7, 8; 518.55; 518.552; 518.58; 518.581; 518.582; 518.612; 518.619; 518.62; 518.64, subdivisions 1, 2; 518.641; 518.642; 518.646; 518.65; 518B.01, subdivisions 2, 3, 6, 14; 609.02, by adding a subdivision; 609.035, subdivision 2; 609.117; 609.224, subdivisions 2, 4; 609.2242, subdivisions 2, 4; 609.343, subdivision 2; 609.487, subdivision 4; 609.495, subdivisions 1, 3; 609.521; 609.748, subdivisions 6, 8; 609.749, subdivisions 4, 5; 611.23; 611.272; 611A.201, subdivision 2; 611A.32, by adding a subdivision; 611A.74, subdivisions 1, 1a; 617.247, subdivisions 3, 4; 626.55, subdivision 1; 629.471, subdivision 2; 629.72; Laws 1996, chapter 408, article 2, section 16; proposing coding for new law in Minnesota Statutes, chapters 8; 169A; 299A; 299C; 347; 518; 518B; 609; 626; proposing coding for new law as Minnesota Statutes, chapters 517A; 517B; 517C; repealing Minnesota Statutes 2000, sections 169A.275, subdivision 4; 241.41; 241.42; 241.43; 241.44; 241.441; 241.45; 243.166, subdivision 10; 518.111; 518.17; 518.171; 518.185; 518.255; 518.54, subdivisions 2, 4a, 13, 14; 518.551; 518.5513; 518.553; 518.57; 518.575; 518.585; 518.5851; 518.5852; 518.5853; 518.61; 518.6111; 518.614; 518.615; 518.616; 518.617; 518.618; 518.6195; 518.64, subdivisions 4, 4a, 5; 518.66; 609.2244, subdivision 4; 626.55, subdivision 2.

The Senate has appointed as such committee:

Senators Johnson, Doug; Hottinger; Pogemiller; Berglin and Frederickson.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

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

S. F. No. 3207.

PATRICK E. FLAHAVEN, Secretary of the Senate

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.

FIRST READING OF SENATE BILLS

S. F. No. 3207, A resolution urging the Pension Benefit Guaranty Corporation to delay the termination of the LTV Steel Mining Pension Plan.

The bill was read for the first time.

SUSPENSION OF RULES

Pursuant to Article IV, Section 19, of the Constitution of the state of Minnesota, Rukavina moved that the rule therein be suspended and an urgency be declared so that S. F. No. 3207 be given its second and third readings and be placed upon its final passage. The motion prevailed.

Rukavina moved that the rules of the House be so far suspended that S. F. No. 3207 be given its second and third readings and be placed upon its final passage. The motion prevailed.

S. F. No. 3207 was read for the second time.

S. F. No. 3207, A resolution urging the Pension Benefit Guaranty Corporation to delay the termination of the LTV Steel Mining Pension Plan.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 119 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Eastlund	Holsten	Lenczewski	Otremba	Solberg
Anderson, B.	Entenza	Howes	Leppik	Ozment	Stanek
Anderson, I.	Erhardt	Huntley	Lieder	Pawlenty	Stang
Bernardy	Erickson	Jacobson	Lipman	Paymar	Swapinski
Biernat	Evans	Jaros	Mahoney	Pelowski	Swenson
Bishop	Finseth	Jennings	Mares	Penas	Sykora
Blaine	Folliard	Johnson, J.	Marko	Peterson	Thompson
Carlson	Fuller	Johnson, R.	Marquart	Pugh	Tingelstad
Cassell	Gerlach	Johnson, S.	McElroy	Rhodes	Tuma
Clark, J.	Goodno	Juhnke	McGuire	Rifenberg	Vandever
Clark, K.	Goodwin	Kahn	Milbert	Rukavina	Wagenius
Daggett	Gray	Kalis	Molnau	Ruth	Walker
Davids	Greiling	Kelliher	Mullery	Schumacher	Walz
Davnie	Gunther	Kielkucki	Murphy	Seagren	Wasiluk
Dawkins	Haas	Knoblach	Ness	Seifert	Westerberg
Dehler	Hackbarth	Koskinen	Nornes	Sertich	Westrom
Dempsey	Harder	Kubly	Olson	Skoe	Winter
Dibble	Hausman	Kuisle	Opatz	Skoglund	Workman
Dorman	Hilstrom	Larson	Osskopp	Slawik	Spk. Sviggum
Dorn	Hilty	Leighton	Osthoff	Smith	

