

STATE OF MINNESOTA

EIGHTY-SECOND SESSION — 2002

 ONE HUNDRED FIFTEENTH DAY

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

A quorum was present.

Anderson, B., was excused.

Kielkucki was excused until 5:35 p.m. Bakk was excused until 6:50 p.m.

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

REPORTS OF STANDING COMMITTEES

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

S. F. No. 1438, A bill for an act relating to public employment; ratifying certain labor agreements and proposals; modifying public employee compensation provisions; amending Minnesota Statutes 2000, sections 3.855, subdivision 3; 15A.0815, subdivision 1, and by adding a subdivision; 136F.07; 136F.40, subdivision 2; and 179A.15; repealing Minnesota Statutes 2000, section 43A.18, subdivisions 4a and 5.

Reported the same back with the following amendments:

Page 1, after line 21, insert:

"Sec. 2. [RATIFICATION OF LABOR AGREEMENT.]

The labor agreement between the state of Minnesota and the Minnesota government engineers council, approved by the legislative coordinating commission subcommittee on employee relations on December 11, 2001, is ratified."

Page 2, line 2, after the period, insert "Section 2 is effective the day following final enactment and is retroactive to the date of final adjournment of the 2002 legislative session."

Amend the title as follows:

Page 1, line 3, before the period, insert "; ratifying a labor agreement between the state and the government engineers council"

Renumber the sections in sequence

With the recommendation that when so amended the bill pass.

The report was adopted.

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

S. F. No. 2991, A bill for an act relating to the military; requiring payment of a salary differential to certain state employees who are members of the national guard or other military reserve units and who have been called to active military duty on or after September 11, 2001; permitting local governments to pay a similar salary differential for their employees who are called from reserve status to active military service; amending Minnesota Statutes 2000, section 471.975; proposing coding for new law in Minnesota Statutes, chapter 43A.

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

The report was adopted.

SECOND READING OF SENATE BILLS

S. F. Nos. 1438 and 2991 were read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Davids introduced:

H. F. No. 3737, A bill for an act relating to taxation; individual income; allowing a subtraction for firefighters and emergency medical technicians; amending Minnesota Statutes 2001 Supplement, section 290.01, subdivision 19b.

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

Jennings introduced:

H. F. No. 3738, A bill for an act relating to energy; authorizing establishment of energy parks; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 216B.

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

Olson introduced:

H. F. No. 3739, A bill for an act relating to transportation; enacting the Minnesota Regulated Public Transit Utilities Act; providing for regulation of transit services; requiring legislative reports; proposing coding for new law as Minnesota Statutes, chapter 216E.

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

Evans introduced:

H. F. No. 3740, A bill for an act relating to commerce; prohibiting the sale of certain check-printing software; proposing coding for new law in Minnesota Statutes, chapter 325E.

The bill was read for the first time and referred to the Committee on Commerce, Jobs and Economic Development.

Seifert introduced:

H. F. No. 3741, A bill for an act relating to education; requiring the commissioner of children, families, and learning annually to make timely statewide test results available to school districts; amending Minnesota Statutes 2001 Supplement, section 120B.30, subdivision 1.

The bill was read for the first time and referred to the Committee on K-12 Education Finance.

The following Conference Committee Reports were received:

CONFERENCE COMMITTEE REPORT ON H. F. NO. 3127

A bill for an act relating to retirement; various retirement plans; clarifying the laws applicable to the remaining local police and paid firefighter pension plans; repealing obsolete local police and paid firefighter pension plan laws; authorizing service credit purchase for certain strike periods; providing public employee pension coverage for certain

foreign citizens; clarifying membership eligibility and allowable service credit for the public employees retirement association; requiring membership for charter school teachers in the teachers retirement association; providing for the payment of unpaid closed charter school retirement contributions from charter school lease aid; eliminating contribution rate increases in the local government correctional service retirement plan; establishing provisions relating to employees of the Kanabec hospital if the hospital is privatized; extending the expiration date for certain prior service credit purchase authorizations; recodifying social security coverage provisions; implementing recommended changes in salary actuarial assumptions; clarifying the restrictions on supplemental and local pension plans for plans funded from accumulated sick and vacation leave; reorganizing the revising various general retirement provisions; instructing the revisor of statutes; authorizing the commissioner of administration to lease pension fund facilities to deferred compensation service providers; authorizing certain volunteer firefighters to receive service pensions or disability benefits without terminating active service; creating the coordinated program of the legislators retirement plan; providing a second social security referendum for legislators; modifying Minneapolis police optional annuity provision; modifying voluntary unpaid leave of absence provision for state employees; providing for an extension of the rule of 90 benefit tier for the teachers retirement association and the Duluth teachers retirement fund association; changing the effective date for certain modifications to the judges retirement plan; amending Minnesota Statutes 2000, sections 69.77; 69.80; 353.01, by adding a subdivision; 353.64, subdivision 7a; 353A.08, subdivision 6a; 353E.02, subdivision 1, by adding a subdivision; 353E.03; 353F.02, subdivision 4; 354.05, subdivision 38; 354.44, subdivision 6; 354A.011, subdivisions 15A, 27; 354A.31, subdivisions 4a, 5, 6, 7; 355.01, subdivisions 1, 3, 6, 8, by adding subdivisions; 355.02; 355.03; 355.05; 355.07; 355.08; 356.001; 356.20, subdivisions 1, 2, 3, 4, 4a; 356.215, as amended; 356.216; 356.217; 356.219; 356.22; 356.23; 356.24, subdivisions 1b, 1c, 2; 356.245; 356.25; 356.30; 356.302; 356.303; 356.32; 356.40; 356.41; 356.50; 356.55, as amended; 356.551; 356.611; 356.65, subdivision 2; 356.87; 356.89, subdivision 3; 423A.17; 423A.171; 423B.09, subdivision 6; 424A.02, subdivision 1; 424A.09; Minnesota Statutes 2001 Supplement, sections 352.01, subdivision 11; 353.01, subdivisions 2a, 2b, 11b, 16; 353.27, subdivisions 4, 11; 354.05, subdivisions 2, 13; 356.24, subdivision 1; 356.555; 356.62; 356.65, subdivision 1; Laws 1997, chapter 202, article 2, section 61, as amended; Laws 1999, chapter 222, article 16, section 16; Laws 2000, chapter 461, article 10, section 3, as amended; Laws 2000, chapter 461, article 12, section 20; Laws 2000, chapter 461, article 18, section 10; Laws 2001, First Special Session chapter 10, article 6, section 21; proposing coding for new law in Minnesota Statutes, chapters 3A; 355; 356; proposing coding for new law as Minnesota Statutes, chapter 356B; repealing Minnesota Statutes 2000, sections 69.25; 69.26; 69.27; 69.28; 69.29; 69.30; 69.32; 69.361; 69.37; 69.38; 69.39; 69.40; 69.41; 69.42; 69.43; 69.44; 69.45; 69.46; 69.47; 69.48; 69.49; 69.50; 69.51; 69.52; 69.53; 69.62; 69.78; 297I.10, subdivision 2; 355.01, subdivisions 2, 4, 5, 9, 10; 355.11; 355.12; 355.13; 355.14; 355.15; 355.16; 355.17; 355.201; 355.202; 355.203; 355.204; 355.205; 355.206; 355.207; 355.208; 355.209; 355.21; 355.22; 355.23; 355.24; 355.25; 355.26; 355.27; 355.28; 355.281; 355.282; 355.283; 355.284; 355.285; 355.286; 355.287; 355.288; 355.29; 355.291; 355.292; 355.293; 355.294; 355.295; 355.296; 355.297; 355.298; 355.299; 355.30; 355.311; 355.391; 355.392; 355.393; 355.41; 355.42; 355.43; 355.44; 355.45; 355.46; 355.48; 355.49; 355.50; 355.51; 355.52; 355.54; 355.55; 355.56; 355.57; 355.58; 355.59; 355.60; 355.61; 355.621; 355.622; 355.623; 355.624; 355.625; 355.626; 355.627; 355.628; 355.71; 355.72; 355.73; 355.74; 355.75; 355.76; 355.77; 355.78; 355.79; 355.80; 355.81; 355.90; 356.19; 356.305; 356.306; 356.31; 356.325; 356.35; 356.36; 356.37; 356.371, subdivisions 2, 3; 356.372; 356.38; 356.39; 356.45; 356.451; 356.452; 356.453; 356.454; 356.455; 356.615; 356.71; 356.80; 356.81; 356.86; 356.865; 356.88; 356.89; 423.37; 423.371; 423.372; 423.373; 423.374; 423.375; 423.377; 423.378; 423.379; 423.38; 423.381; 423.382; 423.383; 423.384; 423.385; 423.386; 423.387; 423.388; 423.389; 423.39; 423.391; 423.392; 423.801; 423.802; 423.803; 423.804; 423.805; 423.806; 423.808; 423.809; 423.810; 423.812; 423.813; 423.814; 423.90; 423A.03; 424.01; 424.02; 424.03; 424.04; 424.05; 424.06; 424.08; 424.14; 424.15; 424.16; 424.165; 424.17; 424.18; 424.19; 424.20; 424.21; 424.22; 424.23; 424.24; 424.25; 424.27; 424.28; 424.29; Minnesota Statutes 2001 Supplement, sections 353.01, subdivision 39; 356.371, subdivision 1; 356.866; Special Session Laws 1889, chapter 425; Special Session Laws 1891, chapter 11; Laws 1897, chapters 389; 390; Laws 1915, chapter 68; Laws 1917, chapter 196; Laws 1919, chapters 68, 515; Laws 1921, chapter 118; Laws 1923, chapter 54; Laws 1925, chapter 197; Laws 1931, chapter 48; Laws 1933, chapter 122; Laws 1935, chapters 92; 192; 208; 259; Laws 1937, chapters 132; 197; 253; Laws 1939, chapters 124; 304; Laws 1941, chapters 74; 182; 196; Laws 1943, chapters 170; 267; 397; 413; 432; Laws 1945, chapters 74; 182; 277; 300; Laws 1947, chapters 40; 43; 101; 274; 329; Laws 1949, chapters 87; 144; 153; 154; 164; 191; 235; 281; 378; Laws 1951, chapters 43; 45; 48; 144; 233; 243; 420; 435; 499; Laws 1953, chapters 37; 44; 91; 235; 253; 348; 391; 401; 406; Laws 1955, chapters 42; 49; 75; 151; 187; 188; 293; 294; 348; 375; 827; Laws 1957, chapters 10; 16; 36; 127; 144; 164; 256; 257; 455; 630; 793; Laws 1959, chapters 108; 131;

191; 207; 208; 211; 437; Laws 1961, chapters 186; 290; 295; 300; 343; 376; 399; 434; 435, section 2; 443; 620; 631; 747; Extra Session Laws 1961, chapters 28; 80; Laws 1963, chapters 36; 208; 221; 271; 443; 453; 454; 464; 619; 636; 643; 670; 715; Laws 1965, chapters 174; 179; 190; 418; 457; 458; 465; 498; 536; 540; 594; 604; 605; 636; 790; Laws 1967, chapters 644; 678; 702; 708; 730; 732; 736; 751; 775; 783; 798; 807; 816; 848; Laws 1969, chapters 138; 442; 443; 552; 576; 594; 614; 641; 668; 669; 670; 671; 672; 686; 694; 716; 849; 1087; Laws 1971, chapters 51; 178; 407; 549; 614; 807; 809; 810; Extra Session Laws 1971, chapter 41; Laws 1973, chapters 286; 287; 346; 359; 432; 433; 587; Laws 1974, chapters 251; 382; Laws 1975, chapters 120; 121; 127; 254, sections 1, 2, 3, 4, 5, 6; 368, section 54; 389; 408; 423; 424; 425; Laws 1976, chapters 36; 78; 85; 99; 247; Laws 1977, chapters 83; 164, sections 1, 3; 169; 270; 275; 374, sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60; 429, section 62; Laws 1978, chapters 563, sections 12, 13, 14, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30; 579; 648; 690, sections 9, 10; 793, section 96; Laws 1979, chapters 131, section 3; 216, sections 27, 28, 29, 30, 31, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44; Laws 1980, chapters 341, sections 2, 3, 4, 5, 6, 9, 10; 600, sections 11, 12, 13, 14, 15, 16, 17, 18, 22; 607, article XV, section 23; Laws 1981, chapter 68, sections 31, 32, 33, 34, 35, 36, 37, 41, 42, 43; Laws 1981, chapter 224, sections 236, 237, 239, 240, 243, 244, 247, 248, 252, 253, 258, 259, 260, 261, 263, 264, 265, 266, 267, 268, 270, 272, 273; Laws 1981, chapter 297, sections 1, 2; Laws 1982, chapters 402; 443; 574, sections 3, 4, 5, 6, 8; 578, article II, section 1, subdivision 8, article III, section 18; 610, sections 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20; Laws 1983, chapters 47; 74; 84, section 1; 291, sections 8, 9, 10, 11, 12, 13, 14, 15, 16, 17; Laws 1984, chapter 574, sections 18, 19, 20, 22, 23, 24, 25, 26, 33; Laws 1985, chapters 259, sections 5, 6; 261, sections 14, 15, 16, 18, 20, 32, 33, 34, 35, 36; Laws 1985, First Special Session chapter 16, article 2, section 6; Laws 1986, chapters 359, sections 22, 23, 24, 25; 458, sections 23, 34; Laws 1987, chapter 372, article 2, sections 7, 8, 9, 10, 12; Laws 1988, chapter 709, articles 8, section 5; 9, section 5; Laws 1989, chapter 319, article 11, sections 2, 3, 4, 12; Laws 1990, chapter 589, article 1, section 7; Laws 1991, chapters 96; 269, article 2, sections 12, 13; Laws 1992, chapters 392, section 1; 393, section 1; 422; 431, section 1; 448; 455; 563, sections 3, 4, 5; 586, section 1; Laws 1993, chapters 72; 110; 112, section 2; 126; 202, article 1; Laws 1994, chapters 409; 410; 474; 490; 541, section 3; Laws 1995, chapter 262, article 10, section 4; Laws 1996, chapter 448, article 2, section 1; Laws 1997, chapter 233, article 1, section 58; Laws 1997, chapter 241, article 2, sections 2, 3, 4, 5, 6, 9, 10, 11, 13, 14, 15, 20; Laws 1999, chapter 222, article 3, section 6; Laws 2000, chapter 461, article 10, section 2.

May 17, 2002

The Honorable Steve Sviggum
Speaker of the House of Representatives

The Honorable Don Samuelson
President of the Senate

We, the undersigned conferees for H. F. No. 3127, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 3127 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

LOCAL POLICE AND PAID
FIRE RELIEF ASSOCIATION
GOVERNING LAW CLARIFICATION

Section 1. Minnesota Statutes 2000, section 69.77, is amended to read:

69.77 [POLICE AND FIREFIGHTERS' RELIEF ASSOCIATION GUIDELINES ACT.]

Subdivision 1. [~~AUTHORIZED~~ CONDITIONED EMPLOYER SUPPORT FOR A RELIEF ASSOCIATION.]
(a) Notwithstanding any law to the contrary, only if the municipality and the relief association comply with the provisions of this section, a municipality may contribute public funds, including any applicable police or fire state

aid, or levy property taxes for the support of a police or firefighters' relief association, enumerated in subdivision 1a, however organized, which provides retirement coverage or pays a service pension to a retired police officer or firefighter or a retirement benefit to a surviving dependent of either an active or retired police officer or firefighter, for the operation and maintenance of the relief association ~~only if the municipality and the relief association comply with the provisions of this section.~~

(b) The commissioner shall not include in the apportionment of police or fire state aid to the county auditor ~~pursuant to~~ under section 69.021, subdivision 6, any municipality in which there exists a local police or salaried firefighters' relief association as enumerated in subdivision 1a which does not comply with the provisions of this section or the provisions of any applicable special law relating to the funding or financing of the association and that municipality ~~shall~~ may not qualify initially to receive, or be entitled subsequently to retain, state aid ~~pursuant to~~ under sections 69.011 to 69.051 until the reason for the disqualification is remedied, whereupon the municipality, if otherwise qualified, ~~shall be~~ is entitled to again receive state aid for the year occurring immediately subsequent to the year in which the disqualification is remedied.

(c) The state auditor and the commissioner shall determine if a municipality with a local police or salaried firefighters' relief association fails to comply with the provisions of this section or the funding or financing provisions of any applicable special law.

Subd. 1a. [COVERED RETIREMENT PLANS.] The provisions of this section ~~shall~~ apply to the following local retirement funds plans:

(1) ~~any police pension fund or relief association which is established pursuant to chapter 423~~ the Bloomington firefighters relief association;

(2) ~~any salaried firefighters' pension fund or relief association which is established pursuant to chapter 424~~ the Fairmont police relief association;

(3) ~~any pension fund or relief association which is established pursuant to this chapter which has five or more members who receive compensation for services rendered in the employment covered by the pension fund or relief association and which provides for retirement coverage or a service pension based on the compensation paid to members for that service~~ the Minneapolis firefighters relief association;

(4) ~~any pension fund or relief association which is established and operates in whole or in part pursuant to special legislation and which provides for retirement coverage or a service pension based on the compensation paid to members for service as police officers or firefighters or which provides for retirement coverage or a service pension to volunteer firefighters based on the compensation paid to or the service pension provided by a pension fund or relief association located in the same municipality for police officers employed by the municipality but not covered by clause (1), (2) or (3)~~ the Minneapolis police relief association; and

(5) ~~any governmental subdivision retirement fund established pursuant to any law providing for retirement coverage to police officers or salaried firefighters or a retirement benefit to their dependents and not otherwise described in this subdivision~~ the Virginia fire department relief association.

Subd. 2. [INAPPLICABLE PENALTY.] The penalty provided for in subdivision 1 ~~shall~~ does not apply to a relief association enumerated in subdivision 1a if the requirements of subdivisions ~~2a 3~~ to ~~2h~~ 10 are met.

Subd. ~~2a~~ 3. [MINIMUM MEMBER CONTRIBUTION.] Each active member of the relief association ~~shall~~ must pay into the special fund of the association during a year of covered service, a contribution for retirement coverage, including survivorship benefits, of not less than eight percent of the maximum rate of salary upon which retirement coverage is credited and service pension and retirement benefit amounts are determined. The member contributions ~~shall~~ must be made by payroll deduction from the salary of the member by the municipality, and ~~shall~~ must be transmitted by the municipality to the relief association as soon as practical. The relief association shall deposit the member contribution to the credit of the special fund of the relief association. The member contribution requirement specified in this subdivision ~~shall~~ does not apply to any members who are volunteer firefighters.

Subd. ~~2b~~ 4. [RELIEF ASSOCIATION FINANCIAL REQUIREMENTS; MINIMUM MUNICIPAL OBLIGATION.] (a) The officers of the relief association shall determine the financial requirements of the relief association and minimum obligation of the municipality for the following calendar year in accordance with the requirements of this subdivision. The financial requirements of the relief association and the minimum obligation of the municipality ~~shall must~~ be determined on or before the submission date established by the municipality pursuant to under subdivision ~~2e~~ 5.

(b) The financial requirements of the relief association for the following calendar year ~~shall must~~ be based on the most recent actuarial valuation or survey of the special fund of the association if more than one fund is maintained by the association, or of the association, if only one fund is maintained, prepared in accordance with sections 356.215, subdivisions 4 to 4k and 356.216, as required pursuant to under subdivision ~~2h~~ 10. If an actuarial estimate is prepared by the actuary of the relief association as part of obtaining a modification of the benefit plan of the relief association and the modification is implemented, the actuarial estimate ~~shall must~~ be used in calculating the subsequent financial requirements of the relief association.

(c) If the relief association has an unfunded actuarial accrued liability as reported in the most recent actuarial valuation or survey, the total of the amounts calculated pursuant to under clauses (a), (b), and (c) ~~shall (1), (2), and (3)~~ constitute the financial requirements of the relief association for the following year. If the relief association does not have an unfunded actuarial accrued liability as reported in the most recent actuarial valuation or survey, the amount calculated pursuant to under clauses (a) and (b) ~~shall (1) and (2)~~ constitute the financial requirements of the relief association for the following year. The financial requirement elements are:

(~~a~~) (1) the normal level cost requirement for the following year, expressed as a dollar amount, which ~~shall must~~ be determined by applying the normal level cost of the relief association as reported in the actuarial valuation or survey and expressed as a percentage of covered payroll to the estimated covered payroll of the active membership of the relief association, including any projected ~~increase~~ change in the active membership, for the following year;

(~~b~~) (2) for the Bloomington fire department relief association, the Fairmont police relief association, and the Virginia fire department relief association, to the dollar amount of normal cost ~~thus~~ determined ~~shall under~~ clause (1) must be added an amount equal to the dollar amount of the administrative expenses of the special fund of the association if more than one fund is maintained by the association, or of the association if only one fund is maintained, for the most recent year, multiplied by the factor of 1.035. ~~For a relief association in a municipality,~~ The administrative expenses are those authorized under section 69.80. No amount of administrative expenses under this clause ~~shall are to~~ be included in the financial requirements of ~~a the Minneapolis firefighters relief association in a city of the first class with a population of more than 300,000; or the Minneapolis police relief association; and~~

(~~c~~) (3) to the dollar amount of normal cost and expenses determined under clauses (a) and (b) ~~shall (1) and (2)~~ must be added an amount equal to the level annual dollar amount which is sufficient to amortize the unfunded actuarial accrued liability by December 31, 2010, as determined from the actuarial valuation or survey of the fund, using an interest assumption set at the applicable rate specified in section 356.215, subdivision 4d. The amortization date specified in this clause ~~shall apply~~ applies to all local police or salaried firefighters' relief associations and ~~shall supersede that date supersedes~~ any amortization date specified in any applicable special law.

(d) The minimum obligation of the municipality ~~shall be~~ is an amount equal to the financial requirements of the relief association reduced by the estimated amount of member contributions from covered salary anticipated for the following calendar year and the estimated amounts anticipated for the following calendar year from the applicable state aid program established pursuant to under sections 69.011 to 69.051 receivable by the relief association after any allocation made pursuant to under section 69.031, subdivision 5, ~~clause (2), subclause (c) paragraph (b), clause (2), or 423A.01, subdivision 2, clause (6), from the local police and salaried firefighters' relief association~~ amortization aid program established pursuant to under section 423A.02 ~~and, subdivision 1,~~ from the supplementary amortization state-aid program established under ~~Laws 1984, chapter 564, section 48, and Laws 1985, chapter 261, section 17~~ section 423A.02, subdivision 1a, and from the additional amortization state aid under section 423A.02, subdivision 1b.

Subd. ~~2c~~ 5. [DETERMINATION SUBMISSION.] The officers of the relief association shall submit the determination of the financial requirements of the relief association and of the minimum obligation of the municipality to the governing body on or before the date established by the municipality, which ~~shall may~~ not be earlier than August 1 and ~~shall may~~ not be later than September 1 of each year. The governing body of the municipality ~~shall must~~ ascertain whether or not the determinations were prepared in accordance with law.

Subd. ~~2d~~ 6. [MUNICIPAL PAYMENT.] (a) The municipality shall provide for and shall pay, each year, at least the amount of the minimum obligation of the municipality to the relief association.

(b) If there is any deficiency in the municipal payment to meet the minimum obligation of the municipality as of the end of any calendar year, the amount of the deficiency ~~shall must~~ be added to the minimum obligation of the municipality for the following year calculated ~~pursuant to under~~ subdivision ~~2b~~ 4 and ~~shall must~~ include interest at the compound rate of six percent per annum ~~compounded~~ from the date that the municipality was required to make payment ~~pursuant to under~~ this subdivision until the date that the municipality actually makes the required payment.

Subd. ~~2e~~ 7. [BUDGET INCLUSION.] (a) The municipality shall provide in the annual municipal budget for at least the minimum obligation of the municipality calculated ~~pursuant to under~~ subdivision ~~2b~~ 4.

(b) The municipality may levy taxes for the payment of the minimum obligation of the municipality without any limitation as to rate or amount and irrespective of limitations imposed by other provisions of law upon the rate or amount of taxation when the balance of the special fund or any fund of the relief association has attained a specified minimum asset level. In addition, any taxes levied ~~pursuant to under~~ this section ~~shall may~~ not cause the amount or rate of other taxes levied in that year or to be levied in a subsequent year by the municipality which are subject to a limitation as to rate or amount to be reduced.

(c) If the municipality does not include the full amount of the minimum obligation of the municipality in the levy that the municipality certified to the county auditor in any year, the officers of the relief association shall certify the amount of any deficiency to the county auditor. Upon verifying the existence of any deficiency in the levy certified by the municipality, the county auditor shall spread a levy over the taxable property of the municipality in the amount of the deficiency certified to by the officers of the relief association.

Subd. ~~2f~~ 8. [ACCELERATED AMORTIZATION.] Any sums of money paid by the municipality to the relief association in excess of the minimum obligation of the municipality in any year ~~shall must~~ be used to amortize any unfunded actuarial accrued liabilities of the relief association.

Subd. ~~2g~~ 9. [LOCAL POLICE AND PAID FIRE RELIEF ASSOCIATION INVESTMENT AUTHORITY.] (a) The funds of the association must be invested in securities that are authorized investments under section 356A.06, subdivision 6 or 7, whichever applies. ~~Notwithstanding the foregoing~~; Up to 75 percent of the market value of the assets of the fund may be invested in open-end investment companies registered under the federal Investment Company Act of 1940, if the portfolio investments of the investment companies comply with the type of securities authorized for investment under section 356A.06, subdivision 7. Securities held by the association before June 2, 1989, that do not meet the requirements of this subdivision may be retained after that date if they were proper investments for the association on that date.

(b) The governing board of the association may select and appoint investment agencies to act for and in its behalf or may certify special fund assets for investment by the state board of investment under section 11A.17. The governing board of the association may certify general fund assets of the relief association for investment by the state board of investment in fixed income pools or in a separately managed account at the discretion of the state board of investment as provided in section 11A.14. The governing board of the association may select and appoint a qualified private firm to measure management performance and return on investment, and the firm shall use the formula or formulas developed by the state board under section 11A.04, clause (11).

Subd. ~~2~~ 10. [ACTUARIAL VALUATION REQUIRED.] The association shall obtain an actuarial valuation showing the condition of the special fund of the relief association ~~pursuant to~~ under sections 356.215 and 356.216 and any applicable standards for actuarial work established by the legislative commission on pensions and retirement. The actuarial valuation must be made as of December 31 of every year. A copy of the actuarial valuation ~~shall~~ must be filed with the director of the legislative reference library, the governing body of the municipality in which the association is organized, the executive director of the legislative commission on pensions and retirement, and the state auditor, not later than July 1 of the following year.

Subd. ~~2~~ 11. [MUNICIPAL APPROVAL OF BENEFIT CHANGES REQUIRED.] Any amendment to the bylaws or articles of incorporation of a relief association which increases or otherwise affects the retirement coverage provided by or the service pensions or retirement benefits payable from any police or firefighters' relief association enumerated in subdivision 1a ~~shall~~ is not be effective until it is ratified by the municipality in which the relief association is located. The officers of the relief association shall not seek municipal ratification ~~prior to~~ before obtaining either an updated actuarial valuation including the proposed amendment or an estimate of the expected actuarial impact of the proposed amendment prepared by the actuary of the relief association and submitting that actuarial valuation or estimate to the clerk of the municipality.

Subd. ~~3~~ 12. [CITATION.] This section may be cited as the "Police and Firefighters' Relief Associations Guidelines Act of 1969."

Sec. 2. Minnesota Statutes 2000, section 69.80, is amended to read:

69.80 [AUTHORIZED ADMINISTRATIVE EXPENSES.]

(a) Notwithstanding any provision of law to the contrary, the payment of the following necessary, reasonable and direct expenses of maintaining, protecting and administering the special fund, when provided for in the bylaws of the association and approved by the board of trustees, ~~shall constitute~~ constitutes authorized administrative expenses of a police, salaried firefighters', or volunteer firefighters' relief association organized under any law of this state:

(~~a~~) (1) office expense, including, but not limited to, rent, utilities, equipment, supplies, postage, periodical subscriptions, furniture, fixtures, and salaries of administrative personnel;

(~~b~~) (2) salaries of the president, secretary, and treasurer of the association, or their designees, and any other official of the relief association to whom a salary is payable under bylaws or articles of incorporation in effect on January 1, 1986, and their itemized expenses incurred as a result of fulfilling their responsibilities as administrators of the special fund;

(~~c~~) (3) tuition, registration fees, organizational dues, and other authorized expenses of the officers or members of the board of trustees incurred in attending educational conferences, seminars, or classes relating to the administration of the relief association;

(~~d~~) (4) audit, actuarial, medical, legal, and investment and performance evaluation expenses;

(~~e~~) (5) reimbursement to the officers and members of the board of trustees, or their designees, for reasonable and necessary expenses actually paid and incurred in the performance of their duties as officers or members of the board; and

(~~f~~) (6) premiums on fiduciary liability insurance and official bonds for the officers, members of the board of trustees, and employees of the relief association.

(b) Any other expenses of the relief association ~~shall~~ must be paid from the general fund of the association, if one exists. If a relief association has only one fund, that fund ~~shall be deemed to be~~ is the special fund for purposes of this section. If a relief association has a special fund and a general fund, and any expense of the relief association that is directly related to the purposes for which both funds were established, the payment of that expense ~~shall~~ must be apportioned between the two funds on the basis of the benefits derived by each fund.

Sec. 3. Minnesota Statutes 2000, section 353A.08, subdivision 6a, is amended to read:

Subd. 6a. [MILITARY SERVICE CONTRIBUTION AND REFUND.] A person who was an active member of a local police or firefighters relief association upon its consolidation with the public employees retirement association, and who was otherwise eligible for automatic service credit for military service under ~~sections Minnesota Statutes 2000, section 423.57 and 424.23~~, and who has not elected the type of benefit coverage provided by the public employees police and fire fund at the time of consolidation, must make employee contributions under section 353.01, subdivision 16, paragraph (h), to receive allowable service credit from the association for a military service leave after the effective date of the consolidation. A person who later elects, under subdivision 3, to retain benefit coverage under the bylaws of the local relief association is eligible for a refund from the association at the time of retirement. The association shall refund the employee contributions plus interest at the rate of six percent, compounded quarterly, from the date on which contributions were made until the first day of the month in which the refund is paid. The employer shall receive a refund of the employer contributions. The association shall not pay a refund to a person who later elects, under subdivision 3, the type of benefit coverage provided by the public employees police and fire fund or to the person's employer.

Sec. 4. Minnesota Statutes 2000, section 423A.17, is amended to read:

423A.17 [CONTINUATION OF SURVIVING SPOUSE BENEFITS UPON REMARRIAGE.]

(a) Notwithstanding a provision of ~~section 69.48; 423.387, subdivision 1; 423.58, subdivision 1; 423.810, subdivision 1; or 424.24, subdivision 1, or other law~~, article of incorporation, or bylaw governing a local police or salaried firefighters relief association to the contrary, the governing body of a municipality may mandate the applicable local police or salaried firefighters relief association to provide that a surviving spouse benefit is payable for the life of the surviving spouse and remains payable even in the event of the remarriage of the surviving spouse.

(b) If the surviving spouse benefit change described in paragraph (a) is made, the change applies to a surviving spouse benefit payable on the effective date of the change and to the potential surviving spouses of all active, deferred, or retired members of the relief association who have that status on the effective date of the change.

(c) In addition, if the surviving spouse benefit change described in paragraph (a) is made a person who formerly was receiving surviving spouse benefits from the relief association and who had those benefits discontinued by virtue of the remarriage is entitled, upon application, to a resumption of the surviving spouse benefit, beginning with the last day of the month following receipt of the application by the secretary of the relief association. Nothing in this section authorizes the payment of a benefit amount to an estate.

(d) The change must be made by a municipal resolution adopted by a majority vote of the municipality. The resolution must be filed by the secretary of the relief association with the executive director of the legislative commission on pensions and retirement, the state auditor, and the secretary of state.

Sec. 5. Minnesota Statutes 2000, section 423A.171, is amended to read:

423A.171 [BYLAW AMENDMENTS.]

(a) Notwithstanding a provision of ~~section 69.48; 423.387, subdivision 1; 423.58, subdivision 1; 423.810, subdivision 1; 423B.10; or 424.24, subdivision 1, or other law~~ governing a local police or salaried firefighters' relief association to the contrary, the board of trustees of a local relief association governed by section 69.77 or its successor board under chapter 353A or 353B, with municipal approval as provided in section 69.77, subdivision 2 ~~and~~ 11, may amend the bylaws of the relief association to provide that a surviving spouse benefit is payable to a surviving spouse who married a deferred or retired member after the member's retirement, provided the marriage occurred at least five years before the death of the member.

(b) If the surviving spouse benefit change described in paragraph (a) is made, the change applies to a surviving spouse benefit payable on the effective date of the change and to the potential surviving spouses of all deferred or retired members of the relief association who have that status on the effective date of the change.

(c) The bylaw amendment is not effective until a certified copy of the amendment and the municipal approval has been filed by the municipal clerk with the executive director of the legislative commission on pensions and retirement, the state auditor, and the secretary of state.

(d) Notwithstanding the provisions of section 353B.11, a surviving spouse benefit change made under this section for a relief association that has consolidated with the public employees retirement association is effective upon approval by the public employees retirement association and the municipality ~~pursuant to~~ under paragraph (c).

Sec. 6. Minnesota Statutes 2000, section 424A.09, is amended to read:

424A.09 [APPLICATION TO CERTAIN RELIEF ASSOCIATIONS.]

This chapter ~~shall supersede~~ supersedes any special law applicable to any municipal volunteer firefighters' relief association or independent nonprofit firefighting corporation specifically authorizing the relief association or nonprofit firefighting corporation to exceed the service pension limitations contained in Minnesota Statutes 1978, sections 69.06 and 69.691. Any relief association which amended its bylaws to provide for a full pro rata service pension amount at the specified retirement age with 15 years service credit or 75 percent of the pro rata service pension amount at the specified retirement age with ten years of service ~~pursuant to~~ under Minnesota Statutes 1978, section 69.06, may continue to provide the specified service pension amounts at the applicable years of credited service to any member who has credit for at least ten or 15 years, whichever is the applicable minimum service period specified in the bylaws governing the relief association, on or before December 31, 1979 ~~notwithstanding section 424A.02.~~

Sec. 7. [APPLICATION; BLOOMINGTON FIREFIGHTERS RELIEF ASSOCIATION.]

To the extent that Minnesota Statutes 2000, chapter 424, applied to the Bloomington firefighters relief association on the day before the effective date of section 5, Minnesota Statutes 2000, chapter 424, continues to apply to the Bloomington firefighters relief association after that date.

Sec. 8. [REVISOR INSTRUCTIONS.]

(a) In the next and subsequent editions of Minnesota Statutes, the revisor of statutes shall not print Minnesota Statutes, sections 423.41 to 423.62, but shall denote those sections as "[LOCAL, CITY OF FAIRMONT, POLICE PENSIONS.]."

(b) In the next and subsequent editions of Minnesota Statutes, the revisor of statutes shall, in each section indicated in column A, replace the cross-reference specified in column B with the cross-reference set forth in column C:

<u>Column A</u>	<u>Column B</u>	<u>Column C</u>
<u>69.021, subd. 10</u>	<u>69.77, subd. 2a</u>	<u>69.77, subd. 3</u>
<u>69.021, subd. 10</u>	<u>69.77, subd. 2b</u>	<u>69.77, subd. 4</u>
<u>69.021, subd. 10</u>	<u>69.77, subd. 2c</u>	<u>69.77, subd. 5</u>
<u>299A.465, subd. 5</u>	<u>424.03</u>	<u>Minnesota Statutes, 2000, 424.03</u>
<u>353A.07, subd. 6</u>	<u>69.77, subd. 2a</u>	<u>69.77, subd. 3</u>
<u>353A.09, subd. 4</u>	<u>69.77, subd. 2a</u>	<u>69.77, subd. 3</u>
<u>356.216</u>	<u>69.77, subd. 2b</u>	<u>69.77, subd. 4</u>
<u>356.219, subd. 2</u>	<u>69.77, subd. 2g</u>	<u>69.77, subd. 9</u>
<u>423.01, subd. 2</u>	<u>69.77, subd. 2b</u>	<u>69.77, subd. 4</u>
<u>423A.18</u>	<u>69.77, subd. 2i</u>	<u>69.77, subd. 11</u>
<u>423A.19, subd. 4</u>	<u>69.77, subd. 2i</u>	<u>69.77, subd. 11</u>
<u>423B.06, subd. 1</u>	<u>69.77, subd. 2a</u>	<u>69.77, subd. 3</u>

<u>423B.06,</u>	<u>subd. 1</u>	<u>69.77,</u>	<u>subd. 2b</u>	<u>69.77,</u>	<u>subd. 4</u>
<u>423B.06,</u>	<u>subd. 1</u>	<u>69.77,</u>	<u>subd. 2c</u>	<u>69.77,</u>	<u>subd. 5</u>
<u>423B.06,</u>	<u>subd. 1</u>	<u>69.77,</u>	<u>subd. 2d</u>	<u>69.77,</u>	<u>subd. 6</u>
<u>423B.06,</u>	<u>subd. 1</u>	<u>69.77,</u>	<u>subd. 2e</u>	<u>69.77,</u>	<u>subd. 7</u>
<u>423B.06,</u>	<u>subd. 1</u>	<u>69.77,</u>	<u>subd. 2f</u>	<u>69.77,</u>	<u>subd. 8</u>
<u>423B.21,</u>	<u>subd. 1</u>	<u>69.77,</u>	<u>subd. 2b</u>	<u>69.77,</u>	<u>subd. 4</u>

Sec. 9. [REPEALER; OBSOLETE POLICE AND FIRE PENSION LAWS.]

Subdivision 1. [FIRST CLASS CITY FIRE; REPEALER.] Minnesota Statutes 2000, sections 69.25; 69.26; 69.27; 69.28; 69.29; 69.30; 69.32; 69.361; 69.37; 69.38; 69.39; 69.40; 69.41; 69.42; 69.43; 69.44; 69.45; 69.46; 69.47; 69.48; 69.49; 69.50; 69.51; 69.52; 69.53; and 69.62, are repealed.

Subd. 2. [THIRD CLASS CITY POLICE; REPEALER.] Minnesota Statutes 2000, sections 423.37; 423.371; 423.372; 423.373; 423.374; 423.375; 423.377; 423.378; 423.379; 423.38; 423.381; 423.382; 423.383; 423.384; 423.385; 423.386; 423.387; 423.388; 423.389; 423.39; 423.391; and 423.392, are repealed.

Subd. 3. [SECOND CLASS CITY POLICE; REPEALER.] Minnesota Statutes 2000, sections 423.801; 423.802; 423.803; 423.804; 423.805; 423.806; 423.808; 423.809; 423.810; 423.812; 423.813; 423.814; and 423.90, are repealed.

Subd. 4. [SECOND CLASS CITY FIRE; REPEALER.] Minnesota Statutes 2000, sections 424.01; 424.02; 424.03; 424.04; 424.05; 424.06; 424.08; 424.14; 424.15; 424.16; 424.165; 424.17; 424.18; 424.19; 424.20; 424.21; 424.22; 424.23; 424.24; 424.25; 424.27; 424.28; and 424.29, are repealed.

Subd. 5. [ALBERT LEA FIRE; REPEALER.] Laws 1943, chapters 170 and 397; Laws 1947, chapter 274; Laws 1949, chapters 87 and 281; Laws 1951, chapters 233, 420, and 435; Laws 1953, chapters 44 and 406; Laws 1957, chapter 127; Laws 1959, chapter 207; Laws 1963, chapter 643; Laws 1984, chapter 574, section 23; Laws 1985, chapter 261, section 36; and Laws 1993, chapter 72, are repealed.

Subd. 6. [ALBERT LEA POLICE; REPEALER.] Laws 1965, chapter 174; Laws 1976, chapter 247; and Laws 1985, chapter 261, section 36, are repealed.

Subd. 7. [ANOKA POLICE; REPEALER.] Laws 1965, chapter 174; Laws 1973, chapter 587; Laws 1978, chapter 563, section 28; and Laws 1981, chapter 224, sections 263 and 264, are repealed.

Subd. 8. [AUSTIN FIRE; REPEALER.] Laws 1943, chapter 170; Laws 1949, chapter 87; Laws 1951, chapters 45 and 435; Laws 1957, chapter 164; Laws 1963, chapter 36; Laws 1965, chapter 418; Laws 1976, chapter 36; Laws 1978, chapter 579; Laws 1980, chapter 341, sections 9 and 10; Laws 1981, chapter 224, sections 268 and 270; Laws 1992, chapter 455; and Laws 1994, chapter 490, are repealed.

Subd. 9. [AUSTIN POLICE; REPEALER.] Laws 1943, chapter 432; Laws 1976, chapter 36; Laws 1980, chapter 341, sections 9 and 10; and Laws 1981, chapter 224, sections 268 and 270, are repealed.

Subd. 10. [BLOOMINGTON POLICE; REPEALER.] Laws 1965, chapter 498; Laws 1975, chapter 121; Laws 1978, chapter 563, section 17; Laws 1980, chapter 341, section 6; Laws 1981, chapter 224, section 240; and Laws 1993, chapter 202, article 1, are repealed.

Subd. 11. [BRAINERD POLICE; REPEALER.] Laws 1959, chapter 437, is repealed.

Subd. 12. [BROOKLYN CENTER POLICE; REPEALER.] Laws 1967, chapter 736; and Laws 1978, chapter 563, section 18, are repealed.

Subd. 13. [BUHL POLICE; REPEALER.] Laws 1957, chapter 630; Laws 1975, chapter 425; Laws 1976, chapter 247; Laws 1981, chapter 68, section 43; Laws 1982, chapter 578, article II, section 1, subdivision 8; Laws 1984, chapter 574, sections 18 and 20; Laws 1985, chapter 261, section 18; and Laws 1986, chapter 458, section 23, are repealed.

Subd. 14. [CHISHOLM FIRE; REPEALER.] Laws 1935, chapter 208; Laws 1937, chapters 132 and 253; Laws 1939, chapter 124; Laws 1947, chapter 329; Laws 1951, chapter 144; Laws 1953, chapter 391; Laws 1955, chapters 293 and 827; Laws 1961, chapter 631; Laws 1971, chapter 809; Laws 1973, chapter 433; Laws 1976, chapter 78; Laws 1978, chapter 648; Laws 1979, chapter 131, section 3; Laws 1981, chapter 68, sections 36 and 37; and Laws 1991, chapter 269, article 2, section 12, are repealed.

Subd. 15. [CHISHOLM POLICE; REPEALER.] Laws 1945, chapter 74; Laws 1949, chapter 164; Laws 1953, chapter 235; Laws 1959, chapter 211; Laws 1961, chapter 290; Laws 1971, chapter 810; Laws 1973, chapter 433; Laws 1976, chapter 78; Laws 1978, chapters 563, section 27, and 648; Laws 1979, chapter 131, section 3; Laws 1981, chapters 68, sections 31, 32, and 33; and 224, section 261; and Laws 1991, chapter 269, article 2, section 12, are repealed.

Subd. 16. [CLOQUET FIRE; REPEALER.] Laws 1941, chapter 196; Laws 1953, chapter 253; Laws 1955, chapter 42; Laws 1961, chapter 295; Laws 1965, chapter 594; Laws 1967, chapter 783; and Laws 1969, chapter 716, are repealed.

Subd. 17. [COLUMBIA HEIGHTS FIRE; REPEALER.] Laws 1965, chapter 605; Laws 1975, chapter 424; Laws 1977, chapter 374, sections 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, and 60; Laws 1978, chapter 563, sections 29 and 30; and Laws 1981, chapter 224, section 267, are repealed.

Subd. 18. [COLUMBIA HEIGHTS POLICE; REPEALER.] Laws 1977, chapter 374, sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, and 37; and Laws 1993, chapter 126, are repealed.

Subd. 19. [CROOKSTON FIRE; REPEALER.] Laws 1949, chapter 378; Laws 1957, chapter 144; Laws 1963, chapter 636; Laws 1971, chapter 51; Laws 1978, chapter 563, sections 24, 25, and 26; Laws 1981, chapter 224, sections 252 and 253; and Laws 1983, chapter 291, sections 9, 10, 11, 12, 13, 14, 15, 16, and 17, are repealed.

Subd. 20. [CROOKSTON POLICE; REPEALER.] Laws 1976, chapter 85; Laws 1977, chapter 275; Laws 1983, chapter 84, section 1; and Laws 1984, chapter 574, section 26, are repealed.

Subd. 21. [CRYSTAL POLICE; REPEALER.] Laws 1963, chapter 619; Laws 1969, chapter 1087; and Laws 1980, chapter 607, article XV, section 23, are repealed.

Subd. 22. [DULUTH FIRE; REPEALER.] Laws 1917, chapter 196; Laws 1919, chapter 515; Laws 1955, chapter 188; Laws 1961, chapter 186; Laws 1963, chapter 208; Laws 1965, chapter 179; Laws 1967, chapter 732; Laws 1975, chapter 127; Laws 1976, chapter 78, section 4; Laws 1977, chapter 164, section 3; Laws 1992, chapter 448, section 1; and Laws 1994, chapter 474, are repealed.

Subd. 23. [DULUTH POLICE; REPEALER.] Laws 1915, chapter 68; Laws 1921, chapter 118; Laws 1923, chapter 54; Laws 1925, chapter 197; Laws 1943, chapter 267; Laws 1949, chapter 153; Laws 1953, chapter 91; Laws 1955, chapter 187; Laws 1959, chapter 191; Laws 1975, chapter 408; Laws 1976, chapter 99; Laws 1980, chapter 600, section 11; and Laws 1992, chapter 448, are repealed.

Subd. 24. [EVELETH FIRE; REPEALER.] Laws 1935, chapter 208; Laws 1937, chapters 132 and 253; Laws 1939, chapter 124; Laws 1941, chapters 74 and 182; Laws 1947, chapter 329; Laws 1951, chapter 144; Laws 1953, chapter 391; Laws 1955, chapter 293; Laws 1961, chapter 620; Laws 1963, chapter 670; and Laws 1969, chapter 552, are repealed.

Subd. 25. [EVELETH POLICE; REPEALER.] Laws 1965, chapter 636; and Laws 1969, chapter 670, are repealed.

Subd. 26. [FARIBAULT FIRE; REPEALER.] Laws 1947, chapter 43; Laws 1949, chapter 154; Laws 1951, chapter 43; Laws 1957, chapter 36; Laws 1961, chapter 443; Laws 1967, chapter 807; Laws 1969, chapter 614; Laws 1975, chapter 389; Laws 1984, chapter 574, section 22; Laws 1985, chapter 259, sections 5 and 6; Laws 1985, First Special Session chapter 16, article 2, section 6; and Laws 1993, chapter 112, section 2, are repealed.

Subd. 27. [FARIBAULT POLICE; REPEALER.] Laws 1985, chapter 259, sections 5 and 6; Laws 1985, First Special Session chapter 16, article 2, section 6, are repealed.

Subd. 28. [FRIDLEY FIRE; REPEALER.] Laws 1969, chapter 594, is repealed.

Subd. 29. [FRIDLEY POLICE; REPEALER.] Laws 1977, chapter 83, is repealed.

Subd. 30. [HIBBING FIRE; REPEALER.] Laws 1935, chapter 192; Laws 1943, chapter 413; Laws 1945, chapter 182; Laws 1947, chapter 101; Laws 1951, chapter 48; Laws 1955, chapter 294; Laws 1959, chapter 208; Laws 1967, chapter 816; Laws 1969, chapter 686; Laws 1971, chapter 614; Laws 1975, chapter 254, sections 5 and 6; Laws 1977, chapter 169; Laws 1981, chapter 224, section 260; Laws 1982, chapter 443; Laws 1987, chapter 372, article 2, sections 7, 8, and 9; and Laws 1991, chapter 269, article 2, sections 12 and 13, are repealed.

Subd. 31. [HIBBING POLICE; REPEALER.] Laws 1931, chapter 48; Laws 1933, chapter 122; Laws 1939, chapter 304; Laws 1945, chapter 300; Laws 1947, chapter 40; Laws 1949, chapter 191; Laws 1951, chapter 243; Laws 1953, chapter 401; Laws 1957, chapter 793; Laws 1965, chapter 536; Laws 1967, chapter 678; Laws 1969, chapter 672; Laws 1971, chapter 807; Laws 1983, chapter 74; Laws 1987, chapter 372, article 2, section 7; and Laws 1991, chapter 269, article 2, section 12, are repealed.

Subd. 32. [MANKATO FIRE; REPEALER.] Laws 1949, chapter 144; Laws 1953, chapter 37; Laws 1957, chapter 16; Laws 1971, chapter 407; Extra Session Laws 1971, chapter 41; Laws 1981, chapter 224, sections 258 and 259; and Laws 1989, chapter 319, article 11, section 3, are repealed.

Subd. 33. [MANKATO POLICE; REPEALER.] Laws 1971, chapter 407; Extra Session Laws 1971, chapter 41; Laws 1981, chapter 224, sections 258 and 259; Laws 1986, chapter 458, section 34; and Laws 1987, chapter 372, article 2, section 12, are repealed.

Subd. 34. [MOORHEAD FIRE; REPEALER.] Laws 1951, chapter 499; Laws 1955, chapter 75; Laws 1965, chapter 190; Laws 1969, chapter 138; Laws 1975, chapter 120; Laws 1978, chapter 563, sections 12 and 13; Laws 1979, chapter 216, sections 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, and 44; Laws 1981, chapter 224, section 236; and Laws 1982, chapter 578, article III, section 18, are repealed.

Subd. 35. [MOORHEAD POLICE; REPEALER.] Laws 1945, chapter 277; Laws 1967, chapter 775; Laws 1978, chapter 563, section 19; Laws 1979, chapter 216, sections 27, 28, 29, 30, 31, and 44; Laws 1980, chapter 600, section 16; Laws 1981, chapter 224, section 243; and Laws 1982, chapter 578, article III, section 18, are repealed.

Subd. 36. [NEW ULM POLICE; REPEALER.] Laws 1965, chapter 174; Laws 1974, chapter 251; Laws 1981, chapter 224, sections 265 and 266; and Laws 1985, chapter 261, section 20, are repealed.

Subd. 37. [RED WING FIRE; REPEALER.] Laws 1953, chapter 348; Laws 1955, chapter 49; Laws 1957, chapter 10; Laws 1961, chapter 300; Laws 1965, chapter 604; Laws 1973, chapter 359; Laws 1975, chapter 254, sections 1, 2, 3, and 4; and Laws 1984, chapter 574, section 24, are repealed.

Subd. 38. [RED WING POLICE; REPEALER.] Laws 1965, chapter 174; Laws 1973, chapter 346; Laws 1983, chapter 291, section 8; and Laws 1994, chapter 410, are repealed.

Subd. 39. [RICHFIELD FIRE; REPEALER.] Laws 1955, chapter 348; Extra Session Laws 1961, chapter 28; Laws 1963, chapter 464; Laws 1967, chapter 798; Laws 1978, chapter 563, sections 20 and 21; Laws 1980, chapter 607, article XV, section 23; Laws 1981, chapter 224, section 244; and Laws 1997, chapter 241, article 2, sections 2, 3, 4, 5, 6, 9, 10, 13, 14, and 20, are repealed.

Subd. 40. [RICHFIELD POLICE; REPEALER.] Laws 1957, chapter 455; Laws 1965, chapter 458; Laws 1978, chapter 563, section 16; Laws 1980, chapter 607, article XV, section 23; Laws 1981, chapter 224, section 239; and Laws 1991, chapter 96, are repealed.

Subd. 41. [ROCHESTER FIRE; REPEALER.] Laws 1959, chapter 131; Laws 1969, chapter 694; Laws 1978, chapter 563, section 14; Laws 1980, chapter 600, sections 18 and 22; and Laws 1981, chapter 224, section 237, are repealed.

Subd. 42. [ROCHESTER POLICE; REPEALER.] Laws 1969, chapter 641; Laws 1975, chapter 368, section 54; Laws 1978, chapters 563, section 23; and 793, section 96; Laws 1980, chapter 600, sections 18 and 22; and Laws 1981, chapter 224, section 248, are repealed.

Subd. 43. [ST. CLOUD FIRE; REPEALER.] Laws 1961, chapter 343; Laws 1963, chapter 453; Laws 1967, chapter 702; Laws 1974, chapter 382; Laws 1977, chapter 270; Laws 1978, chapter 690, sections 9 and 10; and Laws 1982, chapter 402, are repealed.

Subd. 44. [ST. CLOUD POLICE; REPEALER.] Laws 1973, chapter 432; Laws 1980, chapter 341, sections 2, 3, 4, and 5; Laws 1984, chapter 574, section 25; and Laws 1999, chapter 222, article 3, section 6, are repealed.

Subd. 45. [ST. LOUIS PARK FIRE; REPEALER.] Laws 1967, chapter 730; Laws 1969, chapter 576; Laws 1978, chapter 563, section 22; Laws 1981, chapter 224, section 247; and Laws 1985, chapter 261, sections 32, 33, 34, and 35, are repealed.

Subd. 46. [ST. LOUIS PARK POLICE; REPEALER.] Laws 1963, chapter 454; Laws 1980, chapter 600, section 17; Laws 1984, chapter 574, section 19; and Laws 1990, chapter 589, article 1, section 7, are repealed.

Subd. 47. [ST. PAUL FIRE; REPEALER.] Laws 1917, chapter 196; Laws 1919, chapter 515; Laws 1955, chapter 375; Laws 1957, chapters 256 and 257; Laws 1961, chapter 376; Laws 1963, chapter 221; Laws 1965, chapter 790; Laws 1967, chapters 644 and 708; Laws 1969, chapters 443, 669, and 671; Laws 1973, chapter 287; Laws 1975, chapter 423; Laws 1977, chapter 164, section 1; Laws 1981, chapter 68, section 35; Laws 1989, chapter 319, article 11, section 12; Laws 1992, chapters 422 and 563, sections 3, 4, and 5; Laws 1993, chapter 110; Laws 1996, chapter 448, article 2, section 1; and Laws 1997, chapter 241, article 2, sections 11 and 15, are repealed.

Subd. 48. [ST. PAUL POLICE; REPEALER.] Special Laws 1889, chapter 425; Special Laws 1891, chapter 11; Laws 1897, chapters 389 and 390; Laws 1919, chapter 68; Laws 1921, chapter 118; Laws 1923, chapter 54; Laws 1925, chapter 197; Laws 1955, chapter 151; Laws 1961, chapters 434 and 435, section 2; Laws 1963, chapter 271; Laws 1965, chapter 465; Laws 1969, chapters 442, 668, and 671; Laws 1971, chapter 549; Laws 1973, chapter 286; Laws 1980, chapter 600, sections 12, 13, 14, and 15; Laws 1981, chapter 68, section 34; Laws 1983, chapter 47; Laws 1988, chapter 709, article 8, section 5; Laws 1989, chapter 319, article 11, sections 2 and 12; Laws 1992, chapters 393, section 1; 563, section 5; and 586, section 1; Laws 1994, chapter 409; Laws 1996, chapter 448, article 2, section 1; and Laws 1997, chapter 241, article 2, sections 11 and 15, are repealed.

Subd. 49. [SOUTH ST. PAUL FIRE; REPEALER] Laws 1943, chapter 397; Laws 1947, chapter 274; Laws 1949, chapter 281; Laws 1951, chapters 233 and 420; Laws 1953, chapters 44 and 406; Laws 1957, chapter 127; Laws 1961, chapter 747; Laws 1963, chapter 715; Laws 1965, chapter 457; Laws 1969, chapter 849; and Laws 1971, chapter 178, are repealed.

Subd. 50. [SOUTH ST. PAUL POLICE; REPEALER.] Laws 1994, chapter 541, section 3, is repealed.

Subd. 51. [THIEF RIVER FALLS POLICE; REPEALER.] Laws 1981, chapters 68, sections 41 and 42; 224, sections 272 and 273; Laws 1985, chapter 261, section 14; and Laws 1992, chapter 431, section 1, are repealed.

Subd. 52. [VIRGINIA POLICE; REPEALER.] Laws 1935, chapters 92 and 259; Laws 1937, chapter 197; Laws 1949, chapter 235; Laws 1965, chapter 174; Laws 1982, chapter 574, sections 3, 4, 5, 6, and 8; Laws 1985, chapter 261, sections 15 and 16; Laws 1989, chapter 319, article 11, section 4; and Laws 1992, chapter 392, section 1, are repealed.

Subd. 53. [WEST ST. PAUL FIRE; REPEALER.] Laws 1961, chapter 399; Laws 1965, chapter 540; Laws 1982, chapter 610, sections 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, and 20; and Laws 1984, chapter 574, section 33, are repealed.

Subd. 54. [WEST ST. PAUL POLICE; REPEALER] Laws 1965, chapter 174; Laws 1967, chapter 751; Laws 1981, chapter 297, sections 1 and 2; Laws 1987, chapter 372, article 2, section 10; and Laws 1995, chapter 262, article 10, section 4, are repealed.

Subd. 55. [WINONA FIRE; REPEALER.] Extra Session Laws 1961, chapter 80; Laws 1963, chapter 443; and Laws 1967, chapter 848, are repealed.

Subd. 56. [WINONA POLICE; REPEALERS.] Laws 1959, chapter 108; Extra Session Laws 1961, chapter 80; Laws 1977, chapter 429, section 62; Laws 1986, chapter 359, sections 22, 23, 24, and 25; and Laws 1988, chapter 709, article 9, section 5, are repealed.

Subd. 57. [OTHER REPEALER.] Minnesota Statutes 2000, sections 69.78; 297I.10, subdivision 2; and 423A.03, are repealed.

Sec. 10. [EFFECTIVE DATE.]

Sections 1 to 9 are effective on July 1, 2002.

ARTICLE 2

RETIREMENT PLAN ALLOWABLE SERVICE CREDIT FOR STRIKE PERIODS

Section 1. Minnesota Statutes 2001 Supplement, section 352.01, subdivision 11, is amended to read:

Subd. 11. [ALLOWABLE SERVICE.] "Allowable service" means:

(1) Service by an employee for which on or before July 1, 1957, the employee was entitled to allowable service credit on the records of the system by reason of employee contributions in the form of salary deductions, payments in lieu of salary deductions, or in any other manner authorized by Minnesota Statutes 1953, chapter 352, as amended by Laws 1955, chapter 239.

(2) Service by an employee for which on or before July 1, 1961, the employee chose to obtain credit for service by making payments to the fund under Minnesota Statutes 1961, section 352.24.

(3) Except as provided in clauses (8) and (9), service by an employee after July 1, 1957, for any calendar month in which the employee is paid salary from which deductions are made, deposited, and credited in the fund, including deductions made, deposited, and credited as provided in section 352.041.

(4) Except as provided in clauses (8) and (9), service by an employee after July 1, 1957, for any calendar month for which payments in lieu of salary deductions are made, deposited, and credited in the fund, as provided in section 352.27 and Minnesota Statutes 1957, section 352.021, subdivision 4.

For purposes of clauses (3) and (4), except as provided in clauses (8) and (9), any salary paid for a fractional part of any calendar month, including the month of separation from state service, is deemed the compensation for the entire calendar month.

(5) The period of absence from their duties by employees who are temporarily disabled because of injuries incurred in the performance of duties and for which disability the state is liable under the workers' compensation law until the date authorized by the director for the commencement of payments of a total and permanent disability benefit from the retirement fund.

(6) Service covered by a refund repaid as provided in section 352.23 or 352D.05, subdivision 4, except service rendered as an employee of the adjutant general for which the person has credit with the federal civil service retirement system.

(7) Service before July 1, 1978, by an employee of the transit operating division of the metropolitan transit commission or by an employee on an authorized leave of absence from the transit operating division of the metropolitan transit commission who is employed by the labor organization which is the exclusive bargaining agent representing employees of the transit operating division, which was credited by the metropolitan transit commission-transit operating division employees retirement fund or any of its predecessor plans or funds as past, intermediate, future, continuous, or allowable service as defined in the metropolitan transit commission-transit operating division employees retirement fund plan document in effect on December 31, 1977.

(8) Service after July 1, 1983, by an employee who is employed on a part-time basis for less than 50 percent of full time, for which the employee is paid salary from which deductions are made, deposited, and credited in the fund, including deductions made, deposited, and credited as provided in section 352.041 or for which payments in lieu of salary deductions are made, deposited, and credited in the fund as provided in section 352.27 shall be credited on a fractional basis either by pay period, monthly, or annually based on the relationship that the percentage of salary earned bears to a full-time salary, with any salary paid for the fractional service credited on the basis of the rate of salary applicable for a full-time pay period, month, or a full-time year. For periods of part-time service that is duplicated service credit, section 356.30, subdivision 1, clauses (i) and (j), govern.

Allowable service determined and credited on a fractional basis shall be used in calculating the amount of benefits payable, but service as determined on a fractional basis must not be used in determining the length of service required for eligibility for benefits.

(9) Any period of authorized leave of absence without pay that does not exceed one year and for which the employee obtained credit by payment to the fund in lieu of salary deductions. To obtain credit, the employee shall pay an amount equal to the employee and employer contribution rate in section 352.04, subdivisions 2 and 3, multiplied by the employee's hourly rate of salary on the date of return from leave of absence and by the days and months of the leave of absence without pay for which the employee wants allowable service credit. The employing department, at its option, may pay the employer amount on behalf of its employees. Payments made under this clause must include interest at an annual rate of 8.5 percent compounded annually from the date of termination of the leave of absence to the date payment is made unless payment is completed within one year of the return from leave of absence.

(10) A period purchased under section 356.555.

(11) A period of time during which the employee was on strike without pay, not to exceed a period of one year, if the employee makes a payment in lieu of salary deductions or makes a prior service credit purchase payment, whichever applies. If the payment is made within 12 months, the payment by the employee must be an amount equal to the employee and employer contribution rates set forth in section 352.04, subdivisions 2 and 3, applied to the

employee's rate of salary in effect on the conclusion of the strike for the period of the strike without pay, plus compound interest at a monthly rate of 0.71 percent from the last day of the strike until the date of payment. If the payment by the employee is not made within 12 months, the payment must be in an amount equal to the payment amount determined under section 356.55 or 356.551, whichever applies.

Sec. 2. Minnesota Statutes 2001 Supplement, section 353.01, subdivision 16, is amended to read:

Subd. 16. [ALLOWABLE SERVICE; LIMITS AND COMPUTATION.] (a) "Allowable service" means:

(1) service during years of actual membership in the course of which employee contributions were made, periods covered by payments in lieu of salary deductions under section 353.35;

(2) service in years during which the public employee was not a member but for which the member later elected, while a member, to obtain credit by making payments to the fund as permitted by any law then in effect;

(3) a period of authorized leave of absence with pay from which deductions for employee contributions are made, deposited, and credited to the fund;

(4) a period of authorized personal, parental, or medical leave of absence without pay, including a leave of absence covered under the federal Family Medical Leave Act, that does not exceed one year, and during or for which a member obtained full or fractional service credit for each month in the leave period by payments to the fund made in place of salary deductions. The payments must be made in an amount or amounts based on the member's average salary on which deductions were paid for the last six months of public service, or for that portion of the last six months while the member was in public service, to apply to the period in either case that immediately precedes the commencement of the leave of absence. If the employee elects to pay the employee contributions for the period of any authorized personal, parental, or medical leave of absence without pay, or for any portion of the leave, the employee shall also, as a condition to the exercise of the election, pay to the fund an amount equivalent to the required employer and the additional employer contributions, if any, for the employee. The payment must be made within one year from the expiration of the leave of absence or within 20 days after termination of public service under subdivision 11a. The employer, if by appropriate action of its governing body, which is made a part of its official records, and which is adopted before the date of the first payment of the employee contribution, may certify to the association in writing its commitment to pay the employer and additional employer contributions from the proceeds of a tax levy made under section 353.28. Payments under this paragraph must include interest at an annual rate of 8.5 percent compounded annually from the date of the termination of the leave of absence to the date payment is made. An employee shall return to public service and render a minimum of three months of allowable service in order to be eligible to pay employee and employer contributions for a subsequent authorized leave of absence without pay. Upon payment, the employee must be granted allowable service credit for full calendar months or fractions of a month during the leave period as described in paragraph (d), clauses (1) and (2), based on the salary or the compensated hours used in computing the payment amount;

(5) a periodic, repetitive leave that is offered to all employees of a governmental subdivision. The leave program may not exceed 208 hours per annual normal work cycle as certified to the association by the employer. A participating member obtains service credit by making employee contributions in an amount or amounts based on the member's average salary that would have been paid if the leave had not been taken. The employer shall pay the employer and additional employer contributions on behalf of the participating member. The employee and the employer are responsible to pay interest on their respective shares at the rate of 8.5 percent a year, compounded annually, from the end of the normal cycle until full payment is made. An employer shall also make the employer and additional employer contributions, plus 8.5 percent interest, compounded annually, on behalf of an employee who makes employee contributions but terminates public service. The employee contributions must be made within one year after the end of the annual normal working cycle or within 20 days after termination of public service, whichever is sooner. The association shall prescribe the manner and forms to be used by a governmental subdivision in administering a periodic, repetitive leave. Upon payment, the member must be granted allowable service credit for full calendar months or fractions of a month during the leave period as described in paragraph (d), clauses (1) and (2), based on the salary or the compensated hours used in computing the payment amount;

(6) an authorized temporary layoff under subdivision 12. For temporary layoffs that begin before January 1, 2002, allowable service credit is limited to three months allowable service per authorized temporary layoff in one calendar year. For temporary layoffs that begin on or after January 1, 2002, allowable service credit for the calendar month in which the member does not receive salary due to the layoff must be determined using the following formula:

(i) members who earned one month of allowable service credit for each of the nine calendar months of compensated employment with the governmental subdivision authorizing the layoff that immediately preceded the layoff shall receive one month of allowable service credit, limited to three months of allowable service credit per year, for each month of the temporary layoff; or

(ii) members who earned less than nine months of allowable service credit in the year of compensated employment with the governmental subdivision authorizing the layoff that immediately preceded the layoff shall receive allowable service credit on a fractional basis for each month of the authorized layoff, limited to three months of allowable service credit, determined by dividing the total number of months of service credit earned for the compensated employment by nine and multiplying the resulting number by the total number of months in the layoff period that are not compensated; or

(7) a period during which a member is on an authorized leave of absence to enter military service in the armed forces of the United States, provided that the member returns to public service upon discharge from military service under section 192.262 and pays into the fund employee contributions based upon the employee's salary at the date of return from military service. Payment must be made within three times the length of the military leave period, or five years of the date of discharge from the military service, whichever is less. The amount of these contributions must be in accord with the contribution rates and salary limitations, if any, in effect during the leave, plus interest at an annual rate of 8.5 percent compounded annually from the date of return to public service to the date payment is made. The matching employer contribution and additional employer contribution under section 353.27, subdivisions 3 and 3a, must be paid by the governmental subdivision employing the member upon return to public service if the member makes the employee contributions. The governmental subdivision involved may appropriate money for those payments. A member may not receive credit for a voluntary extension of military service at the instance of the member beyond the initial period of enlistment, induction, or call to active duty. Upon payment, the employee must be granted allowable service credit for full calendar months or fractions of a month during the leave period as described in paragraph (d), clauses (1) and (2), based on the salary or compensated hours used in computing the payment amount; or

(8) a period of time during which a member who is a state employee was on strike without pay, not to exceed a period of one year, if the member makes a payment in lieu of salary deductions or makes a prior service credit purchase payment, whichever applies. If the payment is made within 12 months, the payment by the member must be an amount equal to the employee, employer, and employer additional contribution rates set forth in section 353.27, subdivisions 2, 3, and 3a, applied to the employee's rate of salary in effect on the conclusion of the strike for the period of the strike without pay, plus compound interest at a monthly rate of 0.71 percent from the last day of the strike until the date of payment. If the payment by the employee is not made within 12 months, the payment must be in an amount equal to the payment amount determined under section 356.55 or 356.551, whichever applies.

(b) For calculating benefits under sections 353.30, 353.31, 353.32, and 353.33 for state officers and employees displaced by the Community Corrections Act, chapter 401, and transferred into county service under section 401.04, "allowable service" means combined years of allowable service as defined in paragraph (a), clauses (1) to (6), and section 352.01, subdivision 11.

(c) For a public employee who has prior service covered by a local police or firefighters relief association that has consolidated with the public employees retirement association or to which section 353.665 applies, and who has elected the type of benefit coverage provided by the public employees police and fire fund either under section 353A.08 following the consolidation or under section 353.665, subdivision 4, "applicable service" is a period of service credited by the local police or firefighters relief association as of the effective date of the consolidation based on law and on bylaw provisions governing the relief association on the date of the initiation of the consolidation procedure.

(d) For persons who, after January 1, 2002, either first become members or terminated membership under subdivision 11b, and again become members, of the public employees retirement plan, the public employees police and fire plan under this chapter, or the local government correctional employee retirement plan under chapter 353E, whichever applies, "allowable service" means credit for compensated hours from which deductions are made, or for which payments are made in lieu of salary deductions as provided under this subdivision, and which are deposited and credited in the fund as provided in section 353.27, determined as follows:

(1) one month of allowable service credit for each month during which the employee has received salary for 80 or more compensated hours; or

(2) a fraction of one month of allowable service for each month for which the employee has received salary for less than 80 compensated hours equal to the percentage relationship that the number of compensated hours bear to 80 hours.

(e) Elected officials and other public employees who are compensated solely on an annual basis shall be granted a full year of credit for each year for which compensation is earned.

(f) Allowable service that is determined and credited on a fractional basis must be used only in calculating the amount of benefits payable. In determining the length of service required for vesting, a member shall be granted a month of service credit for each month in which the member received compensation from which employee contributions were deducted. For periods of part-time service that are duplicated service credit, section 356.30, subdivision 1, paragraphs (g) and (h), govern.

(g) No member shall receive more than 12 months of allowable service credit in a year either for vesting purposes or for benefit calculation purposes.

(h) "Allowable service" also means a period purchased under section 356.555.

Sec. 3. Minnesota Statutes 2001 Supplement, section 354.05, subdivision 13, is amended to read:

Subd. 13. [ALLOWABLE SERVICE.] "Allowable service" means:

(1) Any service rendered by a teacher for which on or before July 1, 1957, the teacher's account in the retirement fund was credited by reason of employee contributions in the form of salary deductions, payments in lieu of salary deductions, or in any other manner authorized by Minnesota Statutes 1953, sections 135.01 to 135.13, as amended by Laws 1955, chapters 361, 549, 550, 611, or

(2) Any service rendered by a teacher for which on or before July 1, 1961, the teacher elected to obtain credit for service by making payments to the fund pursuant to Minnesota Statutes 1980, section 354.09 and section 354.51, or

(3) Any service rendered by a teacher after July 1, 1957, for any calendar month when the member receives salary from which deductions are made, deposited and credited in the fund, or

(4) Any service rendered by a person after July 1, 1957, for any calendar month where payments in lieu of salary deductions are made, deposited and credited into the fund as provided in Minnesota Statutes 1980, section 354.09, subdivision 4, and section 354.53, or

(5) Any service rendered by a teacher for which the teacher elected to obtain credit for service by making payments to the fund pursuant to Minnesota Statutes 1980, section 354.09, subdivisions 1 and 4, sections 354.50, 354.51, Minnesota Statutes 1957, section 135.41, subdivision 4, Minnesota Statutes 1971, section 354.09, subdivision 2, or Minnesota Statutes, 1973 Supplement, section 354.09, subdivision 3, or

(6) Both service during years of actual membership in the course of which contributions were currently made and service in years during which the teacher was not a member but for which the teacher later elected to obtain credit by making payments to the fund as permitted by any law then in effect, or

(7) Any service rendered where contributions were made and no allowable service credit was established because of the limitations contained in Minnesota Statutes 1957, section 135.09, subdivision 2, as determined by the ratio between the amounts of money credited to the teacher's account in a fiscal year and the maximum retirement contribution allowable for that year, or

(8) A period purchased under section 356.555~~;~~, or

(9) A period of time during which a teacher who is a state employee was on strike without pay, not to exceed a period of one year, if the teacher makes a payment in lieu of salary deductions or makes a prior service credit purchase payment, whichever applies. If the payment is made within 12 months, the payment by the teacher must be an amount equal to the employee and employer contribution rates set forth in section 354.42, subdivisions 2 and 3, applied to the teacher's rate of salary in effect on the conclusion of the strike for the period of the strike without pay, plus compound interest at a monthly rate of 0.71 percent from the last day of the strike until the date of payment. If the payment by the employee is not made within 12 months, the payment must be in an amount equal to the payment amount determined under section 356.55 or 356.551, whichever applies.

Sec. 4. [EFFECTIVE DATE.]

(a) Sections 1, 2, and 3 are effective retroactive to July 1, 2001.

(b) The authority to obtain credit for allowable service under section 1, clause (11); section 2, paragraph (a), clause (8); and section 3, clause (9), expires 12 months after the date of enactment.

ARTICLE 3

PERA MEMBERSHIP ELIGIBILITY AND SERVICE CREDIT PRORATION

Section 1. Minnesota Statutes 2001 Supplement, section 353.01, subdivision 2a, is amended to read:

Subd. 2a. [INCLUDED EMPLOYEES.] (a) Public employees whose salary from one governmental subdivision exceeds \$425 in any month shall participate as members of the association. If the salary is less than \$425 in a subsequent month, the employee retains membership eligibility. Eligible public employees shall participate as members of the association with retirement coverage by the public employees retirement plan or the public employees police and fire retirement plan under this chapter, or the local government correctional employees retirement plan under chapter 353E, whichever applies, as a condition of their employment on the first day of employment unless they:

(1) are specifically excluded under subdivision 2b;

(2) do not exercise their option to elect retirement coverage in the association as provided in subdivision 2d, paragraph (a); or

(3) are employees of the governmental subdivisions listed in subdivision 2d, paragraph (b), where the governmental subdivision has not elected to participate as a governmental subdivision covered by the association.

(b) A public employee who was a member of the association on June 30, 2002, based on employment that qualified for membership coverage by the public employees retirement plan or the public employees police and fire plan under this chapter, or the local government correctional employees retirement plan under chapter 353E as of June 30, 2002, retains that membership until the employee terminates public employment under subdivision 11a or terminates membership under subdivision 11b.

Sec. 2. Minnesota Statutes 2001 Supplement, section 353.01, subdivision 2b, is amended to read:

Subd. 2b. [EXCLUDED EMPLOYEES.] The following public employees are not eligible to participate as members of the association with retirement coverage by the public employees retirement plan, the local government correctional employees retirement plan under chapter 353E, or the public employees police and fire retirement plan:

(1) public officers, other than county sheriffs, who are elected to a governing body, or persons who are appointed to fill a vacancy in an elective office of a governing body, whose term of office first commences on or after July 1, 2002, for the service to be rendered in that elective position. Elected governing body officials who were active members of the association's coordinated or basic retirement plans as of June 30, 2002, continue participation throughout incumbency in office until termination of public service occurs as defined in subdivision 11a;

(2) election officers or election judges;

(3) patient and inmate personnel who perform services for a governmental subdivision;

(4) employees who are hired for a temporary position under subdivision 12a, and employees who resign from a nontemporary position and accept a temporary position within 30 days in the same governmental subdivision. An employer must not apply the definition of temporary position so as to exclude employees who are hired to fill positions that are permanent or that are for an unspecified period but who are serving a probationary period at the start of the employment. If the period of employment extends beyond six consecutive months and the employee earns more than \$425 from one governmental subdivision in any calendar month, the department head shall report the employee for membership and require employee deductions be made on behalf of the employee under section 353.27, subdivision 4.

The membership eligibility of an employee who resigns or is dismissed from a temporary position and within 30 days accepts another temporary position in the same governmental subdivision is determined on the total length of employment rather than on each separate position. Membership eligibility of an employee who holds concurrent temporary and nontemporary positions in one governmental subdivision is determined by the length of employment and salary of each separate position;

(5) employees who are employed by reason of work emergency caused by fire, flood, storm, or similar disaster;

(6) employees who by virtue of their employment in one governmental subdivision are required by law to be a member of and to contribute to any of the plans or funds administered by the Minnesota state retirement system, the teachers retirement association, the Duluth teachers retirement fund association, the Minneapolis teachers retirement association, the St. Paul teachers retirement fund association, the Minneapolis employees retirement fund, or any police or firefighters relief association governed by section 69.77 that has not consolidated with the public employees retirement association, or any local police or firefighters consolidation account but who have not elected the type of benefit coverage provided by the public employees police and fire fund under sections 353A.01 to 353A.10, or any persons covered by section 353.665, subdivision 4, 5, or 6, who have not elected public employees police and fire plan benefit coverage. This clause must not be construed to prevent a person from being a member of and contributing to the public employees retirement association and also belonging to and contributing to another public pension fund for other service occurring during the same period of time. A person who meets the definition of "public employee" in subdivision 2 by virtue of other service occurring during the same period of time becomes a member of the association unless contributions are made to another public retirement fund on the salary based on the other service or to the teachers retirement association by a teacher as defined in section 354.05, subdivision 2;

(7) persons who are members of a religious order and are excluded from coverage under the federal Old Age, Survivors, Disability, and Health Insurance Program for the performance of service as specified in United States Code, title 42, section 410(a)(8)(A), as amended through January 1, 1987, if no irrevocable election of coverage has been made under section 3121(r) of the Internal Revenue Code of 1954, as amended;

(8) employees ~~who at the time they are hired by a~~ of a governmental subdivision who have not reached the age of 23 and are enrolled on a full-time basis to attend or are attending classes on a full-time basis at an accredited school, college, or university in an undergraduate, graduate, or professional-technical program, or a public or charter high school; ~~if the employment is predicated on the student status of the individual;~~

(9) resident physicians, medical interns, and pharmacist residents and pharmacist interns who are serving in a degree or residency program in public hospitals;

(10) students who are serving in an internship or residency program sponsored by an accredited educational institution;

(11) persons who hold a part-time adult supplementary technical college license who render part-time teaching service in a technical college;

(12) except for employees of Hennepin county, foreign citizens working for a governmental subdivision with a work permit of less than three years, or an H-1b visa valid for less than three years of employment. Upon notice to the association that the work permit or visa extends beyond the three-year period, the foreign citizens are eligible to be reported for membership from the date of the extension;

(13) public hospital employees who elected not to participate as members of the association before 1972 and who did not elect to participate from July 1, 1988, to October 1, 1988;

(14) except as provided in section 353.86, volunteer ambulance service personnel, as defined in subdivision 35, but persons who serve as volunteer ambulance service personnel may still qualify as public employees under subdivision 2 and may be members of the public employees retirement association and participants in the public employees retirement fund or the public employees police and fire fund, whichever applies, on the basis of compensation received from public employment service other than service as volunteer ambulance service personnel;

(15) except as provided in section 353.87, volunteer firefighters, as defined in subdivision 36, engaging in activities undertaken as part of volunteer firefighter duties; provided that a person who is a volunteer firefighter may still qualify as a public employee under subdivision 2 and may be a member of the public employees retirement association and a participant in the public employees retirement fund or the public employees police and fire fund, whichever applies, on the basis of compensation received from public employment activities other than those as a volunteer firefighter;

(16) pipefitters and associated trades personnel employed by independent school district No. 625, St. Paul, with coverage under a collective bargaining agreement by the pipefitters local 455 pension plan who were either first employed after May 1, 1997, or, if first employed before May 2, 1997, elected to be excluded under Laws 1997, chapter 241, article 2, section 12;

(17) electrical workers, plumbers, carpenters, and associated trades personnel employed by independent school district No. 625, St. Paul, or the city of St. Paul, who have retirement coverage under a collective bargaining agreement by the electrical workers local 110 pension plan, the united association plumbers local 34 pension plan, or the carpenters local 87 pension plan who were either first employed after May 1, 2000, or, if first employed before May 2, 2000, elected to be excluded under Laws 2000, chapter 461, article 7, section 5;

(18) bricklayers, allied craftworkers, cement masons, glaziers, glassworkers, painters, allied tradesworkers, and plasterers employed by the city of St. Paul or independent school district No. 625, St. Paul, with coverage under a collective bargaining agreement by the bricklayers and allied craftworkers local 1 pension plan, the cement masons local 633 pension plan, the glaziers and glassworkers local L-1324 pension plan, the painters and allied trades local 61 pension plan, or the Twin Cities plasterers local 265 pension plan who were either first employed after May 1, 2001, or if first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article 10, section 6;

(19) plumbers employed by the metropolitan airports commission, with coverage under a collective bargaining agreement by the plumbers local 34 pension plan, who either were first employed after May 1, 2001, or if first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article 10, section 6;

(20) employees who are hired after June 30, 2002, to fill seasonal positions under subdivision 12b which are limited in duration by the employer to 185 consecutive calendar days or less in each ~~business~~ year of employment with the governmental subdivision;

(21) persons who are provided supported employment or work-study positions by a governmental subdivision and who participate in an employment or industries program maintained for the benefit of these persons where the governmental subdivision limits the position's duration to three years or less, including persons participating in a federal or state subsidized on-the-job training, work experience, senior citizen, youth, or unemployment relief program where the training or work experience is not provided as a part of, or for, future permanent public employment;

(22) independent contractors and the employees of independent contractors; and

(23) reemployed annuitants of the association during the course of that reemployment.

Sec. 3. Minnesota Statutes 2001 Supplement, section 353.01, subdivision 11b, is amended to read:

Subd. 11b. [TERMINATION OF MEMBERSHIP.] (a) "Termination of membership" means the conclusion of membership in the association and occurs:

(1) upon termination of public service under subdivision 11a;

(2) when a member does not return to work within 30 days of the expiration of an authorized temporary layoff under subdivision 12 or an authorized leave of absence under subdivision 31 as evidenced by the appropriate record filed by the governmental subdivision; or

(3) when a person files a written election to discontinue employee deductions under section 353.27, subdivision 7, paragraph (a), clause (1).

(b) The termination of membership must be reported to the association by the governmental subdivision.

(c) If the employee subsequently returns to a position in the same governmental subdivision, the employee shall not again be required to earn a salary in excess of \$425 per month to qualify for membership, unless the employee has taken a refund of accumulated employee deduction plus interest under section 353.34, subdivision 1.

Sec. 4. Minnesota Statutes 2001 Supplement, section 353.01, subdivision 16, is amended to read:

Subd. 16. [ALLOWABLE SERVICE; LIMITS AND COMPUTATION.] (a) "Allowable service" means:

(1) service during years of actual membership in the course of which employee contributions were made, periods covered by payments in lieu of salary deductions under section 353.35;

(2) service in years during which the public employee was not a member but for which the member later elected, while a member, to obtain credit by making payments to the fund as permitted by any law then in effect;

(3) a period of authorized leave of absence with pay from which deductions for employee contributions are made, deposited, and credited to the fund;

(4) a period of authorized personal, parental, or medical leave of absence without pay, including a leave of absence covered under the federal Family Medical Leave Act, that does not exceed one year, and during or for which a member obtained ~~full or fractional~~ service credit for each month in the leave period by payments to the fund made in place of salary deductions. The payments must be made in an amount or amounts based on the member's average salary on which deductions were paid for the last six months of public service, or for that portion of the last six months while the member was in public service, to apply to the period in either case that immediately precedes the commencement of the leave of absence. If the employee elects to pay the employee contributions for the period of any authorized personal, parental, or medical leave of absence without pay, or for any portion of the leave, the employee shall also, as a condition to the exercise of the election, pay to the fund an amount equivalent to the required employer and the additional employer contributions, if any, for the employee. The payment must be made within one year from the expiration of the leave of absence or within 20 days after termination of public service under subdivision 11a, whichever is earlier. The employer, if by appropriate action of its governing body; which is made a part of its official records; and which is adopted before the date of the first payment of the employee contribution, may certify to the association in writing its commitment to pay the employer and additional employer contributions from the proceeds of a tax levy made under section 353.28. Payments under this paragraph must include interest at an annual rate of 8.5 percent compounded annually from the date of the termination of the leave of absence to the date payment is made. An employee shall return to public service and render a minimum of three months of allowable service in order to be eligible to pay employee and employer contributions for a subsequent authorized leave of absence without pay. Upon payment, the employee must be granted allowable service credit for ~~full calendar months or fractions of a month during the leave purchased period as described in paragraph (d), clauses (1) and (2); based on the salary or the compensated hours used in computing the payment amount;~~

(5) a periodic, repetitive leave that is offered to all employees of a governmental subdivision. The leave program may not exceed 208 hours per annual normal work cycle as certified to the association by the employer. A participating member obtains service credit by making employee contributions in an amount or amounts based on the member's average salary that would have been paid if the leave had not been taken. The employer shall pay the employer and additional employer contributions on behalf of the participating member. The employee and the employer are responsible to pay interest on their respective shares at the rate of 8.5 percent a year, compounded annually, from the end of the normal cycle until full payment is made. An employer shall also make the employer and additional employer contributions, plus 8.5 percent interest, compounded annually, on behalf of an employee who makes employee contributions but terminates public service. The employee contributions must be made within one year after the end of the annual normal working cycle or within 20 days after termination of public service, whichever is sooner. The association shall prescribe the manner and forms to be used by a governmental subdivision in administering a periodic, repetitive leave. Upon payment, the member must be granted allowable service credit for ~~full calendar months or fractions of a month during the leave purchased period as described in paragraph (d); clauses (1) and (2), based on the salary or the compensated hours used in computing the payment amount;~~

(6) an authorized temporary layoff under subdivision 12. ~~For temporary layoffs that begin before January 1, 2002, allowable service credit is, limited to three months allowable service per authorized temporary layoff in one calendar year. For temporary layoffs that begin on or after January 1, 2002, allowable service credit for the calendar month in which the member does not receive salary due to the layoff must be determined using the following formula:~~

~~(i) members who earned one month of allowable service credit for each of the nine calendar months of compensated employment with the governmental subdivision authorizing the layoff that immediately preceded the layoff shall receive one month of allowable service credit, limited to three months of allowable service credit per year; for each month of the temporary layoff; or~~

~~(ii) members who earned less than nine months of allowable service credit in the year of compensated employment with the governmental subdivision authorizing the layoff that immediately preceded the layoff shall receive allowable service credit on a fractional basis for each month of the authorized layoff, limited to three months of allowable service credit, determined by dividing the total number of months of service credit earned for the compensated employment by nine and multiplying the resulting number by the total number of months in the layoff period that are not compensated An employee who has received the maximum service credit allowed for an authorized temporary layoff must return to public service and must obtain a minimum of three months of allowable service subsequent to the layoff in order to receive allowable service for a subsequent authorized temporary layoff; or~~

(7) a period during which a member is on an authorized leave of absence to enter military service in the armed forces of the United States; ~~provided that~~ if the member returns to public service upon discharge from military service under section 192.262 and pays into the fund employee contributions based upon the employee's salary at the date of return from military service. Payment must be made within a period that is three times the length of the military leave period, or within five years of the date of discharge from the military service, whichever is less. Payment may not be accepted following 20 days after termination of public service under subdivision 11a. The amount of these contributions must be in accord with the contribution rates and salary limitations, if any, in effect during the leave, plus interest at an annual rate of 8.5 percent compounded annually from the date of return to public service to the date payment is made. The ~~matching~~ corresponding employer contribution, and additional employer contribution ~~under section 353.27, subdivisions 3 and 3a, if applicable,~~ must be paid by the governmental subdivision employing the member upon the person's return to public service if the member makes the employee contributions. The governmental subdivision involved may appropriate money for those payments. A member may not receive credit for a voluntary extension of military service at the instance of the member beyond the initial period of enlistment, induction, or call to active duty. Upon payment, the employee must be granted allowable service credit for ~~full calendar months or fractions of a month during the leave purchased period as described in paragraph (d), clauses (1) and (2),~~ based on the salary or compensated hours used in computing the payment amount.

(b) For calculating benefits under sections 353.30, 353.31, 353.32, and 353.33 for state officers and employees displaced by the Community Corrections Act, chapter 401, and transferred into county service under section 401.04, "allowable service" means the combined years of allowable service as defined in paragraph (a), clauses (1) to (6), and section 352.01, subdivision 11.

(c) For a public employee who has prior service covered by a local police or firefighters relief association that has consolidated with the public employees retirement association or to which section 353.665 applies, and who has elected the type of benefit coverage provided by the public employees police and fire fund either under section 353A.08 following the consolidation or under section 353.665, subdivision 4, "applicable service" is a period of service credited by the local police or firefighters relief association as of the effective date of the consolidation based on law and on bylaw provisions governing the relief association on the date of the initiation of the consolidation procedure.

(d) For persons who, after January 1, 2002, ~~either first become members or terminated membership under subdivision 11b, and again become members, of the public employees retirement plan, the public employees police and fire plan under this chapter, or the local government correctional employee retirement plan under chapter 353E, whichever applies,~~ "allowable service" means credit for compensated hours from which deductions are made, or for which payments are made in lieu of salary deductions as provided under this subdivision, and which are deposited and credited in the fund as provided in section 353.27, determined as follows:

~~(1) one month of allowable service credit for each month during which the employee has received salary for 80 or more compensated hours; or~~

~~(2) a fraction of one month of allowable service for each month for which the employee has received salary for less than 80 compensated hours equal to the percentage relationship that the number of compensated hours bear to 80 hours.~~

~~(e) Elected officials and other public employees who are compensated solely on an annual basis shall be granted a full year of credit for each year for which compensation is earned.~~

~~(f) Allowable service that is determined and credited on a fractional basis must be used only in calculating the amount of benefits payable. In determining the length of service required for vesting, a member shall be granted a month of service credit for each month in which the member received compensation from which employee contributions were deducted. For periods of part-time service that are duplicated service credit, section 356.30, subdivision 1, paragraphs (g) and (h), govern.~~

~~(g) No member shall~~ may receive more than 12 months of allowable service credit in a year either for vesting purposes or for benefit calculation purposes.

(tr) (e) "Allowable service" also means a period purchased under section 356.555.

Sec. 5. Minnesota Statutes 2000, section 353.01, is amended by adding a subdivision to read:

Subd. 40. [REDUCED SALARY DURING PERIOD OF WORKERS' COMPENSATION.] (a) A member who is receiving temporary workers' compensation payments related to the member's service to the public employer and who either is receiving a reduced salary from the employer during that period or is receiving no salary from the employer during that period is entitled to receive allowable service and salary credit for the period of time that the member is receiving the workers' compensation payments upon making the payments specified in this subdivision.

(b) The differential salary amount is the difference between the average rate of salary received by the member, if any, during the period of time that the member is collecting temporary workers' compensation payments and the average rate of salary of the member on which contributions to the applicable plan were made during the period of the last six months of covered employment occurring immediately before beginning to collect the temporary workers' compensation payments, applied to the member's normal employment period, measured in hours or otherwise, as applicable.

(c) To receive eligible service credit, the member shall pay an amount equal to the applicable employee contribution rate under section 353.27, subdivision 2; 353.65, subdivision 2; or 353E.03, subdivision 1, as applicable, multiplied by the differential salary amount; plus an employer equivalent payment equal to the applicable employer contribution rate in section 353.27, subdivision 3; 353.65, subdivision 3; or 353E.03, subdivision 2, as applicable, multiplied by the differential salary amount; plus, if applicable, an equivalent employer additional amount equal to the additional employer contribution rate in section 353.27, subdivision 3a, multiplied by the differential salary amount.

(d) The employer may, by appropriate action of its governing body and documented in its official records, pay the employer equivalent contributions and, as applicable, the equivalent employer additional contributions on behalf of the member.

(e) Payment under this subdivision must include interest on the contribution amount or amounts, whichever applies, at an 8.5 percent annual rate, prorated for applicable months from the date on which the temporary workers' compensation payments terminate to the date on which the payment or payments are received by the executive director. Payment under this subdivision must be completed within one year after the termination of the temporary workers' compensation payments to the member, or within 20 days after the termination of public service by the employee under subdivision 11a, whichever is earlier.

Sec. 6. Minnesota Statutes 2001 Supplement, section 353.27, subdivision 4, is amended to read:

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

- (1) the legal names and social security numbers of employees who are members;
- (2) the amount of each employee's salary deduction;
- (3) the amount of salary from which each deduction was made;

- (4) the beginning and ending dates of the payroll period covered and the date of actual payment; and
- (5) adjustments or corrections covering past pay periods; ~~and~~
- ~~(6) the number of compensated hours of each employee during the payroll period.~~

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

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

Sec. 7. Minnesota Statutes 2001 Supplement, section 353.27, subdivision 11, is amended to read:

Subd. 11. [EMPLOYERS; REQUIRED TO FURNISH REQUESTED INFORMATION.] All governmental subdivisions shall furnish promptly such other information relative to the employment status of all employees or former employees, including but not limited to payroll abstracts pertaining to all past and present employees, as may be requested by the association or its executive director, including schedules of salaries applicable to various categories of employment, ~~and the number of actual or estimated compensated hours for employees.~~ In the event payroll abstract records have been lost or destroyed, for whatever reason or in whatever manner, so that such schedules of salaries cannot be furnished therefrom, the employing governmental subdivision, in lieu thereof, shall furnish to the association an estimate of the earnings of any employee or former employee for any period as may be requested by the association or its executive director. Should the association receive such schedules of estimated earnings, the executive director is hereby authorized to use the same as a basis for making whatever computations might be necessary for determining obligations of the employee and employer to the retirement fund. If estimates are not furnished by the employer pursuant to the request of the association or its executive director, the association may estimate the obligations of the employee and employer to the retirement fund based upon such records as are in its possession. Where payroll abstracts have been lost or destroyed, the governmental agency need not furnish any information pertaining to employment prior to July 1, 1963. The association shall make no estimate of any obligation of any employee, former employee, or employer covering employment prior to July 1, 1963.

Sec. 8. Minnesota Statutes 2000, section 353.64, subdivision 7a, is amended to read:

Subd. 7a. [PENSION COVERAGE FOR CERTAIN METROPOLITAN TRANSIT POLICE OFFICERS.] A person who is employed as a ~~full-time~~ police officer on or after the first day of the first payroll period after July 1, 1993, by the metropolitan council and who is not eligible for coverage under the agreement with the Secretary of the federal Department of Health and Human Services making the provisions of the federal Old Age, Survivors, and Disability Insurance Act because the person's position is excluded from application under United States Code, sections 418(d)(5)(A) and 418(d)(8)(D), and under section 355.07, is a member of the public employees police and fire fund and is considered to be a police officer within the meaning of this section. The metropolitan council shall deduct the employee contribution from the salary of each ~~full-time~~ police officer as required by section 353.65, subdivision 2, shall make the employer contribution for each ~~full-time~~ police officer as required by section 353.65, subdivision 3, and shall meet the employer recording and reporting requirements in section 353.65, subdivision 4.

Sec. 9. [REPEALER.]

Minnesota Statutes 2001 Supplement, section 353.01, subdivision 39, is repealed.

Sec. 10. [APPLICATION.]

Section 8 applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 11. [EFFECTIVE DATE.]

(a) Except as provided in paragraphs (c) and (d), sections 1, 2, and 3 are effective on July 1, 2002.

(b) Sections 4, 6, 7, and 9 are effective retroactively from January 1, 2002.

(c) The amendment to Minnesota Statutes, section 353.01, subdivision 2b, clause (12), in section 2, is effective on the day after the date on which the governing body of Hennepin county and the chief clerical officer of the county complete in a timely manner their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

(d) The amendments to Minnesota Statutes, section 353.01, subdivision 2b, clauses (8) and (20), are effective retroactively from January 1, 2002.

(e) Section 5 is effective on the day following final enactment.

(f) Section 8 is effective July 1, 2002, and applies to salaries earned by part-time metropolitan transit police officers after June 30, 2002.

ARTICLE 4

PERA LOCAL GOVERNMENT CORRECTIONAL
RETIREMENT PLAN MODIFICATIONS

Section 1. Minnesota Statutes 2000, section 353E.02, subdivision 1, is amended to read:

Subdivision 1. [RETIREMENT COVERAGE.] ~~Local government correctional service employees are~~ The members of the local government correctional service retirement plan established by this chapter are:

(1) local government correctional service employees as defined in subdivision 2; and

(2) medical center protection officers as defined in subdivision 2a.

Sec. 2. Minnesota Statutes 2000, section 353E.02, is amended by adding a subdivision to read:

Subd. 2a. [MEDICAL CENTER PROTECTION OFFICER.] (a) A medical center protection officer, for purposes of subdivision 1, is a person whom the employer certifies:

(1) is employed by the Hennepin county medical center as a protection officer;

(2) is directly responsible for the direct security of the medical center;

(3) is expected to respond to any incidents within the medical center as part of the person's regular employment duties and is trained to do so; and

(4) is a "public employee" as defined in section 353.01, but is not a member of the public employees police and fire plan.

(b) The certification required under paragraph (a) must be made in writing on a form prescribed by the executive director of the public employees retirement association.

Sec. 3. Minnesota Statutes 2000, section 353E.03, is amended to read:

353E.03 [CORRECTIONAL SERVICE PLAN CONTRIBUTIONS.]

Subdivision 1. [MEMBER CONTRIBUTIONS.] A member of the local government correctional service ~~employee retirement plan~~ shall make an employee contribution in an amount equal to ~~6.01~~ 5.83 percent of salary.

Subd. 2. [EMPLOYER CONTRIBUTIONS.] The employer shall contribute for a member of the local government correctional service ~~employee retirement plan~~ an amount equal to ~~9.02~~ 8.75 percent of salary.

Sec. 4. Laws 2000, chapter 461, article 10, section 3, as amended by Laws 2001, First Special Session chapter 10, article 3, section 28, is amended to read:

Sec. 3. [EFFECTIVE DATE.]

Section 1 is effective on the day following final enactment. ~~Section 2 is effective on the first day of the first full pay period beginning after January 1, 2003.~~

Sec. 5. [REPEALER.]

Laws 2000, chapter 461, article 10, section 2, is repealed.

Sec. 6. [EFFECTIVE DATE.]

(a) Sections 1, 2, and 3 are effective on July 1, 2002.

(b) Section 4 is effective on the day following final enactment.

(c) Section 5 is effective on August 1, 2002.

ARTICLE 5

PENSION COVERAGE FOR PRIVATIZED PUBLIC HOSPITALS

Section 1. Minnesota Statutes 2000, section 353F.02, subdivision 4, is amended to read:

Subd. 4. [MEDICAL FACILITY.] "Medical facility" means:

- (1) the Glencoe area health center;
- (2) the Luverne public hospital; ~~and~~
- (3) the Waconia-Ridgeview medical center; ~~and~~ and
- (4) the Kanabec hospital.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective upon the latter of:

(1) the day after the governing body of Kanabec county and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3; and

(2) the first day of the month next following certification to the Kanabec county board by the executive director of the public employees retirement association that the actuarial accrued liability of the special benefit coverage proposed for extension to the privatized Kanabec hospital employees under section 1 does not exceed the actuarial gain otherwise to be accrued by the public employees retirement association, as calculated by the consulting actuary retained by the legislative commission on pensions and retirement. The cost of the actuarial calculations must be borne by the Kanabec hospital.

ARTICLE 6

CLOSED CHARTER SCHOOL
UNPAID RETIREMENT CONTRIBUTIONS

Section 1. Minnesota Statutes 2001 Supplement, section 354.05, subdivision 2, is amended to read:

Subd. 2. [TEACHER.] (a) "Teacher" means:

(1) a person who renders service as a teacher, supervisor, principal, superintendent, librarian, nurse, counselor, social worker, therapist, or psychologist in ~~the a public schools school~~ a city of the first class, or in any charter school, irrespective of the location of the school, or in any charitable, penal, or correctional institutions of a governmental subdivision, or who is engaged in educational administration in connection with the state public school system, but excluding the University of Minnesota, whether the position be a public office or an employment, not including members or officers of any general governing or managing board or body;

(2) an employee of the teachers retirement association;

(3) a person who renders teaching service on a part-time basis and who also renders other services for a single employing unit. A person whose teaching service comprises at least 50 percent of the combined employment salary is a member of the association for all services with the single employing unit. If the person's teaching service comprises less than 50 percent of the combined employment salary, the executive director must determine whether all or none of the combined service is covered by the association; or

(4) a person who is not covered by the plans established under chapter 352D, 354A, or 354B and who is employed by the board of trustees of the Minnesota state colleges and universities system in an unclassified position as:

(i) a president, vice-president, or dean;

(ii) a manager or a professional in an academic or an academic support program other than specified in item (i);

(iii) an administrative or a service support faculty position; or

(iv) a teacher or a research assistant.

(b) ~~Teacher~~ "Teacher" does not mean:

(1) a person who works for a school or institution as an independent contractor as defined by the Internal Revenue Service;

(2) a person employed in subsidized on-the-job training, work experience or public service employment as an enrollee under the federal Comprehensive Employment and Training Act from and after March 30, 1978, unless the person has, as of the later of March 30, 1978, or the date of employment, sufficient service credit in the retirement association to meet the minimum vesting requirements for a deferred retirement annuity, or the employer agrees in

writing on forms prescribed by the executive director to make the required employer contributions, including any employer additional contributions, on account of that person from revenue sources other than funds provided under the federal Comprehensive Training and Employment Act, or the person agrees in writing on forms prescribed by the executive director to make the required employer contribution in addition to the required employee contribution;

(3) a person holding a part-time adult supplementary technical college license who renders part-time teaching service or a customized trainer as defined by the Minnesota state colleges and universities system in a technical college if (i) the service is incidental to the regular nonteaching occupation of the person; and (ii) the applicable technical college stipulates annually in advance that the part-time teaching service or customized training service will not exceed 300 hours in a fiscal year and retains the stipulation in its records; and (iii) the part-time teaching service or customized training service actually does not exceed 300 hours in a fiscal year; or

(4) a person exempt from licensure under section 122A.30.

Sec. 2. Minnesota Statutes 2000, section 354A.011, subdivision 27, is amended to read:

Subd. 27. [TEACHER.] (a) "Teacher" means any person who renders service ~~in~~ for a public school district, other than a charter school, located in the corporate limits of one of the cities of the first class which was so classified on January 1, 1979, as any of the following:

~~(a)~~ (1) a full-time employee in a position for which a valid license from the state department of children, families, and learning is required;

~~(b)~~ (2) an employee of the teachers retirement fund association located in the city of the first class unless the employee has exercised the option pursuant to Laws 1955, chapter 10, section 1, to retain membership in the Minneapolis employees retirement fund established pursuant to chapter 422A;

~~(c)~~ (3) a part-time employee in a position for which a valid license from the state department of children, families, and learning is required; or

~~(d)~~ (4) a part-time employee in a position for which a valid license from the state department of children, families, and learning is required who also renders other nonteaching services for the school district, unless the board of trustees of the teachers retirement fund association determines that the combined employment is on the whole so substantially dissimilar to teaching service that the service ~~shall~~ may not be covered by the association.

(b) The term ~~shall~~ does not mean any person who renders service in the school district as any of the following:

(1) an independent contractor or the employee of an independent contractor;

(2) an employee who is a full-time teacher covered by the teachers retirement association or by another teachers retirement fund association established pursuant to this chapter or chapter 354;

(3) an employee exempt from licensure pursuant to section 122A.30;

(4) an employee who is a teacher in a technical college located in a city of the first class unless the person elects coverage by the applicable first class city teacher retirement fund association under section 354B.21, subdivision 2;
~~or~~

(5) a teacher employed by a charter school, irrespective of the location of the school; or

(6) an employee who is a part-time teacher in a technical college in a city of the first class and who has elected coverage by the applicable first class city teacher retirement fund association under section 354B.21, subdivision 2, but (i) the teaching service is incidental to the regular nonteaching occupation of the person; (ii) the applicable

technical college stipulates annually in advance that the part-time teaching service will not exceed 300 hours in a fiscal year; and (iii) the part-time teaching actually does not exceed 300 hours in the fiscal year to which the certification applies.

Sec. 3. Minnesota Statutes 2000, section 354A.12, subdivision 3d, is amended to read:

Subd. 3d. [SUPPLEMENTAL ADMINISTRATIVE EXPENSE ASSESSMENT.] (a) The active and retired membership of the Minneapolis teachers retirement fund association and of the St. Paul teachers retirement fund association is responsible for defraying supplemental administrative expenses other than investment expenses of the respective teacher retirement fund association.

(b) Investment expenses of the teachers retirement fund association are those expenses incurred by or on behalf of the retirement fund in connection with the investment of the assets of the retirement fund other than investment security transaction costs. Other administrative expenses are all expenses incurred by or on behalf of the retirement fund for all other retirement fund functions other than the investment of retirement fund assets. Investment and other administrative expenses must be accounted for using generally accepted accounting principles and in a manner consistent with the comprehensive annual financial report of the teachers retirement fund association for the immediately previous fiscal year under section 356.20.

(c) Supplemental administrative expenses other than investment expenses of a first class city teacher retirement fund association are those expenses for the fiscal year that:

(1) exceed, for the St. Paul teachers retirement fund association \$443,745, or for the Minneapolis teacher retirement fund association \$671,513, plus, in each case, an additional amount derived by applying the percentage increase in the consumer price index for urban wage earners and clerical workers all items index published by the Bureau of Labor Statistics of the United States Department of Labor since July 1, 2001, to the applicable dollar amount; and

(2) exceed the amount computed by applying the most recent percentage of pay administrative expense amount, other than investment expenses, for the teachers retirement association governed by chapter 354 to the covered payroll of the respective teachers retirement fund association for the fiscal year.

(d) The board of trustees of each first class city teachers retirement fund association shall allocate the total dollar amount of supplemental administrative expenses other than investment expenses determined under paragraph (c), clause (2), among the various active and retired membership groups of the teachers retirement fund association and shall assess the various membership groups their respective share of the supplemental administrative expenses other than investment expenses, in amounts determined by the board of trustees. The supplemental administrative expense assessments must be paid by the membership group in a manner determined by the board of trustees of the respective teachers retirement association. Supplemental administrative expenses payable by the active members of the pension plan must be picked up by the employer in accordance with section 356.62.

(e) With respect to the St. Paul teachers retirement fund association, the supplemental administrative expense assessment must be fully disclosed to the various active and retired membership groups of the teachers retirement fund association. The chief administrative officer of the St. Paul teachers retirement fund association shall prepare a supplemental administrative expense assessment disclosure notice, which must include the following:

(1) the total amount of administrative expenses of the St. Paul teachers retirement fund association, the amount of the investment expenses of the St. Paul teachers retirement fund association, and the net remaining amount of administrative expenses of the St. Paul teachers retirement fund association;

(2) the amount of administrative expenses for the St. Paul teachers retirement fund association that would be equivalent to the teachers retirement association noninvestment administrative expense level described in paragraph (c);

(3) the total amount of supplemental administrative expenses required for assessment calculated under paragraph (c);

(4) the portion of the total amount of the supplemental administrative expense assessment allocated to each membership group and the rationale for that allocation;

(5) the manner of collecting the supplemental administrative expense assessment from each membership group, the number of assessment payments required during the year, and the amount of each payment or the procedure used to determine each payment; and

(6) any other information that the chief administrative officer determines is necessary to fairly portray the manner in which the supplemental administrative expense assessment was determined and allocated.

(f) The disclosure notice must be provided annually in the annual report of the association.

(g) The supplemental administrative expense assessments must be deposited in the applicable teachers retirement fund upon receipt.

(h) Any omitted active membership group assessments that remain undeducted and unpaid to the teachers retirement fund association for 90 days must be paid by the respective school district. The school district may recover any omitted active membership group assessment amounts that it has previously paid. The teachers retirement fund association shall deduct any omitted retired membership group assessment amounts from the benefits next payable after the discovery of the omitted amounts.

Sec. 4. [STATE PAYMENT OF CERTAIN UNPAID CHARTER SCHOOL RETIREMENT CONTRIBUTIONS.]

Subdivision 1. [UNPAID CONTRIBUTIONS.] (a) The state of Minnesota shall make any unpaid employee, employer, and employer additional contributions to the applicable retirement association for teaching or other service in a designated charter school which closed before April 1, 2002, without having paid the required contributions to the retirement association.

(b) By June 1, 2002, the chief administrative officer of the retirement association shall certify to the commissioner of children, families, and learning the amount of accrued contributions, plus applicable interest, which were not paid by each designated charter school before its closure. On July 1, 2002, the commissioner of children, families, and learning shall pay the amounts certified from the state total building lease aid otherwise payable under Minnesota Statutes, section 124D.11, subdivision 4a, to the affected retirement associations. The forecasted amount of charter school lease aid must not be adjusted to reflect the amount remitted under this section. Rather, charter school lease aid must be prorated by the amount remitted. The commissioner shall remit directly to the retirement association the amounts certified under this section. The applicable retirement association shall credit employee contribution payments to the applicable member accounts and shall credit to the applicable members allowable and formula service and covered salary for the period when the teaching or other service was actually performed in the charter school. State payments representing unpaid employee contributions must be considered accumulated employee or member deductions for purposes of Minnesota Statutes, section 353.34; 354.49; or 354A.37.

Subd. 2. [COVERED RETIREMENT ASSOCIATIONS.] This section applies to the following public retirement associations providing retirement coverage for employees in charter schools:

(1) the teachers retirement association;

(2) the Minneapolis teachers retirement fund association;

(3) the St. Paul teachers retirement fund association;

(4) the Duluth teachers retirement fund association; and

(5) the public employees retirement association.

Subd. 3. [DESIGNATED CLOSED CHARTER SCHOOLS.] This section applies to the Frederick Douglass charter school and any other charter school that is determined by the commissioner of children, families, and learning to have closed before April 1, 2002.

Sec. 5. [CONTINUING RECOVERY AUTHORITY.]

Nothing in section 4 relieves the sponsor of a closed charter school and the operator of a closed charter school from any financial responsibility that those parties may have to pay unpaid employee, employer, or employer additional contributions to the applicable public retirement plans. The commissioner of revenue shall undertake all reasonable efforts to recover these amounts. Any recovered amounts must be deposited in the general fund and are appropriated to the department of children, families, and learning to offset the payment of unpaid contributions under section 4.

Sec. 6. [EFFECTIVE DATE.]

(a) Sections 1 and 2 are effective on July 1, 2002.

(b) Sections 4 and 5 are effective on the day following final enactment.

ARTICLE 7

TEACHER RETIREMENT PLANS SERVICE CREDIT PURCHASE DEADLINE EXTENSION

Section 1. Laws 1999, chapter 222, article 16, section 16, is amended to read:

Sec. 16. [REPEALER.]

Sections 1 to 13 are repealed on May 16, ~~2002~~ 2003.

Sec. 2. Laws 2000, chapter 461, article 12, section 20, is amended to read:

Sec. 20. [EFFECTIVE DATE.]

(a) Sections 4, 5, and 11 to 20 are effective on the day following final enactment.

(b) Sections 1, 2, 3, and 6 to 10 are effective on the day following final enactment and apply retroactively to a faculty member of the Lake Superior College who was granted an extended leave of absence under article 19, section 4, of the united technical college educators master agreement for the 1999-2000 academic year prior to March 20, 2000.

(c) Sections 5, 11, and 14, paragraph (c), expire on May 16, ~~2002~~ 2003.

Sec. 3. Laws 2001, First Special Session chapter 10, article 6, section 21, is amended to read:

Sec. 21. [EXPIRATION DATE.]

(a) The amendments in sections 1, 2, 3, 4, 10, 12, 16, 17, 18, 19, and 20 expire May 16, 2003.

(b) Sections 9 and 15 expire May 16, ~~2002~~ 2003.

Sec. 4. [EFFECTIVE DATE.]

Sections 1 to 3 are effective on the day following final enactment.

ARTICLE 8

RECODIFICATION OF SOCIAL SECURITY COVERAGE PROVISIONS

Section 1. Minnesota Statutes 2000, section 355.01, subdivision 1, is amended to read:

Subdivision 1. [IN GENERAL.] For the purposes of this chapter, ~~as amended,~~ each of the terms defined in this section ~~have~~ has the ~~meanings~~ meaning ascribed to them herein.

Sec. 2. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 2a. [CONSTITUTIONAL OFFICER.] "Constitutional officer" means a person who serves as the governor, lieutenant governor, attorney general, secretary of state, state auditor, or state treasurer, who is duly elected and who was sworn into office.

Sec. 3. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 2b. [DIRECTOR.] "Director" means the executive director of the public employees retirement association.

Sec. 4. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 2c. [DULUTH TEACHER.] "Duluth teacher" means a person employed by independent school district No. 709, Duluth, who holds a position covered by the Duluth teachers retirement fund association established under chapter 354A.

Sec. 5. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 2d. [EDUCATIONAL EMPLOYEE.] "Educational employee" means an employee of the state of Minnesota or of a public subdivision of the state who performs services in a position covered by the teachers retirement association under chapter 354.

Sec. 6. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 2e. [EMPLOYEE.] "Employee" means a person employed by the state of Minnesota or by a political subdivision of the state and includes an officer of the state of Minnesota or of a political subdivision of the state.

Sec. 7. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 2f. [EMPLOYEE TAX.] "Employee tax" means the tax imposed by section 3101 of the Internal Revenue Code of 1986.

Sec. 8. Minnesota Statutes 2000, section 355.01, subdivision 3, is amended to read:

Subd. 3. [EMPLOYMENT.] ~~The term~~ (a) "Employment" means any service performed by an employee in the employ of the state, or any political subdivision thereof, for ~~such that~~ employer, except:

(1) service which in the absence of an agreement entered into under this chapter, as amended, would constitute "employment" as defined in the Social Security act; or

(2) service which under the Social Security Act ~~may is not permitted to~~ be included in an agreement between the state and the federal Secretary of Health, Education, and Welfare Human Services entered into under this chapter; ~~as amended.~~

(b) Service which under the Social Security Act ~~may is permitted to~~ be included in an agreement only upon certification by the governor in accordance with section 218(d) (3) of that act ~~shall must~~ be included in the term "employment" if and when the governor issues, with respect to ~~such that~~ service, ~~a the appropriate federal~~ certificate to the federal Secretary of Health, Education, and Welfare Human Services.

Sec. 9. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 3a. [FEDERAL INSURANCE CONTRIBUTIONS ACT.] "Federal Insurance Contributions Act" means subchapters A and B of chapter 21 of the Internal Revenue Code of 1986, as amended through December 31, 2000.

Sec. 10. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 3b. [GOVERNMENTAL EMPLOYER.] "Governmental employer" means any political subdivision as defined in section 218 of the Social Security Act. The term includes a city, county, town, hospital district, or other body, politic and corporate, located in Minnesota.

Sec. 11. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 3c. [HIGHER EDUCATION EMPLOYEE.] "Higher education employee" means an employee of the state of Minnesota who performs services in a Minnesota state colleges and universities system in a position covered by the individual retirement account plan under section 354B.21 and who remains a member of the teachers retirement association for purposes of social security coverage only.

Sec. 12. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 3d. [HOSPITAL EMPLOYEE.] "Hospital employee" means an officer or employee of a public hospital who performs services in a position covered by the public employees retirement association under chapter 353.

Sec. 13. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 3e. [JUDGE.] "Judge" means a judge as defined in section 490.121, subdivision 3.

Sec. 14. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 3f. [LEGISLATOR.] "Legislator" means a member of the legislature who is duly elected and who was sworn into office.

Sec. 15. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 3g. [LOCAL GOVERNMENTAL SUBDIVISION.] "Local governmental subdivision" means:

(1) a political subdivision as defined in section 218(b) of the Social Security Act;

(2) an instrumentality of the state;

(3) an instrumentality of one or more of the political subdivisions of the state, including the league of Minnesota cities;

(4) an instrumentality of the state and one or more of its political subdivisions;

(5) a governmental subdivision as defined in section 353.01, subdivision 6; and

(6) any instrumentality established under a joint powers agreement under section 471.59 wherein the instrumentality is responsible for the employment and the payment of the salaries of the employees of the instrumentality.

Sec. 16. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 3h. [MINNEAPOLIS TEACHER.] "Minneapolis teacher" means a person employed by special school district No. 1, Minneapolis, who holds a position covered by the Minneapolis teachers retirement fund association established under chapter 354A.

Sec. 17. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 3i. [POLITICAL SUBDIVISION.] "Political subdivision" means any political subdivision as defined in section 218(b) of the Social Security Act, and includes any instrumentality of the state, any instrumentality of one or more of its political subdivisions, including the league of Minnesota municipalities, any instrumentality of the state and one or more of its political subdivisions, and an instrumentality established under a joint powers agreement under section 471.59, wherein the instrumentality is responsible for the employment and payment of the salaries of employees of the instrumentality.

Sec. 18. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 3j. [PUBLIC EMPLOYEE.] "Public employee" means an officer or an employee of a local governmental subdivision of the state who performs services in a position covered by the public employees retirement association established under chapter 353.

Sec. 19. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 3k. [PUBLIC HOSPITAL.] "Public hospital" means a hospital that is owned or operated by a governmental employer or a combination of governmental employers, or a hospital that is an integral part of a governmental employer or of a combination of governmental employers.

Sec. 20. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 3l. [ST. PAUL TEACHER.] "St. Paul teacher" means a person employed by independent school district No. 625, St. Paul, who holds a position covered by the St. Paul teachers retirement fund association established under chapter 354A.

Sec. 21. Minnesota Statutes 2000, section 355.01, subdivision 6, is amended to read:

Subd. 6. [SECRETARY OF HEALTH AND HUMAN SERVICES.] ~~The term "Secretary of Health, Education, and Welfare Human Services" means the secretary of the federal Department of Health and Human Services and includes any individual to whom the Secretary of Health, Education, and Welfare Human Services has delegated any functions under the Social Security Act with respect to coverage under such act of employees of states and their political subdivisions.~~

Sec. 22. Minnesota Statutes 2000, section 355.01, subdivision 8, is amended to read:

Subd. 8. [SOCIAL SECURITY ACT.] ~~The term "Social Security Act" means the Act of Congress approved August 14, 1935, chapter 531, Statutes at Large, volume 49, page 620, officially cited as the "Social Security Act," as such act has been and may from time to time be amended (including the relevant regulations and requirements issued pursuant thereto).~~

Sec. 23. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 11. [SPECIAL AUTHORITY OR DISTRICT.] "Special authority or district" means a municipal housing and redevelopment authority organized under sections 469.001 to 469.047, a soil and water conservation district organized under chapter 103C, a port authority organized under sections 469.048 to 469.068, an economic development authority organized under sections 469.090 to 469.108, or a hospital district organized or reorganized under sections 447.31 to 447.37.

Sec. 24. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 12. [SPECIAL AUTHORITY OR DISTRICT EMPLOYEE.] "Special authority or district employee" means an employee, other than an elected official, of a municipal housing and redevelopment authority organized under sections 469.001 to 469.047, of a soil and water conservation district organized under chapter 103C, of a port authority organized under sections 469.048 to 469.068, of an economic development authority organized under sections 469.090 to 469.108, or of a hospital district organized or reorganized under sections 447.31 to 447.37.

Sec. 25. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 13. [STATE EMPLOYEE.] "State employee" means an employee of the state of Minnesota or of a political subdivision who performs services in a position covered by the general state employees retirement plan of the Minnesota state retirement system governed by chapter 352, except any position for which the compensation is on a fee basis.

Sec. 26. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 14. [WAGES.] "Wages" means all remuneration for employment, including the cash value of all remuneration paid in any medium other than cash. The term does not include that part of the remuneration which, even if it were for employment within the meaning of the Federal Insurance Contributions Act, would not constitute wages within the meaning of that act.

Sec. 27. Minnesota Statutes 2000, section 355.02, is amended to read:

355.02 [AGREEMENTS.]

Subdivision 1. [GENERAL AUTHORITY.] (a) The ~~state agency~~ director, with the approval of the governor, is hereby authorized to enter into an agreement on behalf of the state with the ~~federal~~ Secretary of Health, ~~Education,~~ and ~~Welfare~~ Human Services, consistent with the terms and provisions of this chapter, ~~as amended~~, for the purpose of extending the benefits of the federal old age ~~and~~ survivors, ~~and~~ disability insurance system to employees of the state or any political subdivision thereof with respect to services specified in ~~such~~ the agreement which constitute "employment," whenever so specifically authorized by the statutory provisions of this state pertaining to any coverage group of such employees to which the agreement may become applicable under the Social Security Act.

~~Pursuant to such~~ (b) Under this specific authorization the agreement may contain ~~such~~ those provisions relating to coverage, benefits, contributions, effective date, modification and termination of the agreement, administration, and other appropriate provisions as the ~~state agency~~ director and the ~~federal~~ Secretary of Health, ~~Education,~~ and ~~Welfare~~ Human Services shall agree upon, but, except as may be otherwise required by or under the Social Security Act as to the services to be covered, such agreement ~~shall~~ must provide in effect that:

(1) benefits will be provided for employees whose services are covered by the agreement (and their dependents and survivors) on the same basis as though ~~such~~ those services constituted employment within the meaning of title II of the Social Security Act;

(2) the state or other employer will pay to the federal Secretary of the Treasury, at such time or times as may be prescribed under the Social Security Act, contributions with respect to wages, equal to the sum of the taxes which would be imposed by the Federal Insurance Contributions Act if the services covered by the agreement constituted employment within the meaning of that act;

(3) ~~Such the agreement shall be~~ is effective with respect to services in employment covered by the agreement performed after a date specified therein ~~but in no event may it be effective with respect to any such services performed prior to the first day of the calendar year in which such agreement is entered into or in which the modification of the agreement making it applicable to such services, is entered into except that an agreement or modification entered into prior to January 1, 1960, may be effective with respect to services performed after December 31, 1955, or after a later date specified in such agreement or modification; and~~

(4) all services which constitute employment and are performed in the employ of the state or any of its political subdivisions by employees thereof, may be covered by ~~such the~~ the agreement whenever so specifically authorized by the statutory provisions of this state pertaining to any coverage group of such employees to which the agreement may become applicable under the Social Security Act.

Subd. 2. [INTERSTATE INSTRUMENTALITY.] (a) Any instrumentality jointly created by this state and any other state or states is ~~hereby~~ authorized, upon the granting of like authority by ~~such the~~ the other state or states, to:

(1) ~~to~~ enter into an agreement with the federal Secretary of Health, ~~Education,~~ and ~~Welfare~~ Human Services whereby the benefits of the federal old age ~~and,~~ survivors, and disability insurance system ~~shall be~~ are extended to employees of ~~such the~~ the instrumentality;

(2) ~~to~~ require its employees to pay (and for that purpose to deduct from their wages) contributions equal to the amounts which they would be required to pay under section 355.03, subdivision 1, if they were covered by an agreement made ~~pursuant to~~ under subdivision 1; and

(3) ~~to~~ make payments to the federal Secretary of the Treasury in accordance with ~~such that~~ the agreement, including payments from its own funds, and otherwise to comply with ~~such those~~ the agreements. ~~Such~~

(b) The agreements ~~shall~~ must, to the extent practicable, be consistent with the terms and provisions of subdivision 1 and other provisions of this chapter; ~~as amended.~~

Subd. 3. [GROUPS COVERED BY SOCIAL SECURITY.] The following groups must be covered by an agreement or a modification to an agreement between the state agency and the federal Secretary of Health and Human Services:

(1) constitutional officers;

(2) Duluth teachers;

(3) educational employees;

(4) higher education employees;

(5) hospital employees;

(6) judges;

(7) legislators;

(8) Minneapolis teachers;

(9) public employees;

(10) St. Paul teachers;

(11) special authority or district employees; and

(12) state employees.

Sec. 28. Minnesota Statutes 2000, section 355.03, is amended to read:

355.03 [EMPLOYEES AND EMPLOYERS, CONTRIBUTIONS.]

Subdivision 1. [EMPLOYEE CONTRIBUTION AMOUNT.] Every employee of the state, or of any of its political subdivisions, whose services are covered by the agreement entered into under section 355.02 ~~shall be required to~~ must pay for the period of such the coverage, into the contribution fund established by section 355.04, contributions; with respect to wages, equal to the amount of the employee's tax which would be imposed by the Federal Insurance Contributions Act if ~~such those~~ those services constituted employment within the meaning of that act. ~~Such This~~ liability shall arise arises in consideration of the employee's retention in the service of the state, or any of its political subdivisions, or the employee's entry upon ~~such that~~ that service, after the enactment of this chapter, ~~as amended.~~

Subd. 2. [EMPLOYEE DEDUCTION.] The contribution imposed by this section ~~shall~~ must be collected by the covered employee's employer by deducting the amount of the contribution from wages as and when paid, ~~but.~~ The failure to make such deduction shall does not relieve the employee from liability for such contribution.

Subd. 2a. [EMPLOYER CONTRIBUTION.] (a) Employer contributions that are required under the agreement must be paid by the applicable employing unit.

(b) Employer contributions on behalf of St. Paul teachers, Duluth teachers, Minneapolis teachers, or education employees may be paid from normal school operating funds. Employer contributions on behalf of state employees must be paid by the applicable department or agency from its appropriation or other revenue, in the same proportion as salaries are paid, and must be charged as an administrative cost of the state governmental unit.

(c) Employing units may pay the employer contribution from taxes collected or from other governmental revenue. An employing unit may include in its tax levy the amount necessary to pay its social security obligations. If the taxes authorized to be levied cause the total levy amount to exceed any limitation on the power of the employing unit to levy taxes, the unit may still levy the necessary amount. The employing unit, in the event of a deficit, may issue debt obligations, payable in not more than two years, in an amount which may cause its indebtedness to exceed any limitation without holding an election and may levy taxes to amortize the indebtedness. The authorized social security expenditures must not be included in computing the cost of government for purposes of any home rule charter or other charter.

(d) If the required employer contribution for social security is increased and, as a result of that increase, there is insufficient money available to a state governmental unit, there is appropriated to the state department or agency from the general fund the amount required to meet the deficiency, based on certifications from the director to the commissioner of finance. The transfer of the appropriated amount may only occur after the commissioner of finance notifies the chair and ranking minority member of the house committee on ways and means and the chair and ranking minority member of the senate finance committee of the amount to be transferred.

(e) For members of the general state employees retirement plan of the Minnesota state retirement system who are employed by the state horticultural society, the department of Minnesota for the disabled American veterans organization, the department of Minnesota of the veterans of foreign wars organization, the Minnesota crop improvement association, the Minnesota historical society, the armory building commission, and the Minnesota-Wisconsin-Minneapolis-St. Paul survival plan project, the applicable employing unit must pay the employer contribution from any revenue source that it has.

Subd. 3. [ADJUSTMENTS; REFUNDS.] If more or less than the correct amount of the contribution imposed by this section is paid or deducted with respect to any remuneration, proper adjustments, or refund if adjustment is impracticable, ~~shall~~ must be made, without interest, in such manner and at such times as the ~~state agency shall prescribe~~ director prescribes.

Subd. 4. [DELINQUENT PAYMENTS.] Delinquent payments that are due under this chapter, with compound interest at the rate of six percent per annum, may be recovered by legal action in a court of competent jurisdiction against an employing unit that is liable for the amount. The director may request that the delinquent payment and interest amount be deducted from any other money that is payable to the applicable employing unit by any department or agency of the state. An action for the recovery of delinquent payments is not subject to any statutory provision that would otherwise limit the time within which an action may be commenced.

Sec. 29. [355.035] [REIMBURSEMENT BY EMPLOYING UNITS.]

An employing unit which employs a member of a covered group must reimburse the state agency for its pro rata share of the cost of the administration of the agency with respect to social security coverage in accordance with the rules of the director pertaining to this reimbursement.

Sec. 30. [355.036] [REPORTS.]

An employing unit which employs a member of a covered group must make any reports in the form required and must include the information that the director requires. An employing unit also must comply with the reporting requirements that the director or the federal Secretary of Health and Human Services may from time to time determine are necessary to ensure the correctness and verification of relevant information.

Sec. 31. [355.037] [PROCEEDS OF SPECIAL BENEFIT TAXES.]

The proceeds of the special benefit taxes that are authorized to be levied for redevelopment purposes under section 469.033, subdivision 6, may be used to defray all or part of the costs incurred by any housing and redevelopment authority under this chapter.

Sec. 32. Minnesota Statutes 2000, section 355.05, is amended to read:

355.05 [RULES.]

~~The state agency shall make and publish such~~ director may promulgate those rules, not inconsistent with the provisions of this chapter, ~~as amended~~, as it finds necessary or appropriate to the efficient administration of the functions with which it is charged under this chapter, ~~as amended~~.

Sec. 33. Minnesota Statutes 2000, section 355.07, is amended to read:

355.07 [DECLARATION OF POLICY.]

(a) In order to extend to employees of the state ~~and~~ its political subdivisions, and its other governmental employers, and to the dependents and survivors of ~~such~~ the employees of those employing units, the basic protection accorded to others by the old age ~~and~~ survivors, and disability insurance system embodied in the Social Security Act, it is hereby declared to be the policy of the legislature, subject to the limitations of this chapter, that these steps are taken to provide protection to employees of the state and its political subdivisions on as broad a basis as may be authorized by the legislature and is permitted under the Social Security Act.

(b) It is also the policy of the legislature that the protection afforded employees in positions covered by a retirement system on the date an agreement under this chapter is made applicable to service performed in those positions, or receiving periodic benefits under the retirement system at that time, will not be impaired as a result of making the agreement so applicable or as a result of legislative enactment in anticipation thereof when combined with the benefits accorded the employee by the Social Security Act.

(c) To this end, the agreement referred to in section 355.02 ~~shall must~~ not be made applicable to any service performed in any position covered by a retirement system unless a referendum is first held by secret ballot in which a majority of "eligible employees," as defined in section 218(d) (3) of the Social Security Act, vote in favor thereof, or unless a retirement system is divided in two divisions or parts, one of which is composed of positions of members of the system who desire coverage and one of which is composed of positions of members of the system who do not desire coverage under section 218(d) (3) of the Social Security Act, in accordance with subsections (6) and (7) thereof.

(d) Nothing in any provision of this chapter ~~shall authorize~~ authorizes the extension of the insurance system established by this chapter, ~~as amended,~~ to service in any police officer's or firefighter's position or in any position covered by a retirement system applicable exclusively to positions in one or more law enforcement or fire fighting units, agencies or departments.

Sec. 34. Minnesota Statutes 2000, section 355.08, is amended to read:

355.08 [APPLICATION OF SOCIAL SECURITY ACT.]

The provisions of the Social Security Act, ~~and all acts amendatory thereof, shall~~ govern relative to employees of the state ~~and, its political subdivisions, and its other governmental employers~~ subject to ~~Minnesota Statutes, this chapter 355, as amended,~~ anything in ~~said this~~ chapter to the contrary notwithstanding.

Sec. 35. [355.091] [DIVISION OF RETIREMENT PLANS.]

(a) The public retirement plans enumerated in paragraph (b) must be divided into two parts in accordance with section 218(d)(6)(c) of the Social Security Act, with one part composed of plan members who did not elect social security coverage in the applicable referendum and the other part composed of plan members who did elect social security coverage in the applicable referendum.

(b) The applicable public retirement plans are:

(1) the elective state officers retirement plan;

(2) the judges retirement plan;

(3) the legislators retirement plan;

(4) the Minneapolis teachers retirement fund association;

(5) the general employees retirement plan of the public employees retirement association;

(6) the St. Paul teachers retirement fund association; and

(7) the teachers retirement association.

(c) Plan participants and persons electing participation under section 354B.21 remain members of the teachers retirement association for purposes of social security coverage only, and remain covered by the applicable agreement entered into under section 355.01, but are not members of the teachers retirement association for any other purpose while employed in covered employment.

Sec. 36. [REPEALER.]