The bill was passed and its title agreed to.

CONSENT CALENDAR

H. F. No. 3116, A bill for an act relating to natural resources; modifying certain responsibilities of the advisory committee and the legislative commission on Minnesota resources regarding the environmental and natural resources trust fund; modifying availability of funds for disbursement; providing a penalty for failure to comply with restrictions

on certain state-funded acquisitions of land; requiring recipients of certain state funding for acquisitions of interests in land to record a notice of funding agreement regarding the interests; amending Minnesota Statutes 2000, sections 116P.06, subdivision 2; 116P.07; 116P.11; Minnesota Statutes 2001 Supplement, section 116P.15.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Dorman	Holberg	Lenczewski	Otremba	Stanek
Abrams	Dorn	Holsten	Leppik	Ozment	Stang
Anderson, B.	Eastlund	Howes	Lieder	Paulsen	Swapinski
Anderson, I.	Entenza	Huntley	Lindner	Pawlenty	Swenson
Bernardy	Erhardt	Jacobson	Lipman	Paymar	Sykora
Biernat	Erickson	Jaros	Mahoney	Pelowski	Thompson
Bishop	Evans	Jennings	Mares	Penas	Tingelstad
Blaine	Finseth	Johnson, J.	Marko	Peterson	Tuma
Boudreau	Folliard	Johnson, R.	Marquart	Pugh	Vandever
Bradley	Fuller	Johnson, S.	McElroy	Rhodes	Wagenius
Buesgens	Gerlach	Juhnke	McGuire	Rifenberg	Walker
Carlson	Goodno	Kahn	Milbert	Rukavina	Walz
Cassell	Goodwin	Kalis	Molnau	Ruth	Wasiluk
Clark, J.	Gray	Kelliher	Mulder	Schumacher	Westerberg
Clark, K.	Greiling	Kielkucki	Mullery	Seagren	Westrom
Daggett	Gunther	Knoblach	Murphy	Seifert	Wilkin
Davids	Haas	Koskinen	Ness	Sertich	Winter
Davnie	Hackbarth	Krinkie	Nornes	Skoe	Wolf
Dawkins	Harder	Kubly	Olson	Skoglund	Workman
Dehler	Hausman	Kuisle	Opatz	Slawik	Spk. Sviggum
Dempsey	Hilstrom	Larson	Osskopp	Smith	
Dibble	Hilty	Leighton	Osthoff	Solberg	

The bill was passed and its title agreed to.

MOTIONS AND RESOLUTIONS

Davids moved that the name of Davnie be added as an author on H. F. No. 1868. The motion prevailed.

Davids moved that the name of Davnie be added as an author on H. F. No. 2492. The motion prevailed.

Howes moved that the name of Mulder be added as an author on H. F. No. 2575. The motion prevailed.

Krinkie moved that the name of Mulder be added as an author on H. F. No. 2583. The motion prevailed.

Anderson, I., moved that the name of Mulder be added as an author on H. F. No. 2585. The motion prevailed.

Ozment moved that the names of Pawlenty and Mulder be added as authors on H. F. No. 2604. The motion prevailed.

Ozment moved that the name of Mulder be added as an author on H. F. No. 2615. The motion prevailed.

Seifert moved that the name of Mulder be added as an author on H. F. No. 2616. The motion prevailed.

Abrams moved that the name of Mulder be added as an author on H. F. No. 2621. The motion prevailed.