Minnesota Statutes 2000, sections 355.01, subdivisions 2, 4, 5, 9, and 10; 355.11; 355.12; 355.13; 355.14; 355.15; 355.16; 355.17; 355.201; 355.202; 355.203; 355.204; 355.205; 355.206; 355.207; 355.208; 355.209; 355.21; 355.22; 355.23; 355.24; 355.25; 355.26; 355.27; 355.28; 355.281; 355.282; 355.283; 355.284; 355.285; 355.286; 355.287;

355.288; 355.29; 355.291; 355.292; 355.293; 355.294; 355.295; 355.296; 355.297; 355.298; 355.299; 355.30; 355.311; 355.391; 355.392; 355.393; 355.41; 355.42; 355.43; 355.44; 355.45; 355.46; 355.48; 355.49; 355.50; 355.51; 355.52; 355.54; 355.55; 355.56; 355.57; 355.58; 355.59; 355.60; 355.61; 355.621; 355.622; 355.623; 355.624; 355.625; 355.626; 355.627; 355.628; 355.71; 355.72; 355.73; 355.74; 355.75; 355.76; 355.77; 355.78; 355.79; 355.80; 355.81; and 355.90, are repealed.

Sec. 37. [EFFECTIVE DATE.]

Sections 1 to 36 are effective on July 1, 2002.

ARTICLE 9

PUBLIC PENSION PLAN ACTUARIAL ASSUMPTION REVISIONS

Section 1. Minnesota Statutes 2000, section 356.215, subdivision 4d, is amended to read:

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

plan	preretirement interest rate assumption	postretirement interest rate assumption
general state employees retirement plan	8.5%	6.0%
correctional state employees retirement plan	8.5	6.0
state patrol retirement plan	8.5	6.0
legislators retirement plan	8.5	6.0
elective state officers retirement plan	8.5	6.0
judges retirement plan	8.5	6.0
general public employees retirement plan	8.5	6.0
public employees police and fire retirement plan	8.5	6.0
local government correctional service retirement plan	8.5	6.0
teachers retirement plan	8.5	6.0
Minneapolis employees retirement plan	6.0	5.0
Duluth teachers retirement plan	8.5	8.5
Minneapolis teachers retirement plan	8.5	8.5
St. Paul teachers retirement plan	8.5	8.5
Minneapolis police relief association	6.0	6.0

other local Fairmont police relief associations association	5.0	5.0
Minneapolis fire department relief association	6.0	6.0
other local salaried firefighters Virginia fire department relief associations association	5.0	5.0
local monthly benefit volunteer firefighters relief associations	5.0	5.0

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

(1) single rate future salary increase assumption

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

(2) modified single rate future salary increase assumption

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

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

plan	future salary increase assumption
general state employees retirement plan	select calculation and assumption A

correctional state employees retirement plan	assumption H
state patrol retirement plan	assumption H
general public employees retirement plan	select calculation and assumption B
public employees police and fire fund retirement plan	assumption C
local government correctional service retirement plan	assumption H
teachers retirement plan	assumption D
Duluth teachers retirement plan	assumption E
Minneapolis teachers retirement plan	assumption F
St. Paul teachers retirement plan	assumption G

The select calculation: is,

during the ten-year select period, ~~0.2~~ a designated percent is multiplied by the result of ten minus T, where T is the number of completed years of service, and is added to the applicable future salary increase assumption. The designated percent is 0.2 percent for the correctional state employees retirement plan, the state patrol retirement plan, the public employees police and fire plan, and the local government correctional service plan; 0.3 percent for the general state employees retirement plan, the general public employees retirement plan, the teachers retirement plan, the Duluth teachers retirement fund association, and the St. Paul teachers retirement fund association; and 0.4 percent for the Minneapolis teachers retirement fund association.

The ultimate future salary increase assumption is:

age	A	B	C	D	E	F	G	H
16	6.95%	6.95%	11.50%	8.20%	8.00%	7.50% 6.50	7.25% 6.90	7.7500
17	6.90	6.90	11.50	8.15	8.00	7.50 6.50	7.25 6.90	7.7500
18	6.85	6.85	11.50	8.10	8.00	7.50 6.50	7.25 6.90	7.7500
19	6.80	6.80	11.50	8.05	8.00	7.50 6.50	7.25 6.90	7.7500
20	6.75	6.75 6.40	11.50	8.00 6.00	8.00 6.90	7.50 6.50	7.25 6.90	7.7500
21	6.70 6.75	6.70 6.40	11.50	7.95 6.00	8.00 6.90	7.50 6.50	7.25 6.90	7.1454
22	6.65 6.75	6.65 6.40	11.00	7.90 6.00	8.00 6.90	7.50 6.50	7.25 6.90	7.0725
23	6.65 6.75	6.65 6.40	10.50	7.85 6.00	8.00 6.85	7.50 6.50	7.25 6.85	7.0544
24	6.66 6.75	6.55 6.40	10.00	7.80 6.00	7.80 6.80	7.30 6.50	7.20 6.80	7.0363
25	6.50 6.75	6.50 6.40	9.50	7.75 6.00	7.70 6.75	7.20 6.50	7.15 6.75	7.0000
26	6.45 6.75	6.45 6.36	9.20	7.70 6.00	7.60 6.70	7.10 6.50	7.10 6.70	7.0000

27	<u>6.40</u>	<u>6.40</u>	8.90	<u>7.65</u>	<u>7.50</u>	<u>7.00</u>	<u>7.05</u>	7.0000
	<u>6.75</u>	<u>6.32</u>		<u>6.00</u>	<u>6.65</u>	<u>6.50</u>	<u>6.65</u>	
28	<u>6.35</u>	<u>6.35</u>	8.60	<u>7.60</u>	<u>7.40</u>	<u>6.90</u>	<u>7.00</u>	7.0000
	<u>6.75</u>	<u>6.28</u>		<u>6.00</u>	<u>6.60</u>	<u>6.50</u>	<u>6.60</u>	
29	<u>6.30</u>	<u>6.30</u>	8.30	<u>7.55</u>	<u>7.30</u>	<u>6.80</u>	<u>6.95</u>	7.0000
	<u>6.75</u>	<u>6.24</u>		<u>6.00</u>	<u>6.55</u>	<u>6.50</u>	<u>6.55</u>	
30	<u>6.25</u>	<u>6.30</u>	8.00	<u>7.50</u>	<u>7.20</u>	<u>6.70</u>	<u>6.90</u>	7.0000
	<u>6.75</u>	<u>6.20</u>		<u>6.00</u>	<u>6.50</u>	<u>6.50</u>	<u>6.50</u>	
31	<u>6.20</u>	<u>6.25</u>	7.80	<u>7.45</u>	<u>7.10</u>	<u>6.60</u>	<u>6.85</u>	7.0000
	<u>6.75</u>	<u>6.16</u>		<u>6.00</u>	<u>6.45</u>	<u>6.50</u>	<u>6.45</u>	
32	<u>6.15</u>	<u>6.21</u>	7.60	<u>7.40</u>	<u>7.00</u>	<u>6.50</u>	<u>6.80</u>	7.0000
	<u>6.75</u>	<u>6.12</u>		<u>6.00</u>	<u>6.40</u>	<u>6.50</u>	<u>6.40</u>	
33	<u>6.10</u>	<u>6.17</u>	7.40	<u>7.30</u>	<u>6.90</u>	<u>6.40</u>	<u>6.75</u>	7.0000
	<u>6.75</u>	<u>6.08</u>		<u>6.00</u>	<u>6.35</u>	<u>6.50</u>	<u>6.35</u>	
34	<u>6.05</u>	<u>6.09</u>	7.20	<u>7.10</u>	<u>6.80</u>	<u>6.30</u>	<u>6.70</u>	7.0000
	<u>6.75</u>	<u>6.04</u>		<u>6.00</u>	<u>6.30</u>	<u>6.50</u>	<u>6.30</u>	
35	<u>6.00</u>	<u>6.05</u>	7.00	<u>7.00</u>	<u>6.70</u>	<u>6.20</u>	<u>6.65</u>	7.0000
	<u>6.75</u>	<u>6.00</u>		<u>6.00</u>	<u>6.25</u>	<u>6.50</u>	<u>6.25</u>	
36	<u>6.95</u>	<u>6.01</u>	6.80	<u>6.85</u>	<u>6.60</u>	<u>6.10</u>	<u>6.60</u>	6.9019
	<u>6.75</u>	<u>5.96</u>		<u>6.00</u>	<u>6.20</u>	<u>6.50</u>	<u>6.20</u>	
37	<u>5.90</u>	<u>5.97</u>	6.60	<u>6.70</u>	<u>6.50</u>	<u>6.00</u>	<u>6.55</u>	6.8074
	<u>6.75</u>	<u>5.92</u>		<u>6.00</u>	<u>6.15</u>	<u>6.50</u>	<u>6.15</u>	
38	<u>5.85</u>	<u>5.93</u>	6.40	<u>6.55</u>	<u>6.40</u>	<u>5.90</u>	<u>6.50</u>	6.7125
	<u>6.75</u>	<u>5.88</u>		<u>5.90</u>	<u>6.10</u>	<u>6.50</u>	<u>6.10</u>	
39	<u>5.80</u>	<u>5.89</u>	6.20	<u>6.40</u>	<u>6.30</u>	<u>5.80</u>	<u>6.40</u>	6.6054
	<u>6.75</u>	<u>5.84</u>		<u>5.80</u>	<u>6.05</u>	<u>6.50</u>	<u>6.05</u>	
40	<u>5.75</u>	<u>5.85</u>	6.00	<u>6.25</u>	<u>6.20</u>	<u>5.70</u>	<u>6.30</u>	6.5000
	<u>6.75</u>	<u>5.80</u>		<u>5.70</u>	<u>6.00</u>	<u>6.50</u>	<u>6.00</u>	
41	<u>5.70</u>	<u>5.81</u>	5.90	<u>6.10</u>	<u>6.10</u>	<u>5.60</u>	<u>6.20</u>	6.3540
	<u>6.75</u>	<u>5.76</u>		<u>5.60</u>	<u>5.90</u>	<u>6.50</u>	<u>5.95</u>	
42	<u>5.65</u>	<u>5.77</u>	5.80	<u>5.95</u>	<u>6.00</u>	<u>5.50</u>	<u>6.10</u>	6.2087
	<u>6.75</u>	<u>5.72</u>		<u>5.50</u>	<u>5.80</u>	<u>6.50</u>	<u>5.90</u>	
43	<u>5.60</u>	<u>5.73</u>	5.70	<u>5.80</u>	<u>5.90</u>	<u>5.45</u>	<u>6.00</u>	6.0622
	<u>6.65</u>	<u>5.68</u>		<u>5.40</u>	<u>5.70</u>	<u>6.50</u>	<u>5.85</u>	
44	<u>5.55</u>	<u>5.69</u>	5.60	<u>5.65</u>	<u>5.80</u>	<u>5.40</u>	<u>5.90</u>	5.9048
	<u>6.55</u>	<u>5.64</u>		<u>5.30</u>	<u>5.60</u>	<u>6.50</u>	<u>5.80</u>	
45	<u>5.50</u>	<u>5.65</u>	5.50	<u>5.50</u>	<u>5.70</u>	<u>5.35</u>	<u>5.80</u>	5.7500
	<u>6.45</u>	<u>5.60</u>		<u>5.20</u>	<u>5.50</u>	<u>6.50</u>	<u>5.75</u>	
46	<u>5.45</u>	<u>5.62</u>	5.45	<u>5.45</u>	<u>5.60</u>	<u>5.30</u>	<u>5.70</u>	5.6940
	<u>6.35</u>	<u>5.56</u>		<u>5.10</u>	<u>5.40</u>	<u>6.40</u>	<u>5.70</u>	
47	<u>5.40</u>	<u>5.59</u>	5.40	<u>5.40</u>	<u>5.50</u>	<u>5.25</u>	<u>5.65</u>	5.6375
	<u>6.25</u>	<u>5.52</u>		<u>5.00</u>	<u>5.30</u>	<u>6.30</u>		
48	<u>5.35</u>	<u>5.56</u>	5.35	<u>5.35</u>	<u>5.45</u>	<u>5.20</u>	<u>5.60</u>	5.5822
	<u>6.15</u>	<u>5.48</u>		<u>5.00</u>	<u>5.20</u>	<u>6.20</u>		
49	<u>5.30</u>	<u>5.53</u>	5.30	<u>5.30</u>	<u>5.40</u>	<u>5.15</u>	<u>5.55</u>	5.5404
	<u>6.05</u>	<u>5.44</u>		<u>5.00</u>	<u>5.10</u>	<u>6.10</u>		
50	<u>5.25</u>	<u>5.50</u>	5.25	<u>5.25</u>	<u>5.35</u>	<u>5.10</u>	<u>5.50</u>	5.5000
	<u>5.95</u>	<u>5.40</u>		<u>5.00</u>	<u>5.00</u>	<u>6.00</u>		
51	<u>5.20</u>	<u>5.45</u>	5.25	<u>5.20</u>	<u>5.30</u>	<u>5.05</u>	<u>5.45</u>	5.4384
	<u>5.85</u>	<u>5.36</u>		<u>5.00</u>	<u>5.00</u>	<u>5.90</u>		
52	<u>5.15</u>	<u>5.40</u>	5.25	<u>5.15</u>	<u>5.25</u>	<u>5.00</u>	<u>5.40</u>	5.3776
	<u>5.75</u>	<u>5.32</u>		<u>5.00</u>	<u>5.00</u>	<u>5.80</u>		
53	<u>5.10</u>	<u>5.35</u>	5.25	<u>5.10</u>	<u>5.25</u>	<u>5.00</u>	<u>5.35</u>	5.3167
	<u>5.65</u>	<u>5.28</u>		<u>5.00</u>	<u>5.00</u>	<u>5.70</u>		

54	5.05 <u>5.55</u>	5.30 <u>5.24</u>	5.25	5.05 <u>5.00</u>	5.25 <u>5.00</u>	5.00 <u>5.60</u>	5.30	5.2826
55	5.00 <u>5.45</u>	5.25 <u>5.20</u>	5.25	5.00	5.25 <u>5.00</u>	5.00 <u>5.50</u>	5.25	5.2500
56	5.00 <u>5.35</u>	5.20 <u>5.16</u>	5.25	5.00	5.25 <u>5.00</u>	5.00 <u>5.40</u>	5.25 <u>5.20</u>	5.2500
57	5.00 <u>5.25</u>	5.15 <u>5.12</u>	5.25	5.00	5.25 <u>5.00</u>	5.00 <u>5.30</u>	5.25 <u>5.15</u>	5.2500
58	5.00 <u>5.25</u>	5.10 <u>5.08</u>	5.25	5.00 <u>5.10</u>	5.25 <u>5.00</u>	5.00 <u>5.20</u>	5.25 <u>5.10</u>	5.2500
59	5.00 <u>5.25</u>	5.05 <u>5.04</u>	5.25	5.00 <u>5.20</u>	5.25 <u>5.00</u>	5.00 <u>5.10</u>	5.25 <u>5.05</u>	5.2500
60	5.00 <u>5.25</u>	5.00	5.25	5.00 <u>5.30</u>	5.25 <u>5.00</u>	5.00	5.25 <u>5.00</u>	5.2500
61	5.00 <u>5.25</u>	5.00	5.25	5.00 <u>5.40</u>	5.25 <u>5.00</u>	5.00	5.25 <u>5.00</u>	5.2500
62	5.00 <u>5.25</u>	5.00	5.25	5.00 <u>5.50</u>	5.25 <u>5.00</u>	5.00	5.25 <u>5.00</u>	5.2500
63	5.00 <u>5.25</u>	5.00	5.25	5.00 <u>5.60</u>	5.25 <u>5.00</u>	5.00	5.25 <u>5.00</u>	5.2500
64	5.00 <u>5.25</u>	5.00	5.25	5.00 <u>5.70</u>	5.25 <u>5.00</u>	5.00	5.25 <u>5.00</u>	5.2500
65	5.00 <u>5.25</u>	5.00	5.25	5.00 <u>5.70</u>	5.25 <u>5.00</u>	5.00	5.25 <u>5.00</u>	5.2500
66	5.00 <u>5.25</u>	5.00	5.25	5.00 <u>5.70</u>	5.25 <u>5.00</u>	5.00	5.25 <u>5.00</u>	5.2500
67	5.00 <u>5.25</u>	5.00	5.25	5.00 <u>5.70</u>	5.25 <u>5.00</u>	5.00	5.25 <u>5.00</u>	5.2500
68	5.00 <u>5.25</u>	5.00	5.25	5.00 <u>5.70</u>	5.25 <u>5.00</u>	5.00	5.25 <u>5.00</u>	5.2500
69	5.00 <u>5.25</u>	5.00	5.25	5.00 <u>5.70</u>	5.25 <u>5.00</u>	5.00	5.25 <u>5.00</u>	5.2500
70	5.00 <u>5.25</u>	5.00	5.25	5.00 <u>5.70</u>	5.25 <u>5.00</u>	5.00	5.25 <u>5.00</u>	5.2500
71	5.00 <u>5.25</u>	5.00		5.00 <u>5.70</u>				

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

plan	payroll growth assumption
general state employees retirement plan	5.00%
correctional state employees retirement plan	5.00
state patrol retirement plan	5.00
legislators retirement plan	5.00
elective state officers retirement plan	5.00

judges retirement plan	5.00
general public employees retirement plan	6.00
public employees police and fire retirement plan	6.00
local government correctional service retirement plan	6.00
teachers retirement plan	5.00
Duluth teachers retirement plan	5.00
Minneapolis teachers retirement plan	5.00
St. Paul teachers retirement plan	5.00

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective on June 30, 2002.

ARTICLE 10

AUTHORIZATION OF ADDITIONAL SUPPLEMENTAL RETIREMENT PLANS

Section 1. Minnesota Statutes 2001 Supplement, section 356.24, subdivision 1, is amended to read:

Subdivision 1. [RESTRICTION; EXCEPTIONS.] It is unlawful for a school district or other governmental subdivision or state agency to levy taxes for, or contribute public funds to a supplemental pension or deferred compensation plan that is established, maintained, and operated in addition to a primary pension program for the benefit of the governmental subdivision employees other than:

- (1) to a supplemental pension plan that was established, maintained, and operated before May 6, 1971;
- (2) to a plan that provides solely for group health, hospital, disability, or death benefits;
- (3) to the individual retirement account plan established by chapter 354B;
- (4) to a plan that provides solely for severance pay under section 465.72 to a retiring or terminating employee;
- (5) for employees other than personnel employed by the board of trustees of the Minnesota state colleges and universities and covered under the higher education supplemental retirement plan under chapter 354C, if provided for in a personnel policy of the public employer or in the collective bargaining agreement between the public employer and the exclusive representative of public employees in an appropriate unit, in an amount matching employee contributions on a dollar for dollar basis, but not to exceed an employer contribution of \$2,000 a year per employee;
 - (i) to the state of Minnesota deferred compensation plan under section 352.96; or
 - (ii) in payment of the applicable portion of the contribution made to any investment eligible under section 403(b) of the Internal Revenue Code, if the employing unit has complied with any applicable pension plan provisions of the Internal Revenue Code with respect to the tax-sheltered annuity program during the preceding calendar year;

(6) for personnel employed by the board of trustees of the Minnesota state colleges and universities and not covered by clause (5), to the supplemental retirement plan under chapter 354C, if provided for in a personnel policy or in the collective bargaining agreement of the public employer with the exclusive representative of the covered employees in an appropriate unit, in an amount matching employee contributions on a dollar for dollar basis, but not to exceed an employer contribution of \$2,700 a year for each employee;

(7) to a supplemental plan or to a governmental trust to save for postretirement health care expenses qualified for tax-preferred treatment under the Internal Revenue Code, if provided for in a personnel policy or in the collective bargaining agreement of a public employer with the exclusive representative of the covered employees in an appropriate unit; or

(8) to the laborer's national industrial pension fund for the employees of a governmental subdivision who are covered by a collective bargaining agreement that provides for coverage by that fund and that sets forth a fund contribution rate, but not to exceed an employer contribution of \$2,000 per year per employee;

(9) to the plumbers' and pipefitters' national pension fund for the employees of a governmental subdivision who are covered by a collective bargaining agreement that provides for coverage by that fund and that sets forth a fund contribution rate, but not to exceed an employer contribution of \$2,000 per year per employee;

(10) to the international union of operating engineers pension fund for the employees of a governmental subdivision who are covered by a collective bargaining agreement that provides for coverage by that fund and that sets forth a fund contribution rate, but not to exceed an employer contribution of \$2,000 per year per employee; or

(11) to a supplemental plan organized and operated under the federal Internal Revenue Code, as amended, that is wholly and solely funded by the employee's accumulated sick leave, accumulated vacation leave, and accumulated severance pay.

Sec. 2. Minnesota Statutes 2000, section 356.25, is amended to read:

356.25 [LOCAL GOVERNMENTAL PENSION FUND PROHIBITIONS; EXCLUSIONS.]

Notwithstanding any other provision of law or charter, no city, county, public agency or instrumentality, or other political subdivision ~~shall, after August 1, 1975, be required or permitted to~~ establish for any of its employees any local pension plan or fund financed in whole or in part from public funds, other than:

(1) a supplemental pension or deferred compensation plan authorized under section 356.24; or

(2) a volunteer firefighter's relief association established pursuant to under chapter 424A and governed by sections 69.771 to 69.776.

Sec. 3. [RATIFICATION AND VALIDATION OF CERTAIN PAST ACTIONS.]

Any supplemental pension plan that is organized and operated under section 401(a) of the federal Internal Revenue Code, as amended, that is wholly and solely funded by an employee's accumulated sick leave, accumulated vacation leave, and accumulated severance pay, and that was established before the effective date of this act and any contributions to the plan that may be characterized as public funds within the meaning of Minnesota Statutes, section 356.24, are hereby ratified and validated.

Sec. 4. [EFFECTIVE DATE.]

Sections 1 to 3 are effective on the day following final enactment.

ARTICLE 11

GENERAL RETIREMENT LAW
REORGANIZATION AND RECODIFICATION
PUBLIC RETIREMENT PLAN PURPOSE

Section 1. Minnesota Statutes 2000, section 356.001, is amended to read:

356.001 [PURPOSE OF PUBLIC PLANS.]

Subdivision 1. [EXCLUSIVE BENEFIT OF MEMBERS AND BENEFICIARIES.] (a) The public plans and funds specified in subdivision 4 are established to provide for the retirement of their members and to provide funds for the beneficiaries of members in the event of death of a member.

(b) The public plans and funds are established and ~~shall~~ must be maintained for the exclusive benefit of the members and the beneficiaries of the members. Except as provided in subdivisions 2 and 3, no part of the moneys of the plans and funds ~~shall~~ may revert to the plan or fund or be used for or diverted to purposes other than the exclusive benefit of the members or their beneficiaries.

Subd. 2. [ALLOWABLE EXPENSES.] The necessary, reasonable, and direct expenses of maintaining, protecting, and administering the public plan or fund, as authorized in the laws governing the plan or fund, ~~shall~~ must be considered as expenditures for the exclusive benefit of the members or their beneficiaries.

Subd. 3. [EFFECT OF AMENDMENTS OR TERMINATION.] (a) If a public plan or fund ~~as~~ defined in subdivision 4 is terminated or the plan or fund provisions are amended, no part of the moneys held in the plan or fund ~~shall~~ may be used for or diverted to any purpose other than the exclusive benefit of the members or their beneficiaries, except as provided in this subdivision.

(b) If a plan or fund is terminated, all affected members have a nonforfeitable interest in their benefits that were accrued and funded to date. The value of the accrued benefits to be credited to the account of each affected member ~~shall~~ must be calculated as of the date of termination and the funding ratio of the plan or fund must be applied to the accrued benefit of each affected member.

(c) The board of trustees of the plan or fund shall ~~then~~, as soon as administratively feasible following the termination, pay each eligible member or beneficiary on behalf of a member the amount in the member's account in a lump sum. In the case of a member whose whereabouts is unknown, the board shall notify the member at the last known address by certified mail with return receipt requested advising the member of the member's right to a pending distribution. If the member cannot be located in this manner, the board shall establish a custodial account for the member's benefit in a federally insured bank, savings association, or credit union in which the member's account balance ~~shall~~ must be deposited. If the board receives proof of death of a member that is satisfactory to the board, the account balance ~~shall~~ must be paid to the beneficiary of the member.

Subd. 4. [COVERED PLANS AND FUNDS.] This section applies to all public pension and retirement plans and funds established ~~pursuant to~~ under the laws of the state of Minnesota that receive contributions from moneys derived from taxation.

Subd. 5. [CONSTRUCTION.] Nothing contained in this section ~~shall~~ may be construed to authorize, or otherwise imply, a legislative policy or intent favoring the termination of any plan or fund to which this section applies.

PUBLIC PENSION PLAN ACTUARIAL, FINANCIAL,
AND INVESTMENT REPORTING

Sec. 2. Minnesota Statutes 2000, section 356.20, subdivision 1, is amended to read:

Subdivision 1. [REPORT REQUIRED.] (a) The governing or managing board or administrative officials of the public pension and retirement funds enumerated in subdivision 2 shall annually prepare and file a financial report following the close of each fiscal year.

(b) This requirement ~~shall~~ also ~~apply~~ applies to any plan or fund which may be a successor to any organization so enumerated or to any newly formed retirement plan, fund or association operating under the control or supervision of any public employee group, governmental unit, or institution receiving a portion of its support through legislative appropriations.

(c) The report ~~shall~~ must be prepared under the supervision and at the direction of the management of each fund and ~~shall~~ must be signed by the presiding officer of the managing board of the fund and the chief administrative official of the fund.

Sec. 3. Minnesota Statutes 2000, section 356.20, subdivision 2, is amended to read:

Subd. 2. [COVERED PUBLIC PENSION PLANS AND FUNDS.] This section applies to the following public pension plans:

- (1) ~~the general state employees retirement fund;~~ plan of the Minnesota state retirement system;
- (2) ~~the general employees retirement plan of the public employees retirement fund;~~ association;
- (3) ~~the teachers retirement association;~~
- (4) ~~the state patrol retirement fund;~~ plan;
- (5) ~~the Minneapolis teachers retirement fund association;~~
- (6) ~~the St. Paul teachers retirement fund association;~~
- (7) ~~the Duluth teachers retirement fund association;~~
- (8) ~~the Minneapolis employees retirement fund;~~
- (9) ~~the University of Minnesota faculty retirement plan;~~
- (10) ~~the University of Minnesota faculty supplemental retirement plan;~~
- (11) ~~the judges retirement fund;~~
- (12) ~~Any a police or firefighter's relief association enumerated~~ specified or described in section 69.77, subdivision 1a, or 69.771, subdivision 1;
- (13) ~~the public employees police and fire fund;~~ plan of the public employees retirement association;
- (14) ~~the correctional state employees retirement plan of the Minnesota state retirement system correctional officers retirement fund;~~ and
- (15) ~~public employees~~ the local government correctional service retirement plan of the public employees retirement association.

Sec. 4. Minnesota Statutes 2000, section 356.20, subdivision 3, is amended to read:

Subd. 3. [FILING REQUIREMENT.] The financial report is a public record. A copy of the report or a synopsis of the report containing the information required by this section ~~shall~~ must be distributed annually to each member of the fund and to the governing body of each governmental subdivision of the state which makes employers contributions thereto or in whose behalf taxes are levied for the employers' contribution. A signed copy of the report ~~shall~~ must be delivered to the executive director of the legislative commission on pensions and retirement and to the legislative reference library not later than six months after the close of each fiscal year or one month following the completion and delivery to the retirement fund of the actuarial valuation report of the fund by the actuary retained by the legislative commission on pensions and retirement, if applicable, whichever is later.

Sec. 5. Minnesota Statutes 2000, section 356.20, subdivision 4, is amended to read:

Subd. 4. [CONTENTS OF FINANCIAL REPORT.] (a) The financial report required by this section must contain financial statements and disclosures that indicate the financial operations and position of the retirement plan and fund. The report must conform with generally accepted governmental accounting principles, applied on a consistent basis. The report must be audited. The report must include, as part of its exhibits or footnotes, an actuarial disclosure item based on the actuarial valuation calculations prepared by the commission-retained actuary or by the actuary retained by the retirement fund or plan, if applicable, according to applicable actuarial requirements enumerated in section 356.215, and specified in the most recent standards for actuarial work adopted by the legislative commission on pensions and retirement. The accrued assets, the accrued liabilities, including accrued reserves, and the unfunded actuarial accrued liability of the fund or plan must be disclosed. The disclosure item must contain a declaration by the actuary retained by the legislative commission on pensions and retirement or the actuary retained by the fund or plan, whichever applies, specifying that the required reserves for any retirement, disability, or survivor benefits provided under a benefit formula are computed in accordance with the entry age actuarial cost method and with the most recent applicable standards for actuarial work adopted by the legislative commission on pensions and retirement.

(~~a~~) (b) Assets of the fund or plan contained in the disclosure item must include the following statement of the actuarial value of current assets as defined in section 356.215, subdivision 1:

	Value at cost	Value at market
Cash, cash equivalents, and short-term securities
Accounts receivable
Accrued investment income
Fixed income investments
Equity investments other than real estate
Real estate investments
Equipment
Equity in the Minnesota postretirement investment fund
Other

Total assets

Value at cost
Value at market
Value of current assets

~~(b)~~ (c) The unfunded actuarial accrued liability of the fund or plan contained in the disclosure item must include the following measures of unfunded actuarial accrued liability, using the value of current assets:

(1) unfunded actuarial accrued liability, determined by subtracting the current assets and the present value of future normal costs from the total current and expected future benefit obligations; and

(2) unfunded pension benefit obligation, determined by subtracting the current assets from the actuarial present value of credited projected benefits.

If the current assets of the fund or plan exceed the actuarial accrued liabilities, the excess must be disclosed and indicated as a surplus.

~~(c)~~ (d) The pension benefit obligations schedule included in the disclosure must contain the following information on the benefit obligations:

(1) the pension benefit obligation, determined as the actuarial present value of credited projected benefits on account of service rendered to date, separately identified as follows:

- (i) for annuitants;
 - retirement annuities;
 - disability benefits;
 - surviving spouse and child benefits;
- (ii) for former members without vested rights;
- (iii) for deferred annuitants' benefits, including any augmentation;
- (iv) for active employees;
 - accumulated employee contributions,
 - including allocated investment income;
 - employer-financed benefits vested;
 - employer-financed benefits nonvested;
 - total pension benefit obligation; and

(2) if there are additional benefits not appropriately covered by the foregoing items of benefit obligations, a separate identification of the obligation.

~~(d)~~ (e) Any additional statements or exhibits or more detailed or subdivided itemization of a disclosure item that will enable the management of the fund to portray a true interpretation of the fund's financial condition must be included in the additional statements or exhibits.

Sec. 6. Minnesota Statutes 2000, section 356.20, subdivision 4a, is amended to read:

Subd. 4a. [FINANCIAL REPORT FOR POLICE OR FIREFIGHTERS RELIEF ASSOCIATION.] For any police or firefighter's relief association referred to in subdivision 2, clause (12), a financial report duly filed ~~pursuant to~~ and meeting the requirements of section 69.051 ~~shall~~ must be deemed to have met the requirements of subdivision 4.

Sec. 7. Minnesota Statutes 2000, section 356.215, as amended by Laws 2001, First Special Session chapter 10, article 11, section 18, is amended to read:

356.215 [ACTUARIAL VALUATIONS AND EXPERIENCE STUDIES.]

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

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

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

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

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

(f) "Current assets" means:

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

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

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

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

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

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

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

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

~~(4)~~ (2) for the July 1, 2002, actuarial valuation, the market value of all assets as of June 30, 2002, reduced by:

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

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

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

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

~~(5)~~ (3) for any actuarial valuation after July 1, 2002, the market value of all assets as of the preceding June 30, reduced by:

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

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

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

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

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

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

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

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

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

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

Subd. 2a. [PROJECTION VALUATION REQUIREMENTS.] (a) A quadrennial projection valuation required authorized under subdivision 2 is intended to serve as an additional analytical tool with which policy makers may assess the future funding status of public plans through forecasting and testing various potential outcomes over time if certain plan assumptions or valuation methods were to be modified.

(b) In consultation with the retirement fund directors, the state economist, the state demographer, the commissioner of finance, and the commissioner of employee relations, the actuary retained by the legislative commission on pensions and retirement shall perform the quadrennial projection valuations on behalf of the commissioner of finance, testing future implications for plan funding by modifying assumptions and methods currently in place. The commission-retained actuary shall provide advice to the commissioner as to the periods over which such projections should be made, the nature and scope of the scenarios to be analyzed, and the measures of funding status to be employed, and shall report the results of these analyses in the same manner as for quadrennial experience studies.

Subd. 3. [REPORTS.] (a) The actuarial valuations required annually must be made as of the beginning of each fiscal year.

(b) Two copies of the valuation must be delivered to the executive director of the legislative commission on pensions and retirement, to the commissioner of finance and to the legislative reference library, not later than the first day of the sixth month occurring after the end of the previous fiscal year.

(c) Two copies of a quadrennial experience study must be filed with the executive director of the legislative commission on pensions and retirement, with the commissioner of finance, and with the legislative reference library, not later than the first day of the 11th month occurring after the end of the last fiscal year of the four-year period which the experience study covers.

(d) For actuarial valuations and experience studies prepared at the direction of the legislative commission on pensions and retirement, two copies of the document must be delivered to the governing or managing board or administrative officials of the applicable public pension and retirement fund or plan.

Subd. 4. [ACTUARIAL VALUATION; CONTENTS.] (a) The actuarial valuation must be made in conformity with the requirements of the definition contained in subdivision 1 and the most recent standards for actuarial work adopted by the legislative commission on pensions and retirement.

(b) The actuarial valuation must measure all aspects of the benefit plan of the fund in accordance with changes in benefit plans, if any, and salaries reasonably anticipated to be in force during the ensuing fiscal year. The actuarial valuation must be prepared in accordance with the entry age actuarial cost method. The actuarial valuation required under this section must include the information required in subdivisions ~~4a~~ 5 to ~~4k~~ 15.

Subd. ~~4a~~ 5. [NORMAL COST.] For a fund providing benefits in whole or in part under a defined benefit plan, the actuarial valuation must indicate the level normal cost of the benefits provided ~~by~~ under the laws governing the fund as of the date of the valuation, calculated in accordance with the entry age actuarial cost method. The normal cost must be expressed as a level percentage of the present value of future payrolls of the active participants of the fund as of the date of the valuation.

Subd. ~~4b~~ 6. [ACCRUED LIABILITY.] For a fund providing benefits under a defined benefit plan, the actuarial valuation must contain an exhibit indicating the actuarial accrued liabilities of the fund. This figure is the present value of future benefits; reduced by the present value of future normal costs, calculated in accordance with the entry age actuarial cost method.

Subd. ~~4c~~ 7. [DEFINED CONTRIBUTION PLAN ACCUMULATIONS.] For each fund providing benefits under ~~the~~ a money purchase or defined contribution plan, the actuarial valuation ~~shall~~ must contain an exhibit indicating the member contributions accumulated at interest, as apportioned to members accounts, to the date of the valuation. These accumulations ~~shall~~ must be separately tabulated in a manner which properly reflects any differences in money purchase or defined contribution annuity rates which may apply.

Subd. ~~4d~~ 8. [INTEREST AND SALARY ASSUMPTIONS.] (a) The actuarial valuation must use the applicable following preretirement interest assumption and the applicable following postretirement interest assumption:

plan	preretirement interest rate assumption	postretirement interest rate assumption
general state employees retirement plan	8.5%	6.0%
correctional state employees retirement plan	8.5	6.0
state patrol retirement plan	8.5	6.0
legislators retirement plan	8.5	6.0
elective state officers retirement plan	8.5	6.0
judges retirement plan	8.5	6.0

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

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

(1) single rate future salary increase assumption

plan	future salary increase assumption
legislators retirement plan	5.0%
elective state officers retirement plan	5.0
judges retirement plan	5.0
Minneapolis police relief association	4.0
other local <u>Fairmont police relief associations association</u>	3.5
Minneapolis fire department relief association	4.0
other local salaried firefighters <u>Virginia fire department relief associations association</u>	3.5

(2) modified single rate future salary increase assumption

<p>plan</p> <p>Minneapolis employees retirement plan</p>	<p>future salary increase assumption</p> <p><u>the</u> prior calendar year amount increased <u>first</u> by 1.0198 percent to prior fiscal year date and <u>then increased</u> by 4.0 percent annually for each future year</p>
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(3) select and ultimate future salary increase assumption or graded rate future salary increase assumption

<p>plan</p> <p>general state employees retirement plan</p> <p>correctional state employees retirement plan</p> <p>state patrol retirement plan</p> <p>general public employees retirement plan</p> <p>public employees police and fire fund retirement plan</p> <p>local government correctional service retirement plan</p> <p>teachers retirement plan</p> <p>Duluth teachers retirement plan</p> <p>Minneapolis teachers retirement plan</p> <p>St. Paul teachers retirement plan</p>	<p>future salary increase assumption</p> <p>select calculation and assumption A</p> <p>assumption H</p> <p>assumption H</p> <p>select calculation and assumption B</p> <p>assumption C</p> <p>assumption H</p> <p>assumption D</p> <p>assumption E</p> <p>assumption F</p> <p>assumption G</p>
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The select calculation is:
 during the ten-year select period, ~~0.2~~ a designated percent is multiplied by the result of ten minus T, where T is the number of completed years of service, and is added to the applicable future salary increase assumption. The designated percent is 0.2 percent for the correctional state employees retirement plan, the state patrol retirement plan, the public employees police and fire plan, and the local government correctional service plan; 0.3 percent for the general state employees retirement plan, the general public employees retirement plan, the teachers retirement plan, the Duluth teachers retirement fund association, and the St. Paul teachers retirement fund association; and 0.4 percent for the Minneapolis teachers retirement fund association.

The ultimate future salary increase assumption is:

age	A	B	C	D	E	F	G	H
16	6.95%	6.95%	11.50%	8.20%	8.00%	7.50% <u>6.50</u>	7.25% <u>6.90</u>	7.7500

17	6.90	6.90	11.50	8.15	8.00	7.50	7.25	7.7500
						<u>6.50</u>	<u>6.90</u>	
18	6.85	6.85	11.50	8.10	8.00	7.50	7.25	7.7500
						<u>6.50</u>	<u>6.90</u>	
19	6.80	6.80	11.50	8.05	8.00	7.50	7.25	7.7500
						<u>6.50</u>	<u>6.90</u>	
20	6.75	6.75	11.50	8.00	8.00	7.50	7.25	7.7500
		<u>6.40</u>		<u>6.00</u>	6.90	6.50	6.90	
21	6.70	6.70	11.50	7.95	8.00	7.50	7.25	7.1454
	<u>6.75</u>	<u>6.40</u>		<u>6.00</u>	6.90	6.50	6.90	
22	6.65	6.65	11.00	7.90	8.00	7.50	7.25	7.0725
	<u>6.75</u>	<u>6.40</u>		<u>6.00</u>	6.90	6.50	6.90	
23	<u>6.75</u>	<u>6.40</u>	<u>10.50</u>	<u>6.00</u>	<u>6.85</u>	<u>6.50</u>	<u>6.85</u>	<u>7.0544</u>
24	6.66	6.55	10.00	7.80	7.80	7.30	7.20	7.0363
	<u>6.75</u>	<u>6.40</u>		<u>6.00</u>	6.80	6.50	6.80	
25	6.50	6.50	9.50	7.75	7.70	7.20	7.15	7.0000
	<u>6.75</u>	<u>6.40</u>		<u>6.00</u>	6.75	6.50	6.75	
26	6.45	6.45	9.20	7.70	7.60	7.10	7.10	7.0000
	<u>6.75</u>	<u>6.36</u>		<u>6.00</u>	6.70	6.50	6.70	
27	6.40	6.40	8.90	7.65	7.50	7.00	7.05	7.0000
	<u>6.75</u>	<u>6.32</u>		<u>6.00</u>	6.65	6.50	6.65	
28	6.35	6.35	8.60	7.60	7.40	6.90	7.00	7.0000
	<u>6.75</u>	<u>6.28</u>		<u>6.00</u>	6.60	6.50	6.60	
29	6.30	6.30	8.30	7.55	7.30	6.80	6.95	7.0000
	<u>6.75</u>	<u>6.24</u>		<u>6.00</u>	6.55	6.50	6.55	
30	6.25	6.30	8.00	7.50	7.20	6.70	6.90	7.0000
	<u>6.75</u>	<u>6.20</u>		<u>6.00</u>	6.50	6.50	6.50	
31	6.20	6.25	7.80	7.45	7.10	6.60	6.85	7.0000
	<u>6.75</u>	<u>6.16</u>		<u>6.00</u>	6.45	6.50	6.45	
32	6.15	6.21	7.60	7.40	7.00	6.50	6.80	7.0000
	<u>6.75</u>	<u>6.12</u>		<u>6.00</u>	6.40	6.50	6.40	
33	6.10	6.17	7.40	7.30	6.90	6.40	6.75	7.0000
	<u>6.75</u>	<u>6.08</u>		<u>6.00</u>	6.35	6.50	6.35	
34	6.05	6.09	7.20	7.10	6.80	6.30	6.70	7.0000
	<u>6.75</u>	<u>6.04</u>		<u>6.00</u>	6.30	6.50	6.30	
35	6.00	6.05	7.00	7.00	6.70	6.20	6.65	7.0000
	<u>6.75</u>	<u>6.00</u>		<u>6.00</u>	6.25	6.50	6.25	
36	6.95	6.01	6.80	6.85	6.60	6.10	6.60	6.9019
	<u>6.75</u>	<u>5.96</u>		<u>6.00</u>	6.20	6.50	6.20	
37	5.90	5.97	6.60	6.70	6.50	6.00	6.55	6.8074
	<u>6.75</u>	<u>5.92</u>		<u>6.00</u>	6.15	6.50	6.15	
38	5.85	5.93	6.40	6.55	6.40	5.90	6.50	6.7125
	<u>6.75</u>	<u>5.88</u>		<u>5.90</u>	6.10	6.50	6.10	
39	5.80	5.89	6.20	6.40	6.30	5.80	6.40	6.6054
	<u>6.75</u>	<u>5.84</u>		<u>5.80</u>	6.05	6.50	6.05	
40	5.75	5.85	6.00	6.25	6.20	5.70	6.30	6.5000
	<u>6.75</u>	<u>5.80</u>		<u>5.70</u>	6.00	6.50	6.00	
41	5.70	5.81	5.90	6.10	6.10	5.60	6.20	6.3540
	<u>6.75</u>	<u>5.76</u>		<u>5.60</u>	5.90	6.50	5.95	
42	5.65	5.77	5.80	5.95	6.00	5.50	6.10	6.2087
	<u>6.75</u>	<u>5.72</u>		<u>5.50</u>	5.80	6.50	5.90	
43	5.60	5.73	5.70	5.80	5.90	5.45	6.00	6.0622
	<u>6.65</u>	<u>5.68</u>		<u>5.40</u>	5.70	6.50	5.85	

44	5.55	5.69	5.60	5.65	5.80	5.40	5.90	5.9048
	6.55	5.64		5.30	5.60	6.50	5.80	
45	5.50	5.65	5.50	5.50	5.70	5.35	5.80	5.7500
	6.45	5.60		5.20	5.50	6.50	5.75	
46	5.45	5.62	5.45	5.45	5.60	5.30	5.70	5.6940
	6.35	5.56		5.10	5.40	6.40	5.70	
47	5.40	5.59	5.40	5.40	5.50	5.25	5.65	5.6375
	6.25	5.52		5.00	5.30	6.30		
48	5.35	5.56	5.35	5.35	5.45	5.20	5.60	5.5822
	6.15	5.48		5.00	5.20	6.20		
49	5.30	5.53	5.30	5.30	5.40	5.15	5.55	5.5404
	6.05	5.44		5.00	5.10	6.10		
50	5.25	5.50	5.25	5.25	5.35	5.10	5.50	5.5000
	5.95	5.40		5.00	5.00	6.00		
51	5.20	5.45	5.25	5.20	5.30	5.05	5.45	5.4384
	5.85	5.36		5.00	5.00	5.90		
52	5.15	5.40	5.25	5.15	5.25	5.00	5.40	5.3776
	5.75	5.32		5.00	5.00	5.80		
53	5.10	5.35	5.25	5.10	5.25	5.00	5.35	5.3167
	5.65	5.28		5.00	5.00	5.70		
54	5.05	5.30	5.25	5.05	5.25	5.00	5.30	5.2826
	5.55	5.24		5.00	5.00	5.60		
55	5.00	5.25	5.25	5.00	5.25	5.00	5.25	5.2500
	5.45	5.20		5.00	5.50			
56	5.00	5.20	5.25	5.00	5.25	5.00	5.25	5.2500
	5.35	5.16			5.00	5.40	5.20	
57	5.00	5.15	5.25	5.00	5.25	5.00	5.25	5.2500
	5.25	5.12			5.00	5.30	5.15	
58	5.00	5.10	5.25	5.00	5.25	5.00	5.25	5.2500
	5.25	5.08		5.10	5.00	5.20	5.10	
59	5.00	5.05	5.25	5.00	5.25	5.00	5.25	5.2500
	5.25	5.04		5.20	5.00	5.10	5.05	
60	5.00	5.00	5.25	5.00	5.25	5.00	5.25	5.2500
	5.25			5.30	5.00		5.00	
61	5.00	5.00	5.25	5.00	5.25	5.00	5.25	5.2500
	5.25			5.40	5.00		5.00	
62	5.00	5.00	5.25	5.00	5.25	5.00	5.25	5.2500
	5.25			5.50	5.00		5.00	
63	5.00	5.00	5.25	5.00	5.25	5.00	5.25	5.2500
	5.25			5.60	5.00		5.00	
64	5.00	5.00	5.25	5.00	5.25	5.00	5.25	5.2500
	5.25			5.70	5.00		5.00	
65	5.00	5.00	5.25	5.00	5.25	5.00	5.25	5.2500
	5.25			5.70	5.00		5.00	
66	5.00	5.00	5.25	5.00	5.25	5.00	5.25	5.2500
	5.25			5.70	5.00		5.00	
67	5.00	5.00	5.25	5.00	5.25	5.00	5.25	5.2500
	5.25			5.70	5.00		5.00	
68	5.00	5.00	5.25	5.00	5.25	5.00	5.25	5.2500
	5.25			5.70	5.00		5.00	
69	5.00	5.00	5.25	5.00	5.25	5.00	5.25	5.2500
	5.25			5.70	5.00		5.00	
70	5.00	5.00	5.25	5.00	5.25	5.00	5.25	5.2500
	5.25			5.70	5.00		5.00	
71	5.00	5.00		5.00			5.00	
	5.25			5.70				

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

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

Subd. ~~4e~~ 9. [OTHER ASSUMPTIONS.] The actuarial valuation must use assumptions concerning mortality, disability, retirement, withdrawal, retirement age, and any other relevant demographic or economic factor. These assumptions must be set at levels consistent with those determined in the most recent quadrennial experience study completed under subdivision 5 16, if required, or representative of the best estimate of future experience, if a quadrennial experience study is not required. The actuarial valuation must contain an exhibit indicating any actuarial assumptions used in preparing the valuation report.

Subd. ~~4f~~ 10. [PUBLIC SECTOR ACCOUNTING DISCLOSURE INFORMATION.] The actuarial valuation must contain those actuarial calculations that are necessary to allow the retirement plan administration or participating employing units to prepare the pension-related portions of annual financial reporting that meet generally accepted accounting principles for the public sector.

Subd. ~~4g~~ 11. [AMORTIZATION CONTRIBUTIONS.] (a) In addition to the exhibit indicating the level normal cost, the actuarial valuation must contain an exhibit indicating the additional annual contribution sufficient to amortize the unfunded actuarial accrued liability. For funds governed by chapters 3A, 352, 352B, 352C, 353, 354, 354A, and 490, the additional contribution must be calculated on a level percentage of covered payroll basis by the established date for full funding in effect when the valuation is prepared. For funds governed by chapter 3A, sections 352.90 through 352.951, chapters 352B, 352C, sections 353.63 through 353.68, and chapters 353C, 354A, and 490, the level percent additional contribution must be calculated assuming annual payroll growth of 6.5 percent. For funds governed by sections 352.01 through 352.86 and chapter 354, the level percent additional contribution must be calculated assuming an annual payroll growth of five percent. For the fund governed by sections 353.01

through 353.46, the level percent additional contribution must be calculated assuming an annual payroll growth of six percent. For all other funds, the additional annual contribution must be calculated on a level annual dollar amount basis.

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

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

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

(ii) the level annual dollar contribution or level percentage, whichever is applicable, needed to amortize the unfunded actuarial accrued liability amount determined under item (i) by the established date for full funding in effect before the change must be calculated using the interest assumption specified in subdivision ~~4d~~ 8 in effect before the change;

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

(iv) the level annual dollar contribution or level percentage, whichever is applicable, needed to amortize the difference between the unfunded actuarial accrued liability amount calculated under item (i) and the unfunded actuarial accrued liability amount calculated under item (iii) over a period of 30 years from the end of the plan year in which the applicable change is effective must be calculated using the applicable interest assumption specified in subdivision ~~4d~~ 8 in effect after any applicable change;

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

(vi) the period in which the unfunded actuarial accrued liability amount determined in item (iii) is amortized by the total level annual dollar or level percentage amortization contribution computed under item (v) must be calculated using the interest assumption specified in subdivision ~~4d~~ 8 in effect after any applicable change, rounded to the nearest integral number of years, but not to exceed 30 years from the end of the plan year in which the determination of the established date for full funding using the procedure set forth in this clause is made and not to be less than the period of years beginning in the plan year in which the determination of the established date for full funding using the procedure set forth in this clause is made and ending by the date for full funding in effect before the change; and

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

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

(e) For the general employees retirement plan of the public employees retirement association ~~general plan~~, the established date for full funding is June 30, 2031.

(f) For the retirement plans for which the annual actuarial valuation indicates an excess of valuation assets over the actuarial accrued liability, the valuation assets in excess of the actuarial accrued liability must be recognized as a reduction in the current contribution requirements by an amount equal to the amortization of the excess expressed as a level percentage of pay over a 30-year period beginning anew with each annual actuarial valuation of the plan.

Subd. ~~4h~~ 12. [ACTUARIAL GAINS AND LOSSES.] The actuarial valuation must contain an exhibit consisting of an analysis by the actuary explaining the net increase or decrease in the unfunded actuarial accrued liability since the last valuation. The explanation must subdivide the net increase or decrease in the unfunded actuarial accrued liability into at least the following parts:

(~~a~~) (1) increases or decreases in the unfunded actuarial accrued liability because of changes in benefits;

(~~b~~) (2) increases and decreases in the unfunded actuarial accrued liability because of changes in actuarial assumptions;

(~~c~~) (3) increases or decreases in the unfunded actuarial accrued liability attributable to actuarial gains or losses resulting from any experience deviations from the assumptions on which the valuation is based, as follows:

(i) actual investment earnings;

(ii) actual postretirement mortality rates;

(iii) actual salary increase rates; and

(iv) the remainder of the increase or decrease not attributable to any separate source;

(~~d~~) (4) increases or decreases in unfunded actuarial accrued liability because of other reasons, including the effect of any amortization contribution paid or additional amortization contribution previously calculated but unpaid; and

(~~e~~) (5) increases or decreases in unfunded actuarial accrued liability because of changes in eligibility requirements or groups included in the membership of the fund.

Subd. ~~4i~~ 13. [MEMBERSHIP TABULATION.] (a) The actuarial valuation must contain a tabulation of active membership and annuitants in the fund. If the membership of a fund is under more than one general benefit program, a separate tabulation must be made for each general benefit program.

(b) The tabulations must be prepared by the administration of the pension fund and must contain the following information:

(1) Active members	Number
As of last valuation date	
New entrants	
Total	
Separations from active service	

Refund of contributions	
Separation with deferred annuity	
Separation with neither refund nor deferred annuity	
Disability	
Death	
Retirement with service annuity	
Total separations As of current valuation date	
(2) Annuitants	Number
As of last valuation date	
New entrants	
Total	
Terminations	
Deaths	
Other	
Total terminations As of current valuation date	

(c) The tabulation required under paragraph (b), clause (2),₂ must be made separately for each of the following classes of benefit recipients:

- (1) service retirement annuitants;
- (2) disability benefit recipients;
- (3) survivor benefit recipients; and
- (4) deferred annuitants.

Subd. ~~4j~~ 14. [ADMINISTRATIVE EXPENSES.] (a) The actuarial valuation must indicate the administrative expenses of the fund, expressed both in dollars and as a percentage of covered payroll.

(b) Administrative expenses are the costs incurred by the retirement plans in the course of operating the plan, excluding investment expenses. Investment expenses include all expenses incurred for the retention of professional external investment managers and professional investment consultants, custodian bank fees, investment transaction costs, and the costs incurred by the retirement plans to manage investment portfolios or assets internally. Investment expenses must be deducted from the investment return used in the actuarial valuation, and must not be included in administrative expenses when calculating the allowance for expenses.

Subd. ~~4~~ 15. [BENEFIT PLAN SUMMARY.] The actuarial valuation must contain a summary of the principal provisions of the benefit plan upon which the valuation is based.

Subd. ~~5~~ 16. [QUADRENNIAL EXPERIENCE STUDY; CONTENTS.] A quadrennial experience study, if required, must contain an ~~actuarial~~ analysis by the approved actuary of the experience of the fund and a comparison of the experience with the actuarial assumptions on which the most recent actuarial valuation of the retirement fund was based.

Subd. ~~6~~ 17. [ACTUARIAL SERVICES BY APPROVED ACTUARIES.] (a) The actuarial valuation or quadrennial experience study must be made and any actuarial consulting services for a retirement fund or plan must be provided by an approved actuary. The actuarial valuation or quadrennial experience study must include a signed written declaration that it has been prepared according to sections 356.20 to 356.23 and according to the most recent standards for actuarial work adopted by the legislative commission on pensions and retirement.

(b) Actuarial valuations; or experience studies prepared by an approved actuary retained by a retirement fund or plan must be submitted to the legislative commission on pensions and retirement within ten days of the submission of the document to the retirement fund or plan.

Subd. ~~7~~ 18. [ESTABLISHMENT OF ACTUARIAL ASSUMPTIONS.] (a) The actuarial assumptions used for the preparation of actuarial valuations under this section that are other than those set forth in this section may be changed only with the approval of the legislative commission on pensions and retirement.

(b) A change in the applicable actuarial assumptions may be proposed by the governing board of the applicable pension fund or relief association, by the actuary retained by the legislative commission on pensions and retirement, by the actuarial advisor to a pension fund governed by chapter 352, 353, 354, or 354A, or by the actuary retained by a local police or firefighters relief association governed by sections 69.77 or 69.771 to 69.776, if one is retained.

Sec. 8. Minnesota Statutes 2000, section 356.216, is amended to read:

356.216 [CONTENTS OF ACTUARIAL VALUATIONS FOR LOCAL POLICE AND FIRE FUNDS.]

(a) The provisions of section 356.215 ~~governing that govern~~ the contents of actuarial valuations ~~shall~~ must apply to any local police or fire pension fund or relief association required to make an actuarial report under this section, except as follows:

(1) in calculating normal cost and other requirements, if required to be expressed as a level percentage of covered payroll, the salaries used in computing covered payroll ~~shall~~ must be the maximum rate of salary ~~from~~ on which retirement and survivorship credits and amounts of benefits are determined and from which any member contributions are calculated and deducted;

(2) in lieu of the amortization date specified in section 356.215, subdivision ~~4~~ 11, the appropriate amortization target date specified in section 69.77, subdivision 2b, or 69.773, subdivision 4, clause (c), ~~shall~~ must be used in calculating any required amortization contribution;

(3) in addition to the tabulation of active members and annuitants provided for in section 356.215, subdivision ~~4~~ 13, the member contributions for active members for the calendar year and the prospective annual retirement annuities under the benefit plan for active members ~~shall~~ must be reported;

(4) actuarial valuations required ~~pursuant to~~ under section 69.773, subdivision 2, ~~shall~~ must be made at least every four years and actuarial valuations required ~~pursuant to~~ under section 69.77 shall be made annually; ~~and~~

(5) the actuarial balance sheet showing accrued assets valued at market value if the actuarial valuation is required to be prepared at least every four years or valued as current assets under section 356.215, subdivision 1, clause (6),

or paragraph (b), whichever applies, if the actuarial valuation is required to be prepared annually, actuarial accrued liabilities, and the unfunded actuarial accrued liability ~~shall~~ must include the following required reserves:

- (~~a~~) (i) For active members
 1. Retirement benefits
 2. Disability benefits
 3. Refund liability due to death or withdrawal
 4. Survivors' benefits
- (~~b~~) (ii) For deferred annuitants' benefits
- (~~c~~) (iii) For former members without vested rights
- (~~d~~) (iv) For annuitants
 1. Retirement annuities
 2. Disability annuities
 3. Surviving spouses' annuities
 4. Surviving children's annuities

In addition to those required reserves, separate items ~~shall~~ must be shown for additional benefits, if any, which may not be appropriately included in the reserves listed above; and

(6) actuarial valuations ~~shall be~~ are due by the first day of the seventh month after the end of the fiscal year which the actuarial valuation covers.

(b) For ~~a~~ the Minneapolis firefighters relief association or the Minneapolis police relief association in a city of the first class with a population of more than 300,000, the following provisions additionally apply:

(1) in calculating the actuarial balance sheet, unfunded actuarial accrued liability, and amortization contribution of the relief association, "current assets" means the value of all assets at cost, including realized capital gains and losses, plus or minus, whichever applies, the average value of total unrealized capital gains or losses for the most recent three-year period ending with the end of the plan year immediately preceding the actuarial valuation report transmission date; and

(2) in calculating the applicable portions of the actuarial valuation, an annual preretirement interest assumption of six percent, an annual postretirement interest assumption of six percent, and an annual salary increase assumption of four percent must be used.

Sec. 9. Minnesota Statutes 2000, section 356.217, is amended to read:

356.217 [MODIFICATIONS IN ACTUARIAL SERVICES.]

(a) The cost of any requested benefit projections prepared by the commission-retained actuary relating to the Minnesota postretirement investment fund ~~for~~ at the request of the state board of investment is payable by the state board of investment.

(b) Actuarial valuations under section 356.215, for July 1, 1991, and thereafter, are not required to have an individual commentary section. The commentary section, if omitted from the individual plan actuarial ~~valuation~~ valuations, must be included in an appropriate generalized format as part of the report to the legislature under section 3.85, subdivision 11.

(c) Actuarial valuations under section 356.215, for July 1, 1991, and thereafter, are not required to contain separate actuarial valuation results for basic and coordinated programs unless each program has a membership of at least ten percent of the total membership of the fund. Actuarial valuations under section 356.215, for July 1, 1991, and thereafter, are not required to contain cash flow forecasts.

(d) Actuarial valuations of the public employees police and fire fund local consolidation accounts for July 1, 1991, and thereafter, are not required to contain separate tabulations or summaries of active member, service retirement, disability retirement, and survivor data for each local consolidation account.

(e) The commission-retained actuary is:

(1) required to publish experience findings for those retirement plans for which experience findings are required only on a quadrennial basis for the four-year period ending June 30, 1992, and every four years thereafter;

(2) not required to prepare a separate experience analysis or publish separate experience findings for basic and coordinated programs if separate actuarial valuation results for the programs are not required; and

(3) not required to calculate investment rate of return experience results on any basis other than current asset value as defined in section 356.215, subdivision 1, ~~clause (6)~~ paragraph (f).

Sec. 10. Minnesota Statutes 2000, section 356.219, is amended to read:

356.219 [DISCLOSURE OF PUBLIC PENSION PLAN INVESTMENT PORTFOLIO AND PERFORMANCE INFORMATION.]

Subdivision 1. [REPORT REQUIRED.] (a) Except as indicated in subdivision 4, the state board of investment, on behalf of the public pension funds and programs for which it is the investment authority, and any Minnesota public pension plan that is not fully invested through the state board of investment, including a local police or firefighters' relief association governed by sections 69.77 or 69.771 to 69.775, shall report the information specified in subdivision 3 to the state auditor. The state auditor may prescribe a form or forms for the purposes of the reporting requirements contained in this section.

(b) A local police or firefighters' relief association governed by section 69.77 or sections 69.771 to 69.775 is fully invested during a given calendar year for purposes of this section if all assets of the applicable pension plan beyond sufficient cash equivalent investments to cover six months expected expenses are invested under section 11A.17. The board of any fully invested public pension plan remains responsible for submitting investment policy statements and subsequent revisions as required by subdivision 3, paragraph (a).

(c) For purposes of this section, the state board of investment is considered to be the investment authority for any Minnesota public pension fund required to be invested by the state board of investment under section 11A.23, or for any Minnesota public pension fund authorized to invest in the supplemental investment fund under section 11A.17 and which is fully invested by the state board of investment.

Subd. 2. [ASSET CLASS DEFINITION.] (a) For purposes of this section, "asset class" means any of the following asset groupings as authorized in applicable law, bylaws, or articles of incorporation:

(1) cash and any cash equivalent investments with maturities of one year or less when issued;

(2) debt securities with maturities greater than one year when issued, including but not limited to mortgage participation certificates and pools, asset backed securities, guaranteed investment contracts, and authorized government and corporate obligations of corporations organized under laws of the United States or any state, or the Dominion of Canada or its provinces;

(3) stocks or convertible issues of any corporation organized under laws of the United States or any state, or the Dominion of Canada or its provinces, or any corporation listed on the New York Stock Exchange or the American Stock Exchange;

(4) international stocks or convertible issues;

(5) international debt securities; and

(6) real estate and venture capital.

(b) If the pension plan is investing under section 69.77, subdivision 2g, section 69.775, or any other applicable law, in open-end investment companies registered under the federal Investment Company Act of 1940, or in the Minnesota supplemental investment fund under section 11A.17, this investment must be included under an asset class indicated in paragraph (a), clauses (1) through (6), as appropriate. If the investment vehicle includes underlying securities from more than one asset class as indicated by paragraph (a), clauses (1) through (6), the investment may be treated as a separate asset class.

Subd. 3. [CONTENT OF REPORTS.] (a) The report required by subdivision 1 must include a written statement of the investment policy in effect on June 30, 1997, if that statement has not been previously submitted. Following that date, subsequent reports must include investment policy changes and the effective date of each policy change rather than a complete statement of investment policy, unless the state auditor requests submission of a complete current statement. The report must also include the information required by the following paragraphs, as applicable.

(b) If a public pension plan has a total market value of \$10,000,000 or more as of the beginning of the calendar year, the report required by subdivision 1 must include the market value of the total portfolio and the market value of each investment account, investment portfolio, or asset class included in the pension fund as of the beginning of the calendar year and for each month, and the amount and date of each injection and withdrawal to the total portfolio and to each investment account, investment portfolio, or asset class. If a public pension plan once files a report under this paragraph, it must continue reporting under this paragraph for any subsequent year in which the public pension plan is not fully invested as specified in subdivision 1, paragraph (b), even if asset values drop below \$10,000,000 in market value in a that subsequent year.

(c) For public pension plans to which paragraph (b) applies, the report required by subdivision 1 must also include a calculation of the total time-weighted rate of return available from index-matching investments assuming the asset class performance targets and target asset mix indicated in the written statement of investment policy. The provided information must include a description of indices used in the analyses and an explanation of why those indices are appropriate. This paragraph does not apply to any fully invested plan, as defined by subdivision 1, paragraph (b). Reporting by the state board of investment under this paragraph is limited to information on the Minnesota public pension plans required to be invested by the state board of investment under section 11A.23.

(d) If a public pension plan has a total market value of less than \$10,000,000 as of the beginning of the calendar year and was never required to file under paragraph (b), the report required by subdivision 1 must include the amount and date of each total portfolio injection and withdrawal. In addition, the report must include the market value of the total portfolio as of the beginning of the calendar year and for each quarter.

(e) Any public pension plan reporting under paragraph (b) or (d) may include computed time-weighted rates of return with the report, in addition to all other required information, as applicable. If these returns are supplied, the individual who computed the returns must certify that the returns are net of all costs and fees, including investment

management fees, and that the procedures used to compute the returns are consistent with bank administration institute studies of investment performance measurement and association of investment management and research presentation standards.

(f) For public pension plans reporting under paragraph (d), the public pension plan must retain supporting information specifying the date and amount of each injection and withdrawal to each investment account and investment portfolio. The public pension plan must also retain the market value of each investment account and investment portfolio at the beginning of the calendar year and for each quarter. Information that is required to be collected and retained for any given year or years under this paragraph must be submitted to the office of the state auditor if the office of the state auditor requests in writing that the information be submitted by a public pension plan or plans, or be submitted by the state board of investment for any plan or plans for which the state board of investment is the investment authority under this section. If the state auditor requests information under this subdivision, and the public plan fails to comply, the pension plan ~~will be~~ is subject to penalties under subdivision 5, unless penalties are waived by the state auditor under that subdivision.

Subd. 4. [ALTERNATIVE REPORTING; CERTAIN PLANS.] In lieu of requirements in subdivision 3, the applicable administration for the individual retirement account plans under chapters 354B and 354D and for the University of Minnesota faculty retirement plan shall submit computed time-weighted rates of return to the office of the state auditor. These time-weighted rates of return must cover the most recent complete calendar year, and must be computed separately for each investment option available to plan members. To the extent feasible, the returns must be computed net of all investment costs, fees, and charges, so that the computed return reflects the net time-weighted return available to the investor. If this is not practical, the existence of any remaining investment cost, fee, or charge which could further lower the net return must be disclosed. The procedures used to compute the returns must be consistent with bank administration institute studies of investment performance measurement and association of investment management and research presentation standards, or, if applicable, securities exchange commission requirements. The individual who computes the returns must certify that the supplied returns comply with this subdivision. The applicable plan administrator must also submit, with the return information, the total amounts invested by the plan members, in aggregate, in each investment option as of the last day of the calendar year.

Subd. 5. [PENALTY FOR NONCOMPLIANCE.] Failure to comply with the reporting requirements of this section ~~shall~~ must result in a withholding of all state aid or state appropriation to which the pension plan may otherwise be directly or indirectly entitled until the pension plan has complied with the reporting requirements. The state auditor shall instruct the commissioners of revenue and finance to withhold any state aid or state appropriation from any pension plan that fails to comply with the reporting requirements contained in this section, until the pension plan has complied with the reporting requirements. The state auditor may waive the withholding of state aid or state appropriations if the state auditor determines in writing that compliance would create an excessive hardship for the pension plan.

Subd. 6. [INVESTMENT DISCLOSURE REPORT.] (a) The state auditor shall prepare an annual report to the legislature on the investment performance of the various public pension plans subject to this section. The content of the report is specified in paragraphs (b) to (e).

(b) For each public pension plan reporting under subdivision 3, paragraph (b), the state auditor shall compute and report total portfolio and asset class time-weighted rates of return, net of all investment-related costs and fees.

(c) For each public pension plan reporting under subdivision 3, paragraph (d), the state auditor shall compute and report total portfolio time-weighted rates of return, net of all costs and fees. If the state auditor has requested data for a plan under subdivision 3, paragraph (f), the state auditor may also compute and report asset class time-weighted rates of return, net of all costs and fees.

(d) The report by the state auditor must include the information submitted by the pension plans under subdivision 3, paragraph (c), or a synopsis of that information.

(e) The report by the state auditor may also include a presentation of multiyear performance, information collected under subdivision 4, and any other information or analysis deemed appropriate by the state auditor.

Subd. 7. [EXPENSE OF REPORT.] All administrative expenses incurred relating to the investment report by the state auditor described in subdivision 6 must be borne by the office of the state auditor and may not be charged back to the entities described in subdivisions 1 or 4.

Subd. 8. [TIMING OF REPORTS.] (a) For salaried firefighter relief associations, police relief associations, and volunteer firefighter relief associations, the information required under this section must be submitted by the due date for reports required under section 69.051, subdivision 1 or 1a, as applicable. If a relief association satisfies the definition of a fully invested plan under subdivision 1, paragraph (b), for the calendar year covered by the report required under section 69.051, subdivision 1 or 1a, as applicable, the chief administrative officer of the covered pension plan shall certify that compliance on a form prescribed by the state auditor. The state auditor shall transmit annually to the state board of investment a list or lists of covered pension plans which submitted certifications; in order to facilitate reporting by the state board of investment under paragraph (c) of this subdivision.

(b) For the Minneapolis teachers retirement fund association, the St. Paul teachers retirement fund association, the Duluth teachers retirement fund association, the Minneapolis employees retirement fund, the University of Minnesota faculty supplemental retirement plan, and the applicable administrators for the University of Minnesota faculty retirement plan and the individual retirement account plans under chapters 354B and 354D, the information required under this section must be submitted to the state auditor by June 1 of each year.

(c) The state board of investment, on behalf of pension funds specified in subdivision 1, paragraph (c), must report information required under this section by September 1 of each year.

Sec. 11. Minnesota Statutes 2000, section 356.22, is amended to read:

356.22 [INTERPRETATION.]

Subdivision 1. [PROVISION OF ADDITIONAL VALUATIONS.] No provision in sections 356.20 to 356.23 ~~shall~~ may be construed ~~to~~ in any way to limit any of the enumerated pension and retirement funds from furnishing additional actuarial valuations or experience studies, or additional data and actuarial calculations, as may be requested by the legislature or any standing committee or by the legislative commission on pensions and retirement.

Subd. 2. [ACCELERATED AMORTIZATION.] No provision in sections 356.20 to 356.23 ~~shall~~ may be construed to preclude any public pension and retirement fund enumerated in section 356.20, subdivision 2, from requesting, or the legislature from providing for, the amortization of any unfunded actuarial accrued liability in a shorter period of time than by the established date for full funding as determined ~~pursuant to~~ under section 356.215, subdivision ~~4g~~ 11.

Subd. 3. [ADDITIONAL REQUIRED VALUATIONS.] The legislature or any committee or commission ~~thereof now in existence or hereafter created~~ which has assigned to it the subject of public pensions or public retirement plans may require actuarial valuations and experience studies in conformity with the provisions of sections 356.20 to 356.23 from any public pension and retirement plan or fund, whether enumerated in sections 356.20 to 356.23 or otherwise.

Sec. 12. Minnesota Statutes 2000, section 356.23, is amended to read:

356.23 [SUPPLEMENTAL VALUATIONS; ALTERNATIVE REPORTS AND VALUATIONS.]

Subdivision 1. [SUPPLEMENTAL ACTUARIAL VALUATIONS.] Any supplemental actuarial valuations prepared on behalf of any governing or managing board of any pension and retirement fund enumerated in section 356.20, subdivision 2, by an approved actuary, ~~shall~~ must be prepared in accordance with the applicable

provisions of sections 356.20 to 356.23 and with the standards adopted by the legislative commission on pensions and retirement. Any pension and retirement fund which prepares an alternative actuarial valuation under subdivision 2 ~~shall~~ also must have a supplemental actuarial valuation prepared.

Subd. 2. [ALTERNATIVE REPORTS AND VALUATIONS.] In addition to the financial reports and actuarial valuations required by sections 356.20 to 356.23, the governing or managing board of any fund concerned may submit alternative reports and actuarial valuations for distribution to the legislature, any of its committees, or the legislative commission on pensions and retirement on a different basis or on different assumptions than are specified in sections 356.20 to 356.23. The assumptions and basis of any alternative reports and valuations ~~shall~~ must be clearly stated in the document.

LIMITATIONS ON SUPPLEMENTAL AND LOCAL RETIREMENT PLANS

Sec. 13. Minnesota Statutes 2001 Supplement, section 356.24, subdivision 1, is amended to read:

Subdivision 1. [RESTRICTION; EXCEPTIONS.] It is unlawful for a school district or other governmental subdivision or state agency to levy taxes for, or to contribute public funds to a supplemental pension or deferred compensation plan that is established, maintained, and operated in addition to a primary pension program for the benefit of the governmental subdivision employees other than:

- (1) to a supplemental pension plan that was established, maintained, and operated before May 6, 1971;
- (2) to a plan that provides solely for group health, hospital, disability, or death benefits;
- (3) to the individual retirement account plan established by chapter 354B;
- (4) to a plan that provides solely for severance pay under section 465.72 to a retiring or terminating employee;
- (5) for employees other than personnel employed by the board of trustees of the Minnesota state colleges and universities and covered under the higher education supplemental retirement plan under chapter 354C, if the supplemental plan coverage is provided for in a personnel policy of the public employer or in the collective bargaining agreement between the public employer and the exclusive representative of public employees in an appropriate unit, in an amount matching employee contributions on a dollar for dollar basis, but not to exceed an employer contribution of \$2,000 a year per employee;
 - (i) to the state of Minnesota deferred compensation plan under section 352.96; or
 - (ii) in payment of the applicable portion of the contribution made to any investment eligible under section 403(b) of the Internal Revenue Code, if the employing unit has complied with any applicable pension plan provisions of the Internal Revenue Code with respect to the tax-sheltered annuity program during the preceding calendar year;
- (6) for personnel employed by the board of trustees of the Minnesota state colleges and universities and not covered by clause (5), to the supplemental retirement plan under chapter 354C, if the supplemental plan coverage is provided for in a personnel policy or in the collective bargaining agreement of the public employer with the exclusive representative of the covered employees in an appropriate unit, in an amount matching employee contributions on a dollar for dollar basis, but not to exceed an employer contribution of \$2,700 a year for each employee;
- (7) to a supplemental plan or to a governmental trust to save for postretirement health care expenses qualified for tax-preferred treatment under the Internal Revenue Code, if the supplemental plan coverage is provided for in a personnel policy or in the collective bargaining agreement of a public employer with the exclusive representative of the covered employees in an appropriate unit; ~~or~~

(8) to the laborer's national industrial pension fund for the employees of a governmental subdivision who are covered by a collective bargaining agreement that provides for coverage by that fund and that sets forth a fund contribution rate, but not to exceed an employer contribution of \$2,000 per year per employee;

(9) to the plumbers' and pipefitters' national pension fund for the employees of a governmental subdivision who are covered by a collective bargaining agreement that provides for coverage by that fund and that sets forth a fund contribution rate, but not to exceed an employer contribution of \$2,000 per year per employee;

(10) to the international union of operating engineers pension fund for the employees of a governmental subdivision who are covered by a collective bargaining agreement that provides for coverage by that fund and that sets forth a fund contribution rate, but not to exceed an employer contribution of \$2,000 per year per employee; or

(11) to a supplemental plan organized and operated under the federal Internal Revenue Code, as amended, that is wholly and solely funded by the employee's accumulated sick leave, accumulated vacation leave, and accumulated severance pay.

Sec. 14. Minnesota Statutes 2000, section 356.24, subdivision 1b, is amended to read:

Subd. 1b. [VENDOR RESTRICTIONS.] A personnel policy for unrepresented employees ~~or~~ a collective bargaining agreement for represented employees, or a school board for school district employees may establish limits on the number of vendors of plans covered by the exceptions set forth in subdivision 1 that it will utilize and conditions under which ~~the~~ those vendors may contact employees both during working hours and after working hours.

Sec. 15. Minnesota Statutes 2000, section 356.24, subdivision 1c, is amended to read:

Subd. 1c. [STATE BOARD OF INVESTMENT REVIEW.] (a) Any insurance company, mutual fund company, or similar company providing investments eligible under section 403(b) of the Internal Revenue Code and eligible to receive employer contributions under this section may request the state board of investment, in conjunction with the department of commerce, to review the financial standing of the company, the competitiveness of its investment options and returns, and the level of all charges and fees impacting those returns.

(b) The state board of investment may establish a fee for each review. The state board of investment must maintain and have available a list of all reviewed companies.

(c) In reviewing companies under this section, the state board of investment must not be considered to be acting as a fiduciary or to be engaged in a fiduciary activity under chapter 356A or common law.

Sec. 16. Minnesota Statutes 2000, section 356.24, subdivision 2, is amended to read:

Subd. 2. [LIMIT ON CERTAIN CONTRIBUTIONS OR BENEFIT CHANGES.] No change in benefits or employer contributions in a supplemental pension plan to which this section applies that occurs after May 6, 1971, is effective without prior legislative authorization.

Sec. 17. Minnesota Statutes 2000, section 356.245, is amended to read:

356.245 [LOCAL ELECTED OFFICIALS.]

An elected official who is covered by section 353.01, subdivision 2a, is eligible to participate in the state of Minnesota deferred compensation plan under section 356.24. ~~★~~ The applicable local governmental unit may make the matching employer contributions authorized by that section on the part of a participating elected official.

Sec. 18. Minnesota Statutes 2000, section 356.25, is amended to read:

356.25 [LOCAL GOVERNMENTAL PENSION FUND PROHIBITIONS; EXCLUSIONS.]

Notwithstanding any other provision of law or charter to the contrary, no city, county, public agency or instrumentality, or other political subdivision ~~shall, after August 1, 1975, be required or permitted to~~ establish for any of its employees ~~any~~ a local pension plan or fund financed in whole or in part from public funds, other than a volunteer firefighter's relief association that is established pursuant to under chapter 424A and is governed by sections 69.771 to 69.776.

PUBLIC RETIREMENT PLAN PORTABILITY MECHANISMS

Sec. 19. Minnesota Statutes 2000, section 356.30, is amended to read:

356.30 [COMBINED SERVICE ANNUITY.]

Subdivision 1. [ELIGIBILITY; COMPUTATION OF ANNUITY.] (a) Notwithstanding any provisions of the laws governing the retirement plans enumerated in subdivision 3, a person who has met the qualifications of paragraph (b) may elect to receive a retirement annuity from each enumerated retirement plan in which the person has at least one-half year of allowable service, based on the allowable service in each plan, subject to the provisions of paragraph (c).

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

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

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

(c) The retirement annuity from each plan must be based upon the allowable service, accrual rates, and average salary in the applicable plan except as further specified or modified in the following clauses:

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

(2) the "average salary" on which the annuity from each covered plan in which the employee has credit in a formula plan ~~shall~~ must be based on the employee's highest five successive years of covered salary during the entire service in covered plans;

(3) the accrual rates to be used by each plan must be those percentages prescribed by each plan's formula as continued for the respective years of allowable service from one plan to the next, recognizing all previous allowable service with the other covered plans;

(4) the allowable service in all the plans must be combined in determining eligibility for and the application of each plan's provisions in respect to reduction in the annuity amount for retirement prior to normal retirement age; and

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

(d) This section does not apply to any person whose final termination from the last public service under a covered plan is ~~prior to~~ was before May 1, 1975.

(e) For the purpose of computing annuities under this section, the accrual rates used by any covered plan, except the public employees police and fire plan, the judges' retirement fund, and the state patrol retirement plan, must not exceed the percent specified in section ~~356.19~~ 356.315, subdivision 4, per year of service for any year of service or fraction thereof. The formula percentage used by the judges' retirement fund must not exceed the percent percentage rate specified in section ~~356.19~~ 356.315, subdivision 8, per year of service for any year of service or fraction thereof. The accrual rate used by the public employees police and fire plan and the state patrol retirement plan must not exceed the percent percentage rate specified in section ~~356.19~~ 356.315, subdivision 6, per year of service for any year of service or fraction thereof. The accrual rate or rates used by the legislators retirement plan and the elective state officers retirement plan must not exceed 2.5 percent, but this limit does not apply to the adjustment provided under section 3A.02, subdivision 1, paragraph (c), or 352C.031, paragraph (b).

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

(g) If the period of duplicated service credit is more than one-half year, or the person has credit for more than one-half year, with each of the plans, each plan must apply its formula to a prorated service credit for the period of duplicated service based on a fraction of the salary on which deductions were paid to that fund for the period divided by the total salary on which deductions were paid to all plans for the period.

(h) If the period of duplicated service credit is less than one-half year, or when added to other service credit with that plan is less than one-half year, the service credit must be ignored and a refund of contributions made to the person in accord with that plan's refund provisions.

Subd. 2. [REPAYMENT OF REFUNDS.] A person who has service credit in one of the funds retirement plans enumerated in subdivision 3 and who is employed or was formerly employed in a position covered by one of these funds covered plans but also has received a refund from any other of these funds covered plans, may repay the refund to the respective fund plan under terms and conditions that are consistent with the laws governing the other fund plan, except that the person need not be a currently contributing member of the fund plan to which the refund is repaid at the time the repayment is made. Unless otherwise provided by statute, the repayment of a refund under this subdivision may only be made within six months following termination of employment from a position covered by one of the funds covered plans enumerated in subdivision 3 or before the date of retirement from the fund plan to which the refund is repaid, whichever is earlier.

Subd. 2a. [PURCHASES OF PRIOR SERVICE.] If a purchase of prior service is made under the provisions of Laws 1988, chapter 709, article 3, or any similar special or general law provision which allows a purchase of service credit in any of the funds retirement plans enumerated in subdivision 3, the amount of required reserves calculated as prescribed in Laws 1988, chapter 709, article 3, must be paid to each fund plan based on the amount of benefit increase payable from that fund plan as a result of the purchase of prior service.

Subd. 3. [COVERED FUNDS PLANS.] This section applies to the following retirement funds plans:

(1) the general state employees retirement fund plan of the Minnesota state retirement system, established pursuant to under chapter 352;

(2) the correctional state employees retirement program plan of the Minnesota state retirement system, established pursuant to under chapter 352;

(3) the unclassified employees retirement plan program, established pursuant to under chapter 352D;

(4) the state patrol retirement fund plan, established pursuant to under chapter 352B;

- (5) the legislators retirement plan, established ~~pursuant to~~ under chapter 3A;
- (6) the elective state officers' retirement plan, established ~~pursuant to~~ under chapter 352C;
- (7) the general employees retirement plan of the public employees retirement association, established ~~pursuant to~~ under chapter 353;
- (8) the public employees police and fire fund retirement plan of the public employees retirement association, established ~~pursuant to~~ under chapter 353;
- (9) ~~public employees~~ the local government correctional service retirement plan of the public employees retirement association, established ~~pursuant to~~ under chapter 353E;
- (10) the teachers retirement association, established ~~pursuant to~~ under chapter 354;
- (11) the Minneapolis employees retirement fund, established ~~pursuant to~~ under chapter 422A;
- (12) the Minneapolis teachers retirement fund association, established ~~pursuant to~~ under chapter 354A;
- (13) the St. Paul teachers retirement fund association, established ~~pursuant to~~ under chapter 354A;
- (14) the Duluth teachers retirement fund association, established ~~pursuant to~~ under chapter 354A; and
- (15) the judges' retirement fund, established by sections 490.121 to 490.132.

Sec. 20. Minnesota Statutes 2000, section 356.302, is amended to read:

356.302 [DISABILITY BENEFIT WITH COMBINED SERVICE.]

Subdivision 1. [DEFINITIONS.] (a) The terms used in this section are defined in this subdivision.

(b) "Average salary" means the highest average of covered salary for the appropriate period of credited service that is required for the calculation of a disability benefit by the covered retirement plan and that is drawn from any period of credited service and successive years of covered salary in a covered retirement plan.

(c) "Covered retirement plan" or "plan" means a retirement plan listed in subdivision 7.

(d) "Duty-related" means a disabling illness or injury that occurred while the person was actively engaged in employment duties or that arose out of the person's active employment duties.

(e) "General employee retirement plan" means a covered retirement plan listed in subdivision 7, clauses (1) to (8) and (13).

(f) "Occupationally disabled" means the condition of having a medically determinable physical or mental impairment that makes a person unable to satisfactorily perform the minimum requirements of the person's employment position or a substantially similar employment position.

(g) "Public safety employee retirement plan" means a covered retirement plan listed in subdivision 7, clauses (9) to ~~(11)~~ (12).

(h) "Totally and permanently disabled" means the condition of having a medically determinable physical or mental impairment that makes a person unable to engage in any substantial gainful activity and that is expected to continue or has continued for a period of at least one year or that is expected to result directly in the person's death.

Subd. 2. [ENTITLEMENT.] Notwithstanding any provision of law to the contrary governing any covered retirement plan, a member of a covered retirement plan may receive a combined service disability benefit from each covered retirement plan in which the person has credit for at least one-half year of allowable service if that person meets the applicable qualifying conditions. Subdivision 3 applies to a member of a general employee retirement plan. Subdivision 4 applies to a member of a public safety employee retirement plan. Subdivision 5 applies to a member of a covered retirement plan with both general employee and public safety employee retirement plan service.

Subd. 3. [GENERAL EMPLOYEE PLAN ELIGIBILITY REQUIREMENTS.] A disabled member of a covered retirement plan who has credit for allowable service in a combination of general employee retirement plans is entitled to a combined service disability benefit if the member:

- (1) is less than 65 years of age on the date of the application for the disability benefit;
- (2) has become totally and permanently disabled;
- (3) has credit for allowable service in any combination of general employee retirement plans totaling at least three years;
- (4) has credit for at least one-half year of allowable service with the current general employee retirement plan before the commencement of the disability;
- (5) has at least three continuous years of allowable service credit by the general employee retirement plan or has at least a total of three years of allowable service credit by a combination of general employee retirement plans in a 72-month period during which no interruption of allowable service credit from a termination of employment exceeded 29 days; and
- (6) ~~is~~ was not receiving a retirement annuity or disability benefit from any covered general employee retirement plan at the time of the commencement of the disability.

Subd. 4. [PUBLIC SAFETY PLAN ELIGIBILITY REQUIREMENTS.] A disabled member of a covered retirement plan who has credit for allowable service in a combination of public safety employee retirement plans is entitled to a combined service disability benefit if the member:

- (1) has become occupationally disabled;
- (2) has credit for allowable service in any combination of public safety employee retirement plans totaling at least one year if the disability is duty-related or totaling at least three years if the disability is not duty-related;
- (3) has credit for at least one-half year of allowable service with the current public safety employee retirement plan before the commencement of the disability; and
- (4) ~~is~~ was not receiving a retirement annuity or disability benefit from any covered public safety employee retirement plan at the time of the commencement of the disability.

Subd. 5. [GENERAL AND PUBLIC SAFETY PLAN ELIGIBILITY REQUIREMENTS.] A disabled member of a covered retirement plan who has credit for allowable service in a combination of both a public safety employee retirement ~~plans~~ plan and general employee retirement ~~plans~~ plan must meet the qualifying requirements in subdivisions 3 and 4 to receive a combined service disability benefit from the applicable general employee and public safety employee retirement plans, except that the person need only be a member of a covered retirement plan at the time of the commencement of the disability and that the minimum allowable service requirements of subdivisions 3, clauses (3) and (5), and 4, clauses (3) and (4), may be met in any combination of covered retirement plans.

Subd. 6. [COMBINED SERVICE DISABILITY BENEFIT COMPUTATION.] (a) The combined service disability benefit from each covered retirement plan must be based on the allowable service in each retirement plan, except as specified in paragraphs (b) to (f).

(b) The disability benefit must be governed by the law in effect for each covered retirement plan on the date of the commencement of the member's most recent qualifying disability as a member of a covered retirement plan.

(c) All plans must base the disability benefit on the same average salary figure to the extent practicable.

(d) If the method of the covered retirement plan used to compute a disability benefit varies based on the length of allowable service credit, the benefit accrual formula percentages used by the plan must recognize the allowable service credit in the plan as a continuation of any previous allowable service credit with other covered retirement plans.

(e) If the covered retirement plan is a defined benefit or formula plan and the method used to compute a disability benefit does not vary based on the length of allowable service credit, the portion of the specified benefit amount from the plan must bear the same proportion to the total specified benefit amount as the allowable service credit in that plan bears to the total allowable service credit in all covered retirement plans. If the covered retirement plan is a defined contribution or nonformula plan, the disability benefit amount for allowable service under the plan is not affected, but the service and the covered salary under the plan must be used as applicable in calculations by other covered retirement plans.

(f) A period for which a person has allowable service credit in more than one covered retirement plan must be used only once in determining the total allowable service credit for calculating the combined service disability benefit, with any period of duplicated service credit handled ~~under~~ as provided in section 356.30, subdivision 1, ~~clause (3); items (i) and (j) paragraphs (g) and (h).~~

(g) If a person is entitled to a minimum benefit payable from one of the public pension plans ~~named enumerated~~ in section 356.30, subdivision 3, the person may receive additional credit for only those years of service in another covered pension plan that, when added to the years of service in the pension plan that is paying the minimum benefit, exceed the years of service on which the minimum benefit is based.

(h) A partially employed recipient of a disability benefit must have any current reemployment income plus the total disability ~~payment payments~~ from all plans ~~listed enumerated~~ in subdivision 7 added together, and then compared to their final salary rate as a public employee. If current income plus the total disability payments exceed the final salary of the person at the time of retirement, then disability benefit payments from all the plans ~~with must~~ be reduced on a prorated basis relative to the years of service in each fund so that earnings plus benefit payments do not exceed ~~their~~ the final salary rate.

Subd. 7. [COVERED RETIREMENT PLANS.] This section applies to the following retirement plans:

(1) the general state employees retirement ~~fund~~ plan of the Minnesota state retirement system, established by chapter 352;

(2) the unclassified state employees retirement ~~plan~~ program of the Minnesota state retirement system, established by chapter 352D;

(3) the general employees retirement plan of the public employees retirement association, established by chapter 353;

(4) the teachers retirement association, established by chapter 354;

(5) the Duluth teachers retirement fund association, established by chapter 354A;

(6) the Minneapolis teachers retirement fund association, established by chapter 354A;

(7) the St. Paul teachers retirement fund association, established by chapter 354A;

- (8) the Minneapolis employees retirement fund, established by chapter 422A;
- (9) the state correctional employees retirement plan of the Minnesota state retirement system, established by chapter 352;
- (10) the state patrol retirement ~~fund~~ plan, established by chapter 352B;
- (11) the public employees police and fire ~~fund~~ plan of the public employees retirement association, established by chapter 353;
- (12) ~~public employees~~ the local government correctional service retirement plan of the public employees retirement association, established by chapter 353E; and
- (13) the judges' retirement ~~fund~~ plan, established by sections 490.121 to 490.132.

Sec. 21. Minnesota Statutes 2000, section 356.303, is amended to read:

356.303 [SURVIVOR BENEFIT WITH COMBINED SERVICE.]

Subdivision 1. [DEFINITIONS.] (a) The terms used in this section are defined in this subdivision.

(b) "Average salary" means the highest average of covered salary for the appropriate period of credited service that is required for the calculation of a survivor annuity or a survivor benefit, whichever applies, by the covered retirement plan and that is drawn from any period of credited service and covered salary in a covered retirement plan.

(c) "Covered retirement plan" or "plan" means a retirement plan ~~listed~~ enumerated in subdivision 4.

(d) "Deceased member" means a person who on the date of death was an active member of a covered retirement plan and who has reached the minimum age, if any, that is required by the covered retirement plan as part of qualifying for a survivor annuity or survivor benefit.

(e) "Surviving child" means a child of a deceased member (1) who is unmarried; (2) who has not reached age 18, or, if a full-time student, who has not reached a higher age as specified in ~~by~~ the applicable covered retirement plan; and (3) if specified by that plan, who was actually dependent on the deceased member for a specified proportion of support before the deceased member's death. "Surviving child" includes a natural child, an adopted child, or a child of a deceased member who is conceived during the member's lifetime and who is born after the member's death.

(f) "Surviving spouse" means the legally married husband or wife, whichever applies, of the deceased member who was residing with the deceased member on the date of death and who, if specified by the applicable covered retirement plan, had been married to the deceased member for a specified period of time before the death of the deceased member.

(g) "Survivor annuity" means the entitlement to a future amount payable to a survivor as the remainder interest of an optional annuity form implied by law as having been chosen by a deceased member before the date of death and effective on the date of death or provided automatically.

(h) "Survivor benefit" means an entitlement to a future amount payable to a survivor that is not included in the definition of a survivor annuity.

Subd. 2. [ENTITLEMENT; ELIGIBILITY.] Notwithstanding any provision of law to the contrary governing a covered retirement plan, a person who is the survivor of a deceased member of a covered retirement plan may receive a combined service survivor benefit from each covered retirement plan in which the deceased member had credit for at least one-half year of allowable service if the deceased member:

(1) had credit for sufficient allowable service in any combination of covered retirement plans to meet any minimum allowable service credit requirement of the covered retirement fund for qualification for a survivor benefit or annuity;

(2) had credit for at least one-half year of allowable service with the most recent covered retirement plan before the date of death and was an active member of that covered retirement plan on the date of death; and

(3) was not receiving a retirement annuity from any covered retirement plan on the date of death.

Subd. 3. [COMBINED SERVICE SURVIVOR BENEFIT COMPUTATION.] (a) The combined service survivor annuity or survivor benefit from each covered retirement plan must be based on the allowable service in each covered retirement plan, except as provided by paragraphs (b) to (f).

(b) The survivor annuity or survivor benefit must be governed by the law in effect for each covered retirement plan on the date of the death of the deceased member.

(c) All plans must base the survivor annuity or survivor benefit on the same average salary figure if the annuity or benefit is salary related.

(d) If the method of the covered retirement plan used to compute a survivor benefit or annuity varies based on the length of allowable service credit, the benefit accrual formula percentages used by the plan must recognize the allowable service credit in the plan as a continuation of any previous allowable service credit with other covered retirement plans.

(e) If the covered retirement plan is a defined benefit or formula plan and the method used to compute a survivor benefit or annuity does not vary based on the length of allowable service credit, the portion of the specified benefit or annuity amount from the covered retirement plan must bear the same proportion to the total specified benefit or annuity amount as the allowable service credit in that plan bears to the total allowable service credit in all covered retirement plans. If the covered retirement plan is a defined contribution or nonformula plan, the survivor benefit amount for allowable service under the plan is not affected, but the service and covered salary under the plan must be used in calculations by other covered retirement plans.

(f) A period for which a ~~person has~~ deceased member had allowable service credit in more than one covered retirement plan must be used only once in determining the total allowable service credit for calculating the combined service survivor annuity or survivor benefit. A period of duplicated service credit must be handled as provided in section 356.30, subdivision 1, ~~clause (3), items (i) and (j)~~ paragraphs (g) and (h).

(g) If a person is entitled to a minimum benefit payable from a public pension plan named in section 356.30, subdivision 3, the person may receive additional credit for only those years of service in another covered pension plan that, when added to the years of service in the pension plan that is paying the minimum benefit, exceed the years of service on which the minimum benefit is based.

Subd. 4. [COVERED RETIREMENT PLANS.] This section applies to the following retirement plans:

(1) the legislators retirement plan, established by chapter 3A;

(2) the general state employees retirement ~~fund~~ plan of the Minnesota state retirement system, established by chapter 352;

(3) the correctional state employees retirement plan of the Minnesota state retirement system, established by chapter 352;

(4) the state patrol retirement ~~fund~~ plan, established by chapter 352B;

- (5) the elective state officers retirement plan, established by chapter 352C;
- (6) the unclassified state employees retirement plan program, established by chapter 352D;
- (7) the general employees retirement plan of the public employees retirement association, established by chapter 353;
- (8) the public employees police and fire fund plan of the public employees retirement association, established by chapter 353;
- (9) public employees the local government correctional service retirement plan of the public employees retirement association, established by chapter 353E;
- (10) the teachers retirement association, established by chapter 354;
- (11) the Duluth teachers retirement fund association, established by chapter 354A;
- (12) the Minneapolis teachers retirement fund association, established by chapter 354A;
- (13) the St. Paul teachers retirement fund association, established by chapter 354A;
- (14) the Minneapolis employees retirement fund, established by chapter 422A; and
- (15) the judges' retirement fund, established by sections 490.121 to 490.132.

RETIREMENT ANNUITIES

Sec. 22. [356.315] [RETIREMENT BENEFIT FORMULA PERCENTAGES.]

Subdivision 1. [COORDINATED PLAN MEMBERS.] The applicable benefit accrual rate is 1.2 percent.

Subd. 2. [COORDINATED PLAN MEMBERS.] The applicable benefit accrual rate is 1.7 percent.

Subd. 2a. [COORDINATED MEMBERS.] The applicable benefit accrual rate is 2.0 percent.

Subd. 3. [BASIC PLAN MEMBERS.] The applicable benefit accrual rate is 2.2 percent.

Subd. 4. [BASIC PLAN MEMBERS.] The applicable benefit accrual rate is 2.7 percent.

Subd. 5. [CORRECTIONAL PLAN MEMBERS.] The applicable benefit accrual rate is 2.4 percent.

Subd. 5a. [LOCAL GOVERNMENT CORRECTIONAL SERVICE PLAN.] The applicable benefit accrual rate is 1.9 percent.

Subd. 6. [STATE TROOPERS PLAN AND POLICE AND FIRE PLAN MEMBERS.] The applicable benefit accrual rate is 3.0 percent.

Subd. 7. [JUDGES PLAN.] The applicable benefit accrual rate is 2.7 percent.

Subd. 8. [JUDGES PLAN.] The applicable benefit accrual rate is 3.2 percent.

Subd. 9. [FUTURE BENEFIT ACCRUAL RATE INCREASES.] After January 2, 1998, benefit accrual rate increases under this section must apply only to allowable service or formula service rendered after the effective date of the benefit accrual rate increase.

Sec. 23. Minnesota Statutes 2000, section 356.32, is amended to read:

356.32 [PROPORTIONATE ANNUITY AT AGE 65.]

Subdivision 1. [PROPORTIONATE RETIREMENT ANNUITY.] (a) Notwithstanding any provision to the contrary of the laws governing any of the retirement funds ~~referred to enumerated~~ in subdivision 2, any person who is an active member of any applicable fund, who has credit for at least one year but less than ten years of allowable service in one or more of the ~~applicable funds covered~~ plans, and who terminates active service ~~pursuant to under~~ a mandatory retirement law or policy or at age 65 or older, or ~~at~~ the normal retirement age if this age is not age 65, for any reason ~~shall be~~ is entitled upon making written application on the form prescribed by ~~executive director or executive secretary~~ the chief administrative officer of the fund plan to a proportionate retirement annuity from each ~~applicable fund covered~~ plan in which the person has allowable service credit.

(b) The proportionate annuity ~~shall~~ must be calculated under the applicable laws governing annuities based upon allowable service credit at the time of retirement and the person's average salary for the highest five successive years of allowable service or the average salary for the entire period of allowable service if less than five years.

(c) Nothing in this section ~~shall prevent~~ prevents the imposition of the appropriate early retirement reduction of an annuity which commences ~~prior to~~ before the normal retirement age.

Subd. 2. [COVERED FUNDS RETIREMENT PLANS.] The provisions of this section ~~shall~~ apply to the following retirement funds plans:

(1) the general state employees retirement fund plan of the Minnesota state retirement system, established ~~pursuant to under~~ chapter 352;

(2) the correctional state employees retirement program plan of the Minnesota state retirement system, established ~~pursuant to under~~ chapter 352;

(3) the state patrol retirement fund plan, established ~~pursuant to under~~ chapter 352B;

(4) the general employees retirement plan of the public employees retirement fund association, established ~~pursuant to under~~ chapter 353;

(5) the public employees police and fire fund plan of the public employees retirement association, established ~~pursuant to under~~ chapter 353;

(6) the teachers retirement association, established ~~pursuant to under~~ chapter 354;

(7) the Minneapolis employees retirement fund, established ~~pursuant to under~~ chapter 422A;

(8) the Duluth teachers retirement fund association, established ~~pursuant to under~~ chapter 354A;

(9) the Minneapolis teachers retirement fund association, established ~~pursuant to under~~ chapter 354A; and

(10) the St. Paul teachers retirement fund association, established ~~pursuant to under~~ chapter 354A.

Sec. 24. Minnesota Statutes 2000, section 356.40, is amended to read:

356.40 [DATE FOR PAYMENT OF ANNUITIES AND BENEFITS.]

(a) Notwithstanding any law to the contrary, all annuities and benefits payable on and after December 1, 1977 by a covered retirement fund, as defined in section 356.30, subdivision 3, ~~shall~~ must be paid in advance for each month during the first week of that month. The bylaws of ~~municipal~~ local retirement funds ~~shall~~ must be amended accordingly.

~~(b) In no event, however, shall may this section authorize more than one payment in any one month where the law governing the applicable retirement fund as of June 30, 1977 already provides for the full payment or accrual of annuities and benefits in advance for each month or as of the first day of the month, nor shall it authorize the payment of both a retirement annuity and a surviving spouse's benefit in one month where the law governing the applicable retirement fund provides for the payment of the retired member's retirement annuity to the surviving spouse for the month in which the retired member dies.~~

Sec. 25. [356.403] [NORMAL RETIREMENT AGE; SAVINGS CLAUSE.]

The intent of the legislature in sections 352.01, subdivision 25; 353.01, subdivision 37; 354.05, subdivision 38; and 354A.011, subdivision 15a, is to create a normal retirement age for persons first covered by those sections after May 16, 1989, that is the same as the retirement age in the federal Social Security law, including future amendments to that law. If a court determines that the legislature may not incorporate by reference the future changes in federal Social Security law, the legislature reserves the right to amend the appropriate sections to make the normal retirement age conform to the retirement age in the federal Social Security law. No person first covered by any of those sections after May 16, 1989, has a right to a normal retirement age that is less than the retirement age in the federal Social Security law.

Sec. 26. [356.405] [COMBINED PAYMENT OF RETIREMENT ANNUITIES.]

(a) The public employees retirement association and the Minnesota state retirement system are permitted to combine payments to retirees. The total payment must be equal to the amount that is payable if payments were kept separate. The retiree must agree, in writing, to have the payment combined.

(b) Each plan must calculate the benefit amounts under the laws governing the plan and the required reserves and future mortality losses or gains must be paid or accrued to the plan from which the service was earned. Each plan must account for its portion of the payment separately, and there may be no additional actuarial liabilities realized by either plan.

(c) The plan making the payment would be responsible for issuing one payment and making address changes, tax withholding changes, and other administrative functions needed to process the payment.

SURVIVOR BENEFITS

Sec. 27. [356.406] [LOSS OF ENTITLEMENT TO BENEFITS FOR SURVIVOR CAUSING DEATH OF PENSION PLAN MEMBER.]

Subdivision 1. [DEFINITIONS.] (a) Each of the words or terms defined in this subdivision has the meaning indicated.

(b) "Public pension plan" means any retirement plan or fund enumerated in section 356.20, subdivision 2, or 356.30, subdivision 3, any relief association governed by section 69.77 or sections 69.771 to 69.775, any retirement plan governed by chapter 354B or 354C, the Hennepin county supplemental retirement plan governed by sections 383B.46 to 383B.52, or any housing and redevelopment authority retirement plan.

(c) "Public pension plan member" means a person who is a participant covered by a public pension plan; a former participant of a public pension plan who has sufficient service to be entitled to receive a future retirement annuity or service pension; a recipient of a retirement annuity, service pension, or disability benefit from a public pension plan; or a former participant of a public pension plan who has member or employee contributions to the person's credit in the public pension plan.

(d) "Survivor" means the surviving spouse, a former spouse, a surviving child, a joint annuitant, a designated recipient of a second or remainder portion of an optional annuity form, a beneficiary, or the estate of a deceased public pension plan member, as those terms are commonly understood or defined in the benefit plan document of the public pension plan.

(e) "Survivor benefit" means a surviving spouse benefit, surviving child benefit, second or remainder portion of an optional annuity form, a death benefit, a funeral benefit, or a refund of member or employee contributions payable on account of the death of a public pension plan member as provided for in the benefit plan document of the public pension plan.

Subd. 2. [SUSPENSION OF SURVIVOR BENEFITS UPON FELONY CHARGE.] During the pendency of a charge of a survivor of a felony that caused the death of a public pension plan member, of criminal liability for a death by wrongful act felony, or of conspiracy to commit a death by wrongful act felony, the entitlement of that survivor to receive a survivor benefit is suspended.

Subd. 3. [FORFEITURE OF SURVIVOR BENEFITS UPON FELONY CONVICTION.] On final conviction of a survivor of a felony that caused the death of a public pension plan member, of criminal liability for a death by wrongful act felony, or of conspiracy to commit a death by wrongful act felony, the entitlement of that survivor to receive a survivor benefit is forfeited, including entitlement for any previously suspended survivor benefits under subdivision 2.

Subd. 4. [SUSPENSION OR FORFEITURE ACTIONS SEPARATE.] The charge of one survivor under subdivision 2 or the conviction of one survivor under subdivision 3 does not affect the entitlement of another survivor to a survivor benefit.

Subd. 5. [RECOVERY OF CERTAIN BENEFITS.] If monthly benefits or a refund of the balance of a participant or former participant's account have already been paid to an individual who is later charged or convicted as described under this section, the executive director or chief administrative officer of the public pension plan shall attempt to recover the amounts paid. Payment may be made to the next beneficiary or survivor only in an amount equal to the amount recovered and in the amount of any future payments that would legally accrue to another survivor under the applicable laws of the retirement plan.

Subd. 6. [DISPOSITION OF FORFEITED SURVIVOR BENEFITS.] If the benefit plan document governing the public pension plan does not provide for the disposition of forfeited benefits, survivor benefits forfeited under this section must be deposited in the general fund of the state.

Sec. 28. [356.407] [RESTORATION OF SURVIVOR BENEFITS.]

Subdivision 1. [RESTORATION UPON TERMINATION OF REMARRIAGE.] Notwithstanding any provision to the contrary of the laws governing any of the retirement plans enumerated in subdivision 2, any person who was receiving a surviving spouse's benefit from any of those plans and whose benefit terminated solely because of remarriage is, if the remarriage terminates for any reason, again entitled upon reapplication to a surviving spouse's benefit; provided, however, that the person is not entitled to retroactive payments for the period of remarriage. The benefit resumes at the level which the person would have been receiving if there had been no remarriage. This section applies prospectively to any person who first becomes entitled to receive a surviving spouse's benefit on or after May 18, 1975, and also applies retroactively to any person who first became entitled to receive a surviving spouse's benefit before May 18, 1975; provided, however, that no person is entitled to retroactive payments for any period of time before May 18, 1975.

Subd. 2. [COVERED FUNDS.] The provisions of this section apply to the following retirement funds:

(1) the general employees retirement plan of the public employees retirement association established under chapter 353;

(2) the public employees police and fire plan of the public employees retirement association established under chapter 353;

(3) the state patrol retirement plan established under chapter 352B;

- (4) the legislators retirement plan established under chapter 3A;
- (5) the elective state officers retirement plan established under chapter 352C;
- (6) the teachers retirement association established under chapter 354; and
- (7) the Minneapolis employees retirement fund established under chapter 422A.

POSTRETIREMENT INCREASES

Sec. 29. Minnesota Statutes 2000, section 356.41, is amended to read:

356.41 [BENEFIT ADJUSTMENTS FOR CERTAIN DISABILITY AND SURVIVOR BENEFITS.]

Disability benefits payable to a disabiltant, if not otherwise included in the participation in the Minnesota postretirement investment fund, and survivor benefits payable to a survivor from any public pension ~~fund plan~~ which participates in the Minnesota postretirement investment fund ~~shall must~~ be adjusted in the same manner, at the same times and in the same amounts as are benefits payable from the Minnesota postretirement investment fund to eligible benefit recipients of that public pension ~~fund plan~~. If a disability benefit is not included in the participation in the Minnesota postretirement investment fund, the disability benefit is recomputed as a retirement annuity and the recipient would have been eligible for an adjustment ~~pursuant to under~~ this section if the disability benefit was not recomputed, the recipient ~~will continue to be~~ remains eligible for the adjustment ~~pursuant to under~~ this section after the recomputation. For the survivor of a deceased annuitant who receives a survivor benefit calculated ~~pursuant to under~~ a prior law rather than the second portion of a joint and survivor annuity, any period of receipt of a retirement annuity by the annuitant ~~shall must~~ be utilized in determining the period of receipt for eligibility to receive an adjustment ~~pursuant to under~~ this section. No recipient ~~shall~~, however, ~~be is~~ entitled to more than one adjustment ~~pursuant to under~~ this section or section 11A.18 applicable to one benefit at one time by reason of this section.

Sec. 30. [356.42] [POSTRETIREMENT ADJUSTMENT; LUMP SUM PAYMENTS.]

Subdivision 1. [ENTITLEMENT.] A person who is receiving a retirement annuity, a disability benefit, or a surviving spouse's annuity or benefit from a retirement fund specified in subdivision 3, clauses (1) to (8), is entitled to receive a postretirement adjustment from the applicable retirement fund in the amount specified in subdivision 2, if the annuity or benefit was computed under:

(1) the laws in effect before June 1, 1973, if the person is receiving an annuity or benefit from the retirement fund specified in subdivision 3, clause (4);

(2) the laws in effect before July 1, 1973, if the person is receiving an annuity or benefit from a retirement fund specified in subdivision 3, clause (1), (2), (3), or (5);

(3) the metropolitan transit commission transit operating division employees retirement fund plan document in effect on or before December 31, 1977, if the person is receiving a retirement annuity, a disability benefit, or a surviving spouse's annuity or benefit from the retirement fund specified in subdivision 3, clause (5);

(4) the laws in effect before May 1, 1974, and before any adjustment under Laws 1987, chapter 372, article 3, if the person is receiving an annuity or benefit from the retirement fund specified in subdivision 3, clause (6);

(5) the laws in effect before January 1, 1970, if the person is receiving an annuity or benefit from the retirement fund specified in subdivision 3, clause (7); or

(6) the laws in effect before June 30, 1971, if the person is receiving an annuity or benefit from the retirement fund specified in subdivision 3, clause (8).

Subd. 2. [AMOUNT OF POSTRETIREMENT ADJUSTMENT; PAYMENT.] (a) For any person receiving an annuity or benefit on November 30, 1989, and entitled to receive a postretirement adjustment under subdivision 1, the postretirement adjustment is a lump-sum payment calculated under paragraph (b) or (c).

(b) For coordinated plan annuity or benefit recipients, the postretirement adjustment in 1989 is \$25 for each full year of allowable service credited to the person by the respective retirement fund. In 1990 and each following year, the postretirement adjustment is the amount payable in the preceding year increased by the same percentage applied to regular annuities paid from the postretirement fund or, for the retirement funds specified in subdivision 3, clauses (6), (7), and (8), by the same percentage applied under the articles of incorporation and bylaws of these funds.

(c) For basic plan annuity or benefit recipients, the postretirement adjustment in 1989 is the greater of:

(1) \$25 for each full year of allowable service credited to the person by the respective retirement fund; or

(2) the difference between:

(i) the product of \$400 times the number of full years of allowable service credited to the person by the respective retirement fund; and

(ii) the sum of the benefits payable to the person from any Minnesota public employee pension plan, and cash benefits payable to the person from the Social Security Administration.

In 1990 and each following year, each eligible basic plan annuity or benefit recipient shall receive the amount received in the preceding year increased by the same percentage applied to regular annuities paid from the postretirement fund or, for the retirement funds specified in subdivision 3, clauses (6), (7), and (8), by the same percentage applied under the articles of incorporation and bylaws of these funds.

(d) The postretirement adjustment provided for in this section must be paid on December 1 to those persons receiving an annuity or benefit on the preceding November 30. This section does not authorize the payment of a postretirement adjustment to an estate if the annuity or benefit recipient dies before the November 30 eligibility date. The postretirement adjustment provided for in this section must be paid automatically unless the intended recipient files a written notice with the retirement fund requesting that the postretirement adjustment not be paid or returns the amount of adjustment to the retirement fund. Written notice of the waiver of the postretirement adjustment is irrevocable for the year during which it was made.

Subd. 3. [COVERED RETIREMENT PLANS.] The postretirement adjustment provided in this section applies to the following retirement funds:

(1) the general employees retirement plans of the public employees retirement association;

(2) the public employees police and fire plan of the public employees retirement association;

(3) the teachers retirement association;

(4) the state patrol retirement plan;

(5) the state employees retirement plan of the Minnesota state retirement system;

(6) the Minneapolis teachers retirement fund association established under chapter 354A;

(7) the St. Paul teachers retirement fund association established under chapter 354A; and

(8) the Duluth teachers retirement fund association established under chapter 354A.

Sec. 31. [356.43] [SUPPLEMENTAL BENEFIT; LUMP-SUM PAYMENTS; MINNEAPOLIS EMPLOYEES RETIREMENT FUND.]

Subdivision 1. [ENTITLEMENT.] Any person who is receiving either an annuity that was computed under the laws in effect before March 5, 1974, or a "\$2 bill and annuity" annuity from the Minneapolis employees retirement fund is entitled to receive a supplemental benefit lump-sum payment from the retirement fund in the amount specified in subdivision 2.

Subd. 2. [AMOUNT OF PAYMENT.] (a) For any person receiving an annuity or benefit on November 30, 1991, and entitled to receive a supplemental benefit lump-sum payment under subdivision 1, the payment is \$28 for each full year of allowable service credited to the person by the retirement fund.

In 1992 and each following year, each eligible benefit recipient is entitled to receive the amount received in the preceding year increased by the same percentage applied on the most recent January 1 to regular annuities paid from the Minneapolis employees retirement fund.

(b) The payment provided for in this section is payable on December 1, 1991, to those persons receiving an annuity or benefit on November 30, 1991. In subsequent years, the payment must be made on December 1 to those persons receiving an annuity or benefit on the preceding November 30. This section does not authorize payment to an estate if the annuity or benefit recipient dies before the November 30 eligibility date. The payment provided for in this section must be paid automatically unless the intended recipient files a written notice with the retirement fund requesting that it not be paid.

Subd. 3. [STATE APPROPRIATION.] Payments under this section are the responsibility of the Minneapolis employees retirement fund. A separate state aid is provided toward the level dollar amortized cost of the payments. For state fiscal years 1992 to 2001 inclusive, there is appropriated annually \$550,000 from the general fund to the commissioner of finance to be added, in quarterly installments, to the annual state contribution amount determined under section 422A.101, subdivision 3. After fiscal year 2001, any difference between the cumulative benefit amounts actually paid under this section after fiscal year 1991 and the amounts paid to the retirement fund by the state under this subdivision, plus investment earnings on the aid, shall be included by the retirement fund board and the actuary retained by the legislative commission on pensions and retirement in determining the financial requirements of the fund and contributions under section 422A.101.

Sec. 32. [356.43] [CONVERSION OF LUMP-SUM POSTRETIREMENT AND SUPPLEMENTAL PAYMENT TO AN INCREASED MONTHLY ANNUITY.]

Subdivision 1. [LUMP-SUM POSTRETIREMENT PAYMENT CONVERSION.] For benefits paid after December 31, 2001, to eligible persons under sections 356.42 and 356.43, the amount of the most recent lump-sum benefit payable to an eligible recipient under sections 356.86 and 356.865 must be divided by 12. The result must be added to the monthly annuity or benefit otherwise payable to an eligible recipient, must become a permanent part of the benefit recipient's pension, and must be included in any pension benefit subject to future increases.

Subd. 2. [TRANSFER OF REQUIRED RESERVES TO MINNESOTA POSTRETIREMENT INVESTMENT FUND.] Public employee retirement funds participating in the state board of investment postretirement investment fund shall transfer the required reserves for the postretirement conversion under subdivision 1 to the postretirement investment fund by January 31, 2002.

REFUNDS

Sec. 33. [356.44] [PARTIAL PAYMENT OF PENSION PLAN REFUND.]

(a) Notwithstanding any provision of law to the contrary, a member of a pension plan listed in section 356.30, subdivision 3, with at least two years of forfeited service taken from a single pension plan, may repay a portion of all refunds. A partial refund repayment must comply with this section.

(b) The minimum portion of a refund repayment is one-third of the total service credit period of all refunds taken from a single plan.

(c) The cost of the partial refund repayment is the product of the cost of the total repayment multiplied by the ratio of the restored service credit to the total forfeited service credit. The total repayment amount includes interest at the annual rate of 8.5 percent, compounded annually, from the refund date to the date repayment is received.

(d) The restored service credit must be allocated based on the relationship the restored service bears to the total service credit period for all refunds taken from a single pension plan.

(e) This section does not authorize a public pension plan member to repay a refund if the law governing the plan does not authorize the repayment of a refund of member contributions.

Sec. 34. [356.441] [REPAYMENT OF REFUNDS.]

Repayment of a refund and interest on that refund permitted under laws governing any public pension plan in Minnesota may be made with funds distributed from a plan qualified under the federal Internal Revenue Code of 1986, section 401(a), as amended through December 31, 1988, or an annuity qualified under the federal Internal Revenue Code of 1986, section 403(a). Repayment may also be made with funds distributed from an individual retirement account used solely to receive a nontaxable rollover from that type of a plan or annuity. The repaid refund must be separately accounted for as member contributions not previously taxed. Before accepting any transfers to which this section applies, the executive director must require the member to provide written documentation to demonstrate that the amounts to be transferred are eligible for a tax-free rollover and qualify for that treatment under the federal Internal Revenue Code of 1986.

OPTIONAL ANNUITY FORMS

Sec. 35. [356.46] [APPLICATION FOR RETIREMENT ANNUITY; PROCEDURE FOR ELECTING ANNUITY FORM.]

Subdivision 1. [DEFINITIONS.] As used in this section, each of the following terms shall have the meaning given.

(a) "Annuity form" means the payment procedure and duration of a retirement annuity or disability benefit available to a member of a public pension fund, based on the period over which a retirement annuity or disability benefit is payable, determined by the number of persons to whom the retirement annuity or disability benefit is payable, and the amount of the retirement annuity or disability benefit which is payable to each person.

(b) "Joint and survivor optional annuity" means an optional annuity form which provides a retirement annuity or disability benefit to a retired member and the spouse of the member on a joint basis during the lifetime of the retired member and all or a portion of the original retirement annuity or disability benefit amount to the surviving spouse in the event of the death of the retired member.

(c) "Optional annuity form" means an annuity form which is elected by a member and is not provided automatically as the standard annuity form of the public pension plan.

(d) "Public pension plan" means a public pension plan as defined under section 356.615, paragraph (b).

(e) "Retirement annuity" means a series of monthly payments to which a former or retired member of a public pension fund is entitled due to attaining a specified age and acquiring credit for a specified period of service, which includes a retirement annuity, retirement allowance, or service pension.

(f) "Disability benefit" means a series of monthly payments to which a former or disabled member of a public pension fund is entitled due to a physical or mental inability to engage in specified employment.

Subd. 2. [PROVISION OF INFORMATION ON ANNUITY FORMS.] Every public pension plan which provides for an annuity form other than a single life retirement annuity as an option which can be elected by an active, disabled, or retiring member shall provide as a part of, or accompanying the annuity application form, a written statement summarizing the optional annuity forms which are available, a general indication of the consequences of selecting one annuity form over another, a calculation of the actuarial reduction in the amount of the retirement annuity which would be required for each optional annuity form, and the procedure to be followed to obtain more information from the public pension fund concerning the optional annuity forms provided by the plan.

Subd. 3. [REQUIREMENT OF NOTICE TO MEMBER'S SPOUSE.] (a) If a public pension plan provides optional retirement annuity forms which include a joint and survivor optional retirement annuity form potentially applicable to the surviving spouse of a member, the executive director of the public pension plan shall send a copy of the written statement required by subdivision 2 to the spouse of the member before the member's election of an optional retirement annuity.

(b) Following the election of a retirement annuity by the member, a copy of the completed retirement annuity application and retirement annuity beneficiary form, if applicable, must be sent by the public pension plan to the spouse of the retiring member. A signed acknowledgment must be required from the spouse confirming receipt of a copy of the completed retirement annuity application and retirement annuity beneficiary form, unless the spouse's signature confirming the receipt is on the annuity application form. If the required signed acknowledgment is not received from the spouse within 30 days, the public pension plan must send another copy of the completed retirement annuity application and retirement annuity beneficiary form, if applicable, to the spouse by certified mail with restricted delivery.

Sec. 36. [356.465] [SUPPLEMENTAL NEEDS TRUST AS OPTIONAL ANNUITY FORM RECIPIENT.]

Subdivision 1. [INCLUSION AS RECIPIENT.] Notwithstanding any provision to the contrary of the laws, articles of incorporation, or bylaws governing a covered retirement plan specified in subdivision 3, a retiring member may designate a qualified supplemental needs trust under subdivision 2 as the remainder recipient on an optional retirement annuity form for a period not to exceed the lifetime of the beneficiary of the supplemental needs trust.

Subd. 2. [DEFINITION OF QUALIFIED SUPPLEMENTAL NEEDS TRUST.] A qualified supplemental needs trust is a trust that:

- (1) was established on or after July 1, 1992;
- (2) was established solely for the benefit of one person who has a disability under federal Social Security Administration supplemental security income or retirement, survivors, and disability insurance disability determination standards and who was determined as such before the creation of the trust;
- (3) is funded, in whole or in part, by the primary recipient of the optional annuity form and, unless the trust is a Zebley trust, is not funded by the beneficiary, the beneficiary's spouse, or a person who is required to pay a sum to or for the trust beneficiary under the terms of litigation or a litigation settlement;
- (4) is established to cover reasonable living expenses and other basic needs of the disabilitant, in whole or in part, in instances when public assistance does not provide sufficiently for these needs;
- (5) is not permitted to make disbursement to replace or reduce public assistance otherwise available;
- (6) is irrevocable;
- (7) terminates upon the death of the disabled person for whose benefit it was established; and
- (8) is determined by the executive director to be a trust that contains excluded assets for purposes of the qualification for public entitlement benefits under the applicable federal and state laws and regulations.

Subd. 3. [COVERED RETIREMENT PLANS.] The provisions of this section apply to the following retirement plans:

(1) the general state employees retirement plan of the Minnesota state retirement system established under chapter 352;

(2) the correctional state employees retirement plan of the Minnesota state retirement system established under chapter 352;

(3) the state patrol retirement plan established under chapter 352B;

(4) the legislators retirement plan established under chapter 3A;

(5) the judges retirement plan established under chapter 490;

(6) the general employees retirement plan of the public employees retirement association established under chapter 353;

(7) the public employees police and fire plan of the public employees retirement association established under chapter 353;

(8) the teachers retirement plan established under chapter 354;

(9) the Duluth teachers retirement fund association established under chapter 354A;

(10) the St. Paul teachers retirement fund association established under chapter 354A;

(11) the Minneapolis teachers retirement fund association established under chapter 354A;

(12) the Minneapolis employees retirement plan established under chapter 422A;

(13) the Minneapolis firefighters relief association established under chapter 423C;

(14) the Minneapolis police relief association established under chapter 423B; and

(15) the local government correctional service retirement plan of the public employees retirement association established under chapter 353E.

REEMPLOYED ANNUITANT EARNINGS DISPOSITION

Sec. 37. [356.47] [DISPOSITION OF AMOUNT IN EXCESS OF REEMPLOYED ANNUITANT EARNINGS LIMITATIONS.]

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

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

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

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

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

MARRIAGE DISSOLUTION RETIREMENT COVERAGE INFORMATION

Sec. 38. [356.49] [PROVISION OF INFORMATION IN THE EVENT OF MARRIAGE DISSOLUTION.]

Subdivision 1. [INFORMATION FOR A PENDING MARRIAGE DISSOLUTION.] (a) Upon receipt of a written request by a person with access to the data under subdivision 3 who cites this statute, a public or private pension plan administrator must provide the court and the parties to a marriage dissolution action involving a plan member or former plan member with information regarding pension benefits or rights of the plan member or former plan member. The pension plan shall provide this information upon the request of the court or a party to the action without requiring a signed authorization from the plan member or former plan member.

(b) The information must include the pension benefits or rights of the plan member or former plan member as of the first day of the month following the date of the request, or as of the end of the previous fiscal year for the plan, and as of the date of valuation of marital assets under section 518.58, if the person requesting the information specifies that date. The information must include the accrued service credit of the person, the credited salary of the person for the most current five-year period, a summary of the benefit plan, and any other information relevant to the calculation of the present value of the benefits or rights.

Subd. 2. [INFORMATION FOR AN EXISTING DISSOLUTION DECREE.] If a marriage dissolution decree rendered by a court of competent jurisdiction prior to August 1, 1987, provided a procedure for the distribution of future pension plan payments, upon request the applicable pension plan administrator shall provide on a timely basis to the court and the parties to the action, the required information to implement that procedure without requiring a signed authorization from the plan member or former plan member.

Subd. 3. [ACCESS TO DATA.] Notwithstanding any provision of chapter 13 to the contrary, an administrator may release private or confidential data on individuals to the court, the parties to a marriage dissolution, their attorneys, and an actuary appointed under section 518.582, to the extent necessary to comply with this section, but only if the administrator has received a copy of the legal petition showing that an action for marriage dissolution has commenced and a copy of the affidavit of service showing that the petition has been served on the responding party to the action.

SERVICE AND SALARY CREDIT UPON WRONGFUL DISCHARGE

Sec. 39. Minnesota Statutes 2000, section 356.50, is amended to read:

356.50 [SERVICE AND SALARY CREDIT FROM BACK PAY AWARDS IN THE EVENT OF WRONGFUL DISCHARGE.]

(a) A person who is wrongfully discharged from public employment that gave rise to coverage by a public employee pension plan ~~listed~~ enumerated in section 356.30, subdivision 3, is entitled to obtain allowable service credit from the applicable public employee pension plan for the applicable period caused by the wrongful discharge.

(b) A person is wrongfully discharged for purposes of this section if:

(1) the person has been determined by a court of competent jurisdiction or by an arbitrator in binding arbitration, whichever applies, to have been wrongfully discharged from public employment;

(2) the person received an award of back pay with respect to that discharge; and

(3) the award does not include any amount for any lost or interrupted public pension plan coverage.

~~(b)~~ (c) To obtain the public pension plan allowable service credit, the person shall pay the required member contribution amount. The required member contribution amount is the member contribution rate or rates in effect for the pension plan during the period of service covered by the back pay award, applied to the unpaid gross salary amounts of the back pay award including reemployment insurance, workers' compensation or wages from other sources which reduced the back award. No contributions shall be made under this clause for compensation covered by a public pension plan listed in section 356.30, subdivision 3, for employment during the removal period. The person shall pay the required member contribution amount within 60 days of the date of receipt of the back pay award, within 60 days of April 14, 1992, or within 60 days of a billing from the retirement fund, whichever is later.

~~(c)~~ (d) The public employer who wrongfully discharged the public employee must pay an employer contribution on the back pay award. The employer contribution must be based on the employer contribution rate or rates in effect for the pension plan during the period of service covered by the back pay award, applied to the salary amount on which the member contribution amount was determined under paragraph ~~(b)~~ (c). Interest on both the required member and employer contribution amount must be paid by the employer at the annual compound rate of 8.5 percent per year, expressed monthly, between the date the contribution amount would have been paid to the date of actual payment. The employer payment must be made within 30 days of the payment under paragraph ~~(b)~~ (c).

Sec. 40. Minnesota Statutes 2000, section 356.55, as amended by Laws 2001, First Special Session chapter 10, article 6, section 16, is amended to read:

356.55 [PRIOR SERVICE CREDIT PURCHASE PAYMENT AMOUNT DETERMINATION PROCEDURE.]

Subdivision 1. [APPLICATION.] (a) Unless the prior service credit purchase authorization special law or general statute provision explicitly specifies a different purchase payment amount determination procedure, this section governs the determination of the prior service credit purchase payment amount of any prior service credit purchase.

(b) The purchase payment amount determination procedure must recognize any service credit accrued to the purchaser in a pension plan ~~listed~~ enumerated in section 356.30, subdivision 3.

(c) Any service credit in a Minnesota defined benefit public employee pension plan available to be reinstated by the purchaser through the repayment of a refund of member or employee contributions previously received must be repaid in full before any purchase of prior service credit payment is made under this section.

Subd. 2. [DETERMINATION.] (a) Unless the prior service credit purchase minimum purchase payment amount determined under paragraph (d) is greater, the prior service credit purchase amount is the result obtained by subtracting the amount determined under paragraph (c) from the amount determined under paragraph (b).

(b) The present value of the unreduced single life retirement annuity, with the purchase of the additional service credit included, must be calculated as follows:

(1) the age at first eligibility for an unreduced single life retirement annuity, including the purchase of the additional service credit, must be determined;

(2) the length of total service credit, including the period of the purchase of the additional service credit, at the age determined under clause (1) must be determined;

(3) the highest five successive years average salary at the age determined under clause (1), assuming five percent annual compounding salary increases from the most current annual salary amount at the age determined under clause (1), must be determined;

(4) using the benefit accrual rate or rates applicable to the prospective purchaser of the service credit based on the prospective purchaser's actual date of entry into covered service, the length of service determined under clause (2), and the final average salary determined under clause (3), the annual unreduced single life retirement annuity amount must be determined;

(5) the actuarial present value of the projected annual unreduced single life retirement annuity amount determined under clause (4) at the age determined under clause (1), using the same actuarial factor that the plan would use to determine actuarial equivalence for optional annuity forms and related purposes, must be determined; and

(6) the discounted value of the amount determined under clause (5) to the date of the prospective purchase, using an interest rate of 8.5 percent and no mortality probability decrement, must be determined.

(c) The present value of the unreduced single life retirement annuity, without the purchase of the additional service credit included, must be calculated as follows:

(1) the age at first eligibility for an unreduced single life retirement annuity, not including the purchase of additional service credit, must be determined;

(2) the length of accrued service credit, without the period of the purchase of the additional service credit, at the age determined under clause (1), must be determined;

(3) the highest five successive years average salary at the age determined under clause (1), assuming five percent annual compounding salary increases from the most current annual salary amount to the age determined under clause (1), must be determined;

(4) using the benefit accrual rate or rates applicable to the prospective purchaser of the service credit based on the prospective purchaser's actual date of entry into covered service the length of service credit determined under clause (2), and the final average salary determined under clause (3), the annual unreduced single life retirement annuity amount must be determined;

(5) the actuarial present value of the projected annual unreduced single life retirement annuity amount determined under clause (4) at the age determined under clause (1), using the same actuarial factor that the plan would use to determine actuarial equivalence for optional annuity forms and related purposes, must be determined;

(6) the discounted value of the amount determined under clause (5) to the date of the prospective purchase, using an interest rate of 8.5 percent and no mortality probability decrement, must be determined; and

(7) the net value of the discounted value determined under clause (6), must be determined by applying a service ratio, where the numerator is the total length of credited service determined under paragraph (b), clause (2), reduced by the period of the additional service credit proposed to be purchased, and where the denominator is the total length of service credit determined under clause (2).

(d) The minimum prior service credit purchase payment amount is the amount determined by multiplying the most current annual salary of the prospective purchaser by the combined current employee, employer, and any additional employer contribution rates for the applicable pension plan and by multiplying that result by the number of years of service or fractions of years of service of the potential service credit purchase.

Subd. 3. [SOURCE OF DETERMINATION.] The prior service credit purchase payment amounts under subdivision 2 must be calculated by the chief administrative officer of the public pension plan using a prior service credit purchase payment amount determination process that has been verified for accuracy and consistency under

this section by the commission-retained actuary. That verification must be in writing and must occur before the first prior service credit purchase for the plan under this section is accepted and every five years thereafter or whenever the preretirement interest rate, postretirement interest rate, payroll growth, or mortality actuarial assumption for the applicable pension plan is modified under section 356.215, whichever occurs first.

Subd. 4. [PRIOR SERVICE CREDIT PURCHASE PROCESSING FEE.] A public pension plan may establish a fee to be charged to the prospective purchaser for processing a prior service credit purchase application and the prior service credit purchase payment amount calculation. The fee must be established by the governing board of the pension plan and must be uniform for comparable service credit purchase situations or actuarial calculation requests. The prior service credit purchase processing fee structure must be published by the chief administrative officer of the applicable retirement plan in the State Register.

Subd. 5. [PAYMENT RESPONSIBILITY; EMPLOYER OPTION.] Unless the prior service credit purchase authorization special law or general statute provision explicitly specifies otherwise, the prior service credit purchase payment amount determined under subdivision 2 is payable by the purchaser, ~~but~~. However, the former employer of the purchaser or the current employer of the purchaser may, at its discretion, pay all or a portion of the purchase payment amount in excess of an amount equal to the employee contribution rate or rates in effect during the prior service period applied to the actual salary rates in effect during the prior service period, plus annual compound interest at the rate of 8.5 percent from the date on which the contributions would have been made if made contemporaneous with the service period to the date on which the payment is actually made.

Subd. 6. [REPORT ON PRIOR SERVICE CREDIT PURCHASES.] (a) As part of the regular data reporting provided to the consulting actuary retained by the legislative commission on pensions and retirement annually, the chief administrative officer of each public pension plan that has accepted a prior service credit purchase payment under this section shall report for any purchase, the purchaser, the purchaser's employer, the age of the purchaser, the period of the purchase, the purchaser's prepurchase accrued service credit, the purchaser's postpurchase accrued service credit, the purchaser's prior service credit payment, the prior service credit payment made by the purchaser's employer, and the amount of the additional benefit or annuity purchased.