Erickson moved that the names of Eastlund, Buesgens and Anderson, B., be added as authors on H. F. No. 2660. The motion prevailed.

Davnie moved that his name be stricken as an author on H. F. No. 2906. The motion prevailed.

Slawik moved that her name be stricken as an author on H. F. No. 2951. The motion prevailed.

Bernardy moved that the names of Biernat and Koskinen be added as authors on H. F. No. 3022. The motion prevailed.

Pawlenty moved that the name of Abeler be added as an author on H. F. No. 3055. The motion prevailed.

Hausman moved that the name of Marko be added as chief author on H. F. No. 3083. The motion prevailed.

Rhodes moved that the name of Abeler be added as an author on H. F. No. 3108. The motion prevailed.

Juhnke moved that the name of Ness be added as an author on H. F. No. 3119. The motion prevailed.

Kuisle moved that the name of Abeler be added as an author on H. F. No. 3137. The motion prevailed.

Vandever moved that the name of Davnie be added as an author on H. F. No. 3169. The motion prevailed.

Blaine moved that the name of Abeler be added as an author on H. F. No. 3273. The motion prevailed.

Gerlach moved that the name of Pawlenty be added as an author on H. F. No. 3275. The motion prevailed.

Seifert moved that the name of Penas be added as an author on H. F. No. 3314. The motion prevailed.

Koskinen moved that the name of Westerberg be added as an author on H. F. No. 3413. The motion prevailed.

Davids moved that the name of Westerberg be added as an author on H. F. No. 3425. The motion prevailed.

Bradley moved that the name of Westerberg be added as an author on H. F. No. 3430. The motion prevailed.

Rukavina moved that the names of Smith, Osskopp and Lenczewski be added as authors on H. F. No. 3436. The motion prevailed.

Davnie moved that the name of Dibble be added as an author on H. F. No. 3456. The motion prevailed.

Ozment moved that H. F. No. 2561 be recalled from the Committee on Environment and Natural Resources Policy and be re-referred to the Committee on Jobs and Economic Development Finance. The motion prevailed.

Abeler moved that H. F. No. 2953 be recalled from the Committee on Civil Law and be re-referred to the Committee on Health and Human Services Policy. The motion prevailed.

Stanek moved that H. F. No. 3080 be recalled from the Committee on Governmental Operations and Veterans Affairs Policy and be re-referred to the Committee on Crime Prevention. The motion prevailed.

Stanek moved that H. F. No. 3103 be recalled from the Committee on Jobs and Economic Development Finance and be re-referred to the Committee on Judiciary Finance. The motion prevailed.

Dorn moved that H. F. No. 3104 be recalled from the Committee on Jobs and Economic Development Finance and be re-referred to the Committee on Transportation Finance. The motion prevailed.

Clark, J., moved that H. F. No. 3240 be recalled from the Committee on Governmental Operations and Veterans Affairs Policy and be re-referred to the Committee on Civil Law. The motion prevailed.

Olson moved that H. F. No. 3320 be recalled from the Committee on Transportation Finance and be re-referred to the Committee on Transportation Policy. The motion prevailed.

Cassell moved that H. F. No. 3512 be recalled from the Committee on Environment and Natural Resources Policy and be re-referred to the Committee on Transportation Policy. The motion prevailed.

Gleason and Anderson, I., introduced:

House Resolution No. 27, A house resolution regarding local government aid.

The resolution was referred to the Committee on Taxes.

REPORT FROM THE COMMITTEE ON RULES AND LEGISLATIVE ADMINISTRATION

Pawlenty, for the Committee on Rules and Legislative Administration, offered the following report and moved its adoption:

Rule 2.41 of the Permanent Rules of the House of Representatives for the 82nd Session shall be amended to read as follows:

2.41 MEDIA NEWS REPORTERS. Accredited representatives of the press, press associations, and radio and television stations must be given equal press privileges by the House. An accredited representative means a person currently employed and authorized to report on the legislature by a news organization included in the Capitol Press Corps as defined in the current edition of the Official Directory of the Minnesota Legislature.

A person wishing to report proceedings of the House may apply to the Chief Sergeant at Arms for a media pass and assignment to suitable available space. The Sergeant may issue session passes for the current legislative session to accredited representatives. In addition, if space permits, the Sergeant may issue up to two daily passes to other members of the media. The Sergeant may coordinate the issuance of media passes with the appropriate senate authority.

Television stations must be permitted to televise sessions of the House. Media representatives must be allowed access to both ~~wells~~ alcoves in the ~~gallery of the~~ House chambers.

While in the Chamber, hearings rooms, and other House space, members of the media must conduct themselves in accordance with House rules and practices of decorum.

Rule 4.03 of the Permanent Rules of the House of Representatives for the 82nd Session shall be amended to read as follows:

4.03 WAYS AND MEANS COMMITTEE; BUDGET RESOLUTION; EFFECT ON EXPENDITURE AND REVENUE BILLS. The Committee on Ways and Means must hold hearings as necessary to determine state expenditures and revenues for the fiscal biennium.

Within 20 days after the last state general fund revenue and expenditure forecast for the next fiscal biennium becomes available during the regular session in the odd-numbered year, the Committee on Ways and Means must adopt and report a budget resolution, in the form of a House resolution. The budget resolution must set: (a) the maximum limit on net expenditures for the next fiscal biennium for the general fund, excluding any increased expenditures for tax reduction and relief; and (b) an amount or amounts to be set aside as a budget reserve and a cash flow account. The House budget resolution must not specify, limit, or prescribe revenues or expenditures by any category other than those specified in clauses (a) and (b). After the House adopts the budget resolution, the limits in the resolution are effective during the regular session in the year in which the resolution is adopted, unless the House, acting upon a subsequent report of the Committee on Ways and Means, adopts a different limit or limits for the same fiscal biennium. During the regular session in the even-numbered year, before the Committee on Ways and Means reports a bill containing net increases or decreases in expenditures in excess of the as compared to general fund expenditures in the current fiscal biennium estimated by the most recent state budget forecast, the Committee must adopt a budget resolution that accounts for the net changes in expenditures. After the Committee adopts the budget resolution, it is effective during the regular session that year, unless the Committee adopts a different or amended resolution.

Within 14 days after the House or the Committee on Ways and Means adopts a budget resolution, the Committee must adopt, by resolution, limits for each budget category represented by the major finance and revenue bills identified in this Rule. The Committee may also, by resolution, set limits for funds other than the general fund. After the Committee adopts a resolution, the limits in the resolution are effective during the regular session in the year in which the resolution is adopted, unless the Committee subsequently adopts different or amended limits for the same fiscal biennium.

The Committee on Ways and Means may not combine any of the major finance or revenue bills.

Major finance and revenue bills are:

- the agriculture and rural development finance bill;
- the higher education finance bill;
- the K-12 education finance bill;
- the family and early childhood education finance bill;
- the environment and natural resources finance bill;
- the health and human services finance bill;
- the state government finance bill;
- the jobs and economic development finance bill;
- the transportation finance bill;
- the judiciary finance bill;
- the omnibus capital investment bill; and
- the omnibus tax bill.

After the adoption of a resolution by the House or by the Committee on Ways and Means, each finance committee, the Committee on Capital Investment, and the Committee on Taxes must reconcile each finance and revenue bill described in Rule 4.10 and Rule 4.11 with the resolution or resolutions. When reporting a bill, the committee must provide to the Committee on Ways and Means a fiscal statement on the bill and a written statement certifying that the

committee has reconciled the fiscal effect of the bill with the resolution or resolutions and that the bill, as reported by the committee, together with other bills reported and expected to be reported by the committee, does not and will not exceed the limits specified in the resolution or resolutions.