(b) As a supplemental report to the regular annual actuarial valuation for the applicable public pension plan prepared by the consulting actuary retained by the legislative commission on pensions and retirement, ~~there must be the actuary shall provide~~ a comparison for each purchase showing the total prior service credit payment received from all sources and the increased public pension plan actuarial accrued liability resulting from each purchase.

Subd. 7. [EXPIRATION OF PURCHASE PAYMENT DETERMINATION PROCEDURE.] (a) This section expires and is repealed on July 1, 2003.

(b) Authority for any public pension plan to accept a prior service credit payment that is calculated in a timely fashion under this section expires on October 1, 2003.

Sec. 41. Minnesota Statutes 2000, section 356.551, is amended to read:

356.551 [POST JULY 1, ~~2001~~ 2003, PRIOR SERVICE CREDIT PURCHASE PAYMENT AMOUNT DETERMINATION PROCEDURE.]

~~(a)~~ Subdivision 1. [APPLICATION.] Unless the prior service credit purchase authorization special law or general statute provision explicitly specifies a different purchase payment amount determination procedure, and if section 356.55 has expired, this section governs the determination of the prior service credit purchase payment amount of any prior service credit purchase.

~~(b)~~ Subd. 2. [DETERMINATION.] The prior service credit purchase amount is an amount equal to the actuarial present value, on the date of payment, as calculated by the chief administrative officer of the pension plan and reviewed by the actuary retained by the legislative commission on pensions and retirement, of the amount of the additional retirement annuity obtained by the acquisition of the additional service credit in this section. Calculation

of this amount must be made using the preretirement interest rate applicable to the public pension plan specified in section 356.215, subdivision 4d, and the mortality table adopted for the public pension plan. The calculation must assume continuous future service in the public pension plan until, and retirement at, the age at which the minimum requirements of the fund for normal retirement or retirement with an annuity unreduced for retirement at an early age, including section 356.30, are met with the additional service credit purchased. The calculation must also assume a full-time equivalent salary, or actual salary, whichever is greater, and a future salary history that includes annual salary increases at the applicable salary increase rate for the plan specified in section 356.215, subdivision 4d. Payment must be made in one lump sum within one year of the prior service credit authorization. Payment of the amount calculated under this section must be made by the applicable eligible person. However, the current employer or the prior employer may, at its discretion, pay all or any portion of the payment amount that exceeds an amount equal to the employee contribution rates in effect during the period or periods of prior service applied to the actual salary rates in effect during the period or periods of prior service, plus interest at the rate of 8.5 percent a year compounded annually from the date on which the contributions would otherwise have been made to the date on which the payment is made. If the employer agrees to payments under this ~~paragraph~~ subdivision, the purchaser must make the employee payments required under this ~~paragraph~~ subdivision within 290 days of the prior service credit authorization. If that employee payment is made, the employer payment under this ~~paragraph~~ subdivision must be remitted to the chief administrative officer of the public pension plan within 60 days of receipt by the chief administrative officer of the employee payments specified under this ~~paragraph~~ subdivision.

(~~e~~) Subd. 3. [DOCUMENTATION.] The prospective purchaser must provide any relevant documentation required by the chief administrative officer of the public pension plan to determine eligibility for the prior service credit under this section.

(~~d~~) Subd. 4. [PAYMENT PRECONDITION FOR CREDIT GRANT.] Service credit for the purchase period must be granted by the public pension plan to the purchaser upon receipt of the purchase payment amount specified in ~~paragraph (b)~~ subdivision 2.

Sec. 42. Minnesota Statutes 2001 Supplement, section 356.555, is amended to read:

356.555 [PARENTAL OR FAMILY LEAVE SERVICE CREDIT PURCHASE.]

Subdivision 1. [SERVICE CREDIT PURCHASE AUTHORIZATION.] (a) Notwithstanding any provision to the contrary of the laws governing a covered pension plan enumerated in subdivision 4, a member of the pension plan who has at least three years of allowable service covered by the applicable pension plan and who was granted by the employer a parental leave of absence as defined in paragraph (b), or who was granted by the employer a family leave of absence as defined in paragraph (c), or who had a parental or family-related break in employment, as defined in paragraph (d), for which the person did not previously receive service credit or for which the person did not receive or purchase service credit from another defined benefit public employee pension plan, is entitled to purchase the actual period of the leave or of the break in service, up to five years, of allowable service credit in the applicable retirement plan. The purchase payment amount is governed by section 356.55.

(b) For purposes of this section, a parental leave of absence is a temporary period of interruption of or separation from active employment for the purposes of handling maternity or paternity duties that has been approved by the employing unit and that includes the right of reinstatement to employment.

(c) For purposes of this section, a family leave of absence is a family leave under United States Code, title 42, section 12631, as amended.

(d) For purposes of this section, a parental or family-related break in employment is a period following a termination of active employment primarily for the purpose of the birth of a child, the adoption of a child, or the provision of care to a near relative or in-law, after which the person returned to the prior employing unit or to an employing unit covered by the same pension plan that provided retirement coverage immediately prior to the termination of employment.

Subd. 2. [APPLICATION AND DOCUMENTATION.] (a) A person who desires to purchase service credit under subdivision 1 must apply for the service credit purchase with the chief administrative officer of the enumerated pension plan.

(b) The application must include all necessary documentation of the qualifications of the person to make the purchase, signed written permission to allow the chief administrative officer to request and receive necessary verification of all applicable facts and eligibility requirements, and any other relevant information that the chief administrative officer may require.

Subd. 3. [SERVICE CREDIT GRANT.] Allowable and formula service credit in the applicable enumerated pension plan for the purchase period must be granted to the purchaser upon receipt of the purchase payment amount calculated under section 356.55. Payment of the purchase amount must be made before the person retires.

Subd. 4. [COVERED PENSION PLANS.] This section applies to the following pension plans:

- (1) the general state employees retirement plan governed by chapter 352;
- (2) the correctional state employees retirement plan governed by chapter 352;
- (3) the general ~~public~~ employees retirement plan of the public employees retirement association governed by chapter 353;
- (4) the public employees police and fire plan governed by chapter 353;
- (5) the teachers retirement plan governed by chapter 354;
- (6) the Minneapolis teachers retirement fund association governed by chapter 354A;
- (7) the Saint Paul teachers retirement fund association governed by chapter 354A;
- (8) the Duluth teachers retirement fund association governed by chapter 354A;
- (9) the Minneapolis employees retirement plan governed by chapter 422A;
- (10) the Minneapolis police relief association governed by chapter 423B; and
- (11) the Minneapolis fire department relief association governed by ~~sections 69.25 to 69.53 and augmented by Laws 1959, chapters 213, 491, and 568, and other special local legislation chapter 423C.~~

COVERED SALARY LIMITATION

Sec. 43. Minnesota Statutes 2000, section 356.611, is amended to read:

356.611 [LIMITATION ON PUBLIC EMPLOYEE SALARIES FOR PENSION PURPOSES.]

Subdivision 1. [STATE SALARY LIMITATIONS.] (a) Notwithstanding any provision of law, bylaws, articles of incorporation, retirement and disability allowance plan agreements, or retirement plan contracts to the contrary, the covered salary for pension purposes for a plan participant of a covered retirement fund ~~under~~ enumerated in section 356.30, subdivision 3, may not exceed 95 percent of the salary established for the governor under section 15A.082 at the time the person received the salary.

(b) This section does not apply to a salary paid:

- (1) to the governor;

(2) to an employee of a political subdivision in a position that is excluded from the limit as specified under section 43A.17, subdivision 9; or

(3) to a state employee in a position for which the commissioner of employee relations has approved a salary rate that exceeds 95 percent of the governor's salary.

(c) The limited covered salary determined under this section must be used in determining employee and employer contributions and in determining retirement annuities and other benefits under the respective covered retirement fund and under this chapter.

Subd. 2. [FEDERAL COMPENSATION LIMITS.] For members first contributing to a covered pension plan ~~covered under enumerated in~~ section 356.30, subdivision 3, on or after July 1, 1995, compensation in excess of the limitation set forth in Internal Revenue Code 401(a)(17) ~~shall may~~ not be included for contribution and benefit computation purposes. The compensation limit set forth in Internal Revenue Code 401(a)(17) on June 30, 1993, ~~shall apply~~ applies to members first contributing before July 1, 1995.

MEMBER CONTRIBUTION EMPLOYER PICK UP

Sec. 44. Minnesota Statutes 2001 Supplement, section 356.62, is amended to read:

356.62 [PAYMENT OF EMPLOYEE CONTRIBUTION.]

(a) For purposes of any public pension plan, as defined in section 365.615, paragraph (b), each employer shall pick up the employee contributions required pursuant to law or the pension plan for all salary payable after December 31, 1982. If the United States Treasury department rules that ~~pursuant to under~~ section 414(h) of the Internal Revenue Code of 1986, as amended through December 31, 1992, that these picked up contributions are not includable in the employee's adjusted gross income until they are distributed or made available, then these picked up contributions ~~shall must~~ be treated as employer contributions in determining tax treatment ~~pursuant to under~~ the Internal Revenue Code of 1986, as amended through December 31, 1992, and the employer shall discontinue withholding federal income taxes on the amount of these contributions. The employer shall pay these picked up contributions from the same source of funds as is used to pay the salary of the employee. The employer shall pick up these employee contributions by a reduction in the cash salary of the employee.

(b) Employee contributions that are picked up ~~shall must~~ be treated for all purposes of the public pension plan in the same manner and to the same extent as employee contributions that were made prior to the date on which the employee contributions pick up began. The amount of the employee contributions that are picked up ~~shall must~~ be included in the salary upon which retirement coverage is credited and retirement and survivor's benefits are determined. For purposes of this section, "employee" means any person covered by a public pension plan. For purposes of this section, "employee contributions" include any sums deducted from the employee's salary or wages or otherwise paid in lieu thereof, regardless of whether they are denominated contributions by the public pension plan.

(c) For any calendar year in which withholding has been reduced ~~pursuant to under~~ this section, the employing unit shall supply each employee and the commissioner of revenue with an information return indicating the amount of the employer's picked-up contributions for the calendar year that were not subject to withholding. This return ~~shall must~~ be provided to the employee not later than January 31 of the succeeding calendar year. The commissioner of revenue shall prescribe the form of the return and the provisions of section 289A.12 ~~shall must~~ apply to the extent not inconsistent with the provisions of this section.

PENSION ASSET AND INVESTMENT
LIMITATIONS

Sec. 45. [356.63] [LIMITATION ON USE OF PUBLIC PENSION PLAN ASSETS.]

(a) Money held by or credited to a public pension plan as assets, including employer and employee contributions, state aid, appropriations from the state or a governmental subdivision, and accrued earnings on investments, constitutes a dedicated fund. The dedicated fund may be used exclusively to pay retirement annuities, service pensions, disability benefits, survivor benefits, refunds of contributions, or other benefits provided under the benefit plan document or documents governing the public pension plan, and to pay reasonable administrative expenses approved by the governing board of the public pension plan or by another appropriate authority. No assets of a public pension plan may be loaned or transferred to the state or a governmental subdivision or be used to amortize an unfunded actuarial accrued liability in another public pension plan or fund, whether or not the plan providing the assets consolidates or has consolidated with the plan receiving the assets. Nothing in this section prohibits a public pension plan or the state board of investment from investing the assets of a plan as authorized by law, including the investment of the assets of public pension plans by the state board of investment in a commingled investment fund.

(b) A public pension plan for purposes of this section means a pension plan or fund specified in section 356.20, subdivision 2, or 356.30, subdivision 3, or a retirement or pension plan or fund, including a supplemental retirement plan or fund, established, maintained, or supported by a governmental subdivision or public body whose revenues are derived from taxation, fees, assessments, or other public sources.

Sec. 46. [356.64] [REAL ESTATE INVESTMENTS.]

(a) Notwithstanding any law to the contrary, any public pension plan whose assets are not invested by the state board of investment may invest its funds in Minnesota situs nonfarm real estate ownership interests or loans secured by mortgages or deeds of trust if the investment is consistent with section 356A.04.

(b) Except to the extent authorized in the case of the Minneapolis employees retirement fund under section 422A.05, subdivision 2c, paragraph (a), an investment otherwise authorized by this section must also comply with the requirements and limitations of section 11A.24, subdivision 6.

ABANDONED PENSION FUND AMOUNTS

Sec. 47. Minnesota Statutes 2001 Supplement, section 356.65, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For purposes of this section, unless the context clearly indicates otherwise, each of the following terms ~~shall have~~ has the ~~meanings~~ meaning given to ~~them~~ it:

(a) "Public pension fund" means any public pension plan as defined in section ~~356.615~~ 356.63, paragraph (b), and any Minnesota volunteer firefighters relief association which is established ~~pursuant to~~ under chapter 424A and governed ~~pursuant to~~ under sections 69.771 to 69.776.

(b) "Unclaimed public pension fund amounts" means any amounts representing accumulated member contributions, any outstanding unpaid annuity, service pension or other retirement benefit payments, including those made on warrants issued by the commissioner of finance, which have been issued and delivered for more than six months prior to the date of the end of the fiscal year applicable to the public pension fund, and any applicable interest to the credit of:

(1) an inactive or former member of a public pension fund who is not entitled to a defined retirement annuity and who has not applied for a refund of those amounts within five years after the last member contribution was made; or

(2) a deceased inactive or former member of a public pension fund if no survivor is entitled to a survivor benefit and no survivor, designated beneficiary or legal representative of the estate has applied for a refund of those amounts within five years after the date of death of the inactive or former member.

Sec. 48. Minnesota Statutes 2000, section 356.65, subdivision 2, is amended to read:

Subd. 2. [DISPOSITION OF ABANDONED AMOUNTS.] Any unclaimed public pension fund amounts existing in any public pension fund ~~shall be~~ are presumed to be abandoned, but ~~shall~~ are not be subject to the provisions of sections 345.31 to 345.60. Unless the benefit plan of the public pension fund specifically provides for a different disposition of unclaimed or abandoned funds or amounts, any unclaimed public pension fund amounts ~~shall~~ cancel and ~~shall~~ must be credited to the public pension fund. If the unclaimed public pension fund amount exceeds \$25 and the inactive or former member again becomes a member of the applicable public pension ~~fund~~ plan or applies for a retirement annuity ~~pursuant to~~ under section 3A.12, 352.72, 352B.30, 352C.051, 353.71, 354.60, 356.30, or 422A.16, subdivision 8, ~~whichever is applicable,~~ applies, the canceled amount ~~shall~~ must be restored to the credit of the person.

HEALTH INSURANCE WITHHOLDING

Sec. 49. Minnesota Statutes 2000, section 356.87, is amended to read:

356.87 [HEALTH INSURANCE WITHHOLDING.]

(a) Upon authorization of a person entitled to receive a retirement annuity, disability benefit or survivor benefit, the executive director of a public pension fund ~~listed~~ enumerated in section 356.20, subdivision 2, shall withhold health insurance premium amounts from the retirement annuity, disability benefit or survivor benefit, and shall pay the premium amounts to the public employees insurance program.

(b) The public employees insurance program shall reimburse a public pension fund for the administrative expense of withholding the premium amounts and shall assume liability for the failure of a public pension fund to properly withhold the premium amounts.

RETIREMENT PLAN ADMINISTRATION

Sec. 50. [356B.05] [PUBLIC PENSION ADMINISTRATION LEGISLATION.]

(a) Proposed administrative legislation recommended by or on behalf of the Minnesota state retirement system, the public employees retirement association, the teachers retirement association, the Minneapolis employees retirement fund, or a first class city teachers retirement fund association must be presented to the legislative commission on pensions and retirement, the state and local governmental operations committee of the senate, and the governmental operations and veterans affairs policy committee of the house of representatives on or before October 1 of each year in order for the proposed administrative legislation to be acted upon during the upcoming legislative session. The executive director or the deputy executive director of the legislative commission on pensions and retirement shall provide written comments on the proposed administrative provisions to the public pension plans by November 15 of each year.

(b) Proposed administrative legislation recommended by or on behalf of a public employee pension plan or system under paragraph (a) must address provisions:

(1) authorizing allowable service credit for leaves of absence and related circumstances;

(2) governing offsets or deductions from the amount of disability benefits;

(3) authorizing the purchase of allowable service credit for prior uncredited periods;

(4) governing subsequent employment earnings by reemployed annuitants; and

(5) authorizing retroactive effect for retirement annuity or benefit applications.

(c) Where possible and desirable, taking into account the differences among the public pension plans in existing law and the unique characteristics of the individual public pension fund memberships, uniform provisions relating to paragraph (b) for all applicable public pension plans must be presented for consideration during the legislative session. Supporting documentation setting forth the policy rationale for each set of uniform provisions must accompany the proposed administrative legislation.

Sec. 51. [356B.10] [PUBLIC PENSION FACILITIES.]

Subdivision 1. [DEFINITIONS.] (a) The definitions in this subdivision apply to this section.

(b) "Boards" mean the board of directors of the Minnesota state retirement system, the board of trustees of the public employees retirement association, and the board of trustees of the teachers retirement association.

(c) "Commissioner" means the commissioner of administration.

Subd. 2. [BUILDING; RELATED FACILITIES.] (a) The commissioner of administration may provide a building and related facilities to be jointly occupied by the board of directors of the Minnesota state retirement system, the board of trustees of the public employees retirement association, and the board of trustees of the teachers retirement association for the administration of their public pension systems.

(b) Design of the facilities is not subject to section 16B.33. The competitive acquisition process set forth in chapter 16C does not apply if the process set forth in subdivision 3 is followed.

(c) The boards and the commissioner must submit the plans for a public pension facility under this section to the chair of the house ways and means committee and to the chair of the senate state government finance committee for their approval before the plans are implemented.

Subd. 3. [CONTRACTING PROCEDURES.] (a) The commissioner may enter into a contract for facilities with a contractor to furnish the architectural, engineering, and related services as well as the labor, materials, supplies, equipment, and related construction services on the basis of a request for qualifications and competitive responses received through a request for proposals process that must include the items listed in paragraphs (b) to (i).

(b) Before issuing a request for qualifications and a request for proposals, the commissioner, with the assistance of the boards, shall prepare performance criteria and specifications that include:

(1) a general floor plan or layout indicating the general dimensions of the public building and space requirements;

(2) design criteria for the exterior and site area;

(3) performance specifications for all building systems and components to ensure quality and cost efficiencies;

(4) conceptual floor plans for systems space;

(5) preferred types of interior finishes, styles of windows, lighting and outlets, doors, and features such as built-in counters and telephone wiring;

(6) mechanical and electrical requirements;

(7) special interior features required; and

(8) a completion schedule.

(c) The commissioner shall first solicit statements of qualifications from eligible contractors and select more than one qualified contractor based upon experience, technical competence, past performance, capability to perform, and other appropriate facts. Contractors selected under this process must be, employ, or have as a partner, member, coventurer, or subcontractor, persons licensed and registered under chapter 326 to provide the services required to design and complete the project. The commissioner does not have to select any of the respondents if none reasonably fulfill the criteria set forth in this paragraph.

(d) The contractors selected shall be asked to respond to a request for proposals. Responses must include site plans, design concept, elevation, statement of material to be used, floor layouts, a detailed development budget, and a total cost to complete the project. The proposal must indicate that the contractor obtained at least two proposals from subcontractors for each item of work and must set forth how the subcontractors were selected. The commissioner, with the assistance of the boards, shall evaluate the proposals based upon design, cost, quality, aesthetics, and the best overall value to the state pension funds. The commissioner need not select any of the proposals submitted and reserves the right to reject any and all proposals, and may terminate the process or revise the request for proposals and solicit new proposals if the commissioner determines that the best interests of the pension funds would be better served by doing so. Proposals submitted are nonpublic data until the contract is awarded.

(e) The contractor selected must comply with sections 574.26 to 574.261. Before executing a final contract, the contractor selected shall certify a firm construction price and completion date.

(f) The commissioner may consider building sites in the city of St. Paul and surrounding suburbs.

(g) Any land, building, or facility leased, constructed, or acquired and any leasehold interest acquired under this section must be held by the state in trust for the three retirement systems as tenants in common. Each retirement system fund must consider its interest as a fixed asset of its pension fund in accordance with governmental accounting standards.

(h) The commissioner may lease to another governmental subdivision, to a private company under contract with the state board of investment, or with the board of directors of the Minnesota state retirement system, whichever applies, to provide deferred compensation services under section 352.96, any portion of the funds' building and lands that is not required for their direct use upon terms and conditions they deem to be in the best interest of the pension funds. Any income accruing from the rentals must be separately accounted for and utilized to offset ongoing administrative expenses and any excess must be carried forward for future administrative expenses. The commissioner may also enter into lease agreements for the establishment of satellite offices should the boards find them to be necessary in order to assure their members reasonable access to their services. The commissioner may lease under section 16B.24 any portion of the facilities not required for the direct use of the boards.

(i) The boards shall formulate and adopt a written working agreement that sets forth the nature of each retirement system's ownership interest, the duties and obligations of each system toward the construction, operation, and maintenance costs of its facilities, and identifies one retirement fund to serve as manager for operating and maintenance purposes. The boards may contract with independent third parties for maintenance-related activities, services, and supplies, and may use the services of the department of administration where economically feasible to do so. If the boards cannot agree or resolve a dispute about operations or maintenance of the facilities, they may request the commissioner of administration to appoint a representative from the department's real estate management division to serve as arbitrator of the dispute with authority to issue a written resolution of the dispute.

Subd. 4. [REVENUE BONDS.] The commissioner of finance, on request of the governor, may sell and issue revenue bonds in an aggregate principal amount up to \$38,000,000 to achieve the purposes described in subdivisions 1 and 2, plus the amount needed to pay issuance costs and interest costs and to establish necessary reserves to secure the bonds. The commissioner of finance may issue bonds for the purpose of refunding bonds issued under this subdivision. The bonds may be sold and issued on terms and in a manner the commissioner of finance determines to be in the best interests of the state. The proceeds of the bonds must be credited to a bond proceeds account in the pension building fund which the commissioner of finance must create in the state treasury.

Subd. 5. [SECURITY.] The boards may pledge any or all assets of the boards as security for the bonds. The bonds and the interest on them must be paid solely from and secured by all assets of the boards pledged and appropriated for these purposes to the debt service fund created in subdivision 6 and any investment income on the fund and any reserve established for this purpose. The bonds are not public debt, and the full faith, credit, and taxing powers of the state are not pledged for their payment. The bonds and the interest on them must not be paid, directly or indirectly, in whole or in part, from a tax of statewide application on any class of property, income, transaction, or privilege.

Subd. 6. [DEBT SERVICE FUND.] There is established in the state treasury a separate and special pension building debt service fund. Money in the funds managed by the boards is appropriated to the boards for transfer to the pension building debt service fund. Money appropriated and transferred to the fund and investment income on it on hand or required to be transferred to the fund must be used and is irrevocably appropriated to pay when due the principal of and interest on the bonds authorized in subdivision 4.

Subd. 7. [COVENANTS; AGREEMENTS.] The commissioner of finance may, for and on behalf of the state, enter into covenants and agreements not inconsistent with subdivisions 1 to 6 as may be necessary or desirable to facilitate the sale and issuance of the bonds on terms favorable to the state, including, but not limited to, covenants and agreements relating to the payment of and security for the bonds, tax exemption, and disclosure of information required by federal and state securities laws. The covenants and agreements of the commissioner of finance constitute an enforceable contract of the state and the state pledges and agrees with the holders of any bonds that the state will not limit or alter the rights vested in the commissioner of finance to fulfill the terms of the covenants or agreements made with the holders of the bonds, or in any way impair the rights and remedies of the holders until the bonds, together with the interest on them, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of the holders, are fully met and discharged. The commissioner of finance may include this pledge and agreement of the state in any covenant or agreement with the holders of the bonds. Sections 16A.672 and 16A.675 apply to the bonds.

Sec. 52. [CROSS-REFERENCE CHANGES.]

In the next and subsequent editions of Minnesota Statutes, the revisor of statutes shall, in each section indicated in column A, replace the cross-reference specified in column B with the cross-reference set forth in column C:

<u>column A</u>	<u>column B</u>	<u>column C</u>
<u>3.751, subd. 1</u>	<u>356.89</u>	<u>356B.10</u>
<u>3A.02, subd. 1</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>3A.02, subd. 4</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>3A.11, subd. 1</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>11A.18, subd. 6</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>11A.18, subd. 9</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>11A.18, subd. 11</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>13.631, subd. 2</u>	<u>356.80</u>	<u>356.49</u>
<u>69.77, subd. 2b</u>	<u>356.215, subs. 4 to 4k</u>	<u>356.215, subs. 4 to 15</u>
<u>69.77, subd. 2b</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>69.773, subd. 2</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>69.773, subd. 4</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>352.01, subd. 12</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>352.115, subd. 3</u>	<u>356.119, subd. 1</u>	<u>356.315, subd. 1</u>
<u>352.115, subd. 3</u>	<u>356.119, subd. 2</u>	<u>356.315, subd. 2</u>
<u>352.115, subd. 10</u>	<u>356.58</u>	<u>356.47</u>
<u>352.119, subd. 2</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>352.72, subd. 2</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>352.87, subd. 3</u>	<u>356.119, subd. 2a</u>	<u>356.315, subd. 2a</u>
<u>352.91, subd. 5</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>

<u>352.93</u> , subd. <u>2</u>	<u>356.119</u> , subd. <u>5</u>	<u>356.315</u> , subd. <u>5</u>
<u>352.95</u> , subd. <u>1</u>	<u>356.119</u> , subd. <u>5</u>	<u>356.315</u> , subd. <u>5</u>
<u>352B.08</u> , subd. <u>2</u>	<u>356.119</u> , subd. <u>6</u>	<u>356.315</u> , subd. <u>6</u>
<u>352B.08</u> , subd. <u>3</u>	<u>356.215</u> , subd. <u>4d</u>	<u>356.215</u> , subd. <u>8</u>
<u>352B.10</u> , subd. <u>1</u>	<u>356.119</u> , subd. <u>6</u>	<u>356.315</u> , subd. <u>6</u>
<u>352B.26</u> , subd. <u>3</u>	<u>356.215</u> , subd. <u>4d</u>	<u>356.215</u> , subd. <u>8</u>
<u>352B.30</u> , subd. <u>4</u>	<u>356.215</u> , subd. <u>4d</u>	<u>356.215</u> , subd. <u>8</u>
<u>352C.031</u> , subd. <u>4</u>	<u>356.215</u> , subd. <u>4d</u>	<u>356.215</u> , subd. <u>8</u>
<u>352C.033</u>	<u>356.215</u> , subd. <u>4d</u>	<u>356.215</u> , subd. <u>8</u>
<u>353.01</u> , subd. <u>14</u>	<u>356.215</u> , subd. <u>4d</u>	<u>356.215</u> , subd. <u>8</u>
<u>353.03</u> , subd. <u>3</u>	<u>356.215</u> , subd. <u>4</u> , clause (4)	<u>356.215</u> , subd. <u>8</u>
<u>353.271</u> , subd. <u>2</u>	<u>356.215</u> , subd. <u>4d</u>	<u>356.215</u> , subd. <u>8</u>
<u>353.29</u> , subd. <u>3</u>	<u>356.119</u> , subd. <u>3</u>	<u>356.315</u> , subd. <u>3</u>
<u>353.29</u> , subd. <u>3</u>	<u>356.119</u> , subd. <u>4</u>	<u>356.315</u> , subd. <u>4</u>
<u>353.29</u> , subd. <u>3</u>	<u>356.119</u> , subd. <u>1</u>	<u>356.315</u> , subd. <u>1</u>
<u>353.29</u> , subd. <u>3</u>	<u>356.119</u> , subd. <u>2</u>	<u>356.315</u> , subd. <u>2</u>
<u>353.29</u> , subd. <u>4</u>	<u>356.371</u> , subd. <u>3</u>	<u>356.46</u> , subd. <u>3</u>
<u>353.37</u> , subd. <u>3a</u>	<u>356.58</u>	<u>356.47</u>
<u>353.651</u> , subd. <u>3</u>	<u>356.119</u> , subd. <u>6</u>	<u>356.315</u> , subd. <u>6</u>
<u>353.656</u> , subd. <u>1</u>	<u>356.119</u> , subd. <u>6</u>	<u>356.315</u> , subd. <u>6</u>
<u>353.665</u> , subd. <u>8</u>	<u>356.215</u> , subd. <u>4d</u>	<u>356.215</u> , subd. <u>8</u>
<u>353.71</u> , subd. <u>2</u>	<u>356.215</u> , subd. <u>4d</u>	<u>356.215</u> , subd. <u>8</u>
<u>353A.08</u> , subd. <u>1</u>	<u>356.215</u> , subd. <u>4d</u>	<u>356.215</u> , subd. <u>8</u>
<u>353A.08</u> , subd. <u>2</u>	<u>356.215</u> , subd. <u>4d</u>	<u>356.215</u> , subd. <u>8</u>
<u>353A.09</u> , subd. <u>2</u>	<u>356.215</u> , subd. <u>4d</u>	<u>356.215</u> , subd. <u>8</u>
<u>353A.09</u> , subd. <u>5</u>	<u>356.215</u> , subd. <u>4d</u>	<u>356.215</u> , subd. <u>8</u>
<u>353E.04</u> , subd. <u>3</u>	<u>356.119</u> , subd. <u>5a</u>	<u>356.315</u> , subd. <u>5a</u>
<u>353E.06</u> , subd. <u>1</u>	<u>356.119</u> , subd. <u>5a</u>	<u>356.315</u> , subd. <u>5a</u>
<u>354.05</u> , subd. <u>7</u>	<u>356.215</u> , subd. <u>4d</u>	<u>356.215</u> , subd. <u>8</u>
<u>354.07</u> , subd. <u>1</u>	<u>356.215</u> , subd. <u>4d</u>	<u>356.215</u> , subd. <u>8</u>
<u>354.44</u> , subd. <u>2</u>	<u>356.215</u> , subd. <u>4d</u>	<u>356.215</u> , subd. <u>8</u>
<u>354.44</u> , subd. <u>5</u>	<u>356.58</u>	<u>356.47</u>
<u>354.44</u> , subd. <u>6</u>	<u>356.119</u> , subd. <u>1</u>	<u>356.315</u> , subd. <u>1</u>
<u>354.44</u> , subd. <u>6</u>	<u>356.119</u> , subd. <u>2</u>	<u>356.315</u> , subd. <u>2</u>
<u>354.44</u> , subd. <u>6</u>	<u>356.119</u> , subd. <u>3</u>	<u>356.315</u> , subd. <u>3</u>
<u>354.44</u>	<u>356.119</u>	<u>356.315</u>
<u>354.45</u> , subd. <u>2</u>	<u>356.215</u> , subd. <u>4d</u>	<u>356.215</u> , subd. <u>8</u>
<u>354.48</u> , subd. <u>3</u>	<u>356.215</u> , subd. <u>4d</u>	<u>356.215</u> , subd. <u>8</u>
<u>354.55</u> , subd. <u>11</u>	<u>356.215</u> , subd. <u>4d</u>	<u>356.215</u> , subd. <u>8</u>
<u>354.63</u> , subd. <u>2</u>	<u>356.215</u> , subd. <u>4d</u>	<u>356.215</u> , subd. <u>8</u>
<u>354A.011</u> , subd. <u>3</u>	<u>356.215</u> , subd. <u>4d</u>	<u>356.215</u> , subd. <u>8</u>
<u>354A.026</u>	<u>356.215</u> , subd. <u>4g</u>	<u>356.215</u> , subd. <u>11</u>
<u>354A.105</u>	<u>356.215</u> , subd. <u>4d</u>	<u>356.215</u> , subd. <u>8</u>
<u>354A.12</u> , subd. <u>1a</u>	<u>356.215</u> , subd. <u>4d</u>	<u>356.215</u> , subd. <u>8</u>
<u>354A.31</u> , subd. <u>1a</u>	<u>356.371</u> , subd. <u>3</u>	<u>356.46</u> , subd. <u>3</u>
<u>354A.31</u> , subd. <u>3</u>	<u>356.58</u>	<u>356.47</u>
<u>354A.31</u> , subd. <u>4</u>	<u>356.119</u> , subd. <u>1</u>	<u>356.315</u> , subd. <u>1</u>
<u>354A.31</u> , subd. <u>4</u>	<u>356.119</u> , subd. <u>2</u>	<u>356.315</u> , subd. <u>2</u>
<u>354A.31</u> , subd. <u>4a</u>	<u>356.119</u> , subd. <u>1</u>	<u>356.315</u> , subd. <u>1</u>
<u>354A.31</u> , subd. <u>4a</u>	<u>356.119</u> , subd. <u>2</u>	<u>356.315</u> , subd. <u>2</u>
<u>354A.34</u>	<u>356.215</u> , subd. <u>4d</u>	<u>356.215</u> , subd. <u>8</u>
<u>422A.01</u> , subd. <u>6</u>	<u>356.215</u> , subd. <u>4d</u>	<u>356.215</u> , subd. <u>8</u>
<u>422A.06</u> , subd. <u>5</u>	<u>356.215</u> , subd. <u>4d</u>	<u>356.215</u> , subd. <u>8</u>
<u>422A.08</u> , subd. <u>5a</u>	<u>356.215</u> , subd. <u>4d</u>	<u>356.215</u> , subd. <u>8</u>

<u>422A.101, subd. 3</u>	<u>356.865</u>	<u>356.43</u>
<u>422A.15, subd. 2</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>422A.15, subd. 3</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>422A.16, subd. 2</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>422A.17</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>422A.23, subd. 12</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>423A.02, subd. 1</u>	<u>356.215, subd. 4, clause (4)</u>	<u>356.215, subd. 8</u>
<u>490.121, subd. 20</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>490.121, subd. 22</u>	<u>356.119, subd. 7</u>	<u>356.315, subd. 7</u>
<u>490.124, subd. 1</u>	<u>356.119, subd. 7</u>	<u>356.315, subd. 7</u>
<u>490.124, subd. 1</u>	<u>356.119, subd. 8</u>	<u>356.315, subd. 8</u>
<u>490.124, subd. 5</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>

Sec. 53. [REPEALER.]

Subdivision 1. [REPEALER OF OBSOLETE PROVISIONS.] Minnesota Statutes 2000, sections 356.325; 356.35; 356.36; 356.37; 356.38; 356.39; 356.45; 356.451; 356.452; 356.453; 356.454; and 356.455, are repealed.

Subd. 2. [REPEALER OF PROVISIONS REORGANIZED.] (a) Minnesota Statutes 2000, sections 356.19; 356.305; 356.306; 356.31; 356.371, subdivisions 2 and 3; 356.372; 356.615; 356.71; 356.80; 356.81; 356.86; 356.865; 356.88; and 356.89, are repealed.

(b) Minnesota Statutes 2001 Supplement, sections 356.371, subdivision 1; and 356.866, are repealed.

Subd. 3. [REPEALER TO RESOLVE REVISOR NOTE.] Laws 1997, chapter 233, article 1, section 58, is repealed.

Sec. 54. [EFFECTIVE DATE.]

(a) Sections 1 to 53 are effective July 1, 2002.

(b) Section 51 is the continuation of the public pension facility authority previously contained in Minnesota Statutes 2000, section 356.89, and may not be considered a grant of authority to build or bond for a second building.

ARTICLE 12

JOINT RETIREMENT PLAN
BUILDING LEASE AUTHORITY

Section 1. Minnesota Statutes 2000, section 356.89, subdivision 3, is amended to read:

Subd. 3. [CONTRACTING PROCEDURES.] (a) The commissioner may enter into a contract for facilities with a contractor to furnish the architectural, engineering, and related services as well as the labor, materials, supplies, equipment, and related construction services on the basis of a request for qualifications and competitive responses received through a request for proposals process that must include the items listed in paragraphs (b) to (i).

(b) Before issuing a request for qualifications and a request for proposals, the commissioner, with the assistance of the boards, shall prepare performance criteria and specifications that include:

- (1) a general floor plan or layout indicating the general dimensions of the public building and space requirements;
- (2) design criteria for the exterior and site area;
- (3) performance specifications for all building systems and components to ensure quality and cost efficiencies;

- (4) conceptual floor plans for systems space;
 - (5) preferred types of interior finishes, styles of windows, lighting and outlets, doors, and features such as built-in counters and telephone wiring;
 - (6) mechanical and electrical requirements;
 - (7) special interior features required; and
 - (8) a completion schedule.
- (c) The commissioner shall first solicit statements of qualifications from eligible contractors and select more than one qualified contractor based upon experience, technical competence, past performance, capability to perform, and other appropriate facts. Contractors selected under this process must be, employ, or have as a partner, member, coventurer, or subcontractor, persons licensed and registered under chapter 326 to provide the services required to design and complete the project. The commissioner does not have to select any of the respondents if none reasonably fulfill the criteria set forth in this paragraph.
- (d) The contractors selected shall be asked to respond to a request for proposals. Responses must include site plans, design concept, elevation, statement of material to be used, floor layouts, a detailed development budget, and a total cost to complete the project. The proposal must indicate that the contractor obtained at least two proposals from subcontractors for each item of work and must set forth how the subcontractors were selected. The commissioner, with the assistance of the boards, shall evaluate the proposals based upon design, cost, quality, aesthetics, and the best overall value to the state pension funds. The commissioner need not select any of the proposals submitted and reserves the right to reject any and all proposals, and may terminate the process or revise the request for proposals and solicit new proposals if the commissioner determines that the best interests of the pension funds would be better served by doing so. Proposals submitted are nonpublic data until the contract is awarded.
- (e) The contractor selected must comply with sections 574.26 to 574.261. Before executing a final contract, the contractor selected shall certify a firm construction price and completion date.
- (f) The commissioner may consider building sites in the city of St. Paul and surrounding suburbs.
- (g) Any land, building, or facility leased, constructed, or acquired and any leasehold interest acquired under this section must be held by the state in trust for the three retirement systems as tenants in common. Each retirement system fund must consider its interest as a fixed asset of its pension fund in accordance with governmental accounting standards.
- (h) The commissioner may lease to another governmental subdivision, or to a private company under contract with the state board of investment or with the board of directors of the Minnesota state retirement system, whichever applies, to provide deferred compensation services under section 352.96, any portion of the funds' building and lands that is not required for their direct use upon terms and conditions they deem to be in the best interest of the pension funds. Any income accruing from the rentals must be separately accounted for and utilized to offset ongoing administrative expenses and any excess must be carried forward for future administrative expenses. The commissioner may also enter into lease agreements for the establishment of satellite offices should the boards find them to be necessary in order to assure their members reasonable access to their services. The commissioner may lease under section 16B.24 any portion of the facilities not required for the direct use of the boards.
- (i) The boards shall formulate and adopt a written working agreement that sets forth the nature of each retirement system's ownership interest, the duties and obligations of each system toward the construction, operation, and maintenance costs of its facilities, and identifies one retirement fund to serve as manager for operating and maintenance purposes. The boards may contract with independent third parties for maintenance-related activities,

services, and supplies, and may use the services of the department of administration where economically feasible to do so. If the boards cannot agree or resolve a dispute about operations or maintenance of the facilities, they may request the commissioner of administration to appoint a representative from the department's real estate management division to serve as arbitrator of the dispute with authority to issue a written resolution of the dispute.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective July 1, 2002.

ARTICLE 13

VOLUNTEER FIREFIGHTER RELIEF ASSOCIATIONS SERVICE PENSION ELIGIBILITY

Section 1. Minnesota Statutes 2000, section 424A.02, subdivision 1, is amended to read:

Subdivision 1. [AUTHORIZATION.] (a) A relief association, when its articles of incorporation or bylaws so provide, may pay out of the assets of its special fund a service pension to each of its members who: (1) separates from active service with the fire department; (2) reaches age 50; (3) completes at least five years of active service as an active member of the municipal fire department to which the relief association is associated; (4) completes at least five years of active membership with the relief association before separation from active service; and (5) complies with any additional conditions as to age, service, and membership that are prescribed by the bylaws of the relief association. A service pension computed under this section may be prorated monthly for fractional years of service, if the bylaws or articles of incorporation of the relief association so provide. The service pension may be paid whether or not the municipality or nonprofit firefighting corporation to which the relief association is associated qualifies for fire state aid under chapter 69.

(b) In the case of a member who has completed at least five years of active service as an active member of the fire department to which the relief association is associated on the date that the relief association is established and incorporated, the requirement that the member complete at least five years of active membership with the relief association before separation from active service may be waived by the board of trustees of the relief association if the member completes at least five years of inactive membership with the relief association before the payment of the service pension. During the period of inactive membership, the member is not entitled to receive disability benefit coverage, is not entitled to receive additional service credit towards computation of a service pension, and is considered to have the status of a person entitled to a deferred service pension under subdivision 7.

(c) No municipality or nonprofit firefighting corporation may delegate the power to take final action in setting a service pension or ancillary benefit amount or level to the board of trustees of the relief association or to approve in advance a service pension or ancillary benefit amount or level equal to the maximum amount or level that this chapter would allow rather than a specific dollar amount or level.

(d) No relief association as defined in section 424A.001, subdivision 4, may pay a service pension or disability benefit to a former member of the relief association if that person has not separated from active service with the fire department to which the relief association is directly associated, unless:

(1) the person is employed subsequent to retirement by the municipality or the independent nonprofit firefighting corporation, whichever applies, to perform duties within the municipal fire department or corporation on a full-time basis;

(2) the governing body of the municipality or of the corporation has filed its determination with the board of trustees of the relief association that the person's experience with and service to the fire department in that person's full-time capacity would be difficult to replace; and

(3) the bylaws of the relief association were amended to provide for the payment of a service pension or disability benefit for such full-time employees.

ARTICLE 14

ADDITIONAL PROVISIONS

Section 1. Laws 1997, chapter 202, article 2, section 61, as amended by Laws 1999, chapter 250, article 1, section 106, and Laws 2001, First Special Session chapter 10, article 2, section 85, is amended to read:

Sec. 61. [VOLUNTARY UNPAID LEAVE OF ABSENCE.]

Appointing authorities in state government may allow each employee to take an unpaid leave of absence for up to 320 hours during the period ending June 30, 2003, and an additional 160 hours during the period beginning July 1, 2003, and ending June 30, 2005. Each appointing authority approving such a leave shall allow the employee to continue accruing vacation and sick leave, be eligible for paid holidays and insurance benefits, accrue seniority, and accrue service credit in state retirement plans permitting service credits for authorized leaves of absence as if the employee had actually been employed during the time of the leave. If the leave of absence is for one full pay period or longer, any holiday pay shall be included in the first payroll warrant after return from the leave of absence. The appointing authority shall attempt to grant requests for unpaid leaves of absence consistent with the need to continue efficient operation of the agency. However, each appointing authority shall retain discretion to grant or refuse to grant requests for leaves of absence and to schedule and cancel leaves, subject to applicable provisions of collective bargaining agreements and compensation plans.

Sec. 2. [CLARIFICATION OF APPROPRIATION.]

Subdivision 1. [PURPOSE.] This section clarifies treatment extended to an individual specified in Laws 2001, chapter 169, section 5, and is intended to eliminate any potential windfall to the public employees retirement association police and fire plan fund and the public employees retirement association general employees plan fund that may result from that session law.

Subd. 2. [ELIGIBILITY.] The eligible individual is an individual specified in Laws 2001, chapter 169, section 5, who was an assistant commissioner in the department of public safety from April 30, 1994, through May 31, 1998, while on an intergovernmental mobility assignment or assignments to the state from the city of St. Paul police department.

Subd. 3. [SALARY INCREMENT.] The salary increment in any applicable year or portion of a year is the difference between the salary the eligible individual in subdivision 2 received as assistant commissioner and the salary upon which pension contributions were made for that year or portion of a year.

Subd. 4. [BENEFIT COMPUTATIONS.] The retirement benefits, or disability benefits, if applicable, under the public employees retirement association police and fire plan and the public employees retirement association general plan are to be computed based on plan law applicable to the eligible individual under subdivision 2 given the eligible individual's termination of service date or dates, or the disability benefit accrual date or dates as applicable, except for inclusion of salary increments under subdivision 3 for purposes of determining average salary under sections 353.29, subdivision 2, and 353.651, subdivision 2.

Subd. 5. [ANNUITY RESERVE COMPARISONS.] The executive director of the public employees retirement association is to determine the increased actuarial reserves, if any, needed to support the annuities from the two applicable public employees retirement association retirement funds on the effective date of retirement or disability from the applicable plans due to this section.

Subd. 6. [COMPARISON TO APPROPRIATION AMOUNTS.] The total amount determined under subdivision 5, if zero or positive, is to be subtracted from the total value of any appropriation received by the public employees retirement association under Laws 2001, chapter 169, section 5, on the date computations under subdivision 5 occur assuming 8.5 percent interest compounded annually from the date the appropriation is received until the computation date under subdivision 5.

Subd. 7. [DISPOSITION OF EXCESS.] The amount determined under subdivision 6, net of the value of any foregone employer contributions, including 8.5 percent interest compounded annually relating to the salary increments under subdivision 3, if any, is to be redeposited within 30 days following the date of that determination in the state's general fund.

Subd. 8. [INTERNAL ALLOCATIONS.] Notwithstanding any law to the contrary, the executive director is authorized to place amounts received, if any, due to Laws 2001, chapter 169, section 5, in the public employees retirement association general plan fund or the public employees retirement association police and fire plan fund, or to allocate amounts between these funds as deemed appropriate. Following the determinations required by this section, the executive director may again reallocate amounts between the two funds to reflect a reasonable allocation of the remaining net appropriation amount.

Subd. 9. [CONTRIBUTION RATIFICATION.] Contributions and interest paid to the association relating to the salary increments referred to in subdivision 3 are authorized for deposit in the public employees retirement association police and fire plan fund and are ratified.

Sec. 3. [PUBLIC EMPLOYEES POLICE AND FIRE PLAN; RECISION OF ANNUITY APPLICATION IN FAVOR OF DISABILITY BENEFIT APPLICATION.]

(a) Notwithstanding Minnesota Statutes, section 353.29, subdivision 7, or any other law to the contrary, an eligible person described in paragraph (b) may revoke an application for a retirement annuity from the public employees police and fire plan and may file an application for a disability benefit from the public employees police and fire plan, effective the first day of the month following the approval of the disability application under Minnesota Statutes, section 353.33, subdivisions 2 and 4.

(b) An eligible person is a person who:

(1) was born on August 6, 1949;

(2) was employed for 27 years with the city of West St. Paul fire department;

(3) terminated employment with the city of West St. Paul on January 31, 2001;

(4) filed six "first report of injury" documents for back injuries with the city of West St. Paul between June 1984 and December 2000;

(5) requested recision of his public employees police and fire plan retirement annuity on February 16, 2001, and tendered a personal check repaying the initial annuity amount; and

(6) unsuccessfully appealed to the public employees retirement association board of trustees on May 10, 2001, for authority to rescind a retirement annuity application and to apply for a disability benefit.

Sec. 4. [MSRS-GENERAL; ACCELERATED OPTIONAL ANNUITY FORM.]

(a) An eligible person described in paragraph (b) is entitled to elect from the general state employees retirement plan of the Minnesota state retirement system the actuarial equivalent accelerated optional annuity form specified in paragraph (c).

(b) An eligible person is a person who:

(1) was born on October 13, 1943;

(2) was employed as a teacher by the Benson public schools from August 1967 to June 1969;

(3) was employed as a teacher by the Richfield public schools from January 1, 1971, to June 1973; and

(4) was initially employed by the office of the legislative auditor on October 14, 1985, and remains an employee of the office of the legislative auditor.

(c) The board of directors of the Minnesota state retirement system shall establish an accelerated optional retirement annuity for the eligible person. The accelerated optional retirement annuity form must replicate to the extent practicable the accelerated optional retirement annuity form that would apply to the eligible person by the teachers retirement association. The optional annuity form must be the actuarial equivalent of the eligible person's single life annuity. The accelerated optional retirement annuity form must be established prior to October 1, 2002. The cost of the actuarial calculations of the consulting actuary retained by the legislative commission on pensions and retirement is payable by the general state employees retirement plan and the plan must be reimbursed by the eligible person for those costs upon notification by the executive director of the Minnesota state retirement system.

Sec. 5. [PRIOR OUT-OF-STATE TEACHING SERVICE CREDIT PURCHASE BY PUBLIC EMPLOYEES RETIREMENT ASSOCIATION MEMBER.]

Subdivision 1. [ELIGIBILITY.] An eligible member is a current active member of the public employees retirement association general plan who became a member of that plan on August 1, 1973, and who was born on December 16, 1944. An eligible member may purchase allowable service credit in the public employees retirement association general plan as specified in this section.

Subd. 2. [SERVICE CREDIT PURCHASE AUTHORIZED.] (a) An eligible member specified in subdivision 1 is eligible to purchase up to four years of allowable service credit from the general employees retirement plan of the public employees retirement association for out-of-state teaching service by making payment under Minnesota Statutes, section 356.55 or 356.551, whichever is applicable, provided that the out-of-state teaching service was performed for an educational institution that was established and operated by another governmental jurisdiction and that the eligible member is not entitled to receive a current or deferred age and service retirement annuity or disability benefit and has not purchased service credit from another defined benefit public employee pension plan for that out-of-state teaching service.

(b) For purposes of paragraph (a), "another governmental jurisdiction" means another state of the United States or a governmental subdivision of another state of the United States.

Subd. 3. [APPLICATION AND DOCUMENTATION.] An eligible member under subdivision 1 who desires to purchase service credit under this section must apply with the executive director of the public employees retirement association to make the purchase. The application must include all necessary documentation of the eligible member's qualifications to make the purchase, signed written permission to allow the executive director to request and receive necessary verification of applicable facts and eligibility requirements, and any other relevant information that the executive director may require. Payment must be made before the eligible member's effective date of retirement or before January 1, 2003, whichever is earlier.

Subd. 4. [SERVICE CREDIT GRANT.] Allowable service credit for the purchase period must be granted by the public employees retirement association to the purchasing eligible member on receipt of the required purchase payment amount.

Sec. 6. [LUMP SUM PRE-1973 RETIREE POSTRETIREMENT ADJUSTMENT IN CERTAIN INSTANCES.]

(a) Notwithstanding any provision of Minnesota Statutes 2001 Supplement, section 356.866, or Minnesota Statutes, section 356.431, to the contrary, an eligible person described in paragraph (b) may elect to receive the pre-1973 postretirement adjustment in a lump sum payment rather than as an annuity increase. The election must be made before September 1, 2002, and is irrevocable by the annuitant or benefit recipient. For the December 2002 lump sum payment, the amount must be the total of the monthly amounts remaining unpaid to the annuitant or the benefit recipient after the election.

(b) An eligible person is a person who:

(1) was born on December 5, 1908;

(2) is the survivor of a deceased annuitant of the general employees retirement plan of the public employees retirement association who was born on March 22, 1904, who retired on May 1, 1969, and who died on April 9, 1980; and

(3) waived an annuity from the general employees retirement plan of the public employees retirement association in favor of a surviving spouse benefit on May 1, 1980.

Sec. 7. [PERA AND MSRS; SERVICE CREDIT PURCHASE.]

Subdivision 1. [ELIGIBILITY.] An eligible person is a person who:

(1) served as a legislator representing Hubbard county during the 1961-1963 legislative session;

(2) was employed by the department of natural resources or its predecessor at Itasca state park from 1964 to 1980; and

(3) retired from the general state employees retirement plan of the Minnesota state retirement system on July 1, 1980, with ten years, six months, and nine days of service credit.

Subd. 2. [PERA SERVICE CREDIT PURCHASE.] Upon the receipt of an amount equal to the member contribution that the eligible person would have otherwise made in 1961 and 1962, plus annual compound interest on the total equivalent member contribution amount at the rate of 8.5 percent from January 1, 1962, to the date of payment, an eligible person is entitled to receive two years of service credit from the general employees retirement plan of the public employees retirement association for prior uncredited service as a member of the legislature.

Subd. 3. [MSRS SERVICE CREDIT PURCHASE.] Upon the receipt of an amount equal to the balance of the employee contribution that the eligible person would have otherwise made during the period 1964 to 1980 if the eligible person was employed on a full-time basis, plus annual compound interest on the total equivalent employee contribution amount at the rate of 8.5 percent from January 1, 1972, to the date of payment, an eligible person is entitled to receive 5.48 years of service credit from the general state employees retirement plan of the Minnesota state retirement system for uncredited periods from 1964 to 1980 between seasonal Itasca state park employment.

Subd. 4. [COMBINED SERVICE ANNUITY APPLICATION.] Notwithstanding the time that has elapsed since initial retirement, an eligible person may apply for a retirement annuity from the general employees retirement plan of the public employees retirement association and may apply for a recomputed retirement annuity from the general state employees retirement plan of the Minnesota state retirement system under Minnesota Statutes, section 356.30.

Subd. 5. [PAYMENT.] (a) The house of representatives shall pay the executive director of the public employees retirement association an amount equal to the required reserves needed to support the retirement annuity of an eligible person under subdivisions 2 and 4, reduced by the amount of the equivalent member contribution, plus required interest, under subdivision 2. Payment must be made within ten days of notification by the executive director that the equivalent member contribution amount, plus required interest, has been received and of the amount due. The payment and the equivalent member contribution amount, plus interest, must be deposited in the public employees retirement fund and transferred to the Minnesota postretirement investment fund.

(b) The department of natural resources shall pay the executive director of the Minnesota state retirement system an amount equal to the required reserves needed to support the retirement annuity of an eligible person under subdivisions 3 and 4, reduced by the amount of the equivalent employee contribution, plus required interest, under subdivision 3. Payment must be made within ten days of notification by the executive director that the equivalent

employee contribution amount, plus required interest, has been received and of the amount due. The payment and the equivalent member contribution amount, plus interest, must be deposited in the state employees retirement fund and transferred to the Minnesota postretirement investment fund.

Subd. 6. [RETIREMENT ANNUITY ACCRUAL.] The retirement annuities payable under this section accrue on the first day of the month next following final enactment.

Sec. 8. [PRIOR SERVICE CREDIT PURCHASE REFUND.]

(a) An eligible person may receive a refund of any prior military service credit purchase payment amount paid prior to the applicable effective date of the federal Economic Growth and Tax Reconciliation Act of 2001 if the eligible person transfers pretax funds to the teachers retirement association under Minnesota Statutes, section 356.55 or 356.551, whichever applies, sufficient to purchase the identical period of prior military service credit.

(b) An eligible person is a person who:

(1) was born on February 6, 1947;

(2) served in the United States armed forces from March 19, 1969, to October 22, 1970;

(3) had credit for 27 years of service from the teachers retirement association as of June 30, 2000; and

(4) purchased 1.58 years of prior military service credit from the teachers retirement association with the payment of \$23,958.18 on or before April 30, 2001.

(c) This section is contingent on the teachers retirement association applying for and receiving a favorable ruling from the federal Internal Revenue Service regarding the payment of this refund.

Sec. 9. [PERA-P&F; EXCEPTION TO DISABILITY APPLICATION DEADLINE.]

(a) Notwithstanding any provision of Minnesota Statutes, section 353.33, subdivision 2, to the contrary, an eligible person described in paragraph (b) is entitled to file a disability benefit application with the general employees retirement plan of the public employees retirement association or with the public employees police and fire retirement plan and, if otherwise qualified, to receive a disability benefit from one or both of those retirement plans.

(b) An eligible person is a person who:

(1) was born on February 8, 1970;

(2) was an employee of the city of Bagley from May 1, 1991, to May 31, 1992, and was covered by the coordinated program of the general employees retirement plan of the public employees retirement system;

(3) was employed as a police officer by the police department of the city of Blooming Prairie from January 9, 1995, to May 31, 1997, and was covered by the public employees police and fire retirement plan;

(4) was struck by a motor vehicle while assisting with traffic management at an accident site on interstate highway 35 in January 1997 resulting in various broken bones and other injuries, necessitating at least eight surgeries;

(5) was placed on medical leave by the city of Blooming Prairie on September 1, 1997, until January 1, 1998, upon termination of employment; and

(6) failed to timely apply for disability benefits due to the injuries which were diagnosed to have caused significant depression and posttraumatic stress disorder.

(c) This section expires one year after the date of final enactment.

Sec. 10. [EFFECTIVE DATE.]

Sections 1 to 9 are effective on the day following final enactment.

ARTICLE 15

COORDINATED PROGRAM OF LEGISLATORS RETIREMENT PLAN; SOCIAL SECURITY REFERENDUM

Section 1. [3A.15] [COORDINATED PROGRAM OF LEGISLATORS RETIREMENT PLAN.]

The coordinated program of the legislators retirement plan is created. The provisions of sections 3A.01 to 3A.13 apply to the coordinated program.

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

Sec. 2. [355.629] [SECOND SOCIAL SECURITY REFERENDUM.]

Subdivision 1. [ELECTION OF SOCIAL SECURITY COVERAGE.] Any member of the legislators retirement plan established under chapter 3A who did not elect coverage under an agreement under section 218(d) of the Social Security Act as provided for in section 355.624 is entitled to elect future social security coverage and retroactive coverage for the period consistent with applicable federal law, in a second social security referendum. Any member who so elects shall become a member of the coordinated program of the legislators retirement plan under section 3A.15. The governor shall set a date for the referendum and shall undertake any duties to amend the state's Social Security Act, section 218 agreement, with the secretary of health and human services.

Subd. 2. [PAYMENT OF RETROACTIVE SOCIAL SECURITY TAXES.] For any service by a legislator who is in office on the date of the agreement or modification of the agreement with the secretary of health and human services, the executive director of the Minnesota state retirement system shall cause to be paid an amount for each legislator, including an amount for retroactive coverage, equal to the taxes which would have been imposed on the legislator and state of Minnesota by the Federal Insurance Contributions Act had the service been covered at the time performed. This payment shall be computed from the date of retroactive coverage to the date that deductions are first taken from the wages of each legislator for social security coverage. Before making a payment on behalf of a legislator, the executive director must receive from the legislator the funds necessary to make the payment. Nothing in this section shall require a legislator to elect retroactive social security coverage.

Subd. 3. [DEDUCTION FROM WAGES.] A legislator who elects social security coverage under this section shall have a deduction taken from wages in an amount equal to the employer and employee contributions required by either subdivision 1 or subdivision 2.

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

ARTICLE 16

MINNEAPOLIS POLICE OPTIONAL ANNUITIES

Section 1. Minnesota Statutes 2000, section 423B.09, subdivision 6, is amended to read:

Subd. 6. [OPTIONAL ANNUITIES.] A member who is retired or disabled on the effective date of Laws 1997, chapter 233, article 4, section 6, may elect an optional retirement annuity within 60 days of the effective date of Laws 1997, chapter 233, article 4, section 6, instead of the normal retirement annuity. A member who retires or becomes disabled after the effective date of Laws 1997, chapter 233, article 4, section 6, may elect an optional retirement annuity prior to the receipt of any benefits. The optional retirement annuity may be a 50 percent, a 75 percent, or a 100 percent joint and survivor annuity without reinstatement in the event of the designated beneficiary

predeceasing the member or a 50 percent, a 75 percent, or a 100 percent joint and survivor annuity with reinstatement in the event of the designated beneficiary predeceasing the member. Optional retirement annuity forms must be actuarially equivalent to the service pension and automatic survivor coverage otherwise payable to the retiring member and the member's beneficiaries. A member may only designate the member's spouse as the recipient of a joint and survivor annuity and no benefit or annuity may be paid to a person who does not meet the definition of a surviving spouse member under section 423B.01, subdivision 17. Once selected, the optional annuity is irrevocable.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment and applies to all joint annuity options selected by members of the Minneapolis police relief association."

Delete the title and insert:

"A bill for an act relating to retirement; various retirement plans; clarifying the laws applicable to the remaining local police and paid firefighter pension plans; repealing obsolete local police and paid firefighter pension plan laws; providing public employee pension coverage for certain foreign citizens; clarifying membership eligibility and allowable service credit for the public employees retirement association; requiring membership for charter school teachers in the teachers retirement association; providing for the payment of unpaid closed charter school retirement contributions from charter school lease aid; eliminating contribution rate increases in the local government correctional service retirement plan; establishing provisions relating to employees of the Kanabec hospital if the hospital is privatized; extending the expiration date for certain prior service credit purchase authorizations; recodifying social security coverage provisions; implementing recommended changes in salary actuarial assumptions; clarifying the restrictions on supplemental and local pension plans for plans funded from accumulated sick and vacation leave; reorganizing and revising various general retirement provisions; instructing the revisor of statutes; authorizing the commissioner of administration to lease pension fund facilities to deferred compensation service providers; authorizing certain volunteer firefighters to receive service pensions or disability benefits without terminating active service; amending Minnesota Statutes 2000, sections 69.77; 69.80; 353.01, by adding a subdivision; 353.64, subdivision 7a; 353A.08, subdivision 6a; 353E.02, subdivision 1, by adding a subdivision; 353E.03; 353F.02, subdivision 4; 354A.011, subdivision 27; 354A.12, subdivision 3d; 355.01, subdivisions 1, 3, 6, 8, by adding subdivisions; 355.02; 355.03; 355.05; 355.07; 355.08; 356.001; 356.20, subdivisions 1, 2, 3, 4, 4a; 356.215, as amended; 356.216; 356.217; 356.219; 356.22; 356.23; 356.24, subdivisions 1b, 1c, 2; 356.245; 356.25; 356.30; 356.302; 356.303; 356.32; 356.40; 356.41; 356.50; 356.55, as amended; 356.551; 356.611; 356.65, subdivision 2; 356.87; 356.89, subdivision 3; 423A.17; 423A.171; 423B.09, subdivision 6; 424A.02, subdivision 1; 424A.09; Minnesota Statutes 2001 Supplement, sections 352.01, subdivision 11; 353.01, subdivisions 2a, 2b, 11b, 16; 353.27, subdivisions 4, 11; 354.05, subdivisions 2, 13; 356.24, subdivision 1; 356.555; 356.62; 356.65, subdivision 1; Laws 1997, chapter 202, article 2, section 61, as amended; Laws 1999, chapter 222, article 16, section 16; Laws 2000, chapter 461, article 10, section 3, as amended; Laws 2000, chapter 461, article 12, section 20; Laws 2001, First Special Session chapter 10, article 6, section 21; proposing coding for new law in Minnesota Statutes, chapters 3A; 355; 356; proposing coding for new law as Minnesota Statutes, chapter 356B; repealing Minnesota Statutes 2000, sections 69.25; 69.26; 69.27; 69.28; 69.29; 69.30; 69.32; 69.361; 69.37; 69.38; 69.39; 69.40; 69.41; 69.42; 69.43; 69.44; 69.45; 69.46; 69.47; 69.48; 69.49; 69.50; 69.51; 69.52; 69.53; 69.62; 69.78; 297I.10, subdivision 2; 355.01, subdivisions 2, 4, 5, 9, 10; 355.11; 355.12; 355.13; 355.14; 355.15; 355.16; 355.17; 355.201; 355.202; 355.203; 355.204; 355.205; 355.206; 355.207; 355.208; 355.209; 355.21; 355.22; 355.23; 355.24; 355.25; 355.26; 355.27; 355.28; 355.281; 355.282; 355.283; 355.284; 355.285; 355.286; 355.287; 355.288; 355.29; 355.291; 355.292; 355.293; 355.294; 355.295; 355.296; 355.297; 355.298; 355.299; 355.30; 355.311; 355.391; 355.392; 355.393; 355.41; 355.42; 355.43; 355.44; 355.45; 355.46; 355.48; 355.49; 355.50; 355.51; 355.52; 355.54; 355.55; 355.56; 355.57; 355.58; 355.59; 355.60; 355.61; 355.621; 355.622; 355.623; 355.624; 355.625; 355.626; 355.627; 355.628; 355.71; 355.72; 355.73; 355.74; 355.75; 355.76; 355.77; 355.78; 355.79; 355.80; 355.81; 355.90; 356.19; 356.305; 356.306; 356.31; 356.325; 356.35; 356.36; 356.37; 356.371, subdivisions 2, 3; 356.372; 356.38; 356.39; 356.45; 356.451; 356.452; 356.453; 356.454; 356.455; 356.615; 356.71; 356.80; 356.81; 356.86; 356.865; 356.88; 356.89; 423.37; 423.371; 423.372; 423.373; 423.374; 423.375; 423.377; 423.378; 423.379; 423.38; 423.381; 423.382; 423.383; 423.384; 423.385; 423.386; 423.387; 423.388; 423.389; 423.39; 423.391; 423.392; 423.801;

423.802; 423.803; 423.804; 423.805; 423.806; 423.808; 423.809; 423.810; 423.812; 423.813; 423.814; 423.90; 423A.03; 424.01; 424.02; 424.03; 424.04; 424.05; 424.06; 424.08; 424.14; 424.15; 424.16; 424.165; 424.17; 424.18; 424.19; 424.20; 424.21; 424.22; 424.23; 424.24; 424.25; 424.27; 424.28; 424.29; Minnesota Statutes 2001 Supplement, sections 353.01, subdivision 39; 356.371, subdivision 1; 356.866; Special Laws 1889, chapter 425; Special Laws 1891, chapter 11; Laws 1897, chapters 389; 390; Laws 1915, chapter 68; Laws 1917, chapter 196; Laws 1919, chapters 68, 515; Laws 1921, chapter 118; Laws 1923, chapter 54; Laws 1925, chapter 197; Laws 1931, chapter 48; Laws 1933, chapter 122; Laws 1935, chapters 92; 192; 208; 259; Laws 1937, chapters 132; 197; 253; Laws 1939, chapters 124; 304; Laws 1941, chapters 74; 182; 196; Laws 1943, chapters 170; 267; 397; 413; 432; Laws 1945, chapters 74; 182; 277; 300; Laws 1947, chapters 40; 43; 101; 274; 329; Laws 1949, chapters 87; 144; 153; 154; 164; 191; 235; 281; 378; Laws 1951, chapters 43; 45; 48; 144; 233; 243; 420; 435; 499; Laws 1953, chapters 37; 44; 91; 235; 253; 348; 391; 401; 406; Laws 1955, chapters 42; 49; 75; 151; 187; 188; 293; 294; 348; 375; 827; Laws 1957, chapters 10; 16; 36; 127; 144; 164; 256; 257; 455; 630; 793; Laws 1959, chapters 108; 131; 191; 207; 208; 211; 437; Laws 1961, chapters 186; 290; 295; 300; 343; 376; 399; 434; 435, section 2; 443; 620; 631; 747; Extra Session Laws 1961, chapters 28; 80; Laws 1963, chapters 36; 208; 221; 271; 443; 453; 454; 464; 619; 636; 643; 670; 715; Laws 1965, chapters 174; 179; 190; 418; 457; 458; 465; 498; 536; 540; 594; 604; 605; 636; 790; Laws 1967, chapters 644; 678; 702; 708; 730; 732; 736; 751; 775; 783; 798; 807; 816; 848; Laws 1969, chapters 138; 442; 443; 552; 576; 594; 614; 641; 668; 669; 670; 671; 672; 686; 694; 716; 849; 1087; Laws 1971, chapters 51; 178; 407; 549; 614; 807; 809; 810; Extra Session Laws 1971, chapter 41; Laws 1973, chapters 286; 287; 346; 359; 432; 433; 587; Laws 1974, chapters 251; 382; Laws 1975, chapters 120; 121; 127; 254, sections 1, 2, 3, 4, 5, 6; 368, section 54; 389; 408; 423; 424; 425; Laws 1976, chapters 36; 78; 85; 99; 247; Laws 1977, chapters 83; 164, sections 1, 3; 169; 270; 275; 374, sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60; 429, section 62; Laws 1978, chapters 563, sections 12, 13, 14, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30; 579; 648; 690, sections 9, 10; 793, section 96; Laws 1979, chapters 131, section 3; 216, sections 27, 28, 29, 30, 31, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44; Laws 1980, chapters 341, sections 2, 3, 4, 5, 6, 9, 10; 600, sections 11, 12, 13, 14, 15, 16, 17, 18, 22; 607, article XV, section 23; Laws 1981, chapter 68, sections 31, 32, 33, 34, 35, 36, 37, 41, 42, 43; Laws 1981, chapter 224, sections 236, 237, 239, 240, 243, 244, 247, 248, 252, 253, 258, 259, 260, 261, 263, 264, 265, 266, 267, 268, 270, 272, 273; Laws 1981, chapter 297, sections 1, 2; Laws 1982, chapters 402; 443; 574, sections 3, 4, 5, 6, 8; 578, article II, section 1, subdivision 8, article III, section 18; 610, sections 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20; Laws 1983, chapters 47; 74; 84, section 1; 291, sections 8, 9, 10, 11, 12, 13, 14, 15, 16, 17; Laws 1984, chapter 574, sections 18, 19, 20, 22, 23, 24, 25, 26, 33; Laws 1985, chapters 259, sections 5, 6; 261, sections 14, 15, 16, 18, 20, 32, 33, 34, 35, 36; Laws 1985, First Special Session chapter 16, article 2, section 6; Laws 1986, chapters 359, sections 22, 23, 24, 25; 458, sections 23, 34; Laws 1987, chapter 372, article 2, sections 7, 8, 9, 10, 12; Laws 1988, chapter 709, articles 8, section 5; 9, section 5; Laws 1989, chapter 319, article 11, sections 2, 3, 4, 12; Laws 1990, chapter 589, article 1, section 7; Laws 1991, chapters 96; 269, article 2, sections 12, 13; Laws 1992, chapters 392, section 1; 393, section 1; 422; 431, section 1; 448; 455; 563, sections 3, 4, 5; 586, section 1; Laws 1993, chapters 72; 110; 112, section 2; 126; 202, article 1; Laws 1994, chapters 409; 410; 474; 490; 541, section 3; Laws 1995, chapter 262, article 10, section 4; Laws 1996, chapter 448, article 2, section 1; Laws 1997, chapter 233, article 1, section 58; Laws 1997, chapter 241, article 2, sections 2, 3, 4, 5, 6, 9, 10, 11, 13, 14, 15, 20; Laws 1999, chapter 222, article 3, section 6; Laws 2000, chapter 461, article 10, section 2."