After the adoption of a resolution by the House or the Committee on Ways and Means, the Committee on Ways and Means must reconcile finance and revenue bills with the resolution or resolutions. When reporting a bill, the chair of the Committee must certify to the House that the Committee has reconciled the bill with the resolution or resolutions and that the bill, as reported by the Committee, together with other bills reported and expected to be reported by the Committee, does not and will not exceed the limits specified in the resolution or resolutions.

After the adoption of a resolution by the House or the Committee on Ways and Means, an amendment to a bill is out of order if it would cause any of the limits specified in the resolution or resolutions to be exceeded. Whether an amendment is out of order under this Rule is a question to be decided on the Floor by the Speaker or other presiding officer and in committee by the person chairing the committee meeting. In making the determination, the Speaker or other presiding officer or the committee chair may consider: (1) the limits in a resolution; (2) the effect of existing laws on revenues and expenditures; (3) the effect of amendments previously adopted to the bill under consideration; (4) the effect of bills previously recommended by a committee or bills previously passed in the legislative session by the House or by the legislature; (5) whether expenditure increases or revenue decreases that would result from the amendment are offset by decreases in other expenditures or increases in other revenue specified by the amendment; and (6) other information reasonably related to expenditure and revenue amounts.

After a resolution is adopted by the House or the Committee on Ways and Means, the Committee must cause to be published a summary of the estimated fiscal effect on the general fund of each bill that has been referred to the Committee on Ways and Means by a finance committee, the Capital Investment Committee, or the Committee on Taxes and of each bill that has been reported by the Committee on Ways and Means.

A roll call was requested and properly seconded.

Pawlenty moved to amend the Report from the Committee on Rules and Legislative Administration, relating to the Permanent Rules of the House of Representatives for the 82nd Session as follows:

Page 1, delete lines 8 to 24

Page 2, delete lines 1 to 6

The motion prevailed and the amendment was adopted.

Carlson moved to amend the Report from the Committee on Rules and Legislative Administration relating to the Permanent Rules of the House of Representatives for the 82nd Session as amended, as follows:

Page 5, after line 4, insert:

"Rule 6.22 of the Permanent Rules of the House of Representatives for the 82nd Session shall be amended to read as follows:

6.22 PUBLIC TESTIMONY. Public testimony from proponents and opponents must be allowed on every bill, resolution, delete-all amendment, or other amendment that substantially changes the meaning of a bill or resolution before a each standing committee, division or subcommittee of the House to which the bill or resolution is referred."

A roll call was requested and properly seconded.

Seifert moved that the Carlson amendment to the Report from the Committee on Rules and Legislative Administration relating to the Permanent Rules of the House of Representatives for the 82nd Session, as amended, be referred to the Committee on Rules and Legislative Administration.

A roll call was requested and properly seconded.

The Speaker called Abrams to the Chair.

The question was taken on the Seifert motion and the roll was called. There were 70 yeas and 60 nays as follows:

Those who voted in the affirmative were:

Abeler	Dehler	Hackbarth	Lindner	Pawlenty	Tingelstad
Abrams	Dempsey	Harder	Lipman	Penas	Tuma
Anderson, B.	Dorman	Holberg	Mares	Rhodes	Vandever
Bishop	Eastlund	Holsten	McElroy	Rifenberg	Walz
Blaine	Erhardt	Howes	Molnau	Ruth	Westerberg
Boudreau	Erickson	Jacobson	Mulder	Seagren	Westrom
Bradley	Finseth	Johnson, J.	Ness	Seifert	Wilkin
Buesgens	Fuller	Kielkucki	Nornes	Smith	Wolf
Cassell	Gerlach	Knoblach	Olson	Stanek	Workman
Clark, J.	Goodno	Krinkie	Osskopp	Stang	Spk. Sviggum
Daggett	Gunther	Kuisle	Ozment	Swenson	
Davids	Haas	Leppik	Paulsen	Sykora	

Those who voted in the negative were:

Anderson, I.	Evans	Jennings	Leighton	Opatz	Skoe
Bernardy	Folliard	Johnson, R.	Lenczewski	Osthoff	Skoglund
Biernat	Goodwin	Johnson, S.	Lieder	Otremba	Slawik
Carlson	Gray	Juhnke	Mahoney	Paymar	Solberg
Clark, K.	Greiling	Kahn	Marko	Pelowski	Swapinski
Davnie	Hausman	Kalis	Marquart	Peterson	Thompson
Dawkins	Hilstrom	Kelliher	McGuire	Pugh	Wagenius
Dibble	Hilty	Koskinen	Milbert	Rukavina	Walker
Dorn	Huntley	Kubly	Mullery	Schumacher	Wasiluk
Entenza	Jaros	Larson	Murphy	Sertich	Winter

The motion prevailed and the Carlson amendment to the Report from the Committee on Rules and Legislative Administration relating to the Permanent Rules of the House of Representatives for the 82nd Session, as amended, was referred to the Committee on Rules and Legislative Administration.

Otremba was excused between the hours of 5:10 p.m. and 6:00 p.m.

Bishop moved to amend the Report from the Committee on Rules and Legislative Administration relating to the Permanent Rules of the House of Representatives for the 82nd Session, as amended, as follows:

Page 3, line 10, after "are" insert "the maximums"

A roll call was requested and properly seconded.

CALL OF THE HOUSE

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

Abeler	Dorman	Hilty	Larson	Opatz	Slawik
Abrams	Dorn	Holberg	Leighton	Osskopp	Smith
Anderson, B.	Eastlund	Holsten	Lenczewski	Osthoff	Solberg
Anderson, I.	Entenza	Howes	Leppik	Ozment	Stanek
Bernardy	Erhardt	Huntley	Lieder	Paulsen	Stang
Biernat	Erickson	Jacobson	Lindner	Pawlenty	Swapinski
Bishop	Evans	Jaros	Lipman	Paymar	Swenson
Blaine	Finseth	Jennings	Mahoney	Pelowski	Sykora
Boudreau	Folliard	Johnson, J.	Mares	Penas	Thompson
Bradley	Fuller	Johnson, R.	Marko	Peterson	Tingelstad
Buesgens	Gerlach	Johnson, S.	Marquart	Pugh	Tuma
Carlson	Goodno	Juhnke	McElroy	Rhodes	Vandever
Cassell	Goodwin	Kahn	McGuire	Rifenberg	Wagenius
Clark, J.	Gray	Kalis	Milbert	Rukavina	Walz
Daggett	Greiling	Kelliher	Molnau	Ruth	Wasiluk
Davids	Gunther	Kielkucki	Mulder	Schumacher	Westerberg
Davnie	Haas	Knoblach	Mullery	Seagren	Westrom
Dawkins	Hackbarth	Koskinen	Murphy	Seifert	Wilkin
Dehler	Harder	Krinkie	Ness	Sertich	Winter
Dempsey	Hausman	Kubly	Nornes	Skoe	Workman
Dibble	Hilstrom	Kuisle	Olson	Skoglund	Spk. Sviggum

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

The question recurred on the Bishop amendment and the roll was called.

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

There were 70 yeas and 58 nays as follows:

Those who voted in the affirmative were:

Abeler	Dehler	Hackbarth	Lindner	Pawlenty	Tingelstad
Abrams	Dempsey	Harder	Lipman	Penas	Tuma
Anderson, B.	Dorman	Holberg	Mares	Rhodes	Vandever
Bishop	Eastlund	Holsten	McElroy	Rifenberg	Walz
Blaine	Erhardt	Howes	Molnau	Ruth	Westerberg
Boudreau	Erickson	Jacobson	Mulder	Seagren	Westrom
Bradley	Finseth	Johnson, J.	Ness	Seifert	Wilkin
Buesgens	Fuller	Kielkucki	Nornes	Smith	Wolf
Cassell	Gerlach	Knoblach	Olson	Stanek	Workman
Clark, J.	Goodno	Krinkie	Osskopp	Stang	Spk. Sviggum
Daggett	Gunther	Kuisle	Ozment	Swenson	
Davids	Haas	Leppik	Paulsen	Sykora	