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

House Conferees: HARRY MARES, STEVE SMITH AND MARY MURPHY.

Senate Conferees: DEAN E. JOHNSON AND ROY W. TERWILLIGER.

Mares moved that the report of the Conference Committee on H. F. No. 3127 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 3127, A bill for an act relating to retirement; various retirement plans; clarifying the laws applicable to the remaining local police and paid firefighter pension plans; repealing obsolete local police and paid firefighter pension plan laws; authorizing service credit purchase for certain strike periods; providing public employee pension coverage for certain foreign citizens; clarifying membership eligibility and allowable service credit for the public employees retirement association; requiring membership for charter school teachers in the teachers retirement association; providing for the payment of unpaid closed charter school retirement contributions from charter school lease aid; eliminating contribution rate increases in the local government correctional service retirement plan; establishing provisions relating to employees of the Kanabec hospital if the hospital is privatized; extending the expiration date for certain prior service credit purchase authorizations; recodifying social security coverage provisions; implementing recommended changes in salary actuarial assumptions; clarifying the restrictions on supplemental and local pension plans for plans funded from accumulated sick and vacation leave; reorganizing the revising various general retirement provisions; instructing the revisor of statutes; authorizing the commissioner of administration to lease pension fund facilities to deferred compensation service providers; authorizing certain volunteer firefighters to receive service pensions or disability benefits without terminating active service; creating the coordinated program of the legislators retirement plan; providing a second social security referendum for legislators; modifying Minneapolis police optional annuity provision; modifying voluntary unpaid leave of absence provision for state employees; providing for an extension of the rule of 90 benefit tier for the teachers retirement association and the Duluth teachers retirement fund association; changing the effective date for certain modifications to the judges retirement plan; amending Minnesota Statutes 2000, sections 69.77; 69.80; 353.01, by adding a subdivision; 353.64, subdivision 7a; 353A.08, subdivision 6a; 353E.02, subdivision 1, by adding a subdivision; 353E.03; 353F.02, subdivision 4; 354.05, subdivision 38; 354.44, subdivision 6; 354A.011, subdivisions 15A, 27; 354A.31, subdivisions 4a, 5, 6, 7; 355.01, subdivisions 1, 3, 6, 8, by adding subdivisions; 355.02; 355.03; 355.05; 355.07; 355.08; 356.001; 356.20, subdivisions 1, 2, 3, 4, 4a; 356.215, as amended; 356.216; 356.217; 356.219; 356.22; 356.23; 356.24, subdivisions 1b, 1c, 2; 356.245; 356.25; 356.30; 356.302; 356.303; 356.32; 356.40; 356.41; 356.50; 356.55, as amended; 356.551; 356.611; 356.65, subdivision 2; 356.87; 356.89, subdivision 3; 423A.17; 423A.171; 423B.09, subdivision 6; 424A.02, subdivision 1; 424A.09; Minnesota Statutes 2001 Supplement, sections 352.01, subdivision 11; 353.01, subdivisions 2a, 2b, 11b, 16; 353.27, subdivisions 4, 11; 354.05, subdivisions 2, 13; 356.24, subdivision 1; 356.555; 356.62; 356.65, subdivision 1; Laws 1997, chapter 202, article 2, section 61, as amended; Laws 1999, chapter 222, article 16, section 16; Laws 2000, chapter 461, article 10, section 3, as amended; Laws 2000, chapter 461, article 12, section 20; Laws 2000, chapter 461, article 18, section 10; Laws 2001, First Special Session chapter 10, article 6, section 21; proposing coding for new law in Minnesota Statutes, chapters 3A; 355; 356; proposing coding for new law as Minnesota Statutes, chapter 356B; repealing Minnesota Statutes 2000, sections 69.25; 69.26; 69.27; 69.28; 69.29; 69.30; 69.32; 69.361; 69.37; 69.38; 69.39; 69.40; 69.41; 69.42; 69.43; 69.44; 69.45; 69.46; 69.47; 69.48; 69.49; 69.50; 69.51; 69.52; 69.53; 69.62; 69.78; 297I.10, subdivision 2; 355.01, subdivisions 2, 4, 5, 9, 10; 355.11; 355.12; 355.13; 355.14; 355.15; 355.16; 355.17; 355.201; 355.202; 355.203; 355.204; 355.205; 355.206; 355.207; 355.208; 355.209; 355.21; 355.22; 355.23; 355.24; 355.25; 355.26; 355.27; 355.28; 355.281; 355.282; 355.283; 355.284; 355.285; 355.286; 355.287; 355.288; 355.29; 355.291; 355.292; 355.293; 355.294; 355.295; 355.296; 355.297; 355.298; 355.299; 355.30; 355.311; 355.391; 355.392; 355.393; 355.41; 355.42; 355.43; 355.44; 355.45; 355.46; 355.48; 355.49; 355.50; 355.51; 355.52; 355.54; 355.55; 355.56; 355.57; 355.58; 355.59; 355.60; 355.61; 355.621; 355.622; 355.623; 355.624; 355.625; 355.626; 355.627; 355.628; 355.71; 355.72; 355.73; 355.74; 355.75; 355.76; 355.77; 355.78; 355.79; 355.80; 355.81; 355.90; 356.19; 356.305; 356.306; 356.31; 356.325; 356.35; 356.36; 356.37; 356.371, subdivisions 2, 3; 356.372; 356.38; 356.39; 356.45; 356.451; 356.452; 356.453; 356.454; 356.455; 356.615; 356.71; 356.80; 356.81; 356.86; 356.865; 356.88; 356.89; 423.37; 423.371; 423.372; 423.373; 423.374; 423.375; 423.377; 423.378; 423.379; 423.38; 423.381; 423.382; 423.383; 423.384; 423.385; 423.386; 423.387; 423.388; 423.389; 423.39; 423.391; 423.392; 423.801; 423.802; 423.803; 423.804; 423.805; 423.806; 423.808; 423.809; 423.810; 423.812; 423.813; 423.814; 423.90; 423A.03; 424.01; 424.02; 424.03; 424.04; 424.05; 424.06; 424.08; 424.14; 424.15; 424.16; 424.165; 424.17; 424.18; 424.19; 424.20; 424.21; 424.22; 424.23; 424.24; 424.25; 424.27; 424.28; 424.29; Minnesota Statutes 2001 Supplement, sections 353.01, subdivision 39; 356.371, subdivision 1; 356.866; Special Session Laws 1889, chapter 425; Special Session Laws 1891, chapter 11; Laws 1897, chapters 389; 390; Laws 1915, chapter 68; Laws 1917, chapter 196; Laws 1919, chapters 68, 515; Laws 1921, chapter 118; Laws 1923, chapter 54; Laws 1925, chapter 197; Laws 1931, chapter 48; Laws 1933, chapter 122; Laws 1935, chapters 92; 192; 208; 259; Laws 1937, chapters 132; 197; 253; Laws 1939, chapters 124; 304; Laws 1941, chapters 74; 182; 196; Laws 1943, chapters 170; 267; 397; 413; 432; Laws 1945, chapters 74; 182; 277; 300; Laws 1947, chapters 40; 43; 101; 274; 329; Laws 1949, chapters 87; 144;

153; 154; 164; 191; 235; 281; 378; Laws 1951, chapters 43; 45; 48; 144; 233; 243; 420; 435; 499; Laws 1953, chapters 37; 44; 91; 235; 253; 348; 391; 401; 406; Laws 1955, chapters 42; 49; 75; 151; 187; 188; 293; 294; 348; 375; 827; Laws 1957, chapters 10; 16; 36; 127; 144; 164; 256; 257; 455; 630; 793; Laws 1959, chapters 108; 131; 191; 207; 208; 211; 437; Laws 1961, chapters 186; 290; 295; 300; 343; 376; 399; 434; 435, section 2; 443; 620; 631; 747; Extra Session Laws 1961, chapters 28; 80; Laws 1963, chapters 36; 208; 221; 271; 443; 453; 454; 464; 619; 636; 643; 670; 715; Laws 1965, chapters 174; 179; 190; 418; 457; 458; 465; 498; 536; 540; 594; 604; 605; 636; 790; Laws 1967, chapters 644; 678; 702; 708; 730; 732; 736; 751; 775; 783; 798; 807; 816; 848; Laws 1969, chapters 138; 442; 443; 552; 576; 594; 614; 641; 668; 669; 670; 671; 672; 686; 694; 716; 849; 1087; Laws 1971, chapters 51; 178; 407; 549; 614; 807; 809; 810; Extra Session Laws 1971, chapter 41; Laws 1973, chapters 286; 287; 346; 359; 432; 433; 587; Laws 1974, chapters 251; 382; Laws 1975, chapters 120; 121; 127; 254, sections 1, 2, 3, 4, 5, 6; 368, section 54; 389; 408; 423; 424; 425; Laws 1976, chapters 36; 78; 85; 99; 247; Laws 1977, chapters 83; 164, sections 1, 3; 169; 270; 275; 374, sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60; 429, section 62; Laws 1978, chapters 563, sections 12, 13, 14, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30; 579; 648; 690, sections 9, 10; 793, section 96; Laws 1979, chapters 131, section 3; 216, sections 27, 28, 29, 30, 31, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44; Laws 1980, chapters 341, sections 2, 3, 4, 5, 6, 9, 10; 600, sections 11, 12, 13, 14, 15, 16, 17, 18, 22; 607, article XV, section 23; Laws 1981, chapter 68, sections 31, 32, 33, 34, 35, 36, 37, 41, 42, 43; Laws 1981, chapter 224, sections 236, 237, 239, 240, 243, 244, 247, 248, 252, 253, 258, 259, 260, 261, 263, 264, 265, 266, 267, 268, 270, 272, 273; Laws 1981, chapter 297, sections 1, 2; Laws 1982, chapters 402; 443; 574, sections 3, 4, 5, 6, 8; 578, article II, section 1, subdivision 8, article III, section 18; 610, sections 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20; Laws 1983, chapters 47; 74; 84, section 1; 291, sections 8, 9, 10, 11, 12, 13, 14, 15, 16, 17; Laws 1984, chapter 574, sections 18, 19, 20, 22, 23, 24, 25, 26, 33; Laws 1985, chapters 259, sections 5, 6; 261, sections 14, 15, 16, 18, 20, 32, 33, 34, 35, 36; Laws 1985, First Special Session chapter 16, article 2, section 6; Laws 1986, chapters 359, sections 22, 23, 24, 25; 458, sections 23, 34; Laws 1987, chapter 372, article 2, sections 7, 8, 9, 10, 12; Laws 1988, chapter 709, articles 8, section 5; 9, section 5; Laws 1989, chapter 319, article 11, sections 2, 3, 4, 12; Laws 1990, chapter 589, article 1, section 7; Laws 1991, chapters 96; 269, article 2, sections 12, 13; Laws 1992, chapters 392, section 1; 393, section 1; 422; 431, section 1; 448; 455; 563, sections 3, 4, 5; 586, section 1; Laws 1993, chapters 72; 110; 112, section 2; 126; 202, article 1; Laws 1994, chapters 409; 410; 474; 490; 541, section 3; Laws 1995, chapter 262, article 10, section 4; Laws 1996, chapter 448, article 2, section 1; Laws 1997, chapter 233, article 1, section 58; Laws 1997, chapter 241, article 2, sections 2, 3, 4, 5, 6, 9, 10, 11, 13, 14, 15, 20; Laws 1999, chapter 222, article 3, section 6; Laws 2000, chapter 461, article 10, section 2.

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

The question was taken on the repassage of the bill and the roll was called. There were 118 yeas and 9 nays as follows:

Those who voted in the affirmative were:

Abeler	Dawkins	Goodno	Jacobson	Larson	Molnau
Abrams	Dehler	Goodwin	Jaros	Leighton	Mullery
Anderson, I.	Dempsey	Gray	Jennings	Lenczewski	Murphy
Bernardy	Dibble	Greiling	Johnson, R.	Leppik	Ness
Biernat	Dorman	Gunther	Johnson, S.	Lieder	Nornes
Blaine	Dorn	Haas	Jordan	Lindner	Opatz
Boudreau	Eastlund	Hackbarth	Juhnke	Lipman	Osskopp
Bradley	Entenza	Harder	Kahn	Mahoney	Osthoff
Carlson	Erhardt	Hausman	Kalis	Mares	Otremba
Cassell	Evans	Hilstrom	Kelliher	Mariani	Ozment
Clark, J.	Finseth	Hilty	Knoblach	Marko	Paulsen
Daggett	Folliard	Holsten	Koskinen	Marquart	Pawlenty
Davids	Fuller	Howes	Kubly	McGuire	Paymar
Davnie	Gleason	Huntley	Kuisle	Milbert	Pelowski

Penas	Ruth	Skoglund	Swapinski	Vandever	Westrom
Peterson	Schumacher	Slawik	Swenson	Wagenius	Winter
Pugh	Seagren	Smith	Sykora	Walker	Wolf
Rhodes	Seifert	Solberg	Thompson	Walz	Workman
Rifenberg	Sertich	Stanek	Tingelstad	Wasiluk	
Rukavina	Skoe	Stang	Tuma	Westerberg	

Those who voted in the negative were:

Buesgens	Holberg	Krinkie	Olson	Spk. Sviggum
Erickson	Johnson, J.	Mulder	Wilkin	

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

CONFERENCE COMMITTEE REPORT ON H. F. NO. 3618

A bill for an act relating to capital improvements; authorizing spending to acquire and better public land and buildings and other public improvements of a capital nature with certain conditions; requiring certain studies and reports; authorizing sale of state bonds; canceling earlier appropriations and reducing bond authorizations; making technical corrections; making changes to statutes related to administration of the state's capital improvement program; requiring an inventory of state-owned land; providing a certain exemption from any moratorium on state professional or technical contracts; authorizing a lease of certain Minneapolis park and recreation board land; modifying the wastewater infrastructure program; establishing a local road improvement account; prohibiting any action on the Dan Patch Commuter Rail Line; establishing a multiagency working group on mitigation of effects of DM&E rail project in southern Minnesota; authorizing the purchase of certain state park inholdings; appropriating money; amending Minnesota Statutes 2000, sections 13.462, subdivision 2; 16A.11, subdivision 6; 16A.501; 16A.86, subdivision 3; 16B.335, subdivision 3; 119A.45; 446A.072, subdivisions 1, 3, 6, 7, 8, 9, 11, 12, by adding subdivisions; Laws 1998, chapter 404, section 18, subdivision 4; Laws 2000, chapter 492, article 1, section 12, subdivision 7; Laws 2000, chapter 492, article 1, section 15, subdivision 4; Laws 2000, chapter 492, article 1, section 22, subdivisions 3, as amended, 4; Laws 2000, chapter 492, article 1, section 27; Laws 2001, First Special Session chapter 12, section 10; proposing coding for new law in Minnesota Statutes, chapters 16B; 174; repealing Minnesota Statutes 2000, section 446A.072, subdivisions 2, 4, 5, 10, 13.

May 18, 2002

The Honorable Steve Sviggum
Speaker of the House of Representatives

The Honorable Don Samuelson
President of the Senate

We, the undersigned conferees for H. F. No. 3618, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 3618 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [CAPITAL IMPROVEMENT APPROPRIATIONS.]

The sums in the column under "APPROPRIATIONS" are appropriated from the bond proceeds fund, or another named fund, to the state agencies or officials indicated, to be spent for public purposes. Appropriations of bond proceeds must be spent as authorized by the Minnesota Constitution, article XI, section 5, paragraph (a), to acquire

and better public land and buildings and other public improvements of a capital nature, or as authorized by article XI, section 5, paragraphs (b) to (j), or article XIV. Unless otherwise specified, the appropriations in this act are available until the project is completed or abandoned. Appropriations for asset preservation not spent or encumbered by June 30, 2004, are canceled July 1, 2004.

SUMMARY

UNIVERSITY OF MINNESOTA	\$160,209,000
MINNESOTA STATE COLLEGES AND UNIVERSITIES	209,563,000
PERPICH CENTER FOR ARTS EDUCATION	768,000
CHILDREN, FAMILIES, AND LEARNING	34,900,000
MINNESOTA STATE ACADEMIES	1,500,000
NATURAL RESOURCES	101,612,000
POLLUTION CONTROL AGENCY	10,000,000
OFFICE OF ENVIRONMENTAL ASSISTANCE	4,750,000
BOARD OF WATER AND SOIL RESOURCES	8,250,000
AGRICULTURE	15,292,000
ZOOLOGICAL GARDENS	11,184,000
ADMINISTRATION	83,722,000
CAPITOL AREA ARCHITECTURAL AND PLANNING BOARD	646,000
AMATEUR SPORTS COMMISSION	8,250,000
ARTS	31,000,000
MILITARY AFFAIRS	4,357,000
TRANSPORTATION	92,500,000
METROPOLITAN COUNCIL	30,500,000
COMMERCE	5,000,000
HEALTH	775,000
HUMAN SERVICES	22,838,000
VETERANS HOMES BOARD	12,898,000
CORRECTIONS	25,870,000
TRADE AND ECONOMIC DEVELOPMENT	84,650,000

IRON RANGE RESOURCES AND REHABILITATION BOARD	1,500,000
HOUSING FINANCE AGENCY	16,200,000
MINNESOTA HISTORICAL SOCIETY	3,967,000
BOND SALE EXPENSES	880,000
CANCELLATIONS	(4,437,000)
TOTAL	\$979,144,000
Bond Proceeds Fund (General Fund Debt Service)	836,085,000
Bond Proceeds Fund (User Financed Debt Service)	96,550,000
General Fund	5,946,000
General Fund Cancellations	(2,488,000)
Bond Proceeds Cancellations	(1,949,000)
State Transportation Fund Bond Proceeds Account	45,000,000

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Sec. 2. UNIVERSITY OF MINNESOTA

Subdivision 1. To the board of regents of the University of Minnesota for the purposes specified in this section	160,209,000
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Subd. 2. Higher Education Asset Preservation and Replacement	35,000,000
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To be spent in accordance with Minnesota Statutes, section 135A.046.

The unspent portion of an appropriation, but not to exceed ten percent of the appropriation, for a project in this section that is complete, is available for higher education asset preservation and replacement under this subdivision, at the same campus as the project for which the original appropriation was made and the debt service requirement under subdivision 10 is reduced accordingly. Minnesota Statutes, section 16A.642, applies from the date of the original appropriation to the unspent amount transferred.

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The board of regents must report by February 1 each even-numbered year to the chairs of the house and senate committees with jurisdiction over capital investments, and to the chairs of the house ways and means committee and the senate finance committee, any project savings and reallocations for higher education asset preservation and replacement.

Subd. 3. Twin Cities - Minneapolis

(a) Jones Hall 8,000,000

To renovate Jones Hall on the Minneapolis campus.

The board of regents may use the single-phase design-build method described in new Minnesota Statutes, section 16C.30, subdivision 6, paragraph (c), to implement this project.

(b) Nicholson Hall 24,000,000

To design, renovate, furnish, and equip Nicholson Hall, including complete renovation of the original building and demolition of the 1925 wing and 1946 auditorium.

The board of regents may use the single-phase design-build method described in new Minnesota Statutes, section 16C.30, subdivision 6, paragraph (c), to implement the Nicholson Hall renovation project.

(c) Translational Research Facility 24,700,000

To design, construct, furnish, and equip the Translational Research Facility, an addition to the Lyons Research Lab building on the Minneapolis campus.

This appropriation is not available until the commissioner of finance has determined that at least \$12,300,000 has been committed from nonstate sources.

The board of regents may use the two-phase design-build method described in new Minnesota Statutes, section 16C.30, to implement this project.

(d) Teaching and Technology Center 3,000,000

To predesign and design a teaching and technology center for the Institute of Technology.

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Subd. 4. Twin Cities - St. Paul

(a) Plant Growth Facilities - Phase 2

17,700,000

To complete design, construction, furnishing, and equipping the containment greenhouse, replace the teaching and research greenhouses, demolish the northwest greenhouses on the St. Paul campus, and renovate the remaining greenhouses to meet current code requirements.

(b) Veterinary Diagnostic Laboratory

1,500,000

To renovate and upgrade the veterinary diagnostic laboratory to provide additional laboratory space for a veterinary molecular diagnostic laboratory. The renovation and upgrade must include space for molecular diagnostic testing for paratuberculosis (Johne's disease), porcine reproductive and respiratory syndrome virus in swine, avian pneumovirus in turkeys, bovine mastitis, and emerging and foreign animal diseases.

Subd. 5. Crookston

Replace Bede Hall

7,701,000

To demolish Bede Hall and to design, construct, furnish, and equip a replacement facility.

Subd. 6. Duluth

Laboratory Science Building

25,500,000

To design, construct, furnish, and equip a new laboratory science building to meet the needs of the chemistry and biology programs.

This appropriation is not available until the commissioner of finance has determined that at least \$7,500,000 has been committed from nonstate sources.

Subd. 7. Morris

8,600,000

To design, renovate, furnish, and equip the social science building to correct building code deficiencies, remodel the interior, install new windows, upgrade the building's mechanical and electrical systems, replace the roof, and construct an addition over the existing auditorium wing to create space for faculty offices, and to install fire protection systems in three student housing facilities.

This appropriation is not available until the commissioner of finance has determined that at least \$400,000 has been committed from nonstate sources.

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Subd. 8. Classroom Improvements 2,000,000

To design, renovate, furnish, and equip classrooms on all four University of Minnesota campuses. Projects will focus on installing basic technology infrastructure, such as video projection and Internet access, improving disability access, and making basic improvements to enhance the classroom learning environment. Priority must be given to high-use undergraduate classrooms.

Subd. 9. Research and Outreach Centers 2,508,000

To acquire land and design, construct, furnish and equip facilities at research and outreach centers. Projects funded by this appropriation include:

(1) research laboratory and office space at the Northwest ROC at Crookston;

(2) an addition to the aspen/larch genetics laboratory at the North Central ROC at Grand Rapids and acquisition of land for the development of two test planting sites to conduct research on fast growing trees;

(3) an addition to the administration building at the Southern ROC at Waseca; and

(4) of this amount, \$70,000 is to construct an environmentally friendly swine farrowing demonstration facility at the West Central ROC, subject to Minnesota Statutes, section 16A.695.

Subd. 10. Debt Service

(a) The board of regents shall pay the debt service on one-third of the principal amount of state bonds sold to finance projects authorized by this section, except for higher education asset preservation and replacement, and except that, where a nonstate match is required, the debt service is due on a principal amount equal to one-third of the total project cost, less the match committed before the bonds are sold. After each sale of general obligation bonds, the commissioner of finance shall notify the board of regents of the amounts assessed for each year for the life of the bonds.

(b) The commissioner shall reduce the board's assessment each year by one-third of the net income from investment of general obligation bond proceeds in proportion to the amount of principal and interest otherwise required to be paid by the board. The board shall pay its resulting net assessment to the commissioner of finance by December 1 each year. If the board fails to make a

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payment when due, the commissioner of finance shall reduce allotments for appropriations from the general fund otherwise available to the board and apply the amount of the reduction to cover the missed debt service payment. The commissioner of finance shall credit the payments received from the board to the bond debt service account in the state bond fund each December 1 before money is transferred from the general fund under Minnesota Statutes, section 16A.641, subdivision 10.

Subd. 11. Contingencies

The commissioner of finance must combine into one account, under the control of the board of regents, the portion of each appropriation in this section that is attributable to the amount budgeted for contingencies for projects in this section. The board must manage the account to pay for exceptional but necessary costs of projects authorized in this section. Upon substantial completion or abandonment of all projects authorized in this section, the board must use any funds remaining in the contingency account for HEAPR under Minnesota Statutes, section 135A.046. The board of regents must report by February 1 of each even-numbered year to the chairs of the house and senate committees with jurisdiction over capital investments, and higher education finance, and to the chairs of the house ways and means committee and the senate finance committee on how the money in the contingency account has been allocated or spent.

Subd. 12. Minnesota Goods and Services

The board of regents of the University of Minnesota shall make a reasonable attempt to give preference to construction contractors who employ Minnesota residents and to purchase products manufactured in Minnesota for use in construction projects undertaken through a design-build process.

Sec. 3. MINNESOTA STATE COLLEGES AND UNIVERSITIES

Subdivision 1. To the board of trustees of the Minnesota state colleges and universities for the purposes specified in this section

209,563,000

Subd. 2. Higher Education Asset Preservation and Replacement

60,000,000

(a) This appropriation is for the purposes specified in Minnesota Statutes, section 135A.046, including safety and statutory compliance, envelope integrity, mechanical systems, and space restoration.

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(b) The unspent portion of an appropriation, but not to exceed ten percent of the appropriation, for a project in this section that is complete, is available for higher education asset preservation and replacement under this subdivision, at the same campus as the project for which the original appropriation was made and the debt service requirement under subdivision 29 is reduced accordingly. Minnesota Statutes, section 16A.642, applies from the date of the original appropriation to the unspent amount transferred.

Subd. 3. Alexandria Technical College	9,150,000
To construct, furnish, and equip a smart classroom and computer laboratory building, including an auditorium, connected to the college's office education building.	
Subd. 4. Bemidji State University	1,000,000
To design the colocation of the emerging technologies and health care programs of Bemidji state university and Northwest technical college.	
Subd. 5. Century Community and Technical College	2,500,000
To purchase the transition wing of intermediate school district No. 916 and design renovation of space for expansion of the computer center, offices, and smart classrooms.	
Subd. 6. Dakota Technical College	500,000
To design the renovation of the west side of the main campus facility to create an information technology and telecommunications center of excellence and an integrated library and library information technology center.	
Subd. 7. Fergus Falls Community College	760,000
To design, construct, furnish, and equip an expansion of the existing maintenance shop.	
To design an addition to link Administration and Fine Arts to provide a one-stop student service shop, smart classrooms, open computer laboratories; design renovation to provide space for technology support next to the library; and design asset preservation work.	
Subd. 8. Hennepin Technical College	2,000,000
To design, renovate, furnish, and equip existing space at the Brooklyn Park and Eden Prairie campuses.	

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Subd. 9. Inver Hills Community College	500,000
To design renovation of existing space and construction of an addition to create a one-stop student services shop; enlarge and colocate central services, the bookstore, and a new loading dock; upgrade mechanical systems; and provide a welcoming front door and help desk for the campus.	
Subd. 10. Lake Superior Community and Technical College	700,000
To design a student center addition to house a consolidated system of student services, smart classrooms, and open laboratories.	
Subd. 11. Metropolitan State University	17,442,000
To construct, furnish, and equip a library and information access center.	
This appropriation is not available until the commissioner of finance has determined that at least \$2,504,000 has been committed from nonstate sources.	
Subd. 12. Minneapolis Community and Technical College	9,000,000
To design, renovate, furnish, and equip the former technical college buildings and to provide space to begin to colocate Metropolitan State University classrooms, offices, and student service areas.	
Subd. 13. Minnesota State University - Mankato - Phase 3	8,400,000
To renovate, furnish, and equip Otto Arena and adjacent areas to provide a student fitness facility.	
Subd. 14. Minnesota West Community and Technical College at Worthington	6,300,000
To design, construct, furnish, and equip a one-stop student services shop and welcome counter addition.	
To design, renovate, furnish, and equip two science laboratories and associated preparation, storage, and office spaces.	
To design, renovate, furnish, and equip consolidated nursing and allied health department and other classroom spaces.	
Subd. 15. Minnesota State University - Moorhead	18,955,000
To construct, furnish, and equip a new science laboratory and auditorium addition to Hagen Hall.	

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Subd. 16. Normandale Community College	9,900,000
To design, renovate, furnish, and equip the vacated science laboratories.	
Subd. 17. Northeast Higher Education District - Virginia	5,496,000
To design, renovate, and equip science laboratories, a learning resource center, a student commons, and classrooms, including technology equipped classrooms, and construct new loading dock and driveway.	
Subd. 18. Northwest Technical College - Moorhead Campus	400,000
To design the renovation of existing facilities and design new facilities for an allied health and applied technology laboratory and support facilities.	
Subd. 19. Ridgewater Community and Technical College	2,880,000
To design, renovate, furnish, and equip existing chemistry, physics, and biology laboratories and convert a classroom into a geology laboratory on the Willmar campus.	
To design, renovate, furnish, and equip interior space to convert obsolete applied laboratory space on the Hutchinson campus into chemistry, physics, and biology laboratories.	
Subd. 20. South Central Technical College	300,000
To design renovation of teaching laboratories at the North Mankato campus and design asset preservation at the Faribault campus.	
Subd. 21. Southeast Technical College	580,000
To design, renovate, furnish, and equip a one-stop student services area and workforce center entrance at Winona.	
To design the renovation of a one-stop student services areas and student center entrance at Red Wing.	
Subd. 22. Southwest State University	9,200,000
To renovate and reconfigure, furnish, and equip the library and construct a new entrance.	

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Subd. 23. St. Cloud State University	10,000,000
<p>To design the renovation of Centennial Hall and to renovate, furnish, and equip the renovation of Centennial Hall and its conversion from library to classroom use and to design the code correction and renovation of Riverview Hall. This appropriation may also be used for design of the renovation of Brown Hall and Eastman Hall.</p>	
Subd. 24. St. Cloud Technical College	700,000
<p>To design the construction of a multistory building connected to the existing facility and the renovation of part of "G" wing.</p>	
Subd. 25. St. Paul Technical College	
<p>The Pipefitters Local 455/JATC may donate money for or build a building for academic purposes of the pipe trades at a site approved by the board of trustees of the Minnesota state colleges and universities on the campus of the St. Paul technical college. If the donor builds the building, before the beginning of construction, (1) the board must grant a temporary construction easement to the donor for the area upon which the building is to be built, along with necessary staging and ingress and egress areas, (2) the board must approve the design, and (3) the donor must agree in a writing approved by the attorney general to donate the building to the state, effective upon the state entering into possession, at which time title to the building passes to the state.</p>	
Subd. 26. Winona State University	30,000,000
<p>To design, construct, furnish, and equip a new science building to serve programs in biology, chemistry, geoscience, physics, nursing, health sciences, engineering, and K-12 science teacher preparation.</p>	
Subd. 27. Science Lab Renovations	1,900,000
<p>To design, renovate, furnish, and equip science laboratories at the campuses of Southeast technical college at Winona and Red Wing, Minnesota West at Canby and Worthington, Minneapolis community and technical college, and South Central technical college at Faribault.</p>	
Subd. 28. Land Acquisition	1,000,000
<p>To acquire real property near the state college and university campuses from willing sellers.</p>	

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Subd. 29. Debt Service

(a) The board shall pay the debt service on one-third of the principal amount of state bonds sold to finance projects authorized by this section, except for higher education asset preservation and replacement in subdivision 2, and except that, where a nonstate match is required, the debt service is due on a principal amount equal to one-third of the total project cost, less the match committed before the bonds are sold. After each sale of general obligation bonds, the commissioner of finance shall notify the board of the amounts assessed for each year for the life of the bonds.

(b) The commissioner shall reduce the board's assessment each year by one-third of the net income from investment of general obligation bond proceeds in proportion to the amount of principal and interest otherwise required to be paid by the board. The board shall pay its resulting net assessment to the commissioner of finance by December 1 each year. If the board fails to make a payment when due, the commissioner of finance shall reduce allotments for appropriations from the general fund otherwise available to the board and apply the amount of the reduction to cover the missed debt service payment. The commissioner of finance shall credit the payments received from the board to the bond debt service account in the state bond fund each December 1 before money is transferred from the general fund under Minnesota Statutes, section 16A.641, subdivision 10.

Subd. 30. Contingencies

The commissioner of finance must combine into one account, under the control of the board of trustees, the portion of each appropriation in this section that is attributable to the amount budgeted for contingencies for projects in this section. The board must manage the account to pay for exceptional but necessary costs of projects authorized in this section. Upon substantial completion or abandonment of all projects authorized in this section, the board must use any funds remaining in the contingency account for HEAPR under Minnesota Statutes, section 135A.046. The board of trustees must report by February 1 of each even-numbered year to the chairs of the house and senate committees with jurisdiction over capital investments, and higher education finance, and to the chairs of the house ways and means committee and the senate finance committee on how the money in the contingency account has been allocated or spent.

Sec. 4. PERPICH CENTER FOR ARTS EDUCATION

Subdivision 1. To the commissioner of administration for the purposes specified in this section

768,000

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Subd. 2. Asset Preservation 643,000

For asset preservation capital improvements on the campus, including east wing climate control improvements, ceiling replacements, centerwide asbestos removal, flooring replacements, and water pipe replacement.

Subd. 3. Performance Hall Catwalk 125,000

To design and construct a lighting catwalk along the east wall of the performance hall.

Sec. 5. CHILDREN, FAMILIES, AND LEARNING

Subdivision 1. To the commissioner of children, families, and learning for the purposes specified in this section 34,900,000

Subd. 2. Maximum Effort Capital Loans 12,400,000

This appropriation is from the maximum effort school loan fund for a capital loan to independent school district No. 38, Red Lake, as provided in Minnesota Statutes, sections 126C.60 to 126C.72, to design, construct, renovate, furnish, and equip school facilities, and for health and safety capital improvements to schools.

Up to \$500,000 of this appropriation is for predesign. Any unused portion of the \$500,000 for predesign may be spent for health and safety capital improvements to the high school and middle school.

The commissioner shall review the proposed plan and budget of the project and may reduce the amount of the loan to ensure that the project will be economical. The commissioner may recover the cost incurred by the commissioner for any professional services associated with the final review and construction by reducing the proceeds of the loan paid by the district. The commissioner shall report to the legislature any reductions to the appropriations in this subdivision by January 10, 2003.

Subd. 3. Southwest Integration Magnet Schools 1,000,000

For a grant in accordance with the metropolitan magnet school grant program under Minnesota Statutes, section 124D.88, to the West Metro Education Program joint powers board to acquire land, prepare a site, predesign, and design a new building for the Southwest Integration Magnet School in St. Louis Park, to serve a population of approximately 500 kindergarten through grade 8 students.

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Subd. 4. Library Access Grants 1,000,000

For library access grants under Minnesota Statutes, section 134.45, to remove architectural barriers from a library building or site.

Subd. 5. Minnesota Planetarium 9,500,000

For a grant to the city of Minneapolis to design, construct, furnish, and equip a new Minnesota planetarium, subject to Minnesota Statutes, section 16A.695.

This appropriation is not available until the commissioner has determined that at least an equal amount has been committed from nonstate sources. The proportional share of the in-kind contributions for the planetarium of land, parking facilities, skyways, and municipal infrastructure for the planetarium may be counted as part of the match. The proportional share of the costs to the city of constructing mechanical and electrical systems, common areas, service areas, freight elevators, and walls and roofs for the planetarium shared with the Minneapolis library and included in the costs of constructing the library may also be counted as part of the match.

The legislature intends not to appropriate additional money to construct the planetarium until at least \$4,000,000 in cash contributions have been committed to the project from other than state or local government funds.

Subd. 6. Asian Community Center 1,000,000

For a grant to the city of St. Paul to design, construct, furnish, and equip an Asian community center, subject to Minnesota Statutes, section 16A.695.

This appropriation is not available until the commissioner has determined that at least an equal amount has been committed from nonstate sources.

Subd. 7. Colin Powell Youth Leadership Center 700,000

For a grant to Hennepin county to acquire land for and to design, construct, furnish, and equip the Colin Powell Youth Leadership center in Minneapolis, subject to Minnesota Statutes, section 16A.695. The center will include a national guard drill area, an education wing, including a computer lab, a multipurpose arts facility, a community education space, a nutrition education and cooking skills work-preparation area, and four new basketball courts.

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This appropriation is not available until the commissioner has determined that at least an equal amount has been committed from nonstate sources.

Subd. 8. Neighborhood House/El Rio Vista 1,800,000

For a grant to the city of St. Paul to acquire land for and to design, construct, furnish, and equip an expansion of Neighborhood House/El Rio Vista, subject to Minnesota Statutes, section 16A.695.

This appropriation is not available until the commissioner has determined that at least an equal amount has been committed from nonstate sources.

Subd. 9. Trollwood Performing Arts School 5,500,000

For a grant to the city of Moorhead to acquire land for and to design, construct, furnish, and equip Trollwood Arts Village in the city of Moorhead, subject to Minnesota Statutes, section 16A.695. Trollwood must be available to regional arts groups.

This appropriation is not available until the commissioner has determined that at least an equal amount has been committed from nonstate sources.

Subd. 10. Early Childhood Learning and Child Protection Facilities 2,000,000

For grants to construct or rehabilitate facilities for programs under Minnesota Statutes, section 119A.45.

Sec. 6. MINNESOTA STATE ACADEMIES 1,500,000

To the commissioner of administration for asset preservation capital improvements on both campuses of the Minnesota state academies for the deaf and the blind, including demolition of the West Cottage.

Sec. 7. NATURAL RESOURCES

Subdivision 1. To the commissioner of natural resources for the purposes specified in this section 101,612,000

Subd. 2. Statewide Asset Preservation 2,600,000

For asset preservation improvements and betterments at department of natural resources buildings statewide, including removal of life safety hazards and structural defects; elimination

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or containment of hazardous materials; code compliance improvements; accessibility improvements; replacement or renovation of roofs, windows, tuckpointing, and structural members; and improvements necessary to preserve the interior and exterior of buildings and other infrastructure. The commissioner shall determine project priorities as appropriate based upon need.

The unspent portion of an appropriation, but not to exceed ten percent of the appropriation, for a project in this section that is complete, is available for asset preservation. Minnesota Statutes, section 16A.642, applies from the date of the original appropriation to the unspent amount transferred.

Subd. 3. Field Office Renovations 1,000,000

To design, acquire, renovate, construct, furnish, and equip field offices to relieve substandard employee working conditions in existing facilities.

Until June 30, 2006, the commissioner of natural resources must not close offices in Brainerd or Rochester, Minnesota without first receiving approval from the legislature.

Subd. 4. Office Facility Development 1,500,000

To acquire, design, construct, furnish, and equip a consolidated area office and service facility at Thief River Falls.

Subd. 5. ADA Compliance 500,000

For improvements and betterments of a capital nature to remove barriers and make department of natural resources buildings, programs, and services accessible to individuals with disabilities, in compliance with state and federal ADA guidelines.

Subd. 6. State Park Initiative 28,000,000

For building, utility, and natural resource projects within the Minnesota state park system according to the management plan required in Minnesota Statutes, chapter 86A, as follows:

(1) to design, renovate, construct, furnish, and equip state park buildings; and

(2) to design, renovate, furnish, and equip capital facilities at state parks, state recreation areas, and forest recreation areas, including, but not limited to, roads, trails, bridges, campgrounds, and utility systems.

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This appropriation must be used to substantially implement the master plan for improvements dated June 23, 1997, for the historic golf course at Fort Ridgely state park.

\$1,600,000 is for improvements and betterments of a capital nature to develop the Big Bog state recreation area, including constructing, furnishing, and equipping a visitors center.

\$2,900,000 is for improvements and betterments of a capital nature to develop the Red River state recreation area, including construction of a visitor's center.

Subd. 7. State Park and Recreation Area Acquisition 3,000,000

For acquisition of land under Minnesota Statutes, section 86A.05, subdivision 2, from willing sellers of private lands within state park and recreation area boundaries established by law.

Subd. 8. Metro Regional Park Acquisition and Betterment 8,700,000

\$6,000,000 is for a grant to the metropolitan council. The commissioner shall pay the amount on a reimbursement basis to the metropolitan council upon receipt of a certified copy of a council resolution requesting payment. The appropriation must be used to pay the cost of improvements and betterments of a capital nature, and acquisition by the council and local government units of regional recreational open-space lands in accordance with the council's policy plan as provided in Minnesota Statutes, section 473.315. This appropriation must not be used for research, planning, administration, or tax equivalency payments. This appropriation may be used for the purchase of homes only if the purchases are included in the work program required by law and they are expressly approved by the legislative commission on Minnesota resources.

\$2,700,000 is for a grant to the metropolitan council to complete renovation of the Como Park conservatory under phase 2. The project must include renovation of the fern room and construction of a bonsai collection space, an orchid growing and display house, and a children's activity zone, as well as corridors and connections to the education resource building.

Subd. 9. Regional Parks: Greater Minnesota 4,000,000

For grants to public regional parks organizations located outside the metropolitan area as defined in Minnesota Statutes, section 473.121, subdivision 2, to acquire land, design, and construct and redevelop regional parks and trails, open space, and recreational facilities. The improvements must be of a capital nature. A

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greater Minnesota regional parks organization with a project previously funded through the regional parks program, whether with bond funds or other funds, at less than the total eligible amount may reapply for the total eligible amount from this appropriation. If it is awarded, the organization must return the original grant award. Each \$3 of state grants must be matched by \$2 of nonstate funds.

Subd. 10. Forest Road and Bridge Projects 1,200,000

For reconstruction, resurfacing, replacement, or construction of other improvements of a capital nature to state forest roads and bridges throughout the state under Minnesota Statutes, section 89.002. The commissioner shall determine project priorities as appropriate based on need.

Subd. 11. Reforestation 1,500,000

For improvements authorized under the Minnesota Constitution, article XI, section 5, clause (f). To increase reforestation activities to meet the reforestation requirements of Minnesota Statutes, section 89.002, subdivision 2, including planting, seeding, site preparation, purchasing tree seeds and seedlings, improving forest stands, and protecting plantations.

Subd. 12. State Forest Land Acquisition 500,000

To acquire private lands from willing sellers within established boundaries of state forests throughout the state under Minnesota Statutes, section 86A.05, subdivision 7.

Subd. 13. State Trail Acquisition and Development 3,650,000

To acquire, develop, and renovate state trails as specified in Minnesota Statutes, section 85.015.

\$725,000 is for the Gitchi-Gami trail.

\$450,000 is for the Shooting Star trail.

\$300,000 is for the Luce Line trail.

\$300,000 is for the Douglas trail.

\$600,000 is for a grant to the city of Austin to acquire land for the Blazing Star trail.

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\$475,000 is for the Goodhue Pioneer trail.

\$300,000 is for the Willard Munger trail.

\$500,000 is to connect the portions of the Paul Bunyan trail in the city of Bemidji, including constructing an underpass. This appropriation is not available until the commissioner has determined that an equal amount has been committed by the city of Bemidji.

Subd. 14. Trail Connections

1,857,000

For matching grants under Minnesota Statutes, section 85.019, subdivision 4c, including a grant to the city of St. Louis Park to design and construct a grade separated pedestrian and regional trail crossing over CSAH No. 25/Trunk Highway 7 at Trunk Highway 100 to connect the Cedar Lake Regional Trail and the Southwest LRT Regional Trail, a grant to the city of New Ulm to connect the city trail to Flandrau state park, and a grant to Stearns county for the Lake Koronis trail.

The commissioner shall determine other project priorities as appropriate based on need.

Subd. 15. Metro Greenways and Natural Areas

1,000,000

To provide grants to local units of government for acquisition or betterment of greenways and natural areas in the metro region and to acquire greenways and natural areas in the metro region through the purchase of conservation easements or fee titles. The commissioner shall determine the project priorities and shall consult with representatives of local units of government, nonprofit organizations, and other interested parties.

Subd. 16. Well Sealing

600,000

To identify and seal inactive wells on state-owned land under Minnesota Statutes, section 103I.311.

Subd. 17. Lewis and Clark Rural Water System

180,000

This appropriation is from the general fund.

For a grant to the Lewis and Clark joint powers board to acquire land for, and to predesign, design, construct, furnish, and equip, a rural water system to serve southwestern Minnesota. This appropriation is available when matched by \$8 of federal money and \$1 of local money for each \$1 of state money.

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Subd. 18. Red Rock Rural Water System 125,000

For a grant to the Red Rock rural water system to acquire land, predesign, design, construct, and equip the southwest Minnesota regional water supply project. This appropriation is not available until at least an equal amount of nonstate money has been committed to the project.

Subd. 19. Dam Improvements 1,800,000

To renovate or remove publicly owned dams.

Of this amount, up to \$100,000 is for a grant to Blue Earth county for renovation of the Rapidan dam. This grant is not available until at least an equal amount is committed to the project from nonstate sources.

Up to \$1,050,000 is for a grant to the city of Crookston for phases 2 and 3 of the Red Lake River restoration and habitat improvement project.

The commissioner shall determine other project priorities as appropriate based on need as provided in Minnesota Statutes, sections 103G.511 and 103G.515.

Subd. 20. Flood Hazard Mitigation Grants 30,000,000

For the state share of flood hazard mitigation grants for publicly owned capital improvements to prevent or alleviate flood damage under Minnesota Statutes, section 103F.161.

The commissioner shall determine project priorities as appropriate based on need.

This appropriation includes money for the following projects: Warren, East Grand Forks, Agassiz, Montevideo, St. Anthony, Granite Falls, Minneapolis at 27th and Knox Avenue North, St. Louis Park, North Ottawa, Lebanon Hills in Dakota county, Hay Creek, and Two River watershed district Ross No. 7. For any project listed in this paragraph that is not ready to proceed, the commissioner may allocate that project's money to the next project on the commissioner's priority list and St. Paul.

To the extent that the cost of a project in Warren, East Grand Forks, Montevideo, Breckenridge, Granite Falls, Oakport, or Crookston exceeds two percent of the median household income in the municipality multiplied by the number of households in the municipality, this appropriation is also for the local share of the project.

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Subd. 21. Stream Protection and Restoration	1,000,000
For the design and implementation of stream restoration projects that employ natural channel design principles.	
Subd. 22. Water Access Acquisition and Development	1,500,000
For public water access acquisition, construction, and renovation to capital projects on lakes and rivers, including construction of a fishing pier at Blue Mound state park and other water pier access through the provision of fishing piers and shoreline access under Minnesota Statutes, section 86A.05, subdivision 9.	
Subd. 23. Lake Superior Safe Harbor	1,100,000
To complete construction of the public access at McQuade Road on Lake Superior in cooperation with the U.S. Army Corps of Engineers and the joint powers board made up of the city of Duluth, St. Louis county, the town of Duluth, and the town of Lakewood.	
Subd. 24. Fish Hatchery Improvements	300,000
For improvements of a capital nature to design, construct, renovate, furnish, and equip fish culture facilities under Minnesota Statutes, section 97A.045, subdivision 1.	
Subd. 25. Fisheries Acquisition and Improvement	500,000
To acquire aquatic management areas and to make public improvements and betterments of a capital nature to fish habitat under Minnesota Statutes, section 86A.05, subdivision 14.	
Subd. 26. Scientific and Natural Area Acquisition and Improvement	2,500,000
To acquire land for scientific and natural areas and for development, protection, or improvements of a capital nature to scientific and natural areas throughout the state under Minnesota Statutes, sections 84.033 and 86A.05, subdivision 5.	
Up to \$1,500,000 is to acquire and make improvements of a capital nature to restore, and develop the Seminary fen in the Assumption creek watershed in Carver county. The commissioner shall manage the Seminary fen in accordance with Minnesota Statutes, chapter 86A, in part as an aquatic management area, in part as a scientific and natural area, and in part as a wildlife management area.	

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Subd. 27. Natural and Scenic Area Land Acquisition Grants	1,000,000
For matching grants to local units of government to acquire and better local natural and scenic areas under Minnesota Statutes, section 85.019, subdivision 4a. The commissioner shall determine project priorities as appropriate based on project significance and need.	
Subd. 28. RIM Consolidated Wildlife and Critical Habitat Match	1,000,000
To acquire land and interests in land for wildlife management area purposes under Minnesota Statutes, section 97A.145; for improvements of a capital nature to develop, protect, or improve wildlife management areas and other state lands throughout the state under Minnesota Statutes, section 86A.05, subdivision 8; and to provide state match for the critical habitat private sector matching account under Minnesota Statutes, section 84.943, for the acquisition or improvement of critical fish, wildlife, and native plant habitats.	
Subd. 29. Native Prairie Bank Easements	1,000,000
For acquisition of native prairie bank easements under Minnesota Statutes, section 84.96.	
Sec. 8. POLLUTION CONTROL AGENCY	10,000,000
To the pollution control agency to design and construct remedial systems and acquire land at landfills throughout the state in accordance with the closed landfill program under Minnesota Statutes, section 115B.39.	
Sec. 9. OFFICE OF ENVIRONMENTAL ASSISTANCE	
Subdivision 1. To the office of environmental assistance for the purposes specified in this section	4,750,000
Subd. 2. Solid Waste Capital Assistance Grants	3,600,000
To the office of environmental assistance for the solid waste capital assistance grants program under Minnesota Statutes, section 115A.54. Grants from this appropriation must be awarded to applicants whose applications were on file with the office before January 1, 2002. The office must give priority for grants to projects that expand processing capacity.	

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Subd. 3. Fergus Falls - Solid Waste Combustor 1,150,000

For a grant to the city of Fergus Falls to design, construct, and equip the city's municipal solid waste combustor with new air pollution control equipment to meet federal and state environmental guidelines. This grant is in addition to any other state grants previously awarded for this project, including the 1997 grant to the city of Fergus Falls by the office of environmental assistance. This appropriation is not available until the commissioner has determined that at least \$1,150,000 has been committed from nonstate sources.

Sec. 10. BOARD OF WATER AND SOIL RESOURCES

Subdivision 1. To the board of water and soil resources for the purposes specified in this section 8,250,000

Subd. 2. RIM Conservation Easements 2,000,000

This appropriation is to acquire conservation easements from landowners on marginal lands to protect soil and water quality and to support fish and wildlife habitat as provided in Minnesota Statutes, section 103F.515.

Subd. 3. Shoreland Protection Program 750,000

To acquire conservation easements in environmentally sensitive lake and river shoreland areas from private landowners. The board may award grants to local soil and water conservation districts and participating local units of government to accomplish the purposes of this program, in accordance with new Minnesota Statutes, section 103F.225.

\$100,000 of this amount may be used to administer the program.

Subd. 4. Wetland Replacement Due to Public Road Projects 2,700,000

To acquire land for wetlands or restore wetlands to be used to replace wetlands drained or filled as a result of the repair, maintenance, or rehabilitation of existing public roads as required by Minnesota Statutes, section 103G.222, subdivision 1, paragraph (l).

The purchase price paid for acquisition of land, fee, or perpetual easement must be the fair market value as determined by the board. The board may enter into agreements with the federal government, other state agencies, political subdivisions, and nonprofit organizations or fee owners to acquire land and restore and create wetlands and to acquire existing wetland banking

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credits with money provided by this appropriation. Acquisition of or the conveyance of land may be in the name of the political subdivision.

Subd. 5. Lazarus Creek 1,500,000

For a grant to Area II Minnesota River Basin Projects, Inc. for construction of the LQP-25/Lazarus Creek floodwater retention project. The grant may not exceed 75 percent of the project's cost. The remaining share must be provided by Area II Minnesota River Basin Projects, Inc.

Subd. 6. Stillwater - Brown's Creek 1,300,000

For a grant to the city of Stillwater to provide environmental protection capital improvements for Brown's Creek.

Sec. 11. AGRICULTURE

Subdivision 1. To the commissioner of administration or another named agency for the purposes specified in this section 15,292,000

Subd. 2. Rural Finance Authority Loan Participation 15,000,000

For purposes as set forth in the Minnesota Constitution, article XI, section 5, clause (h). To the rural finance authority to purchase participation interests in or to make direct agricultural loans to farmers under Minnesota Statutes, chapter 41B. This appropriation is for the beginning farmer program under Minnesota Statutes, section 41B.039, the loan restructuring program under Minnesota Statutes, section 41B.04, the seller-sponsored program under Minnesota Statutes, section 41B.042, the agricultural improvement loan program under Minnesota Statutes, section 41B.043, and the livestock expansion loan program under Minnesota Statutes, section 41B.045. All debt service on bond proceeds used to finance this appropriation must be repaid by the rural finance authority under Minnesota Statutes, section 16A.643. Loan participations must be priced to provide full interest and principal coverage and a reserve for potential losses.

Priority for loans must be given first to basic beginning farmer loans; second, to seller-sponsored loans; and third, to agricultural improvement loans.

Subd. 3. Expansion of Metro Greenhouse and Storage Bay 292,000

To design, construct, furnish, and equip an expansion of the greenhouse facility owned by the department of agriculture on the campus of Metropolitan state university in St. Paul.

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Sec. 12. MINNESOTA ZOOLOGICAL GARDENS

Subdivision 1. To the Minnesota Zoological Gardens for the purposes specified in this section 11,184,000

Subd. 2. Asset Preservation 3,000,000

For capital asset preservation improvements and betterments.

Subd. 3. Phase 1 of Master Plan 8,184,000

To design, construct, furnish, and equip zoo facilities consistent with phase 1 of the facilities and business master plan for the Asia Trail. Up to \$1,000,000 of this appropriation may be used to design other components of phase 1.

This appropriation is not available until the commissioner of finance has determined that additional money at least equal to 25 percent of the appropriated amount has been committed to the project from nonstate sources.

Sec. 13. ADMINISTRATION

Subdivision 1. To the commissioner of administration for the purposes specified in this section 83,722,000

Subd. 2. Capital Asset Preservation and Replacement (CAPRA) 14,000,000

To be spent in accordance with Minnesota Statutes, section 16A.632.

The unspent portion of an appropriation, but not to exceed ten percent of the appropriation, for a project in this section that is complete, is available for capital asset preservation and replacement. Minnesota Statutes, section 16A.642, applies from the date of the original appropriation to the unspent amount transferred.

Subd. 3. Electrical Utility Infrastructure - Phase 6 3,231,000

To complete the upgrade of the high-voltage primary electrical distribution system in the capitol complex, replace the emergency generator in the Capitol, and upgrade the non-high-voltage electrical system in the Capitol building.

Subd. 4. Agency Relocation 1,500,000

This appropriation is from the general fund.

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For relocation of state agencies as determined by the commissioner of administration, including, but not limited to, the bureau of criminal apprehension, tenants in the Veterans Services building, and the departments of Trade and Economic Development and Economic Security or their successor.

Subd. 5. Renovate Governor's Residence 4,291,000

To design, renovate, furnish, and equip the Governor's residence in St. Paul. \$45,000 is from the general fund for relocation expenses.

Subd. 6. Health and Agriculture Laboratories 60,000,000

To design, construct, furnish, and equip a joint laboratory facility in St. Paul for the departments of health and agriculture.

Subd. 7. Health, Agriculture, and Human Services Office Facilities

The commissioner of administration may enter into one or more long-term lease-purchase agreements with the St. Paul port authority or any other governmental entity, for terms of up to 25 years, for the development of office facilities in St. Paul for the departments of health, agriculture, and human services. The commissioner must submit each agreement to the legislative commission on planning and fiscal policy for its recommendation. If the commission does not provide the commissioner with a recommendation within 30 days of receiving the agreement, the recommendation is considered to be positive. A recommendation is advisory only. The lease-purchase agreements are exempt from Minnesota Statutes, sections 15.50, subdivision 2, paragraph (e); and 16B.24, subdivisions 6 and 6a. The lease-purchase agreements must not be terminated except for nonappropriation of money. The lease-purchase agreements must provide the state with a unilateral right to purchase the leased premises at specified times for specified amounts. The office facility for the department of human services must not have more gross square feet of space than the department occupies as of the effective date of this section for offices that will be moved to the new facility.

Subd. 8. State-owned Property

The commissioner may enter into a ground lease for state-owned property in the capitol complex in conjunction with the execution of a lease-purchase agreement for any improvements constructed on that site. Notwithstanding the requirements of Minnesota Statutes, section 16A.695, subdivision 2, paragraph (b), the ground lease must be for a term equal to the term of the

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lease-purchase agreement, and must include an option to purchase the land at its then fair market value if the improvements are not purchased by the state at the end of the term of the lease-purchase agreement, or at any earlier time that the lease-purchase agreement is terminated.

Subd. 9. Government Services Center 700,000

To predesign in Olmsted county a government services facility to collocate federal, state, and local government offices, to the extent that the predesign determines their collocation to be feasible and practical. Participating agencies to be evaluated in the predesign must include, but need not be limited to, the city of Rochester; Olmsted county; the state departments of natural resources, commerce, economic security, health, pollution control, revenue, and the board of water and soil resources; and appropriate federal agencies.

Sec. 14. CAPITOL AREA ARCHITECTURAL AND PLANNING BOARD 646,000

The appropriation in this section may not be spent on any project that affects space under the control of the senate without the approval of the secretary of the senate nor on any project that affects space under the control of the house of representatives without the approval of the chief clerk of the house.

To the commissioner of administration to plaster and repaint public spaces and to conserve and repair existing artwork on the ground, first, and second floors of the capitol building.

This appropriation is from the general fund.

Sec. 15. AMATEUR SPORTS COMMISSION

Subdivision 1. To the amateur sports commission for the purposes specified in this section 8,250,000

Subd. 2. Sports Conference Center 5,000,000

To construct, furnish, and equip a sports conference center on the campus of the National Sports Center and for related capital development costs, subject to Minnesota Statutes, section 16A.695.

Subd. 3. National Volleyball Center - Phase 2 3,000,000

To design, construct, furnish, and equip Phase 2 of the National Volleyball Center in Rochester.

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Subd. 4. Mount Itasca Biathlon Training Facility 250,000

To complete construction of the Mount Itasca biathlon training project. This appropriation is not available until at least an equal amount has been committed to the project from nonstate sources.

Sec. 16. ARTS

Subdivision 1. To the commissioner of administration for the purposes specified in this section 31,000,000

Subd. 2. Bloomington - Bloomington Center for the Arts 1,000,000

This appropriation is from the general fund.

For a grant to the city of Bloomington to furnish and equip a new multipurpose public arts facility to facilitate the economic development, education, and cultural activities in the city of Bloomington that will serve the southern and southwest metro areas.

This appropriation is not available until the commissioner has determined that at least an equal amount has been committed from nonstate sources.

Subd. 3. Minneapolis - Children's Theatre Company 5,000,000

For a grant to Hennepin county to design, construct, furnish, and equip an expansion of the Children's Theatre Company's current facility. Hennepin county may enter into a lease or management agreement for operation of the theater, subject to Minnesota Statutes, section 16A.695.

This appropriation is not available until the commissioner has determined that at least an equal amount has been committed from nonstate sources.

Subd. 4. Minneapolis - Guthrie Theater 24,000,000

For a grant to the Minneapolis community development agency to acquire and prepare a site for and to design, construct, furnish, and equip a new Guthrie Theater in the city of Minneapolis. The Minneapolis community development agency may enter into a lease or management agreement for the theater, subject to Minnesota Statutes, section 16A.695.

This appropriation is not available until the commissioner has determined that at least an equal amount has been committed from nonstate sources.

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Subd. 5. Rochester - Rochester Art Center 1,000,000

This appropriation is from the general fund.

For a grant to the city of Rochester to design the new Rochester Art Center.

This appropriation is not available until the commissioner has determined that an equal amount has been committed from nonstate sources.

Subd. 6. St. Paul - Minnesota African-American Performing Arts Center

Notwithstanding Minnesota Statutes, section 16A.642, \$1,250,000 of the appropriation in Laws 1999, chapter 240, article 2, section 12, subdivision 14, is available until July 1, 2003.

Sec. 17. MILITARY AFFAIRS

Subdivision 1. To the adjutant general for the purposes specified in this section 4,357,000

Subd. 2. Asset Preservation 2,500,000

For asset preservation improvements and betterments of a capital nature at military affairs facilities statewide.

Subd. 3. ADA Improvements 357,000

For improvements and betterments of a capital nature to remove barriers and make department of military affairs buildings, programs, and services accessible to individuals with disabilities, in compliance with state and federal ADA guidelines.

Subd. 4. Facility Life Safety Improvements 1,000,000

For life/safety improvements and betterments of a capital nature at military affairs facilities statewide.

Subd. 5. Camp Ripley Antiterrorism Facility 500,000

For predesign of a joint military/law enforcement antiterrorism training facility at Camp Ripley.

Sec. 18. TRANSPORTATION

Subdivision 1. To the commissioner of transportation for the purposes specified in this section 92,500,000

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Subd. 2. Local Bridge Replacement and Rehabilitation

45,000,000

This appropriation is from the bond proceeds account in the state transportation fund as provided in Minnesota Statutes, section 174.50, to match federal money and to replace or rehabilitate local deficient bridges.

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

(1) matching federal-aid grants to construct or reconstruct key bridges;

(2) paying the costs of preliminary engineering and environmental studies authorized under Minnesota Statutes, section 174.50, subdivision 6a;

(3) paying the costs to abandon an existing bridge that is deficient and in need of replacement, but where no replacement will be made; and

(4) paying the costs to construct a road or street to facilitate the abandonment of an existing bridge determined by the commissioner to be deficient, if the commissioner determines that construction of the road or street is more cost efficient than the replacement of the existing bridge.

Subd. 3. Local Road Improvement Program

20,000,000

Of this appropriation:

(1) \$10,000,000 is for deposit in the trunk highway corridor projects account in the local road improvement fund under new Minnesota Statutes, section 174.52, subdivision 2.

(2) \$10,000,000 is for deposit in the local road account for routes of regional significance in the local road improvement fund under new Minnesota Statutes, section 174.52, subdivision 4.

Subd. 4. Town Road Sign Replacement

1,000,000

For grants to political subdivisions to pay the local share of costs of town road sign replacement under the federal highway administration's hazard elimination program. Grants under this subdivision may only be used for the purchase of signs that conform to the commissioner of transportation's uniform manual of traffic control devices, including applicable reflective sheeting requirements, and that have a useful life of at least 20 years.

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Subd. 5. Duluth Aerial Lift Bridge 1,000,000

For a grant to the city of Duluth for capital restoration of the aerial lift bridge. This appropriation is available when matched by \$1 of money secured or provided by the city of Duluth for each \$1 of state money.

Subd. 6. Port Development Assistance 3,000,000

For grants under Minnesota Statutes, sections 457A.01 to 457A.06. Any improvements made with the proceeds of these grants must be publicly owned.

Subd. 7. Freight Access Improvements 7,000,000

Each grant is not available until the commissioner has determined that at least an equal amount has been committed from any combination of municipal state-aid money and nonstate sources. The state share may be allocated to any one or more of the project elements, with the nonstate money used to complete any elements not completed with state money.