Those who voted in the negative were:

Anderson, I.	Dawkins	Folliard	Hilstrom	Johnson, R.	Kelliher
Bernardy	Dibble	Goodwin	Hilty	Johnson, S.	Koskinen
Biernat	Dorn	Gray	Huntley	Juhnke	Kubly
Carlson	Entenza	Greiling	Jaros	Kahn	Larson
Davnie	Evans	Hausman	Jennings	Kalis	Leighton

Lenczewski	McGuire	Osthoff	Rukavina	Slawik	Walker
Lieder	Milbert	Paymar	Schumacher	Solberg	Wasiluk
Mahoney	Mullery	Pelowski	Sertich	Swapinski	Winter
Marko	Murphy	Peterson	Skoe	Thompson	
Marquart	Opatz	Pugh	Skoglund	Wagenius	

The motion prevailed and the amendment was adopted.

Leighton was excused for the remainder of today's session.

The question recurred on the Pawlenty motion that the Report from the Committee on Rules and Legislative Administration, as amended, be now adopted, and the roll was called.

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

There were 69 yeas and 59 nays as follows:

Those who voted in the affirmative were:

Abeler	Dehler	Hackbarth	Lindner	Penas	Tuma
Abrams	Dempsey	Harder	Lipman	Rhodes	Vandever
Anderson, B.	Dorman	Holberg	Mares	Rifenberg	Walz
Bishop	Eastlund	Holsten	McElroy	Ruth	Westerberg
Blaine	Erhardt	Howes	Molnau	Seagren	Westrom
Boudreau	Erickson	Jacobson	Mulder	Seifert	Wilkin
Bradley	Finseth	Johnson, J.	Ness	Smith	Wolf
Buesgens	Fuller	Kielkucki	Nornes	Stanek	Workman
Cassell	Gerlach	Knoblach	Osskopp	Stang	Spk. Sviggum
Clark, J.	Goodno	Krinkie	Ozment	Swenson	
Daggett	Gunther	Kuisle	Paulsen	Sykora	
Davids	Haas	Leppik	Pawlenty	Tingelstad	

Those who voted in the negative were:

Anderson, I.	Folliard	Johnson, R.	Lieder	Osthoff	Skoglund
Bernardy	Goodwin	Johnson, S.	Mahoney	Otremba	Slawik
Biernat	Gray	Juhnke	Marko	Paymar	Solberg
Carlson	Greiling	Kahn	Marquart	Pelowski	Swapinski
Davnie	Hausman	Kalis	McGuire	Peterson	Thompson
Dawkins	Hilstrom	Kelliher	Milbert	Pugh	Wagenius
Dibble	Hilty	Koskinen	Mullery	Rukavina	Walker
Dorn	Huntley	Kubly	Murphy	Schumacher	Wasiluk
Entenza	Jaros	Larson	Olson	Sertich	Winter
Evans	Jennings	Lenczewski	Opatz	Skoe	

The motion prevailed and the Report from the Committee on Rules and Legislative Administration, as amended, was adopted.

FISCAL CALENDAR ANNOUNCEMENT

Pursuant to rule 1.22, Bishop announced his intention to place H. F. Nos. 3416, 2901, 3286 on the Fiscal Calendar for Tuesday, February 19, 2002.

ADJOURNMENT

Seifert moved that when the House adjourns today it adjourn until 12:00 noon, Tuesday, February 19, 2002. The motion prevailed.

Seifert moved that the House adjourn. The motion prevailed, and Speaker pro tempore Abrams declared the House stands adjourned until 12:00 noon, Tuesday, February 19, 2002.

EDWARD A. BURDICK, Chief Clerk, House of Representatives