\$3,500,000 is for a grant to the city of Savage to improve highway access to the ports of Savage. The improvements may include local frontage roads, access consolidations, road closures, new signals, and acceleration and deceleration lanes.

\$3,500,000 is for a grant to the port authority of Winona to construct intermodal improvements at the Winona harbor. The improvements may include commercial harbor dredging, overpass construction, street widening, signal installation, and intersection reconstruction.

Subd. 8. Greater Minnesota Transit Facilities 2,000,000

For capital assistance for greater Minnesota transit systems to be used for transit capital facilities. Money from this appropriation may be used to pay up to 80 percent of the nonfederal share of these facilities.

Subd. 9. Radio Communications Statewide System 13,000,000

To design and construct the statewide public safety radio communications system infrastructure, coordinating it with other state and local units of government, and extending it to all of the southeast district of the state patrol, and into the central district of the state patrol, with first priority given to development in Stearns, Sherburne, Benton, and Wright counties, subject to the requirements of Minnesota Statutes, section 16A.695.

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Subd. 10. DM&E Working Group 500,000

This appropriation is from the general fund and is for the purposes of section 86.

Sec. 19. METROPOLITAN COUNCIL

Subdivision 1. To the metropolitan council for the purposes specified in this section 30,500,000

Subd. 2. Northwest Busway 20,000,000

To design and construct a busway in the northwest metropolitan area between downtown Minneapolis and Rogers. This appropriation is contingent on \$12,000,000 from Hennepin county and \$5,000,000 from the metropolitan council for the project. Total funding from all sources may be used for roadway design, reconstruction, acquisition of land and right-of-way, and to design, construct, furnish, and equip transit stations and park and rides. Design-build under new Minnesota Statutes, sections 383B.158 to 383B.1586, may be used for implementing this project.

Subd. 3. Livable Communities Grant Program 9,000,000

For public infrastructure grants for development and redevelopment projects of the livable communities grant program under Minnesota Statutes, sections 473.25 to 473.255, as applicable.

In development of the project, the council shall:

- (1) take into consideration livable communities principles, including support of housing production and ensuring integration of land use and transportation needs of communities along the route of the busway;
- (2) take advantage of any local funding for the project that may be available; and
- (3) encourage citizen and stakeholder participation in development of the project.

Before soliciting any applications for grants, the council must present its proposed criteria for ranking projects and the proposed application process to the legislative commission on metropolitan government for review and recommendations. Before making any grant awards after receiving applications for funding, the council must present to the legislative commission on metropolitan

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government for review and comment, a complete list of applications received by the council by the application deadline, the council's ranking under the adopted criteria, and the proposed funding awards.

Subd. 4. Park-and-Ride Facilities 500,000

For land acquisition and construction of park-and-ride facilities in the seven-county metropolitan area outside the transit taxing district defined in Minnesota Statutes, section 473.446, subdivision 2.

Subd. 5. Central Corridor Transitway 1,000,000

For predesign, design, final environmental impact statement, and preliminary engineering of the Central Corridor Bus Transitway between St. Paul and the city of Minneapolis. This appropriation must not be used for any work on rail transportation.

Sec. 20. COMMERCE 5,000,000

To the commissioner of finance for the energy conservation investment loan program under Minnesota Statutes, section 216C.37.

Sec. 21. HEALTH 775,000

To design and construct a community dental clinic at Lake Superior community college in Duluth and design and renovate the Northwest technical college dental hygiene clinic in Moorhead, subject to Minnesota Statutes, section 16A.695.

Sec. 22. HUMAN SERVICES

Subdivision 1. To the commissioner of administration for the purposes specified in this section 22,838,000

Subd. 2. Systemwide Roof Renovation and Replacement 2,789,000

For renovation and replacement of roofs at department of human services facilities statewide.

Subd. 3. Systemwide Asset Preservation 4,000,000

For asset preservation improvements and betterments of a capital nature at state regional treatment centers.

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The unspent portion of an appropriation, but not to exceed ten percent of the appropriation, for a project in this section that is complete, is available for asset preservation. Minnesota Statutes, section 16A.642, applies from the date of the original appropriation to the unspent amount transferred.

Subd. 4. Systemwide - Building and Structure Demolition 2,750,000

To demolish and dispose of hazardous materials from obsolete buildings at state regional treatment centers.

Subd. 5. Brainerd Regional Treatment Center 6,305,000

To design, renovate, furnish, and equip the residential and program areas in building No. 20.

Subd. 6. Fergus Falls Regional Treatment Center 3,000,000

To design, renovate, construct, furnish, and equip ancillary support and program facilities, including improvements to basic infrastructure, hazardous materials abatement, and demolition that will facilitate the relocation of the facility's ancillary support, treatment, and residential programs from the Kirkbride buildings.

Subd. 7. St. Peter Regional Treatment Center 3,619,000

To design and replace the high-pressure steam boilers and convert the system to a low-pressure steam system at the St. Peter regional treatment center.

Subd. 8. People, Inc. North Side Community Support Program 375,000

This appropriation is from the general fund.

For a grant to Minneapolis Community Development Agency to purchase, remodel, and complete accessibility upgrades to an existing building or to acquire land or construct a building to be used by the People, Inc. North Side Community Support Program, which may provide office space for state employees.

This grant is available when matched by at least \$175,000 from nonstate sources.

Subd. 9. Designer Selection

Notwithstanding Minnesota Statutes, section 16B.33, the commissioner of administration may select design firms for projects funded in this section that are considered repair, replacement, or asset preservation in nature and are not intended

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to construct, erect, or remodel a building. For this purpose, remodeling means reconfiguring and upgrading interior space, not replacing building components or equipment.

Sec. 23. VETERANS HOMES BOARD

Subdivision 1. To the commissioner of administration for the purposes specified in this section 12,898,000

Subd. 2. Asset Preservation 2,000,000

For asset preservation improvements and betterments of a capital nature at veterans homes statewide.

Subd. 3. Hastings Veterans Home - Phase 3 8,553,000

For design and renovation of the utility infrastructure systems and related improvements at the campus of the Hastings veterans home.

Subd. 4. Silver Bay Veterans Home 2,345,000

To replace the roof.

Sec. 24. CORRECTIONS

Subdivision 1. To the commissioner of administration for the purposes specified in this section 25,870,000

Subd. 2. Asset Preservation 17,000,000

For improvements and betterments of a capital nature at Minnesota correctional facilities statewide, including, but not limited to, completing the perimeter wall and security improvements at MCF-Stillwater. A portion of this appropriation may be used for wetland mitigation for the Rush City prison.

The unspent portion of an appropriation, but not to exceed ten percent of the appropriation, for a project in this section that is complete, is available for asset preservation. Minnesota Statutes, section 16A.642, applies from the date of the original appropriation to the unspent amount transferred.

Subd. 3. Minnesota Correctional Facility - Lino Lakes 4,160,000

To design, construct, furnish, and equip a new 416-bed unit to house offenders.

This appropriation is not available until the commissioner has determined that at least \$10,179,000 has been committed from federal sources.

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Subd. 4. Minnesota Correctional Facility - Shakopee 3,070,000

To design, construct, renovate, furnish, and equip the Independent Living Center (ILC) into a 48-bed general population living unit; increase space in the kitchen, serving, and eating areas; increase space in the visitation area; and modify the staff control station in the segregation unit to provide adequate space for updated technical equipment and more room for staff.

Subd. 5. Minnesota Correctional Facility - Stillwater 90,000

To predesign a new 150-bed segregation unit on the facility grounds.

Subd. 6. Bayport Storm Sewer 1,550,000

For a grant to the city of Bayport for the Middle St. Croix River Watershed Management organization to complete construction of the sewer system extending from Minnesota department of natural resources pond 82-310P (the prison pond) in Bayport through the Stillwater prison grounds to the St. Croix river.

Sec. 25. TRADE AND ECONOMIC DEVELOPMENT

Subdivision 1. To the commissioner of trade and economic development or other named agency for the purposes specified in this section 84,650,000

Subd. 2. Redevelopment Account 4,000,000

For transfer to the redevelopment account created in new Minnesota Statutes, section 116J.571. This appropriation is only available for grants to projects located outside of the seven-county metropolitan area.

\$1,000,000 is for a grant to the city of Little Falls for environmental cleanup of the Hennepin Paper Company property in the city of Little Falls. No match is required for this grant.

Subd. 3. State Match for Federal Grants 16,000,000

To the public facilities authority to match federal grants for eligible projects in the water pollution control revolving fund under Minnesota Statutes, section 446A.07, and the drinking water revolving loan fund under Minnesota Statutes, section 446A.081.

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Subd. 4. Wastewater Infrastructure Funding Program

30,600,000

\$600,000 of this appropriation is from the general fund to administer the wastewater infrastructure program.

To the public facilities authority for grants to eligible municipalities under the wastewater infrastructure program established in Minnesota Statutes, section 446A.072.

To the greatest practical extent, the authority should use the grants for projects on the 2002 project priority list in priority order to qualified applicants that submit plans and specifications to the pollution control agency or receive a funding commitment from USDA rural development before December 1, 2003.

The pollution control agency shall prepare amendments to Minnesota Rules, part 7077.0115, for ranking wastewater projects on the project priority list that take into account issues such as, but not limited to, the age and condition of existing wastewater treatment systems, issues associated with growth, and the effects on municipalities when a moratorium on new sewer connections is imposed. The agency shall report on its recommended rule amendments to the chairs of the house environment and natural resources finance committee, the house jobs and economic development finance committee, the house capital investment committee, the senate environment and agricultural finance division, the senate jobs, housing and community development committee, and the senate capital investment committee by February 1, 2003.

\$1,500,000 is for grants to the Larsmont portion of the Knife River-Larsmont sanitary district. This appropriation must be used to reduce the amount of the municipality's loan from the water pollution revolving fund that exceeds five percent of the market value of the properties in the project service area. This appropriation is in addition to grants from other appropriations.

Subd. 5. Fairmont - Winnebago Avenue Sports Complex

500,000

For a grant to the city of Fairmont to acquire land for, renovate, and expand the Winnebago Avenue sports complex, including reconfiguring two ball fields, adding two fields, paving a parking lot, and building other amenities.

This appropriation is not available until the commissioner has determined that at least an equal amount has been committed from nonstate sources.

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Subd. 6. Greater Minnesota Business Development Infrastructure Grant Program 12,000,000

For grants under new Minnesota Statutes, section 116J.431.

Subd. 7. Itasca County - Children's Discovery Museum 300,000

For a grant to Itasca county to design, construct, furnish, and equip the Children's Discovery Museum in Grand Rapids. The county may enter into a lease or management agreement for the center, subject to Minnesota Statutes, section 16A.695. This appropriation is not available until the commissioner has determined that at least an equal amount has been committed from nonstate sources.

Subd. 8. Minneapolis - Empowerment Zone Projects 3,000,000

For a grant to the city of Minneapolis to acquire land and to design, construct, furnish, and equip public infrastructure improvements in the following empowerment zone projects: the Near Northside redevelopment project; the Chicago/Lake project; and the South East Minneapolis industrial redevelopment project.

This appropriation is not available until the commissioner has determined that at least an equal amount has been committed from nonstate sources.

Subd. 9. Olivia - Minnesota Center for Agricultural Innovation 1,000,000

For a grant to the city of Olivia to acquire land and to design, construct, furnish, and equip the Minnesota Center for Agricultural Innovation, subject to Minnesota Statutes, section 16A.695.

This appropriation is not available until the commissioner has determined that at least an equal amount has been committed from nonstate sources.

Subd. 10. St. Cloud - Civic Center Expansion 3,250,000

For a grant to the city of St. Cloud for asset preservation, land acquisition, and to predesign, design, construct, furnish, and equip the expansion of the St. Cloud Civic Center.

This appropriation is not available until the commissioner has determined that at least an equal amount has been committed from nonstate sources.

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Subd. 11. St. Paul - Roy Wilkins Auditorium 4,000,000

For a grant to the city of St. Paul for asset preservation of the Roy Wilkins Center.

This appropriation is not available until the commissioner has determined that at least an equal amount has been committed from nonstate sources.

Subd. 12. St. Paul-Phalen Boulevard 8,000,000

For a grant to the city of St. Paul to acquire land and to complete contamination remediation on Phalen Boulevard between I-35E and Johnson Parkway. This appropriation is not available until the commissioner has determined that at least an equal amount has been committed from nonstate sources.

Subd. 13. St. Paul - 2004 Renaissance Project 2,000,000

For a grant to the city of St. Paul to design and construct river edge improvements and make capital improvements and betterments for a public park on Raspberry Island.

This appropriation is not available until the commissioner has determined that at least an equal amount has been committed from nonstate sources.

Sec. 26. IRONRANGE RESOURCES AND REHABILITATION BOARD 1,500,000

To design, construct, furnish, and equip Mesabi station as the central guest services facility for the Mesabi trail.

Sec. 27. HOUSING FINANCE AGENCY 16,200,000

To the commissioner of the housing finance agency for loans and grants for publicly owned transitional and permanent housing under Minnesota Statutes, section 462A.202, subdivisions 2 and 3a. Notwithstanding Minnesota Statutes, section 462A.202, subdivision 3a, the loans or grants must be used for the development, construction, acquisition, or rehabilitation of transitional or permanent housing to serve veterans and single adults who are homeless or at risk of becoming homeless. The loans or grants must be used for two housing projects that:

(1) are located on property owned by the United States Department of Veterans Affairs that is leased by the Department of Veterans Affairs to the owners of the housing projects;

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(2) provide or coordinate health and social services needed by the residents; and

(3) are a collaborative partnership between community agencies, local units of government, and the federal government.

Sec. 28. MINNESOTA HISTORICAL SOCIETY

Subdivision 1. To the Minnesota Historical Society for the purposes specified in this section 3,967,000

Subd. 2. Historic Site Asset Preservation 2,442,000

(a) For capital improvements and betterments at state historic sites, buildings, landscaping at historic buildings, exhibits, markers, and monuments. The society shall determine project priorities as appropriate based on need.

(b) Of this amount, \$1,000,000 is for asset preservation of the William G. LeDuc house. This appropriation is available only if the historical society enters into an agreement with the city of Hastings, or another public entity, providing for transfer of ownership of the property to the city or the other public entity when the asset preservation work is completed, and providing that the city or other public entity will provide for additional renovation and operation of the site. If an agreement for the transfer of ownership of the LeDuc house site is not entered into by March 31, 2003, this amount is available for asset preservation under paragraph (a). This appropriation is available until spent, notwithstanding section 1. The city or other public entity may enter into an agreement with a nonprofit organization for the operation of the site subject to Minnesota Statutes, section 16A.695.

Subd. 3. County and Local Preservation Grants 300,000

To be allocated to county and local jurisdictions as matching money for historic preservation projects of a capital nature. Grant recipients must be public entities and must match state funds on at least an equal basis. The facilities must be publicly owned.

Subd. 4. Sibley House Historic Site 300,000

To renovate buildings at the site and design future renovations.

Subd. 5. Fort Snelling Historic Site 500,000

\$400,000 is to design a variety of construction projects needed for a major redevelopment and renewal of historic Fort Snelling.

\$100,000 is to expand restrooms in the current visitor center.

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Subd. 6. Fort Belmont 200,000

For a grant to Jackson county to design, construct, furnish, and equip a new site for historic Fort Belmont, subject to Minnesota Statutes, section 16A.695.

Subd. 7. New Brighton Caboose and History Center 100,000

This appropriation is from the general fund.

For a grant to the New Brighton area historical society to renovate its caboose and history center in Long Lake Regional Park.

This appropriation is not available until the commissioner of finance has determined that at least an equal amount has been committed from nonstate sources.

Subd. 8. Pipestone County Museum 125,000

For a grant to the city of Pipestone to design and construct an external shaft and hoist way and install an elevator adjacent to the Pipestone County Museum and renovate a third-floor area to be used as a community room and a museum programs room, subject to Minnesota Statutes, section 16A.695.

This appropriation is not available until the commissioner of finance has determined that at least an equal amount has been committed from nonstate sources.

Sec. 29. BOND SALE EXPENSES 880,000

To the commissioner of finance for bond sale expenses under Minnesota Statutes, section 16A.641, subdivision 8. This appropriation is from the bond proceeds fund.

Sec. 30. [BOND SALE AUTHORIZATION.]

Subdivision 1. [BOND PROCEEDS FUND.] To provide the money appropriated in this act from the bond proceeds fund, the commissioner of finance shall sell and issue bonds of the state in an amount up to \$920,235,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7.

Subd. 2. [MAXIMUM EFFORT SCHOOL LOAN FUND.] To provide the money appropriated in this act from the maximum effort school loan fund, the commissioner of finance shall sell and issue bonds of the state in an amount up to \$12,400,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7. The proceeds of the bonds, except accrued interest and any premium received on the sale of the bonds, must be credited to a bond proceeds account in the maximum effort school loan fund.

Subd. 3. [TRANSPORTATION FUND.] To provide the money appropriated in this act from the state transportation fund, the commissioner of finance shall sell and issue bonds of the state in an amount up to \$45,000,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7. The proceeds of the bonds, except accrued interest and any premium received on the sale of the bonds, must be credited to a bond proceeds account in the state transportation fund.

Sec. 31. [CANCELLATIONS.]

Subdivision 1. \$500,000 of the appropriation in Laws 1996, chapter 463, section 4, subdivision 2, for youth initiative grants, is canceled. The bond sale authorization in Laws 1996, chapter 463, section 27, subdivision 1, is reduced by \$500,000.

Subd. 2. \$1,449,000 of the appropriation in Laws 1996, chapter 463, section 21, for early childhood learning facilities is canceled. The bond sale authorization in Laws 1996, chapter 463, section 27, subdivision 1, is reduced by \$1,449,000.

Subd. 3. The unobligated balance of the appropriation in Laws 1998, chapter 404, section 7, subdivision 28, for the Sand Dunes state forest center, estimated to be \$113,000, is canceled to the general fund.

Subd. 4. \$100,000 of the appropriation in Laws 1998, chapter 404, section 7, subdivision 30, for the Hartley nature center is canceled to the general fund.

Subd. 5. The \$375,000 appropriation in Laws 1998, chapter 404, section 18, subdivision 4, for the People, Inc. North Side community support program, is canceled to the general fund.

Subd. 6. \$500,000 of the appropriation in Laws 1998, chapter 404, section 23, subdivision 27, for a production facility associated with an educational and training facility, is canceled to the general fund.

Subd. 7. The \$400,000 appropriation in Laws 1998, chapter 404, section 25, subdivision 9, for a treaty site history center, is canceled to the general fund.

Subd. 8. \$1,000,000 of the appropriation in Laws 2000, chapter 492, article 1, section 14, subdivision 3, to the commissioner of administration for a grant to the Minneapolis community development agency, for the Guthrie Theater, vetoed on May 15, 2000, and approved by the legislature overriding the veto on May 17, 2000, is canceled to the general fund.

Sec. 32. Minnesota Statutes 2000, section 16A.11, subdivision 6, is amended to read:

Subd. 6. [BUILDING MAINTENANCE AND CAPITAL BETTERMENT.] The detailed operating budget and capital budget must include amounts necessary to maintain and better state buildings. The commissioner of finance, in consultation with the commissioner of administration, the board of trustees of the Minnesota state colleges and universities, and the regents of the University of Minnesota, shall establish budget guidelines for building maintenance and betterment appropriations. Unless otherwise provided by the commissioner of finance, the combined amount to be budgeted each year for building maintenance and betterment in the operating budget and capital budget is ~~two~~ one percent of the replacement cost of the building, adjusted up or down depending on the age and condition of the building.

Sec. 33. Minnesota Statutes 2000, section 16A.501, is amended to read:

16A.501 [REPORT ON EXPENDITURE OF BOND PROCEEDS.]

The commissioner of finance must report annually to the legislature on the degree to which entities receiving appropriations ~~of bond proceeds~~ for capital projects in previous omnibus capital improvement acts have encumbered or expended that money. The report must be submitted to the chairs of the house of representatives ways and means committee and the senate finance committee by February 1 of each year.

Sec. 34. Minnesota Statutes 2000, section 16A.632, subdivision 2, is amended to read:

Subd. 2. [STANDARDS.] Article XI, section 5, clause (a), of the constitution states general obligation bonds may be issued to finance only the acquisition or betterment of state land, buildings, and improvements of a capital nature. In interpreting this and applying it to the purposes of the program contemplated in this section, the following standards are adopted for the disbursement of money from the capital asset preservation and replacement account:

(a) No new land, buildings, or major new improvements will be acquired. These projects, including all capital expenditures required to permit their effective use for the intended purpose on completion, will be estimated and provided for individually through a direct appropriation for each project.

(b) An expenditure will be made from the account only when it is a capital expenditure on a capital asset previously owned by the state, within the meaning of accepted accounting principles as applied to public expenditures. The commissioner of administration will consult with the commissioner of finance to the extent necessary to ensure this and will furnish the commissioner of finance a list of projects to be financed from the account in order of their priority. The commissioner shall also furnish each revision of the list. The legislature assumes that many provisions for preservation and replacement of portions of existing capital assets will constitute betterments and capital improvements within the meaning of the constitution and capital expenditures under correct accounting principles, and will be financed more efficiently and economically under the program than by direct appropriations for specific projects. However, the purpose of the program is to accumulate data showing how additional costs may be saved by appropriating money from the general fund for preservation measures, the necessity of which is predictable over short periods.

(c) The commissioner of administration will furnish instructions to agencies to apply for funding of capital expenditures for preservation and replacement from the account, will review applications, will make initial allocations among types of eligible projects enumerated below, will determine priorities, and will allocate money in priority order until the available appropriation has been committed.

(d) Categories of projects considered likely to be most needed and appropriate for financing are the following:

(1) unanticipated emergencies of all kinds, for which a relatively small amount should be initially reserved, replaced from money allocated to low-priority projects, if possible, as emergencies occur, and used for stabilization rather than replacement if the cost would exhaust the account and should be specially appropriated;

(2) projects to remove life safety hazards, like replacement of mechanical systems, building code violations, or structural defects, at costs not large enough to require major capital requests to the legislature;

(3) elimination or containment of hazardous substances like asbestos or PCBs; ~~and~~

(4) moderate cost replacement and repair of roofs, windows, tuckpointing, and structural members necessary to preserve the exterior and interior of existing buildings; and

(5) up to ten percent of an appropriation awarded under this section may be used for design costs for projects eligible to be funded from this account in anticipation of future funding from the account.

Sec. 35. Minnesota Statutes 2000, section 16A.86, subdivision 3, is amended to read:

Subd. 3. [EVALUATION.] (a) The commissioner shall evaluate all requests from political subdivisions for state assistance based on the following criteria:

(1) the political subdivision has provided for local, private, and user financing for the project to the maximum extent possible;

(2) the project helps fulfill an important state mission;

- (3) the project is of regional or statewide significance;
 - (4) the project will not require new or any additional state operating subsidies;
 - (5) the project will not expand the state's role in a new policy area;
 - (6) state funding for the project will not create significant inequities among local jurisdictions;
 - (7) the project will not compete with other facilities in such a manner that they lose a significant number of users to the new project; ~~and~~
 - (8) the governing bodies of those political subdivisions primarily benefiting from the project have passed resolutions in support of the project and have established priorities for all projects within their jurisdictions for which bonding appropriations are requested when submitting multiple requests; and
 - (9) if a predesign that meets the requirements of section 16B.335 has been completed and is available at the time the project request is submitted to the commissioner of finance, the applicant has submitted the project predesign to the commissioner of administration.
- (b) The commissioner's evaluation of each request, including whether it meets each of the criteria in paragraph (a), must be submitted to the legislature along with the governor's recommendations under section 16A.11, subdivision 1, whether or not the governor recommends that the request be funded.

Sec. 36. [16B.245] [INVENTORY OF STATE-OWNED LAND.]

Subdivision 1. [DEFINITIONS.] For the purposes of this section, "state-owned land" means land, with or without improvements upon it, for which the state owns fee title. It does not include:

- (1) land held in trust by the state for political subdivisions of the state;
- (2) permanent school trust fund lands;
- (3) university trust fund lands;
- (4) mineral interests; or
- (5) trunk highway right-of-way.

Subd. 2. [INVENTORY.] The commissioner of administration must inventory all state-owned land and determine the number of acres owned by the state as of December 31, 2002. The inventory must identify for each parcel the state agency responsible for the parcel, its location, size, and whether it is (1) currently being used for a public purpose, (2) anticipated to be used for a public purpose in the future, or (3) not currently being used or anticipated to be used for a public purpose. The inventory must also identify how much land is included in each classification under section 86A.05. Within two months of completing the inventory, and by January 15 each odd-numbered year thereafter, the commissioner must report on the inventory to the chairs of the house and senate committees with jurisdiction over higher education, capital investment, and natural resources and environment finance, and the chairs of the house committee on ways and means and the senate committee on finance.

Sec. 37. Minnesota Statutes 2000, section 16B.31, subdivision 1, is amended to read:

Subdivision 1. [CONSTRUCTION PLANS AND SPECIFICATIONS.] (a) The commissioner shall (1) have plans and specifications prepared for the construction, alteration, or enlargement of all state buildings, structures, and other improvements except highways and bridges, and except for buildings and structures under the control of the board of regents of the university of Minnesota or of the board of trustees of the Minnesota state colleges and universities;

(2) approve those plans and specifications; (3) advertise for bids and award all contracts in connection with the improvements; (4) supervise and inspect all work relating to the improvements; (5) approve all lawful changes in plans and specifications after the contract for an improvement is let; and (6) approve estimates for payment. This subdivision does not apply to the construction of the zoological gardens.

(b) Notwithstanding any law to the contrary, the commissioner, the board of regents of the university of Minnesota, and the board of trustees of the Minnesota state colleges and universities may solicit and award a design-build contract for those projects specifically designated by law for design-build using the procedures provided in section 16C.30.

(c) Paragraph (b) expires January 1, 2004.

(d) The commissioner, the board, the board of regents of the university of Minnesota, and the board of trustees of the Minnesota state colleges and universities shall create a panel of representatives, including representatives of the construction industry and the architecture and engineering professions, to evaluate the use of design-build and the procedures for design-builder selection under section 16C.30, and shall report to the legislature on or before January 1, 2004, as to the success of design-build as a method of construction and the need and desirability for any changes in the selection procedure.

Sec. 38. Minnesota Statutes 2000, section 16B.33, is amended by adding a subdivision to read:

Subd. 5. [DESIGN-BUILD.] (a) The board shall select design-builders under section 16C.30 for all design-build projects with an estimated cost greater than \$750,000. If a project is undertaken with an estimated cost of less than \$750,000, the commissioner or board, in the commissioner's sole discretion, may select the design-builder following the requirements in section 16C.30. If the commissioner elects to make the selection, the commissioner shall perform the duties prescribed for the board in section 16C.30. This paragraph does not apply to projects under the control of the board of regents of the university of Minnesota or the board of trustees of the Minnesota state colleges and universities.

(b) Upon written request by the board of regents of the university of Minnesota or the board of trustees of the Minnesota state colleges and universities, the board shall evaluate and recommend at least three design-builders following the requirements in section 16C.30 for any design-build project under the control of the board of regents or the board of trustees.

(c) The commissioner, the board of regents of the university of Minnesota, or the board of trustees of the Minnesota state colleges and universities shall forward to the board a written report describing each instance in which the performance of a design-builder has been less than satisfactory for projects under their supervision.

(d) This subdivision expires January 1, 2004.

Sec. 39. Minnesota Statutes 2000, section 16B.335, subdivision 3, is amended to read:

Subd. 3. [PREDESIGN REQUIREMENT.] The definitions in paragraphs (a) and (b) apply to this section.

(a) "Pre-design" means the stage in the development of a project during which the purpose, scope, cost, and schedule of the complete project are defined and instructions to design professionals are produced.

(b) "Design" means the stage in the development of a project during which schematic, design development, and contract documents are produced.

(c) A recipient to whom an appropriation is made for a project subject to review under subdivision 1 or notice under subdivision 2 shall prepare a pre-design package and submit it to the commissioner for review and recommendation before proceeding with design activities. The commissioner must complete the review and recommendation within ten working days after receiving it. Failure to review and recommend within the ten days

is considered a positive recommendation. The predesign package must be sufficient to define the purpose, scope, cost, and schedule of the project and must demonstrate that the project has been analyzed according to appropriate space needs standards. All predesign, design, and construction projects shall include consideration of the state of Minnesota's correctional industries program, MINNCOR Industries, consistent with section 16B.181, subdivision 2, paragraph (c), in predesign planning and product specifications.

(d) This subdivision does not apply to capital projects for park buildings owned by a local government unit in the metropolitan area defined in section 473.121, subdivision 2.

Sec. 40. [16C.29] [DEFINITIONS.]

Subdivision 1. [SCOPE.] For purposes of section 16C.30, the terms in this section have the meanings given them, unless the context clearly indicates otherwise.

Subd. 2. [BOARD.] "Board" means the designer selection board, as described in section 16B.33.

Subd. 3. [CLARIFICATIONS.] "Clarifications" means a written or oral exchange of information that takes place after the receipt of proposals to ensure conformance with the request for proposals and to address minor, clerical revisions in a proposal.

Subd. 4. [COMMISSIONER.] "Commissioner" means the commissioner of administration.

Subd. 5. [DESIGNER.] "Designer" means an architect, landscape architect, or engineer licensed or certified under sections 326.02 to 326.15 or a partnership, association, or corporation composed primarily of registered architects, landscape architects, or engineers or of all three.

Subd. 6. [OWNER'S REPRESENTATIVE.] "Owner's representative" means a qualified professional who may oversee scheduling, cost control, constructability, project management, quality control, life-cycle costing, and building technology.

Subd. 7. [PERSON.] "Person" means an individual, partnership, corporation, association, or any other legal entity.

Subd. 8. [PHASE-ONE SUBMITTAL.] "Phase-one submittal" means statements of qualifications from design-builders under section 16C.30, subdivision 5.

Subd. 9. [PHASE-TWO PROPOSAL.] "Phase-two proposal" means an offer by a design-builder to enter into a design-build contract for a project under section 16C.30, subdivision 6, in response to a request for proposals.

Subd. 10. [PROJECT.] "Project" means an undertaking to design and construct, erect, or remodel a building by or for the state or an agency under the supervision and control of the commissioner under section 16B.30 or the board of regents of the university of Minnesota or the board of trustees of the Minnesota state colleges and universities.

Subd. 11. [EXPIRATION.] This section expires January 1, 2004.

Sec. 41. [16C.30] [DESIGN-BUILD CONTRACTS.]

Subdivision 1. [GENERAL AUTHORITY.] (a) Notwithstanding section 16C.03, subdivision 3, the commissioner may solicit and award a design-build contract between the commissioner and a design-builder utilizing the competitive acquisition process described in subdivisions 5 through 9 if the commissioner meets the conditions in paragraph (b). A design-build contract may provide the architectural, engineering, and related design services as well as the labor, materials, supplies, equipment, and construction services for a project. A design-build contract may include telecommunications cabling but must not include acquisition of personal property related to the operations of the occupants. The commissioner may make changes to the project without invalidating the design-build contract.

(b) The commissioner shall, for each project for which the commissioner intends to use the design-build method, make a written determination that it is in the best interest of the state to use the design-build method to complete the project. In making this determination, the commissioner shall use the following criteria as the minimum basis for the determination:

(1) the extent to which the project requirements can be adequately defined in a request for proposal before completing the design process;

(2) the suitability of the delivery method with respect to scope, schedule, cost, and quality factors;

(3) the suitability of the delivery method to minimize life-cycle costs to the extent available within the project budget;

(4) the suitability of the delivery method to efficiently achieve functionality requirements;

(5) the impact of the project schedule on the agency's delivery of services and project cost;

(6) the resources of the department of administration to manage the project through employment of experienced personnel or hiring of consultants;

(7) the resources of the department of administration to oversee the project with persons who are familiar and experienced with the design-build method of project delivery or similar experience; and

(8) other criteria that the commissioner deems relevant and that are included in the written determination.

(c) The authority and duties prescribed for the board, the commissioner, and department of administration under this section are granted to and must be performed by the board of regents of the university of Minnesota and the board of trustees of the Minnesota state colleges and universities on projects under their control.

Subd. 2. [LICENSING REQUIREMENTS.] (a) Each design-builder shall be, employ, or have as a partner, member, coventurer, or subcontractor, persons duly licensed, certified, or registered to provide the services required to complete the project and do business in this state.

(b) A design-builder may contract with the commissioner to provide professional or construction services that the design-builder is not itself licensed, certified, registered, or qualified to perform, so long as the design-builder provides the services through subcontracts with duly licensed, certified, or registered, or otherwise qualified persons in accordance with this section.

(c) Nothing in this section authorizing design-build contracts is intended to limit or eliminate the responsibility or liability owed by a professional on a design-build project to the state or other third parties under existing law. The design service portion of a design-build contract is considered a service and not a product.

Subd. 3. [UNIVERSITY OF MINNESOTA AND MINNESOTA STATE COLLEGES AND UNIVERSITIES SELECTION PROCESS.] (a) The board of regents of the university of Minnesota and the board of trustees of the Minnesota state colleges and universities shall select design-builders for all design-build projects under their supervision and control and funded by the state following the procedures and performing the duties prescribed for the board and commissioner in subdivisions 5 through 9. The board of regents and the board of trustees shall either use the board or establish an evaluation team of at least seven persons to evaluate and recommend design-builders under this section to include three persons selected as provided in paragraph (b). The final selection must be made by the board of regents or the board of trustees.

(b) Upon written request from the board of regents or the board of trustees, each of the following three organizations shall nominate one individual whose name and qualifications must be submitted to the board of trustees for consideration: the Consulting Engineers Council of Minnesota after consultation with other professional

engineering societies in the state; the AIA Minnesota; and the Minnesota chapter of the Associated General Contractors after consultation with other commercial contractor associations in the state. The board of regents or the board of trustees may appoint the three named individuals to the evaluation team or reject a nominated individual and request another nomination. The board of regents or the board of trustees shall determine the term of the appointment. The other members of the evaluation team must be representatives of the university of Minnesota or the Minnesota state colleges and universities. The interviews are public meetings and a video or audio recording of the meetings must be made and is public information. The final recommendations and rankings must be in writing.

Subd. 4. [DEVELOPMENT OF DESIGN CRITERIA.] (a) Each request for proposals for a design-build contract must contain design criteria prepared by a design criteria professional who holds licenses or certifications under sections 326.02 to 326.15 and is either an employee of the state, the university of Minnesota, or a consultant hired by the commissioner. If the design criteria professional is a consultant hired by the state, the licensure requirement may be met by employing individuals who hold a license or licenses under sections 326.02 to 326.15. The commissioner may elect to designate the board to select the consultant in compliance with section 16B.33.

(b) Design criteria set forth in the request for proposals must specify all information needed to adequately describe the project, including performance-based criteria such as sustainability and life-cycle costing requirements; interior space requirements, including adjacency diagrams; material quality standards; architectural image and building form standards; building air quality requirements; commissioning requirements; building burn-in requirements; cost estimates; design and construction schedules; site development requirements; utility requirements; storm water retention and disposal requirements; and parking requirements. If necessary to adequately describe the project, the design criteria must include a boundary and topographic survey of the site, with the legal description and geotechnical and environmental information concerning the site.

(c) There must be an owner's representative for each design-build project. The owner's representative must be either an employee of the state, university of Minnesota, or a consultant hired by the commissioner. Subject to the minimum requirements of paragraphs (a) and (b), the commissioner, in consultation with the agency, the owner's representative, and the design criteria professional, shall determine the scope and level of detail required for the design criteria to be included in the request for proposals.

Subd. 5. [SOLICITATION OF PROPOSALS.] (a) The commissioner shall prepare a request for proposals, which must contain, at a minimum, the following elements:

- (1) the identity of the agency that will utilize the completed project;
- (2) the procedures for submitting proposals, the criteria for evaluation of proposals and their relative weight for each phase, how those criteria will be scored, and the procedures for making awards;
- (3) the terms and conditions for the design-build contract;
- (4) the design criteria;
- (5) the qualifications the design builder will be required to have;
- (6) a request for a critical path method schedule for commencement and completion of the project;
- (7) budget limits for the project;
- (8) affirmative action, disadvantaged businesses, small business, or set-aside goals or requirements for the design-build contract;
- (9) requirements for insurance, performance and payment bonds, bid bonds, and cash deposits;

(10) a description of the drawings, specifications, or other submittals to be submitted with the phase-two proposal, with guidance as to the form and level of completeness of the drawings, specifications, or submittals that will be acceptable;

(11) the professional and technical services contract to be entered into with the design-builders selected to submit phase-two proposals, including scope of work, use of ideas or information, and compensation; and

(12) identification of any other material information available from the commissioner or board, including, without limitation, surveys, soils reports, drawings or models of existing structures, environmental studies, photographs, or references to public records.

(b) The solicitation of request for proposals does not obligate the commissioner to enter into a design-build contract. In accordance with the stated criteria for evaluating proposals, the commissioner may accept or reject any or all proposals received as a result of the request. The notification of rejection of all proposals must include an explanation for all proposals being rejected. The solicitation for proposals may be canceled at any time in the commissioner's sole discretion if it is considered to be in the state's best interest. If the commissioner rejects all proposals or cancels the solicitation for proposals, the commissioner may resolicit a request for proposals using the same or different requirements or request the board to select a designer under section 16B.33 and proceed with the design-bid-build delivery method.

Subd. 6. [QUALIFICATION; PHASE-ONE SUBMITTAL.] (a) In phase one, the board and commissioner shall evaluate the design-build qualifications of the design-builders who responded to the request for proposals with phase-one submittals based on each design-builder's experience, technical competence, and capability to perform; the past performance of the design-builder and its employees, quality control organization and system, sustainability, and life-cycle costing methodology; and other appropriate facts submitted by each design-builder in response to the request for proposals all in accordance with the weighted criteria that are stated for phase-one evaluations in the request for proposals. The phase-one or phase-two evaluation of the "past performance" or "experience" of a proposer must not include the exercise or assertion of a person's legal rights. The board or commissioner may require clarifications from design-builders.

(b) If the project is within the capitol area, the capitol area architecture and planning board, as defined in section 15.50, shall participate in the evaluation of phase-one submittals.

(c) The board shall select to a short list the most qualified design-builders that have responded with phase-one submittals based on the weighted criteria for phase-one evaluations stated in the request for proposals. For projects involving only renovation, in the discretion of the commissioner, the design-builder may be selected only on the phase-one submissions, or after a phase-two submission. For all other projects, the board shall prepare a list of at least three potential design-builders to submit phase-two proposals. The board shall not proceed to obtain phase-two proposals or make a selection, as applicable, unless it receives phase-one submittals from at least three qualified design-builders. If the board receives fewer than three phase-one submittals from qualified design-builders, the commissioner may cancel the solicitation for proposals, revise the request for proposals, and solicit new proposals or request the board to select a designer under section 16B.33 and proceed with the design-bid-build delivery method.

(d) The commissioner shall enter into the professional and technical services contract included in the request for proposals with each of the design-builders qualified by the board to submit phase-two proposals.

Subd. 7. [PHASE-TWO PROPOSALS.] (a) The professional and technical services contract with the design-builders selected to submit phase-two proposals provided in the request for proposals must require at least the following:

(1) preliminary plans and specifications, renderings, and models as may be required in the request for proposals in sufficient detail, to describe the character, quality, and scope of the project;

(2) a design and construction schedule;

(3) the all-inclusive fixed price at which the design-builder will complete the project if the phase-two proposal is accepted, including a total development cost budget in detail by building component with all soft costs, allowances, and design fees; and

(4) other materials the board or commissioner determines are necessary to fix the design, schedule, and cost of the project.

(b) Phase-two proposals must be sealed and may not be opened until expiration of the time established for making proposals as set forth in the request for proposals.

(c) Phase-two proposals must identify each person with whom the design-builder proposes to enter into subcontracts for primary design and construction obligations under the design-build contract. Persons so identified may not be replaced without the approval of the commissioner, or the award may be revoked.

(d) The design-builder must submit a written statement that the phase-two proposal meets all requirements of the request for proposals.

(e) The commissioner may require each design-builder to submit with its phase-one or phase-two proposal, as applicable, a cash deposit or bid bond in the amount of five percent of the budget for the design-build contract. If the phase-one or phase-two proposal, as applicable, is accepted but the design-builder fails to execute the design-build contract, the deposit or bond is forfeited to the extent allowable under law, including the cost to the state of delays, resolicitation, and other results of the failure of the selected design-builder to enter into the design-build contract.

Subd. 8. [STIPULATED FEE.] The commissioner may award a stipulated fee not less than two-tenths of one percent of the department's estimated cost of design and construction to each short-listed, responsible proposer who provides a responsive but unsuccessful proposal. If the commissioner does not award a contract, all short-listed proposers may receive the stipulated fee. If the commissioner cancels the contract before reviewing the technical proposals, the commissioner may award each design-builder on the short list a stipulated fee of not less than two-tenths of one percent of the commissioner's estimated cost of design and construction. The commissioner shall pay the stipulated fee, if any, to each proposer within 90 days after the award of the contract or the decision not to award a contract. In consideration for paying the stipulated fee, the commissioner may use any ideas or information contained in the proposals in connection with any contract awarded for the project or in connection with a subsequent procurement, without any obligation to pay any additional compensation to the unsuccessful proposers. Notwithstanding the other provisions of this subdivision, an unsuccessful short-list proposer may elect to waive the stipulated fee. If an unsuccessful short-list proposer elects to waive the stipulated fee, the commissioner may not use ideas and information contained in that proposer's proposal. Upon the request of the commissioner, a proposer who waived a stipulated fee may withdraw the waiver, in which case the commissioner shall pay the stipulated fee, if any, to the proposer and thereafter may use ideas and information in the proposer's proposal.

Subd. 9. [DESIGN-BUILDER SELECTION.] (a) After obtaining and evaluating proposals from each design-builder according to the criteria and procedures in the request for proposals, the board shall rank the phase-one or phase-two proposals, as applicable, and select the proposal that is rated the highest based on the weighted evaluation criteria in the request for proposal. The board or commissioner may require clarifications from design-builders during the evaluation process. Selection according to this method may result in an award not being made to the lowest cost proposal.

(b) If the project is within the capitol area, the capitol area architectural and planning board shall participate in the evaluation of phase-two proposals.

Subd. 10. [AWARD OF DESIGN-BUILD CONTRACT.] If the commissioner decides not to reject all proposals, the commissioner shall award and enter into the design-build contract with the design-builder that submitted the phase-one or phase-two proposal, as applicable, rated highest based on the weighted evaluation criteria as evaluated under the request for qualifications or request for proposals as applicable.

Subd. 11. [EXPIRATION.] This section expires January 1, 2004.

Sec. 42. Minnesota Statutes 2000, section 85.019, subdivision 4a, is amended to read:

Subd. 4a. [NATURAL AND SCENIC AREAS.] The commissioner shall administer a program to provide grants to units of government and school districts for the acquisition and betterment of natural and scenic areas such as blufflands, prairies, shorelands, wetlands, and wooded areas. A grant may not exceed 50 percent or \$500,000, whichever is less, of the costs of acquisition and betterment of land acquired under this subdivision. The commissioner shall make payment to a unit of government upon receiving documentation of reimbursable expenditures.

Sec. 43. Minnesota Statutes 2000, section 85.019, subdivision 4c, is amended to read:

Subd. 4c. [~~LOCAL TRAIL CONNECTIONS.~~] The commissioner shall administer a program to provide grants to units of government for ~~up to 50 percent of the costs of~~ acquisition and betterment of public land and improvements needed for trails that connect communities, trails, and parks and thereby increase the effective length of trail experiences. Recipients must provide a nonstate cash match of at least one-half of total eligible project costs. If land used for the trails is not in full public ownership, then the recipients must prove it is dedicated to the purposes of the grants for at least 20 years. The commissioner shall make payment to a unit of government upon receiving documentation of reimbursable expenditures. A unit of government may enter into a lease or management agreement for the trail, subject to section 16A.695.

Sec. 44. Minnesota Statutes 2000, section 103F.205, subdivision 1, is amended to read:

Subdivision 1. [APPLICABILITY.] The definitions in this section apply to sections 103F.201 to ~~103F.221~~ 103F.225.

Sec. 45. [103F.225] [SHORELAND PROTECTION PROGRAM.]

Subdivision 1. [ESTABLISHMENT.] The board of water and soil resources shall establish a program to acquire conservation easements in environmentally sensitive lake and river shoreland areas from private landowners. The board may award grants to local soil and water conservation districts and participating local units of government to accomplish the purposes of the program. The board shall coordinate the acquisition of lake and river shoreland conservation easements with shoreland protection and enhancement activities of the commissioner of natural resources, the pollution control agency, and other public and private entities.

Subd. 2. [LOCAL ACQUISITION CRITERIA.] A participating soil and water conservation district or local unit of government must establish a working group of interested individuals. The working groups, along with the county board and the soil and water conservation district, must develop criteria for acquisition of lake and river shoreland conservation easements and the preservation and enhancement of degraded or eroded shoreland.

Subd. 3. [USE OF GRANTS.] The board, a participating soil and water conservation district, or local unit of government may use a grant for the acquisition of shoreland conservation easements. The grant may be up to 100 percent of the cost of acquisition of the easement. A conservation easement, as defined in section 84C.01, must be permanent and is subject to applicable provisions relating to easement acquisition in section 103F.515, subdivisions 3 to 6, 8 and 9, except the easement may be held by the board, a local unit of government, or a soil and water conservation district. Section 273.117 applies to conservation easements acquired under this section.

Subd. 4. [CONSERVATION PLAN; GRANT PRIORITY.] (a) An entity applying for a grant to acquire a shoreland conservation easement under this section, must prepare a conservation plan for the area subject to the easement to provide for the preservation and enhancement of the natural shoreline. The conservation plan shall also include information on identified and committed funding sources to implement the plan.

(b) The board shall give priority for grants based on:

(1) the environmental sensitivity of the shoreland;

(2) the need for preservation and enhancement of the shoreland due to existing degradation and erosion; and

(3) the extent that funding, including in-kind contributions, has been committed to implement the conservation plan.

Subd. 5. [EXPIRATION.] This section expires June 30, 2004.

Sec. 46. [116J.431] [GREATER MINNESOTA BUSINESS DEVELOPMENT PUBLIC INFRASTRUCTURE GRANT PROGRAM.]

Subdivision 1. [GRANT PROGRAM ESTABLISHED.] The commissioner shall make grants to cities to provide up to 50 percent of the capital costs of public infrastructure necessary for an eligible economic development project. The city receiving a grant must provide for the remainder of the costs of the project, either in cash or in kind. In-kind contributions may include the value of site preparation other than the public infrastructure needed for the project.

For purposes of this section, "city" means a statutory or home rule charter city located outside the metropolitan area, as defined in section 473.121, subdivision 2.

"Public infrastructure" means publicly owned physical infrastructure necessary to support economic development projects, including, but not limited to, sewers, water supply systems, utility extensions, streets, wastewater treatment systems, stormwater management systems, and facilities for pretreatment of wastewater to remove phosphorus.

The purpose of the grants is to keep or enhance jobs in the area, increase the tax base, or to expand or create new economic development.

Subd. 2. [ELIGIBLE PROJECTS.] An economic development project for which a city may be eligible to receive a grant under this section includes:

(1) manufacturing;

(2) technology;

(3) warehousing and distribution;

(4) research and development;

(5) agricultural processing, defined as transforming, packaging, sorting, or grading livestock or livestock products into goods that are used for intermediate or final consumption, including goods for nonfood use; or

(6) industrial park development that would be used by any other business listed in this subdivision.

Subd. 3. [INELIGIBLE PROJECTS.] The following projects are not eligible for a grant under this section:

(1) retail development; or

(2) office space development, except as incidental to an eligible purpose.

Subd. 4. [APPLICATION.] The commissioner must develop forms and procedures for soliciting and reviewing applications for grants under this section. At a minimum, a city must include in its application a resolution of the city council certifying that the required local match is available. The commissioner must evaluate complete applications for eligible projects using the following criteria:

(1) the project is an eligible project as defined under subdivision 2;

(2) the project will result in substantial public and private capital investment and provide substantial economic benefit to the city in which the project would be located;

(3) the project is not relocating substantially the same operation from another location in the state, unless the commissioner determines the project cannot be reasonably accommodated within the city in which the business is currently located, or the business would otherwise relocate to another state; and

(4) the project will create or maintain full-time jobs.

The determination of whether to make a grant for a site is within the discretion of the commissioner, subject to this section. The commissioner's decisions and application of the priorities are not subject to judicial review, except for abuse of discretion.

Subd. 5. [SET ASIDES.] (a) During the first two years of the program, \$2,000,000, must be used only for grants to cities with a population of less than 5,000.

(b) Twenty percent of the amount available must be used only for grants for industrial park developments.

Subd. 6. [MAXIMUM GRANT AMOUNT.] A city may receive no more than \$1,000,000 in two years for one or more projects.

Subd. 7. [CANCELLATION OF GRANT; RETURN OF GRANT MONEY.] If after five years, the commissioner determines that a project has not proceeded in a timely manner and is unlikely to be completed, the commissioner must cancel the grant and require the grantee to return all grant money awarded for that project. For industrial park development projects, if after five years the industrial park is not developed and available for business use, the commissioner must cancel the grant and require the grantee to return all grant money for that project. If the industrial park is developed and available for use within five years, but no businesses have located in the park, the grantee is not required to return any grant money.

Subd. 8. [APPROPRIATION.] Grant money returned to the commissioner is appropriated to the commissioner to make additional grants under this section.

Sec. 47. [116J.571] [CREATION OF ACCOUNTS.]

Two greater Minnesota redevelopment accounts are created, one in the general fund and one in the bond proceeds fund. Money in the accounts may be used to make grants as provided in section 116J.575. Money in the bond proceeds fund may only be used for eligible costs for publicly owned property. Money in the general fund may be used to pay for the commissioner's costs in reviewing the applications.

Sec. 48. [116J.572] [DEFINITIONS.]

Subdivision 1. [SCOPE OF APPLICATION.] For purposes of sections 116J.571 to 116J.575, the terms in this section have the meanings given.

Subd. 2. [DEVELOPMENT AUTHORITY.] "Development authority" includes a statutory or home rule charter city, county, housing and redevelopment authority, economic development authority, or port authority located outside the seven-county metropolitan area, as defined in section 473.121, subdivision 2.

Subd. 3. [ELIGIBLE COSTS OR COSTS.] "Eligible costs" or "costs" means the costs of land acquisition, stabilizing unstable soils, demolition, infrastructure improvements, ponding or other environmental infrastructure; building construction, design and engineering; and adaptive reuse of buildings. Eligible costs do not include project administration and legal fees.

Subd. 4. [REDEVELOPMENT.] "Redevelopment" means recycling obsolete, abandoned, or underutilized properties for new industrial, commercial, or residential uses.

Sec. 49. [116J.573] [CRITERIA FOR ACCOUNTS AND PROJECTS.]

Subdivision 1. [ACCOUNTS.] Criteria for use of the accounts created in section 116J.571 must be consistent with and promote the purposes of sections 116J.571 to 116J.575. They include, but are not limited to:

- (1) creating and preserving living wage jobs in greater Minnesota;
- (2) creating incentives for communities to include a full range of housing opportunities;
- (3) creating incentives for all communities to implement compact, efficient, and mixed-use development; and
- (4) creating incentives to assist communities in maintaining a unique sense of place by preserving local, cultural assets.

Subd. 2. [PROJECTS.] To be eligible for funding by the greater Minnesota redevelopment account, a project must:

- (1) interrelate redevelopment with other public investments in transportation, housing, schools, energy, utilities information infrastructure, and other public services;
- (2) interrelate affordable housing and employment growth areas;
- (3) intensify land use that leads to more compact redevelopment;
- (4) involve redevelopment that mixes incomes of residents in housing, including introducing or reintroducing higher value housing in lower income areas to achieve a mix of housing opportunities;
- (5) involve participation from citizens and the business community in the planning and development of the proposed redevelopment plan;
- (6) encourage public infrastructure investments which attract private sector redevelopment investment in commercial, industrial, and residential properties adjacent to public improvements, and provide project area residents with expanded opportunities for private sector employment; or
- (7) be sustainable at the local level and reduce the probability of future requests for state development, maintenance, or replacement assistance.

Subd. 3. [OTHER FACTORS.] The factors listed in subdivisions 1 and 2 are not ranked in order of priority. Rather, the commissioner may weigh each factor depending upon the facts and circumstances as the commissioner considers appropriate. The commissioner may consider other factors including, but not limited to, blight reduction, community stabilization, and property tax base maintenance or improvement.

Subd. 4. [PARTNERSHIPS.] The commissioner shall give priority to proposals using innovative financial partnerships between government, private for-profit, and nonprofit sectors as well as to proposals that meet current tax increment financing requirements for a redevelopment district and contribute tax increment financing towards the project.

Subd. 5. [ANNUAL REPORT.] The commissioner shall prepare and submit to the legislature an annual report on the greater Minnesota redevelopment account. The report must include information on the amount of money in the account, the amount distributed, to whom the grants were distributed and for what purposes, and an evaluation of the effectiveness of the projects funded in meeting the policies and goals of the program.

Sec. 50. [116J.574] [GRANT APPLICATIONS.]

Subdivision 1. [APPLICATION REQUIRED.] To obtain a grant, a development authority shall apply to the commissioner.

Subd. 2. [REQUIRED CONTENT.] The commissioner shall prescribe and provide the application form. The application must include at least the following information:

(1) identification of the site;

(2) a detailed budget, including necessary supporting evidence, of the total costs for the site including the total eligible redevelopment costs;

(3) a complete redevelopment plan, including any specific commitments from third parties to construct improvements on the site;

(4) a complete financing plan, including the manner in which the development authority uses innovative financial partnerships between government, private for-profit, and nonprofit sectors; and

(5) any additional information or material that the commissioner prescribes.

Sec. 51. [116J.575] [GRANTS.]

Subdivision 1. [COMMISSIONER DISCRETION.] The commissioner may make a grant for up to 50 percent of the eligible costs of a project. The determination of whether to make a grant for a site is within the discretion of the commissioner, subject to this section and sections 116J.571 to 116J.574 and available unencumbered money in the greater Minnesota redevelopment account. The commissioner's decisions and application of the priorities under this section are not subject to judicial review, except for abuse of discretion.

Subd. 2. [APPLICATION CYCLES.] In making grants, the commissioner shall establish semiannual application deadlines in which grants will be authorized from all or part of the available money in the account.

Sec. 52. Minnesota Statutes 2000, section 134.45, subdivision 5, is amended to read:

Subd. 5. [QUALIFICATION.] A public library jurisdiction may apply for a grant in an amount up to \$150,000 or 50 percent of the approved costs of removing architectural barriers from a building or site, whichever is less. Grants may be made only for projects in existing buildings used as a library, or to prepare another existing building for use as a library. Renovation of an existing building may include an addition to the building if the additional space is necessary to provide accessibility or if relocating public spaces to the ground level provides improved overall accessibility. Grants must not be used to pay part of the cost of meeting accessibility requirements in a new building.

Sec. 53. Minnesota Statutes 2000, section 135A.046, subdivision 2, is amended to read:

Subd. 2. [STANDARDS.] Capital budget expenditures for Higher Education Asset Preservation and Replacement (HEAPR) projects must be for one or more of the following: code compliance including health and safety, Americans with Disabilities Act requirements, hazardous material abatement, access improvement, or air quality improvement; or building or infrastructure repairs necessary to preserve the interior and exterior of existing buildings; or renewal to support the existing programmatic mission of the campuses. Up to ten percent of an appropriation awarded under this section may be used for design costs for projects eligible to be funded from this account in anticipation of future funding from the account.

Sec. 54. Minnesota Statutes 2000, section 136F.60, subdivision 1, is amended to read:

Subdivision 1. [~~PURCHASE OF NEIGHBORING PROPERTY; STATE UNIVERSITIES.~~] The board may purchase property adjacent to or in the vicinity of the campuses as necessary for the development of a state college or university. Before taking action, the board shall consult with the chairs of the senate finance committee and the house ways and means committee about the proposed action. The board shall explain the need to acquire property, specify the property to be acquired, and indicate the source and amount of money needed for the acquisition. The amount needed may be spent from sums previously appropriated for purposes of the state colleges and universities, including, but not limited to, general fund appropriations for instructional or noninstructional expenditures, general fund appropriations carried forward, or state college and university activity fund appropriations. The board may pay relocation costs, at its discretion, when acquiring property.

Sec. 55. [174.52] [LOCAL ROAD IMPROVEMENT FUND.]

Subdivision 1. [FUND CREATED.] A local road improvement fund is created in the state treasury. The fund consists of money transferred to the fund through appropriation, gift, or grant.

Subd. 2. [TRUNK HIGHWAY CORRIDOR PROJECTS ACCOUNT.] A trunk highway corridor projects account is established in the local road improvement fund. Money in the account is annually appropriated to the commissioner of transportation for expenditure as specified in this section. Money in the account must be used as grants or loans to statutory or home rule charter cities, towns, and counties to assist in paying the local share of trunk highway projects that have local costs that are directly or partially related to the trunk highway improvement and that are not funded or are only partially funded with other state and federal funds. The commissioner shall determine the amount of the local share of costs eligible for assistance from the account.

Subd. 3. [ADVISORY COMMITTEE.] The commissioner shall establish an advisory committee consisting of five members, including:

(1) one county commissioner;

(2) one county engineer;

(3) one city engineer;

(4) one city council member or city administrator representing a city with a population over 5,000; and

(5) one city council member or city administrator representing a city with a population under 5,000. The advisory committee shall provide recommendations to the commissioner regarding expenditures from the trunk highway corridor projects account.

Subd. 4. [LOCAL ROAD ACCOUNT FOR ROUTES OF REGIONAL SIGNIFICANCE.] A local road account for routes of regional significance is established in the local road improvement fund. Money in the account is annually appropriated to the commissioner of transportation for expenditure as specified in this section. Money in the account must be used as grants or loans to statutory or home rule charter cities, towns, and counties to assist in paying the costs of constructing or reconstructing city streets, county highways, or town roads with statewide or regional significance that has not been fully funded through other state, federal, or local funding sources.

Subd. 5. [GRANT PROCEDURES AND CRITERIA.] The commissioner shall establish procedures for statutory or home rule charter cities, towns, and counties to apply for grants or loans from the fund and criteria to be used to select projects for funding. The commissioner shall establish these procedures and criteria in consultation with representatives appointed by the association of Minnesota counties, league of Minnesota cities, and Minnesota township officers association. The criteria for determining project priority and the amount of a grant or loan must be based upon consideration of:

(1) the availability of other state, federal, and local funds;

- (2) the regional significance of the route;
- (3) effectiveness of the proposed project in eliminating a transportation system deficiency;
- (4) the number of persons who will be positively impacted by the project;
- (5) the project's contribution to other local, regional, or state economic development or redevelopment efforts; and
- (6) ability of the local unit of government to adequately provide for the safe operation and maintenance of the facility upon project completion.

Subd. 6. [ADMINISTRATIVE COSTS.] A sum of 0.25 percent of the total amount in the fund, other than amounts deposited in the fund from the proceeds from the sale of state bonds, is available to be used for administrative costs incurred by the department in carrying out the provisions of this section.

Sec. 56. Minnesota Statutes 2000, section 240A.02, subdivision 1, is amended to read:

Subdivision 1. [MEMBERSHIP; COMPENSATION; CHAIR.] (a) The Minnesota amateur sports commission consists of ~~12~~ 14 voting members, four of whom must be experienced in promoting amateur sports. ~~Nine~~ Nine Of the voting members, nine shall be appointed by the governor and two shall be appointed by the commission to three-year terms. Of the total commission membership, including voting and nonvoting members, one member must reside in each of the state's congressional districts. Four legislators, two from each house appointed according to its rules, shall be nonvoting members. One member from each house shall be from the minority caucus. Compensation and removal of members and the filling of membership vacancies are as provided in section 15.0575. A member may be reappointed. The governor shall appoint the chair of the commission after consideration of the commission's recommendation.

(b) The governor, speaker of the house of representatives, and senate majority leader shall each appoint one additional voting member to the commission to a two-year term. The purpose of adding three members to the commission is to ensure gender balance in commission membership. Compensation, removal, and filling of vacancies of members appointed under this paragraph are as provided in section 15.0575. A member appointed under this paragraph may be reappointed.

Sec. 57. [383B.158] [DESIGN-BUILD CONTRACTS.]

Subdivision 1. [DEFINITIONS.] (a) In sections 383B.158 to 383B.1586, the definitions in this subdivision apply.

(b) "Best value" describes a result intended in acquiring design-build services. Best value determination must include price and must measure a responder's qualifications, experience, prior performance, and responses to technical and qualitative criteria.

(c) "County board" means the Hennepin county board of commissioners.

(d) "Designer selection committee" means the designer selection committee appointed by the county to advise the county administrator and county board in preparing and conducting the design-build selection process. At least three members of the committee must be individuals who are not county employees, a minimum of two members must be professionally licensed under chapter 326, and at least one must be or must have been a commercial contractor. No committee member shall have personal financial interest in the project or with any of the design-build proposals.

(e) "Design-build contract" means a single contract between the county and a design-builder to furnish the architectural, engineering, and related design services as well as the labor, materials, supplies, equipment, and construction services for a project.

(f) "Design-build firm" means a proprietorship, partnership, limited liability partnership, joint venture, corporation, or any type of limited liability company, professional corporation, or any legal entity.

(g) "Design-builder" means the design-build firm that proposes to design and build a project governed by the procedures of this section.

(h) "Design professional" means a person who holds or employs individuals who hold a license under chapter 326 and who is required to be registered under Minnesota law.

(i) "Project" means an undertaking for the county to design, construct, erect, or remodel a building or facility, or to design, construct, or reconstruct a county road, bridge, or other infrastructure relating to a county roadway.

(j) "Proposal" means an offer by a design-builder to enter into a design-build contract for a project in response to a request for proposals, including a phase-one or phase-two proposal.

(k) "Request for proposals" or "RFP" means the document or publication through which the county solicits proposals from prequalified design-builders to design and construct a design-build project.

(l) "Request for qualifications" or "RFQ" means a document to prequalify and short-list potential design-builders for a project.

Subd. 2. [AUTHORITY.] Notwithstanding section 471.345 or any other law to the contrary, the county board may solicit and award a design-build contract for a project on the basis of a best value selection process as provided in this section.

Subd. 3. [RESTRICTION.] (a) The authority granted in sections 383B.158 to 383B.1586 shall be to evaluate the effectiveness of the design-build process for a county project.

(b) The board may not enter into a design-build contract under this section unless the county has as employees at least one of each of the following, each of whom must be licensed and registered under state law: an architect, a mechanical engineer, and a civil engineer. In addition, the county must employ a full-time project manager with at least five years of construction management experience.

Subd. 4. [PROCEDURES.] (a) The county board shall, by resolution, adopt implementation procedures consistent with this section for the award of design-build contracts.

(b) The implementation procedures must, at a minimum, govern:

(1) the establishment of a designer selection committee appointed by the county to advise the county administrator and the county board in preparing and conducting the design-build selection process, including a recommendation for the selection of a design-build proposal it considers to be of best value to the public;

(2) preparing requests for proposals, including procedures for determining the appropriate content for each request for proposal;

(3) standards to be used to qualify or prequalify design-builders;

(4) preparing and submitting proposals;

(5) establishing procedures for evaluating proposals in as objective a manner as possible;

(6) establishing safeguards to preserve confidential information and proprietary information supplied by those submitting proposals including, but not limited to, an offeror's price, technical solutions, innovative or unique technology, and innovative or unique use of commercially available items; and

(7) awarding and executing design-build contracts.

Subd. 5. [LICENSING REQUIREMENTS.] (a) A design-builder must be licensed and registered to provide the services required to complete the project and do business in this state.

(b) A design-builder may enter into a contract with the county to provide professional or construction services that the design-builder is not licensed, registered, or qualified to perform, so long as the design-builder provides the services through subcontracts with licensed, registered, or otherwise qualified persons in accordance with this section.

(c) This section does not intend to limit or eliminate the responsibility or liability owed by a professional on a design-build project to the county or other parties under other law.

Sec. 58. [383B.1581] [DESIGN-BUILD PROCESS.]

Subdivision 1. [TWO-PHASE PROCEDURE.] If the county board determines that the design-build best value method of project delivery is appropriate for a project, the county board shall establish a two-phase procedure for awarding the design-build contract.

Subd. 2. [CONTENTS.] The county, after considering recommendations from the designer selection committee, shall prepare or have prepared an RFQ. The RFQ must include the following:

- (1) the minimum qualifications of design-builders necessary to meet the requirements for acceptance;
- (2) a scope of work statement and schedule;
- (3) documents defining the project requirements;
- (4) the form of contract to be awarded;
- (5) the weighted selection criteria for compiling a short list and the number of firms to be included in the short list, which must be at least two but not more than five;
- (6) a description of the request for proposals (RFP) requirements;
- (7) the maximum time allowed for design and construction;
- (8) the county board's estimated cost range of design and construction;
- (9) requirements for construction experience, design experience, financial, personnel, and equipment resources available from potential design-builders for the project and experience in other design-build projects or similar projects, provided that these requirements may not unduly restrict competition; and
- (10) a statement that "past performance" or "experience" does not include the exercise or assertion of a person's legal rights.

Subd. 3. [EVALUATION.] (a) The county shall solicit and evaluate proposals and select a design-builder in two phases.

(b) In phase one, the county board, after considering the recommendations from the designer selection committee, shall adopt a short list of at least two but no more than five of the most highly qualified firms in accordance with qualifications criteria described in the RFQ. Prior to adoption of the short list, the designer selection committee or the county board may require clarification from the design-builders to ensure conformance of proposals to the RFQ. The county must not consider cost-related or price-related evaluation factors in phase one.

(c) In phase two, the designer selection committee and the county shall use the evaluation criteria in the RFP to determine the design-build proposal to be the most advantageous and the best value to the public. Prior to award of a contract, the designer selection committee and, if necessary, the county board may require clarification from the design-builders to ensure conformance of proposals to the RFP.

Sec. 59. [383B.1582] [RFP FOR DESIGN-BUILD.]

During phase two, the county shall issue an RFP to the design-builders on the short list. The request must include:

(1) the scope of work, including (i) performance and technical requirements, (ii) conceptual design, (iii) minimum specifications, and (iv) functional and operational elements for the delivery of the completed project, which must be prepared by a design professional qualified to prepare the necessary documents;

(2) a description of the qualifications required of the design-builder;

(3) a description of the selection criteria, including the weighting of each criterion;

(4) copies of the contract documents that the successful proposer will be expected to sign;

(5) the maximum time allowable for design and construction;

(6) the county's estimated range of cost for design and construction;

(7) the requirement that a submitted proposal be segmented into two parts, a technical proposal and a price proposal;

(8) the requirement that each proposal be in a separately sealed, clearly identified package and include the date and time of the submittal deadline;

(9) the requirement that the technical proposal include a critical path method, bar schedule of the work to be performed, or similar schematic; design plans and specifications; technical reports; calculations; permit requirements; applicable development fees; and other data requested in the RFP;

(10) the requirement that the price proposal contain all design, construction, engineering, inspection, and construction-related costs, and all other costs of any kind of the proposed project;

(11) the date, time, and location of the public opening of the sealed price proposals;

(12) a statement that "past performance" or "experience" does not include the exercise or assertion of a person's legal rights; and

(13) other information relevant to the project.

Sec. 60. [383B.1583] [REPLACING TEAM MEMBERS.]

An individual or a design-build firm identified in a response to an RFQ or RFP may not be replaced without the written approval of the county board. The county board may revoke an awarded contract if an individual or a design-build firm identified in a response to an RFQ or RFP is replaced without the county board's written approval. To qualify for the approval, the written request must document that the proposed replacement individual or design-build firm will be equal to or better than that described in the response to the RFQ or RFP. The county board shall use the criteria specified in the RFQ or RFP to evaluate the request.

Sec. 61. [383B.1584] [DESIGN-BUILD AWARD.]

The county board, after considering the recommendations of the designer selection committee, shall award the design-build contract to the proposer with the highest scored proposal based on the evaluation criteria in the RFP. The rationale for the selection of the proposal must be stated at the time of the contract award. The county board may reject any or all proposals, but must not do so to evade the other provisions and policies of this section. If the county board rejects all proposals, it may then solicit new proposals after making appropriate modifications to performance criteria, budget constraints, or qualifications.

Sec. 62. [383B.1585] [STIPULATED FEE.]

The county board, depending on the project's complexity and scope and at the board's discretion for each project, may determine that a stipulated fee be paid to each short-listed responsible proposer who provides a responsive but unsuccessful proposal. If a stipulated fee is to be paid, it must be clearly identified in the RFQ or RFP. If the county board does not award a contract, all short-listed proposers must receive the stipulated fee. If the county board cancels the contract before reviewing the technical proposals, the county board shall award each design-builder on the short list a stipulated minimum fee as set out in the RFP. The county board shall pay the stipulated fee to each proposer within 90 days after the award of the contract or the decision not to award a contract. In consideration for paying the stipulated fee, the county board may use any ideas or information contained in the proposals in connection with any contract awarded for the project or in connection with a subsequent procurement, without any obligation to pay any additional compensation to the unsuccessful proposers. Notwithstanding the other provisions of this subdivision, an unsuccessful short-list proposer may elect to waive the stipulated fee. If an unsuccessful short-list proposer elects to waive the stipulated fee, the county may not use ideas and information contained in that proposer's proposal. Upon the request of the county, a proposer who waived a stipulated fee may withdraw the waiver, in which case the county board shall pay the stipulated fee to the proposer and thereafter may use ideas and information in the proposer's proposal.

Sec. 63. [383B.1586] [EXPIRATION.]

Sections 383B.158 to 383B.1586 expire December 31, 2007, and apply only to design-build contracts entered into on or before January 1, 2008, for the Northwest busway and the Lowry Avenue bridge.

Sec. 64. Minnesota Statutes 2000, section 446A.07, subdivision 4, is amended to read:

Subd. 4. [INTENDED USE PLAN.] (a) ~~The pollution control agency public facilities authority~~ shall annually prepare and submit to the United States Environmental Protection Agency an intended use plan. The plan must identify the intended uses of the amounts available to the water pollution control revolving fund, including a list of wastewater treatment and storm water projects and all other eligible activities to be funded during the fiscal year. ~~Information regarding eligible activities must be submitted to the pollution control agency by the appropriate state agency or department within 30 days of written notification by the pollution control agency.~~

(b) To be eligible for placement on the intended use plan:

- (1) a project must be listed on the pollution control agency's project priority list;
- (2) the applicant must submit a written request to the public facilities authority, including a brief description of the project, a project cost estimate and the requested loan amount, and a proposed project schedule; and
- (3) for a construction loan, the project must have a facility plan approved by the pollution control agency.

(c) The pollution control agency shall annually provide to the public facilities authority its project priority list of wastewater and storm water projects to be considered for funding. The ~~pollution control agency~~ public facilities authority may not submit the plan until it has received the review and comment of the ~~authority~~ pollution control agency or until 30 days have elapsed since the plan was submitted to the ~~authority~~ pollution control agency,

whichever occurs first. In addition, the public facilities authority shall offer municipalities seeking placement on the intended use plan an opportunity to review and comment on the plan before it is adopted. The plan may be amended to add additional projects for consideration for funding as it determines funds are available and additional projects are able to proceed.

Sec. 65. Minnesota Statutes 2000, section 446A.072, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT OF PROGRAM.] The authority will establish a wastewater infrastructure funding program to provide supplemental assistance to municipalities applying for receiving funding under through the water pollution control revolving loan program or the United States Department of Agriculture Rural Economic and Community Development's (USDA/RECD) Water and Waste Disposal Loans and Grants program for the design and planning, improvements to, and construction of municipal wastewater treatment systems. The purpose of the program is to assist municipalities demonstrating financial need in building cost-efficient projects to address existing environmental or public health problems. To implement the program, the authority shall establish a wastewater infrastructure fund to provide grants and loans for the purposes authorized under title VI of the Federal Water Pollution Control Act. The fund shall be credited with all investment income from the fund and all repayments of loans, grants, and penalties.

[EFFECTIVE DATE.] This section is effective for funds appropriated after January 1, 2002.

Sec. 66. Minnesota Statutes 2000, section 446A.072, subdivision 3, is amended to read:

Subd. 3. [PROGRAM ADMINISTRATION.] (a) The authority shall provide supplemental assistance, as provided in subdivision 2; 5a to municipalities demonstrating financial need, as provided in subdivision 4, whose projects have been certified to the authority by the commissioner of the agency. The authority shall reserve supplemental assistance for projects in order of their priority ranking established by the agency:

(1) whose projects are listed on the agency's project priority list;

(2) that demonstrate their projects are a cost-effective solution to an existing environmental or public health problem; and

(3) whose projects are approved by the USDA/RECD or certified by the commissioner of the agency.

(b) For a municipality receiving grant funding from the USDA/RECD, applications must be made to the USDA/RECD with additional information submitted to the authority as required by the authority. Eligible project costs and affordability criteria shall be determined by the USDA/RECD.

(c) For a municipality not receiving grant funding from the USDA/RECD, application must be made to the authority on forms prescribed by the authority for the water pollution control revolving fund program with additional information as required by the authority. In accordance with section 116.182, the agency shall:

(1) calculate the essential project component percentage which must be multiplied by the total project cost to determine the eligible project cost; and

(2) review and certify approved projects to the authority.

(d) At the time funds are appropriated under this section, the authority shall reserve supplemental assistance for projects in order of their rankings on the agency's project priority list and in an amount based on their most recent cost estimates submitted to the authority or the as-bid costs, whichever is less.

[EFFECTIVE DATE.] This section is effective for funds appropriated after January 1, 2002.

Sec. 67. Minnesota Statutes 2000, section 446A.072, is amended by adding a subdivision to read:

Subd. 5a. [TYPE AND AMOUNT OF ASSISTANCE.] (a) For a municipality receiving grant funding from the USDA/RECD, the authority shall provide assistance in the form of a grant of up to one-half of the eligible grant amount determined by USDA/RECD. A municipality may not receive a grant under this paragraph for more than \$4,000,000 or \$15,000 per existing connection, whichever is less, unless specifically approved by law. In the case of a sanitary district or other multijurisdictional project for which the USDA/RECD is unable to fully fund up to one-half of the eligible grant amount, the authority may provide up to an additional \$1,000,000 for each additional municipality participating up to a maximum of \$8,000,000 or \$15,000 per existing connection, whichever is less, but not to exceed the maximum grant level determined by the USDA/RECD as needed to keep the project affordable.

(b) For a municipality not receiving grant funding from the USDA/RECD, the authority shall provide assistance in the form of a loan for the eligible project costs that exceed five percent of the market value of properties in the project service area. A municipality may not receive a loan under this paragraph for more than \$4,000,000 or \$15,000 per existing connection, whichever is less, unless specifically approved by law. In the case of a sanitary district or other multijurisdictional project, the authority may provide a loan under this paragraph for up to an additional \$1,000,000 for each additional municipality participating up to a maximum of \$8,000,000 or \$15,000 per existing connection, whichever is less, unless specifically approved by law. A loan under this paragraph must bear no interest, must be repaid as provided in subdivision 7, and must only be provided in conjunction with a loan from the water pollution control revolving fund under section 446A.07.

(c) Notwithstanding the limits in paragraphs (a) and (b), for a municipality receiving supplemental assistance under this section after January 1, 2002, if the authority determines that the municipality's construction and installation costs are significantly increased due to geological conditions of crystalline bedrock or karst areas and discharge limits that are more stringent than secondary treatment, the authority shall provide assistance in the form of half grant and half loan. Assistance from the authority may not be more than \$25,000 per existing connection. Any additional grant amount received for the same project must be used to reduce the amount of the municipality's loan from the water pollution control revolving fund that exceeds five percent of the market value of properties in the project service area.

[EFFECTIVE DATE.] This section is effective for funds appropriated after January 1, 2002.

Sec. 68. Minnesota Statutes 2000, section 446A.072, is amended by adding a subdivision to read:

Subd. 5b. [SPECIAL ASSESSMENT DEFERRAL.] A municipality receiving a loan under subdivision 5a that levies special assessments to repay the loan under subdivision 5a or section 446A.07 may defer payment of such assessments under the provisions of sections 435.193 to 435.195.

[EFFECTIVE DATE.] This section is effective for funds appropriated after January 1, 2002.

Sec. 69. Minnesota Statutes 2000, section 446A.072, subdivision 6, is amended to read:

Subd. 6. [DISBURSEMENTS.] Disbursements made of grants or loans awarded under this section by the authority to recipients must be made for eligible project costs as incurred by the recipients, and must be made by the authority in accordance with the project financing agreement and applicable state and federal laws and rules governing the payments.

[EFFECTIVE DATE.] This section is effective for funds appropriated after January 1, 2002.

Sec. 70. Minnesota Statutes 2000, section 446A.072, subdivision 7, is amended to read:

Subd. 7. [LOAN REPAYMENTS.] All loan repayments received by the authority under subdivision 2 must be used to provide additional assistance under this section. A municipality receiving a loan under this section shall repay the loan in semiannual payment amounts determined by the authority. The payment amount must be based

on the average payments on the municipality's water pollution control revolving fund loan or, if greater, the minimum amount required to fully repay the loan by the maturity date. Payments must begin within one year of the date of the municipality's final payment on the water pollution control revolving fund loan. The maturity date of the loan must be no later than 20 years from the date of the first payment.

[EFFECTIVE DATE.] This section is effective for funds appropriated after January 1, 2002.

Sec. 71. Minnesota Statutes 2000, section 446A.072, subdivision 8, is amended to read:

Subd. 8. [ELIGIBILITY.] A municipality is eligible for assistance under this section only after grant funding from other sources has been applied for, obtained, rejected, or the authority has determined that the potential funding is unlikely.

[EFFECTIVE DATE.] This section is effective for funds appropriated after January 1, 2002.

Sec. 72. Minnesota Statutes 2000, section 446A.072, subdivision 9, is amended to read:

Subd. 9. [LOAN LIMITATION.] Supplemental assistance may not be used to reduce the sewer service charges of a significant wastewater contributor, or a single user that has caused the need for the project or whose current or projected flow and load exceed one-half of the current wastewater treatment plant's capacity; ~~unless the applicant can demonstrate to the authority that the significant wastewater contributor cannot pay its fair share. Funding will not be provided for projects that are not qualified for assistance or that would violate the state's constitution or laws regarding the use of funds appropriated for the program.~~

[EFFECTIVE DATE.] This section is effective for funds appropriated after January 1, 2002.

Sec. 73. Minnesota Statutes 2000, section 446A.072, subdivision 11, is amended to read:

Subd. 11. [REPORT ON NEEDS.] ~~By October 15~~ February 1 of each ~~odd-numbered~~ even-numbered year, the authority, in conjunction with the pollution control agency, shall prepare a report to the finance division of the senate environment and natural resources committee and the house environment and natural resources finance committee on wastewater funding assistance needs of municipalities under this section.

[EFFECTIVE DATE.] This section is effective for funds appropriated after January 1, 2002.

Sec. 74. Minnesota Statutes 2000, section 446A.072, subdivision 12, is amended to read:

Subd. 12. [SYSTEM REPLACEMENT FUND.] Each ~~recipient of assistance~~ municipality receiving a loan under this section shall establish a system replacement fund ~~setting aside and shall annually deposit~~ a minimum of ~~\$.10~~ \$.50 per 1,000 gallons of flow for major rehabilitation, expansion, or replacement of the treatment ~~plant system~~ at the end of its useful life. Money must remain in the account, for the life of the loan associated with the supplemental assistance under this section; unless use of the fund is approved in writing by the authority for major rehabilitation, expansion, or replacement of the treatment plant. Failure to maintain the fund will cancel the loan forgiveness provided under subdivision 2 system. By March 1 each year during the life of the loan, each municipality shall submit a report to the authority regarding the amount deposited and the fund balance for the prior calendar year. Failure to comply with the requirements of this subdivision shall result in the authority assessing a penalty fee to the municipality equal to one percent of the outstanding loan balance for each year of noncompliance. Failure to make the required deposit or pay the penalty fee as required constitutes a default on the loan.

[EFFECTIVE DATE.] This section is effective for funds appropriated after January 1, 2002.

Sec. 75. Minnesota Statutes 2000, section 446A.072, is amended by adding a subdivision to read:

Subd. 14. [CONSISTENCY WITH LAND USE PLANS.] A municipality applying for a project in an unsewered area shall include in its application to the authority a certification from the county in which the project is located that:

(1) the project is consistent with the county comprehensive land use plan, if the county has adopted one;

(2) the project is consistent with the county water plan, if the county has adopted one; and

(3) the county has adopted specific land use ordinances or controls so as to meet or exceed the requirements of Minnesota Rules, part 7080.0305.

[EFFECTIVE DATE.] This section is effective for funds appropriated after January 1, 2002.

Sec. 76. Minnesota Statutes 2000, section 446A.12, subdivision 1, is amended to read:

Subdivision 1. [BONDING AUTHORITY.] The authority may issue negotiable bonds in a principal amount that the authority determines necessary to provide sufficient funds for achieving its purposes, including the making of loans and purchase of securities, the payment of interest on bonds of the authority, the establishment of reserves to secure its bonds, the payment of fees to a third party providing credit enhancement, and the payment of all other expenditures of the authority incident to and necessary or convenient to carry out its corporate purposes and powers, but not including the making of grants. Bonds of the authority may be issued as bonds or notes or in any other form authorized by law. The principal amount of bonds issued and outstanding under this section at any time may not exceed ~~\$850,000,000~~ \$1,000,000,000, excluding bonds for which refunding bonds or crossover refunding bonds have been issued.

Sec. 77. Laws 1987, chapter 400, section 8, subdivision 5, is amended to read:

Subd. 5. Great River Road Project

3,000,000

This appropriation is for a grant to the Minneapolis park and recreation board for land acquisition for the Great River Road project in the central Mississippi regional park along the central waterfront area in downtown Minneapolis, provided that the city of Minneapolis issues \$3,000,000 in bonds to be used to acquire land for the same project by January 1, 1988. The Minneapolis park and recreation board may enter into an agreement to operate the property known as the Fuji Ya restaurant property, as a restaurant or entertainment facility, subject to Minnesota Statutes, section 16A.695. An agreement entered into by the Minneapolis park and recreation board to operate the property known as the Fuji Ya restaurant property as a restaurant or entertainment facility would benefit the Great River Road project, further public efforts to reclaim the Mississippi Riverfront in Minneapolis, and be a program that furthers the governmental purpose of the Great River Road project.

Sec. 78. Laws 2000, chapter 492, article 1, section 3, subdivision 5, is amended to read:

Subd. 5. Bemidji State University

(a) American Indian History Center

2,000,000

To predesign, design, construct, furnish, and equip a museum and center for American Indian history and policy. In addition to the appropriation in this subdivision, up to \$1,000,000 in nonstate money may be added to this project.

(b) Northwest Technical College

5,000,000

(a) To design, construct, furnish, and equip a technology laboratory building.

(b) The remaining money from the appropriation in Laws 1998, chapter 404, section 3, subdivision 5, may be used for predesign and design of the project in paragraph (a), and predesign of phase II.

(c) The board of trustees must not convey the technical college to the school district.

(d) The board of trustees shall advise the chairs of the senate higher education budget division and the house higher education finance committee before initiating predesign of phase II.

Sec. 79. Laws 2000, chapter 492, article 1, section 12, subdivision 7, is amended to read:

Subd. 7. World War II Veterans Memorial

150,000

This appropriation is from the general fund.

For design, architectural drawings, and the start of construction for a World War II veterans memorial on the state capitol mall. The design is subject to approval by the capitol area architectural and planning board. The commissioner of veterans affairs shall convene an advisory group, including members of veterans organizations to review and make recommendations about the design of the memorial. ~~The appropriation must be matched by an equal amount from nonstate sources.~~ The commissioner may accept donations from nonstate sources for purposes stated in this subdivision.

Sec. 80. Laws 2000, chapter 492, article 1, section 15, subdivision 4, is amended to read:

Subd. 4. Minnesota Military Museum at Camp Ripley

125,000

To upgrade the electrical and lighting, and heating, ventilation, and air conditioning systems in the main building of the Minnesota military museum, to design ~~and~~ construct, furnish, and equip, including permanent display cases, an addition to the museum, and to insulate a heating system in building I-40. The adjutant general may enter into a lease or management agreement for the museum, subject to Minnesota Statutes, section 16A.695.

Sec. 81. Laws 2000, chapter 492, article 1, section 22, subdivision 3, as amended by Laws 2000, chapter 499, section 15, which amendment was reenacted in Laws 2001, First Special Session chapter 12, section 15, is amended to read:

Subd. 3. Wastewater Infrastructure Funding Program 18,319,000

~~\$6,309,000~~ \$4,309,000 of this appropriation is from the general fund of which \$319,000 is to administer the wastewater infrastructure fund program.

To the public facilities authority for grants to eligible municipalities under the wastewater infrastructure program established in Minnesota Statutes, section 446A.072.

To the greatest extent practical, the authority should use the grants for projects on the 2000 intended use plan in priority order to qualified applicants that submit plans and specifications to the pollution control agency or receive a funding commitment from USDA rural development before December 1, 2001. In determining whether the penalty factor under Minnesota Rules, part 7077.0196, should be applied to a project, the pollution control agency shall, beginning with the 2001 Intended Use Plan and Project Priority list, first assess the impact of the new or expanded discharge compared to the impact of the preexisting conditions and to the impact of alternative discharge locations. If the agency determines that the new or expanded discharge is to a less environmentally sensitive area or that it is the preferable location for the discharge compared to the alternatives, the agency shall not apply the penalty factor to the project. The pollution control agency shall include as a factor in prioritizing projects whether a project is a multijurisdictional project connecting areas with failing onsite treatment systems with an existing or regional wastewater treatment system.

The authority shall set aside up to \$400,000 for the Innovative Technology Grants Program to provide 50 percent reimbursement for the cost of equipment and installation into an existing municipal wastewater treatment system. The project must be approved by the pollution control agency and demonstrate the application of existing technology that has not been used before in the treatment of municipal wastewater, but has the potential to improve the treatment of wastewater or make the treatment process more cost effective.

Beginning with the 2001 intended use plan, the pollution control agency shall include whether a community has a moratorium on development as a factor in prioritizing projects. The agency shall adopt rules implementing the provisions of this paragraph under Minnesota Statutes, section 14.389.

Sec. 82. Laws 2000, chapter 492, article 1, section 22, subdivision 4, is amended to read:

Subd. 4. Clean Water Partnership 2,000,000

For deposit in the water pollution control fund under Minnesota Statutes, section 446A.07, for the clean water partnership loan program under Minnesota Statutes, section 103F.725. This appropriation is from the general fund.

Sec. 83. Laws 2000, chapter 492, article 1, section 27, is amended to read:

Sec. 27. [CANCELLATIONS AND TRANSFERS.]

(a) The \$734,000 appropriation in Laws 1994, chapter 643, section 18, for the design of the labor interpretive center is canceled. The bond sale authorization in Laws 1994, chapter 643, section 31, subdivision 1, is reduced by \$734,000.

(b) The \$1,100,000 appropriation in Laws 1994, chapter 643, section 19, subdivision 9, as amended by Laws 1995, chapter 224, section 124, and Laws 1997, chapter 183, article 3, section 30, for the American Indian history center at Bemidji state university is canceled. The bond sale authorization in Laws 1994, chapter 643, section 31, subdivision 1, is reduced by \$1,100,000.

(c) \$130,000 of the appropriation in Laws 1994, chapter 643, section 23, for dam improvements is canceled. The bond sale authorization in Laws 1994, chapter 643, section 31, subdivision 1, is reduced by \$130,000.

(d) \$383,000 of the appropriation in Laws 1996, chapter 463, section 13, subdivision 9, for a support services facility near the corner of Mississippi Street and University Avenue is canceled. The bond sale authorization in Laws 1996, chapter 463, section 27, subdivision 1, is reduced by \$383,000.

(e) The unobligated balance of the appropriation in Laws 1996, chapter 463, section 15, subdivision 4, for an armory facility and ramp near the corner of Rice Street and University Avenue, estimated to be \$197,000, is canceled to the general fund.

(f) \$1,355,000 of the appropriation in Laws 1996, chapter 463, section 16, subdivision 5, for the Brainerd bed expansion project is canceled. The bond sale authorization in Laws 1996, chapter 463, section 27, subdivision 1, is reduced by \$1,355,000.

(g) The \$500,000 appropriation in Laws 1996, chapter 463, section 22, subdivision 7, for the Battle Point historic site is canceled. The bond sale authorization in Laws 1996, chapter 463, section 27, subdivision 1, is reduced by \$500,000.

(h) \$10,000,000 of the appropriation in Laws 1997, Second Special Session chapter 2, section 2, for public safety disaster assistance funds is canceled. The bond sale authorization in Laws 1997, Second Special Session chapter 2, section 12, is reduced by \$10,000,000.

(i) \$5,800,000 of the appropriation in Laws 1998, chapter 404, section 13, subdivision 5, for the Minnesota labor interpretive center is canceled to the general fund.

(j) \$1,893,000 of the appropriation in Laws 1998, chapter 404, section 5, subdivision 5, for the Southwest Metropolitan Integration Magnet School in Edina is canceled to the general fund.

(k) The \$800,000 appropriation in Laws 1998, chapter 404, section 15, subdivision 5, for a tennis facility in the city of St. Paul is canceled to the general fund.

(l) The \$1,700,000 appropriation in Laws ~~1998~~ 1999, chapter ~~404~~ 240, article 2, section ~~22~~ 11, for the Battle Point cultural education center is canceled. The bond sale authorization in Laws ~~1998~~ 1999, chapter ~~404~~ 240, article 2, section ~~27~~ 16, subdivision 1, is reduced by \$1,700,000.

(m) The balance of the appropriation in Laws ~~1998~~ 1999, chapter ~~404~~ 240, article 2, section ~~23~~ 12, subdivision ~~11~~ 5, for the St. Cloud community events center is transferred to the board of trustees of the Minnesota state colleges and universities to construct a new athletic facility on the south side of the existing St. Cloud State University campus. The balance of the bond sale authorization in Laws ~~1998~~ 1999, chapter ~~404~~ 240, article 2, section ~~27~~ 16, subdivision 1, attributable to the events center project is to provide the money for the athletic facility project.

(n) \$1,000,000 of the appropriation in Laws ~~1998~~ 1999, chapter ~~404~~ 240, article 2, section ~~23~~ 12, subdivision ~~24~~ 14, for the Minnesota African-American Performing Arts Center is canceled. The bond sale authorization in Laws ~~1998~~ 1999, chapter ~~404~~ 240, article 2, section ~~27~~ 16, subdivision 1, is reduced by \$1,000,000.

(o) The \$4,000,000 appropriation in Laws 1999, chapter 240, article 1, section 3, for the Southwest Metropolitan Integration Magnet School in Edina is canceled. The bond sale authorization in Laws 1999, chapter 240, article 1, section 13, is reduced by \$4,000,000.

(p) \$321,000 of the unobligated balance of the appropriation in Laws 1999, chapter 250, article 1, section 12, subdivision 5, to demolish the capitol square building and restructure the site as a temporary parking lot is canceled to the general fund.

[EFFECTIVE DATE.] This section is effective retroactively to May 16, 2000.

Sec. 84. Laws 2001, First Special Session chapter 12, section 10, is amended to read:

Sec. 10. BOND SALE SCHEDULE

The commissioner of finance shall schedule the sale of state general obligation bonds so that, during the biennium ending June 30, 2003, no more than ~~\$629,739,000~~ \$622,260,000 will need to be transferred from the general fund to the state bond fund to pay principal and interest due and to become due on outstanding state general obligation bonds. During the biennium, before each sale of state general obligation bonds, the commissioner of finance shall calculate the amount of debt service payments needed on bonds previously issued and shall estimate the amount of debt service payments that will be needed on the bonds scheduled to be sold. The commissioner shall adjust the amount of bonds scheduled to be sold so as to remain within the limit set by this section. The amount needed to make the debt service payments is appropriated from the general fund as provided in Minnesota Statutes, section 16A.641.

Sec. 85. [DAN PATCH COMMUTER RAIL LINE; PROHIBITIONS.]

Subdivision 1. [DEFINITION.] For purposes of this section, "Dan Patch commuter rail line" means the commuter rail line between Northfield and Minneapolis identified in the metropolitan council's transit 2020 master plan as the Dan Patch line.

Subd. 2. [METROPOLITAN COUNCIL; PROHIBITIONS.] The metropolitan council must not take any action or spend any money for study, planning, preliminary engineering, final design, or construction for the Dan Patch commuter rail line. The council must remove all references, other than references for historical purposes, to the Dan Patch commuter rail line from any future revisions to the council's transportation development guide and the council's regional transit master plan.

Subd. 3. [COMMISSIONER OF TRANSPORTATION.] The commissioner of transportation must not expend any money for study, planning, preliminary engineering, final design, or construction for the Dan Patch commuter rail line. The commissioner must remove all references, other than references for historical purposes, to the Dan Patch commuter rail line from any future revisions to the state transportation plan and the commissioner's commuter rail system plan.

Subd. 4. [REGIONAL RAIL AUTHORITIES.] No regional rail authority may expend any money for study, planning, preliminary engineering, final design, or construction for the Dan Patch commuter rail line.

Sec. 86. [DM&E; WORKING GROUP.]

Subdivision 1. [MEMBERSHIP.] The commissioner of transportation or the commissioner's designee shall convene a multiagency working group on DM&E rail project mitigation, consisting of the commissioners of public safety, the pollution control agency, trade and economic development, and transportation; and director of Minnesota planning; or their designees. The director of Minnesota planning or the director's designee shall serve as chair of the working group.

Subd. 2. [TASKS.] The working group shall:

(1) evaluate the economic effects of the DM&E rail expansion project in southern Minnesota on each local unit of government impacted by the project, including costs related to noise mitigation costs, right-of-way acquisition, and rail-highway grade crossing protection and upgrade;

(2) determine the availability of federal assistance and other resources available to such local units of government for mitigation costs, including the timing of the assistance and resources;

(3) involve local units of government in issues discussed by the working group; and

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

Subd. 3. [REPORTS.] The working group shall present an interim report to the legislature by January 15, 2003, and a final report to the legislature no later than January 15, 2004.

Sec. 87. [EXEMPTION FROM MORATORIUM.]

Notwithstanding Laws 2002, chapter 220, article 10, section 37, projects authorized in this act, Laws 2001, First Special Session chapter 12, Laws 2000, chapter 492, and Laws 1999, chapter 240, are exempt from any moratorium on professional or technical contracts, as defined in Minnesota Statutes, section 16C.08, subdivision 1.

Sec. 88. [STATE BUILDING SALE TO COUNTY.]

Subdivision 1. [AUTHORIZED.] (a) Notwithstanding Minnesota Statutes, section 16A.695 and chapter 94 or other law, administrative rule, or commissioner's order to the contrary, the state of Minnesota by and through its department of administration, shall at the request of the St. Louis county board of commissioners, sell and convey to St. Louis county by July 31, 2002, for a consideration in the amount of \$3,052,700 certain real property known as the government services center and parking ramp legally described as: lots 50, 52, 54, 56, 58, 60, 62, 64, Duluth proper first division, West Second Street.

(b) The conveyance must be in a form approved by the attorney general.

(c) \$450,000 of the proceeds from the sale must be deposited in the department of administration's asset preservation account to reimburse the department of administration for costs related to the recent installation of a chiller at the Duluth Government Services Center. A portion of the proceeds from the sale equal in amount to the

survey, appraisal, legal, advertising, and other related expenses incurred by the commissioner of administration or other state official rendering the property saleable shall be remitted to the account from which the expenses were paid, and are appropriated and immediately available for expenditure in the same manner as other money in the account. The remaining balance from the proceeds of the sale must be deposited in the general fund.

Subd. 2. [RIGHTS, OBLIGATIONS.] The existing leases between the state of Minnesota and St. Louis county of the real property described in subdivision 1 are merged into the fee ownership with this conveyance. All other leases with their current terms and conditions concerning the real property must be assigned to St. Louis county.

Subd. 3. [STATE LEASES.] (a) For a period of at least ten years following sale of the real property described in subdivision 1, St. Louis county must allow the state of Minnesota to lease the space occupied by the state of Minnesota at the time of the sale at the state's current lease rate with annual adjustments for operational cost increases, which cost must not include any capital improvement costs.

(b) The lease must be in a form approved by the attorney general.

Sec. 89. [REPORT TO LEGISLATURE.]

Hennepin county must report to the legislature after the completion of the Northwest busway but no later than June 1, 2007, on its evaluation of the effectiveness of the design-build process.

Sec. 90. [CORRECTION.] 2002 H. F. No. 3270, article 11, if enacted, is amended to read:

ARTICLE 11

GENERAL FUND CONVERSION TO BOND FUNDS

Section 1. [INTENT.]

This article intends to return to the unreserved general fund \$75,043,000 by changing the fund source of the projects listed in this article in the amounts shown in sections 2 to 14, by decreasing the appropriation from the general fund and by appropriating an equal amount from the aggregate of the bond proceeds fund and the transportation fund. This action changes the designation of the fund sources made under the cumulative effect of Laws 1998, chapter 404; Laws 1999, chapter 250; and Laws 2000, chapters 479 and 492. This article also makes a new appropriation of \$77,000 from the bond proceeds fund for bond sale expenses in connection with the bonds authorized in this article.

Sec. 2. [CAPITAL IMPROVEMENT APPROPRIATIONS.]

The sums in the column under "APPROPRIATIONS" are appropriated from the bond proceeds fund or other named fund to the state agencies or officials indicated, to be spent for public purposes, including to acquire and to better public land and buildings and other public improvements of a capital nature, as specified in this article.

SUMMARY

UNIVERSITY OF MINNESOTA	\$500,000
CHILDREN, FAMILIES, AND LEARNING	500,000 300,000
NATURAL RESOURCES	6,973,000
WATER AND SOIL RESOURCES BOARD	300,000

ADMINISTRATION	43,350,000 <u>45,550,000</u>
CAPITOL AREA ARCHITECTURAL AND PLANNING BOARD	250,000
AMATEUR SPORTS COMMISSION	690,000
TRANSPORTATION	13,590,000
HUMAN SERVICES	1,500,000
CORRECTIONS	250,000
TRADE AND ECONOMIC DEVELOPMENT	5,590,000 <u>3,590,000</u>
MINNESOTA HISTORICAL SOCIETY	1,550,000
BOND SALE EXPENSES	77,000
TOTAL	\$75,120,000
Bond Proceeds Fund	61,530,000
Transportation Fund	13,590,000

APPROPRIATIONS

\$

Sec. 3. UNIVERSITY OF MINNESOTA	500,000
To the board of regents of the University of Minnesota for 1998 Higher Education Asset Preservation and Replacement.	
Sec. 4. CHILDREN, FAMILIES, AND LEARNING	500,000 <u>300,000</u>
To the commissioner of children, families, and learning for 1998 Early Childhood Learning Facilities.	
Sec. 5. NATURAL RESOURCES	
Subdivision 1. To the commissioner of natural resources for the purposes specified in this section	6,973,000
Subd. 2. 1998 Park Building Rehabilitation	500,000
Subd. 3. 1998 Park Betterment and Rehabilitation	500,000
Subd. 4. 1998 Forest Roads and Bridges	750,000

APPROPRIATIONS

\$

Subd. 5. 1998 Metro Greenways Acquisition	2,000,000
Subd. 6. Safe Harbors Program	3,223,000
Sec. 6. BOARD OF WATER AND SOIL RESOURCES	300,000
To the board of water and soil resources for local road replacement.	
Sec. 7. ADMINISTRATION	
Subdivision 1. To the commissioner of administration for the purposes specified in this section	
	45,350,000
	<u>45,550,000</u>
Subd. 2. 2000 Asset Preservation	350,000
Subd. 3. 2000 Bureau of Criminal Apprehension Facility	40,000,000
	<u>42,700,000</u>
Subd. 4. 2000 Property Acquisition	450,000
Subd. 5. 1998 Asset Preservation	1,250,000
	<u>750,000</u>
Subd. 6. 1998 Real Property Acquisition	1,000,000
Subd. 7. 1998 BCA Land Acquisition	300,000
Sec. 8. CAPITOL AREA ARCHITECTURAL AND PLANNING BOARD	250,000
To the commissioner of administration for the HHH Memorial.	
Sec. 9. AMATEUR SPORTS COMMISSION	690,000
To the amateur sports commission for the Giants Ridge Facility.	
Sec. 10. TRANSPORTATION	
Subdivision 1. To the commissioner of transportation for the purposes specified in this section	
	13,590,000
This appropriation is from the transportation fund.	
Subd. 2. 2000 County and Local Bridges	13,000,000
Subd. 3. 1998 CSAH Highway 90	590,000

APPROPRIATIONS

\$

Sec. 11. HUMAN SERVICES	1,500,000
To the commissioner of administration for 1998 Asset Preservation.	
Sec. 12. CORRECTIONS	250,000
To the commissioner of administration for 1998 Asset Preservation.	
Sec. 13. TRADE AND ECONOMIC DEVELOPMENT	5,590,000 <u>3,590,000</u>
To the commissioner of trade and economic development for 2000 Wastewater Infrastructure.	
Sec. 14. MINNESOTA HISTORICAL SOCIETY	
Subdivision 1. To the Minnesota historical society for the purposes specified in this section	1,550,000
Subd. 2. 1998 Historic Site Preservation and Repair	850,000
Subd. 3. Split Rock Lighthouse	700,000
Sec. 15. BOND SALE EXPENSES	77,000
To the commissioner of finance for bond sale expenses under Minnesota Statutes, section 16A.641, subdivision 8.	
Sec. 16. [IDENTICAL PROJECTS.]	
The purpose and use of appropriations in this article are for the same purpose and use and for identical projects as authorized in Laws 1998, chapter 404; Laws 1999, chapter 250; and Laws 2000, chapters 479 and 492. Except for the fund source of unspent parts of the appropriations listed in this article, this article does not change or limit the purpose and use of the appropriations and related requirements in Laws 1998, chapter 404; Laws 1999, chapter 250; and Laws 2000, chapters 479 and 492.	
Sec. 17. [BOND SALE AUTHORIZATIONS.]	
Subdivision 1. [BOND PROCEEDS FUND.] To provide the money appropriated in this article from the bond proceeds fund, the commissioner of finance shall sell and issue bonds of the state in an amount up to \$61,530,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7.	
Subd. 2. [TRANSPORTATION FUND.] To provide the money appropriated in this article from the transportation fund, the commissioner of finance shall sell and issue bonds of the state in an amount up to \$13,590,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7. The proceeds of the bonds, except accrued interest and any premium received on the sale of the bonds, must be credited to a bond proceeds account in the state transportation fund.	

Sec. 18. [CANCELLATION TO GENERAL FUND.]

Money appropriated from the general fund pursuant to 1998, 1999, and 2000 acts and not yet spent for the projects listed in this article is canceled to the general fund in the amount shown for each project.

Sec. 19. [EFFECTIVE DATE.]

This article is effective the day following final enactment.

Sec. 91. [REPEALER.]

Minnesota Statutes 2000, sections 116J.561, 116J.562, 116J.563, 116J.564, 116J.565, 116J.566, 116J.567, and 446A.072, subdivisions 2, 4, 5, 10, and 13, are repealed.

Sec. 92. [EFFECTIVE DATE; LOCAL APPROVAL.]

New Minnesota Statutes, sections 383B.158 to 383B.1586 are effective the day after the governing body of Hennepin county and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 93. [EFFECTIVE DATE.]

Except as otherwise provided in this act, this act is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to capital improvements; authorizing spending to acquire and better public land and buildings and other public improvements of a capital nature with certain conditions; requiring certain studies and reports; authorizing sale of state bonds; canceling earlier appropriations and reducing earlier bond authorizations; making technical corrections and clarifications; making changes to statutes related to administration of the state's capital improvement program; requiring an inventory of state-owned land; clarifying that the commissioner of administration does not have authority over construction plans and specifications at the University of Minnesota; authorizing the design-build method for certain construction projects; establishing the greater Minnesota business development public infrastructure grant program; creating a trunk highway corridor projects account; changing the wastewater infrastructure funding program; authorizing an agreement in connection with the Great River Road project; prohibiting certain actions in connection with the Dan Patch commuter rail line; authorizing a multiagency working group on the DM&E rail project mitigations; providing for the conversion of certain general fund expenditures to bond fund expenditures; establishing a shoreland protection program; requiring a report; appropriating money; amending Minnesota Statutes 2000, sections 16A.11, subdivision 6; 16A.501; 16A.632, subdivision 2; 16A.86, subdivision 3; 16B.31, subdivision 1; 16B.33, by adding a subdivision; 16B.335, subdivision 3; 85.019, subdivisions 4a, 4c; 103F.205, subdivision 1; 134.45, subdivision 5; 135A.046, subdivision 2; 136F.60, subdivision 1; 240A.02, subdivision 1; 446A.07, subdivision 4; 446A.072, subdivisions 1, 3, 6, 7, 8, 9, 11, 12, by adding subdivisions; 446A.12, subdivision 1; Laws 1987, chapter 400, section 8, subdivision 5; Laws 2000, chapter 492, article 1, section 3, subdivision 5; Laws 2000, chapter 492, article 1, section 12, subdivision 7; Laws 2000, chapter 492, article 1, section 15, subdivision 4; Laws 2000, chapter 492, article 1, section 22, subdivision 3, as amended; Laws 2000, chapter 492, article 1, section 22, subdivision 4; Laws 2000, chapter 492, article 1, section 27; Laws 2001, First Special Session chapter 12, section 10; 2002 H. F. No. 3270, article 11, if enacted; proposing coding for new law in Minnesota Statutes, chapters 16B; 16C; 103F; 116J; 174; 383B; repealing Minnesota Statutes 2000, sections 116J.561, 116J.562, 116J.563, 116J.564, 116J.565, 116J.566, 116J.567, 446A.072, subdivisions 2, 4, 5, 10, 13."

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

House Conferees: JIM KNOBLACH, TOM OSTHOFF, DAVE BISHOP, DAN MCELROY AND JAMES T. CLARK.

Senate Conferees: KEITH LANGSETH, DON SAMUELSON, DEANNA L. WIENER, CAL LARSON AND RICHARD J. COHEN.

Knoblach moved that the report of the Conference Committee on H. F. No. 3618 be adopted and that the bill be repassed as amended by the Conference Committee.

Abeler moved that the House refuse to adopt the Conference Committee report on H. F. No. 3618, and that the bill be returned to the Conference Committee.

A roll call was requested and properly seconded.

POINT OF ORDER

Haas raised a point of order pursuant to section 124 of "Mason's Manual of Legislative Procedure," relating to Personalities Not Permitted in Debate. The Speaker ruled the point of order well taken.

CALL OF THE HOUSE

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

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

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

The question recurred on the Abeler motion and the roll was called. There were 48 yeas and 84 nays as follows:

Those who voted in the affirmative were:

Abeler	Dehler	Gray	Kahn	Marko	Pugh
Anderson, I.	Dibble	Greiling	Kalis	McGuire	Schumacher
Bernardy	Entenza	Haas	Kelliher	Mulder	Skoglund
Biernat	Erhardt	Hausman	Knoblach	Mullery	Swapinski
Carlson	Evans	Hilstrom	Koskinen	Murphy	Tingelstad
Clark, K.	Folliard	Hilty	Krinkie	Ness	Wagenius
Davnie	Gleason	Holberg	Leighton	Opatz	Walker
Dawkins	Goodwin	Jennings	Lieder	Otremba	Westerberg

Those who voted in the negative were:

Abrams	Erickson	Johnson, R.	Mariani	Penas	Stang
Bishop	Finseth	Johnson, S.	Marquart	Peterson	Swenson
Blaine	Fuller	Jordan	McElroy	Rhodes	Sykora
Boudreau	Gerlach	Juhnke	Milbert	Rifenberg	Thompson
Bradley	Goodno	Kielkucki	Molnau	Rukavina	Tuma
Buesgens	Gunther	Kubly	Nornes	Ruth	Vandever
Cassell	Hackbarth	Kuisle	Olson	Seagren	Walz
Clark, J.	Harder	Larson	Osskopp	Seifert	Wasiluk
Daggett	Holsten	Lenczewski	Osthoff	Sertich	Westrom
Davids	Howes	Leppik	Ozment	Skoe	Wilkin
Dempsey	Huntley	Lindner	Paulsen	Slawik	Winter
Dorman	Jacobson	Lipman	Pawlenty	Smith	Wolf
Dorn	Jaros	Mahoney	Paymar	Solberg	Workman
Eastlund	Johnson, J.	Mares	Pelowski	Stanek	Spk. Sviggum

The motion did not prevail.

The question recurred on the Knoblach motion that the report of the Conference Committee on H. F. No. 3618 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 3618, as amended by Conference, was read for the third time.

LAY ON THE TABLE

Pawlenty moved that H. F. No. 3618, as amended by Conference, be laid on the table. The motion prevailed.

Biernat was excused between the hours of 6:20 p.m. and 8:00 p.m.

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 to return H. F. No. 3031 to the Conference Committee as formerly constituted, for further consideration.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

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

H. F. No. 2598, A bill for an act relating to education; requiring recitation of the pledge of allegiance in all public schools; providing for instruction in the proper etiquette, display, and respect of the United States flag; amending Minnesota Statutes 2000, section 121A.11, by adding subdivisions; Minnesota Statutes 2001 Supplement, section 124D.10, subdivision 8.

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

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

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

H. F. No. 3127, A bill for an act relating to retirement; various retirement plans; clarifying the laws applicable to the remaining local police and paid firefighter pension plans; repealing obsolete local police and paid firefighter pension plan laws; authorizing service credit purchase for certain strike periods; providing public employee pension coverage for certain foreign citizens; clarifying membership eligibility and allowable service credit for the public employees retirement association; requiring membership for charter school teachers in the teachers retirement association; providing for the payment of unpaid closed charter school retirement contributions from charter school lease aid; eliminating contribution rate increases in the local government correctional service retirement plan; establishing provisions relating to employees of the Kanabec hospital if the hospital is privatized; extending the expiration date for certain prior service credit purchase authorizations; recodifying social security coverage provisions; implementing recommended changes in salary actuarial assumptions; clarifying the restrictions on supplemental and local pension plans for plans funded from accumulated sick and vacation leave; reorganizing the revising various general retirement provisions; instructing the revisor of statutes; authorizing the commissioner of administration to lease pension fund facilities to deferred compensation service providers; authorizing certain volunteer firefighters to receive service pensions or disability benefits without terminating active service; creating the coordinated program of the legislators retirement plan; providing a second social security referendum for legislators; modifying Minneapolis police optional annuity provision; modifying voluntary unpaid leave of absence provision for state employees; providing for an extension of the rule of 90 benefit tier for the teachers retirement association and the Duluth teachers retirement fund association; changing the effective date for certain modifications to the judges retirement plan; amending Minnesota Statutes 2000, sections 69.77; 69.80; 353.01, by adding a subdivision; 353.64, subdivision 7a; 353A.08, subdivision 6a; 353E.02, subdivision 1, by adding a subdivision; 353E.03; 353F.02, subdivision 4; 354.05, subdivision 38; 354.44, subdivision 6; 354A.011, subdivisions 15A, 27; 354A.31, subdivisions 4a, 5, 6, 7; 355.01, subdivisions 1, 3, 6, 8, by adding subdivisions; 355.02; 355.03; 355.05; 355.07; 355.08; 356.001; 356.20, subdivisions 1, 2, 3, 4, 4a; 356.215, as amended; 356.216; 356.217; 356.219; 356.22; 356.23; 356.24, subdivisions 1b, 1c, 2; 356.245; 356.25; 356.30; 356.302; 356.303; 356.32; 356.40; 356.41; 356.50; 356.55, as amended; 356.551; 356.611; 356.65, subdivision 2; 356.87; 356.89, subdivision 3; 423A.17; 423A.171; 423B.09, subdivision 6; 424A.02, subdivision 1; 424A.09; Minnesota Statutes 2001 Supplement, sections 352.01, subdivision 11; 353.01, subdivisions 2a, 2b, 11b, 16; 353.27, subdivisions 4, 11; 354.05, subdivisions 2, 13; 356.24, subdivision 1; 356.555; 356.62; 356.65, subdivision 1; Laws 1997, chapter 202, article 2, section 61, as amended; Laws 1999, chapter 222, article 16, section 16; Laws 2000, chapter 461, article 10, section 3, as amended; Laws 2000, chapter 461, article 12, section 20; Laws 2000, chapter 461, article 18, section 10; Laws 2001, First Special Session chapter 10, article 6, section 21; proposing coding for new law in Minnesota Statutes, chapters 3A; 355; 356; proposing coding for new law as Minnesota

Statutes, chapter 356B; repealing Minnesota Statutes 2000, sections 69.25; 69.26; 69.27; 69.28; 69.29; 69.30; 69.32; 69.361; 69.37; 69.38; 69.39; 69.40; 69.41; 69.42; 69.43; 69.44; 69.45; 69.46; 69.47; 69.48; 69.49; 69.50; 69.51; 69.52; 69.53; 69.62; 69.78; 297I.10, subdivision 2; 355.01, subdivisions 2, 4, 5, 9, 10; 355.11; 355.12; 355.13; 355.14; 355.15; 355.16; 355.17; 355.201; 355.202; 355.203; 355.204; 355.205; 355.206; 355.207; 355.208; 355.209; 355.21; 355.22; 355.23; 355.24; 355.25; 355.26; 355.27; 355.28; 355.281; 355.282; 355.283; 355.284; 355.285; 355.286; 355.287; 355.288; 355.29; 355.291; 355.292; 355.293; 355.294; 355.295; 355.296; 355.297; 355.298; 355.299; 355.30; 355.311; 355.391; 355.392; 355.393; 355.41; 355.42; 355.43; 355.44; 355.45; 355.46; 355.48; 355.49; 355.50; 355.51; 355.52; 355.54; 355.55; 355.56; 355.57; 355.58; 355.59; 355.60; 355.61; 355.621; 355.622; 355.623; 355.624; 355.625; 355.626; 355.627; 355.628; 355.71; 355.72; 355.73; 355.74; 355.75; 355.76; 355.77; 355.78; 355.79; 355.80; 355.81; 355.90; 356.19; 356.305; 356.306; 356.31; 356.325; 356.35; 356.36; 356.37; 356.371, subdivisions 2, 3; 356.372; 356.38; 356.39; 356.45; 356.451; 356.452; 356.453; 356.454; 356.455; 356.615; 356.71; 356.80; 356.81; 356.86; 356.865; 356.88; 356.89; 423.37; 423.371; 423.372; 423.373; 423.374; 423.375; 423.377; 423.378; 423.379; 423.38; 423.381; 423.382; 423.383; 423.384; 423.385; 423.386; 423.387; 423.388; 423.389; 423.39; 423.391; 423.392; 423.801; 423.802; 423.803; 423.804; 423.805; 423.806; 423.808; 423.809; 423.810; 423.812; 423.813; 423.814; 423.90; 423A.03; 424.01; 424.02; 424.03; 424.04; 424.05; 424.06; 424.08; 424.14; 424.15; 424.16; 424.165; 424.17; 424.18; 424.19; 424.20; 424.21; 424.22; 424.23; 424.24; 424.25; 424.27; 424.28; 424.29; Minnesota Statutes 2001 Supplement, sections 353.01, subdivision 39; 356.371, subdivision 1; 356.866; Special Session Laws 1889, chapter 425; Special Session Laws 1891, chapter 11; Laws 1897, chapters 389; 390; Laws 1915, chapter 68; Laws 1917, chapter 196; Laws 1919, chapters 68, 515; Laws 1921, chapter 118; Laws 1923, chapter 54; Laws 1925, chapter 197; Laws 1931, chapter 48; Laws 1933, chapter 122; Laws 1935, chapters 92; 192; 208; 259; Laws 1937, chapters 132; 197; 253; Laws 1939, chapters 124; 304; Laws 1941, chapters 74; 182; 196; Laws 1943, chapters 170; 267; 397; 413; 432; Laws 1945, chapters 74; 182; 277; 300; Laws 1947, chapters 40; 43; 101; 274; 329; Laws 1949, chapters 87; 144; 153; 154; 164; 191; 235; 281; 378; Laws 1951, chapters 43; 45; 48; 144; 233; 243; 420; 435; 499; Laws 1953, chapters 37; 44; 91; 235; 253; 348; 391; 401; 406; Laws 1955, chapters 42; 49; 75; 151; 187; 188; 293; 294; 348; 375; 827; Laws 1957, chapters 10; 16; 36; 127; 144; 164; 256; 257; 455; 630; 793; Laws 1959, chapters 108; 131; 191; 207; 208; 211; 437; Laws 1961, chapters 186; 290; 295; 300; 343; 376; 399; 434; 435, section 2; 443; 620; 631; 747; Extra Session Laws 1961, chapters 28; 80; Laws 1963, chapters 36; 208; 221; 271; 443; 453; 454; 464; 619; 636; 643; 670; 715; Laws 1965, chapters 174; 179; 190; 418; 457; 458; 465; 498; 536; 540; 594; 604; 605; 636; 790; Laws 1967, chapters 644; 678; 702; 708; 730; 732; 736; 751; 775; 783; 798; 807; 816; 848; Laws 1969, chapters 138; 442; 443; 552; 576; 594; 614; 641; 668; 669; 670; 671; 672; 686; 694; 716; 849; 1087; Laws 1971, chapters 51; 178; 407; 549; 614; 807; 809; 810; Extra Session Laws 1971, chapter 41; Laws 1973, chapters 286; 287; 346; 359; 432; 433; 587; Laws 1974, chapters 251; 382; Laws 1975, chapters 120; 121; 127; 254, sections 1, 2, 3, 4, 5, 6; 368, section 54; 389; 408; 423; 424; 425; Laws 1976, chapters 36; 78; 85; 99; 247; Laws 1977, chapters 83; 164, sections 1, 3; 169; 270; 275; 374, sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60; 429, section 62; Laws 1978, chapters 563, sections 12, 13, 14, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30; 579; 648; 690, sections 9, 10; 793, section 96; Laws 1979, chapters 131, section 3; 216, sections 27, 28, 29, 30, 31, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44; Laws 1980, chapters 341, sections 2, 3, 4, 5, 6, 9, 10; 600, sections 11, 12, 13, 14, 15, 16, 17, 18, 22; 607, article XV, section 23; Laws 1981, chapter 68, sections 31, 32, 33, 34, 35, 36, 37, 41, 42, 43; Laws 1981, chapter 224, sections 236, 237, 239, 240, 243, 244, 247, 248, 252, 253, 258, 259, 260, 261, 263, 264, 265, 266, 267, 268, 270, 272, 273; Laws 1981, chapter 297, sections 1, 2; Laws 1982, chapters 402; 443; 574, sections 3, 4, 5, 6, 8; 578, article II, section 1, subdivision 8, article III, section 18; 610, sections 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20; Laws 1983, chapters 47; 74; 84, section 1; 291, sections 8, 9, 10, 11, 12, 13, 14, 15, 16, 17; Laws 1984, chapter 574, sections 18, 19, 20, 22, 23, 24, 25, 26, 33; Laws 1985, chapters 259, sections 5, 6; 261, sections 14, 15, 16, 18, 20, 32, 33, 34, 35, 36; Laws 1985, First Special Session chapter 16, article 2, section 6; Laws 1986, chapters 359, sections 22, 23, 24, 25; 458, sections 23, 34; Laws 1987, chapter 372, article 2, sections 7, 8, 9, 10, 12; Laws 1988, chapter 709, articles 8, section 5; 9, section 5; Laws 1989, chapter 319, article 11, sections 2, 3, 4, 12; Laws 1990, chapter 589, article 1, section 7; Laws 1991, chapters

96; 269, article 2, sections 12, 13; Laws 1992, chapters 392, section 1; 393, section 1; 422; 431, section 1; 448; 455; 563, sections 3, 4, 5; 586, section 1; Laws 1993, chapters 72; 110; 112, section 2; 126; 202, article 1; Laws 1994, chapters 409; 410; 474; 490; 541, section 3; Laws 1995, chapter 262, article 10, section 4; Laws 1996, chapter 448, article 2, section 1; Laws 1997, chapter 233, article 1, section 58; Laws 1997, chapter 241, article 2, sections 2, 3, 4, 5, 6, 9, 10, 11, 13, 14, 15, 20; Laws 1999, chapter 222, article 3, section 6; Laws 2000, chapter 461, article 10, section 2.

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

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendments the concurrence of the House is respectfully requested:

H. F. No. 2972, A bill for an act relating to energy; decreasing regulatory requirements for small power lines; modifying provision for selecting reliability administrator; requiring department of administration to coordinate with department of commerce to develop comprehensive energy plan for public buildings by 2004; extending expiration by three years of certain procedural powers of public utilities commission; making technical corrections; amending Minnesota Statutes 2000, section 116C.63, subdivision 4; Minnesota Statutes 2001 Supplement, sections 216B.1691, subdivision 1; 216B.2425, subdivisions 3, 6; 216B.243, subdivision 8; 216C.052, subdivision 2; 216C.41, subdivision 5; 272.02, subdivision 22; Laws 1999, chapter 125, section 4; Laws 2001, chapter 212, article 1, section 3.

PATRICK E. FLAHAVEN, Secretary of the Senate

Wolf moved that the House refuse to concur in the Senate amendments to H. F. No. 2972, that the Speaker appoint a Conference Committee of 3 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

ANNOUNCEMENT BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 2972:

Wolf, Gunther and Sertich.

The following Conference Committee Report was received:

CONFERENCE COMMITTEE REPORT ON H. F. NO. 2214

A bill for an act relating to a baseball park; providing for financing of a major league baseball park; providing a site selection process; authorizing state revenue bonds; establishing a baseball park gift fund; authorizing a state loan to the site city; requiring local government body approval; establishing a sports facilities fund; imposing certain obligations on the major league baseball team; requiring a use agreement and a guaranty from major league baseball; providing a property tax exemption for the baseball park; exempting sales of construction materials for the park from

the sales tax; requiring payment of the prevailing wage rate to ballpark construction workers; requiring the state executive council to select a city for the site; requiring the legislative commission on planning and fiscal policy to make a recommendation to the council; providing an opportunity for community ownership if the baseball team is sold; requiring a donation from private sources as a precondition to issuing bonds or loaning state money; authorizing certain temporary city taxes and an admission tax if approved by referendum; authorizing parking surcharges; authorizing issuance of an additional liquor license; authorizing a condominium; requiring evaluation of an olympic bid; appropriating money; amending Minnesota Statutes 2000, sections 272.02, by adding a subdivision; 297A.71, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 16A.

May 18, 2002

The Honorable Steve Sviggum
Speaker of the House of Representatives

The Honorable Don Samuelson
President of the Senate

We, the undersigned conferees for H. F. No. 2214, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 2214 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2000, section 272.02, is amended by adding a subdivision to read:

Subd. 50. [BASEBALL PARK.] Real or personal property acquired, owned, leased, controlled, used, or occupied as a baseball park by a major league professional baseball team is exempt from taxation but the property is subject to special assessments levied by a political subdivision under chapter 429. The baseball park includes parking facilities and land necessary to and part of the use of the baseball park. A use of the property in any manner different from its use as a baseball park must not be considered in determining the special benefit under chapter 429 received by the properties. Notwithstanding section 272.01, subdivision 2, or 273.19, real or personal property on the premises of the baseball park leased by the local government unit that operates the baseball park to another person or entity for uses directly related to the operation of the baseball park is exempt from taxation regardless of the length of the lease. This subdivision expires one month after repayment of the bonds issued to finance the baseball park.

Sec. 2. Minnesota Statutes 2000, section 297A.71, is amended by adding a subdivision to read:

Subd. 28. [CONSTRUCTION MATERIALS; BASEBALL PARK.] Materials, supplies used or consumed in, and equipment incorporated into the construction or improvement of the baseball park constructed under sections 473I.01 to 473I.10, are exempt. This subdivision expires one year after the first major league baseball game is played in the baseball park.

Sec. 3. Minnesota Statutes 2000, section 473.553, subdivision 14, is amended to read:

Subd. 14. [MEMBERSHIP CHANGE.] If the basketball and hockey arena is acquired pursuant to section 473.598, and an appropriation is made pursuant to section 240A.08, then the number of members of the commission shall change, as follows. On January 1 next following the initial appropriation pursuant to section 240A.08, the commission shall consist of eight members plus a chair appointed as provided in subdivision 3. Six members shall be the members appointed by the Minneapolis city council under subdivision 2 and subject to subdivision 5. Two additional members, other than the chair, shall be appointed by the governor; neither of those members shall reside in the city of Minneapolis, and one of those members must reside outside the metropolitan area. If the commissioner of finance determines, as provided in section 473I.11, that the commission shall own the baseball park, the membership of the commission will change as follows: on January 1 next, following the determination by the

commissioner, the commission consists of eight members plus a chair, three members appointed by the city council of the municipality where the baseball park is located; and six members appointed by the governor, three members from the metropolitan area, and three members from outside the metropolitan area. The governor shall appoint the chair from the nine members of the commission. The term of ~~one~~ three of the members appointed under this subdivision by the governor shall end the first Monday in January ~~1996~~ 2005 and the term of the other ~~member~~ three members appointed by the governor shall end the first Monday in January ~~1998~~ 2006. Thereafter, their terms are as determined under subdivision 5.

Sec. 4. [473.5995] [FOOTBALL STADIUM ACCOUNT.]

Subdivision 1. [CREATION.] A football stadium account is created in the special revenue fund in the state treasury. On July 1, 2002, the metropolitan sports facilities commission must deposit \$500,000 from its cash reserves in the football stadium account.

Subd. 2. [TRANSFER; SALE OF THE METRODOME.] Upon sale of the metrodome, the metropolitan sports facilities commission must transfer the net sales proceeds to the football stadium account.

Sec. 5. [473I.01] [DEFINITIONS.]

Subdivision 1. [APPLICATION.] The definitions in this section apply to sections 473I.01 to 473I.13.

Subd. 2. [MUNICIPALITY.] "Municipality" means a statutory or home rule charter city in the metropolitan area, as defined in section 473.121, subdivision 2.

Subd. 3. [COMMISSION.] "Commission" means the metropolitan sports facilities commission as defined in section 473.551.

Subd. 4. [COMMISSIONER.] "Commissioner" means the commissioner of finance.

Sec. 6. [473I.02] [SITE SELECTION FOR BASEBALL PARK.]

In selecting a site to be proposed to the team for the new baseball park, the municipality shall consider at least the following:

- (1) the adequacy of the size of the site relative to the preferred design for the baseball park;
- (2) the adequacy of existing public infrastructure serving the site, including parking and highway, road, and transit access, to meet the demands created by events at the baseball park in combination with other uses or events in the area that create traffic, transit, or parking demands;
- (3) the costs of any likely infrastructure improvements for the facility;
- (4) potential development advantages, including development of compatible mixed use, commercial, and housing developments, in the area surrounding the baseball park;
- (5) compatibility of surrounding uses with the baseball park; and
- (6) appropriate aesthetic considerations.

Sec. 7. [473I.03] [PRECONDITIONS TO ISSUING BONDS.]

Subdivision 1. [MONEY AVAILABLE.] Before issuing bonds under section 473I.06, the commissioner must determine that:

- (1) \$120,000,000 in cash from the team or other private sources has been paid to the commissioner for deposit in a construction account for leasehold improvement of the baseball park;

(2) the municipality and the team have agreed to make payments on the ballpark loan, to be credited to the baseball park debt service account under section 473I.04, at the times and in the amounts provided in the loan agreement, but not less than \$12,000,000 per year unless the commissioner of finance determines otherwise;

(3) the revenues pledged to pay principal and interest on the bonds will be sufficient to make all debt service payments as they come due and make the bonds marketable;

(4) the bid demonstrates the financial capacity of the municipality to make the annual payments under and satisfy any other conditions of the loan under section 473I.05; and

(5) the other conditions required in this section have been met.

Subd. 2. [MAJOR LEAGUE BASEBALL GUARANTY.] The commissioner of finance determines that the major league of which the baseball team is a member and major league baseball have both executed an agreement with the city that guarantees the continuance of a major league franchise in the metropolitan area for the greater of (1) 30 years from the date of the agreement or (2) the term of the bonds under sections 473I.06 and 473I.11.

Subd. 3. [BASEBALL ECONOMIC REFORM.] (a) The executive council shall review information from major league baseball and assess:

(1) whether major league baseball and the major league baseball players' association are making a good faith effort to agree upon a new economic system for major league baseball to enhance the competitiveness of small market teams; and

(2) the prospects for adoption of changes to major league baseball providing increased revenues for small market teams and enhancing the viability of a new baseball park.

(b) The executive council shall assess whether, in its opinion, there is reasonable basis for concluding that major league baseball and the major league baseball players association will agree to a system in the foreseeable future, which, after full implementation and considering all of its elements, will reduce the disparity in team revenues.

(c) The commissioner may issue bonds under section 473I.06 only after the executive council determines that there are reasonable prospects for changes in the revenue sharing structure of major league baseball that will provide sufficient revenues for the major league baseball team to make the proposed baseball park a financially viable facility for the term of the bonds to be issued under sections 473I.06 and 473I.11. The executive council must make the determination within 30 days after a referendum conducted under section 473I.07, subdivision 2, has passed, but no later than September 30, 2002. The determination of the executive council under this paragraph is conclusive and is not subject to judicial review.

Subd. 4. [CONSTRUCTION OF BASEBALL PARK; MAXIMUM PRICE.] The municipality must have executed agreements that provide for the construction of a roof-ready baseball park to be owned by the municipality for a guaranteed maximum price not to exceed \$330,000,000, and that require performance bonds in an amount at least equal to 100 percent of the guaranteed maximum price to cover any costs incurred over and above the guaranteed maximum price, including, but not limited to, costs incurred by the municipality and loss of revenues resulting from incomplete construction on the substantial completion date. The major league baseball team is responsible for and must pay all cost overruns.

Subd. 5. [CONSTRUCTION OF BASEBALL PARK; LABOR AND MATERIALS.] The municipality must have entered into an agreement with the major league baseball team that the major league baseball team has the following obligations during the period of construction of the baseball park:

(1) the payment of the prevailing wage rate as defined in section 177.42 to all construction workers;

(2) the provision to the municipality of a signed agreement between the major league baseball team and the construction unions that will work on the baseball park that mandates a no-strike and no-lockout period during construction of the baseball park; and

(3) all construction materials for the baseball park produced from or containing steel, so far as practicable, must use steel produced in the United States from taconite produced in Minnesota.

Subd. 6. [SOCIALY DISADVANTAGED PERSONS.] The major league baseball team must have entered into an agreement with the municipality to make all reasonable efforts to ensure that businesses owned by socially disadvantaged persons are awarded contracts for construction and operation of the baseball park in proportion to the number of qualified businesses owned by socially disadvantaged persons in the metropolitan area. The agreement must provide that the team will make all reasonable efforts to ensure that employment of socially disadvantaged persons for the construction or operation of the baseball park will be proportionate to the number of qualified workers who are socially disadvantaged persons in the metropolitan area. For the purposes of this clause, "socially disadvantaged persons" is as defined in Minnesota Rules, part 1230.0150, subpart 24. The municipality must report to the legislature annually on the implementation of this subdivision.

Subd. 7. [USE AGREEMENT; TEAM.] The municipality must have entered into a use agreement with the major league baseball team that provides:

(1) the major league baseball team will use the baseball park for all scheduled home preseason, regular season, and postseason games that the major league baseball team is entitled to play at home for not less than 30 years without an escape clause for the major league baseball team;

(2) the baseball park will be available on nongame days for potential use by the University of Minnesota, Minnesota state colleges and universities, private colleges and universities, the state high school league, the municipality for community events, and the Minnesota amateur sports commission;

(3) the major league baseball team will ensure that a portion of the tickets for its games are accessible and affordable;

(4) the major league baseball team and the municipality will cooperate in maintaining the facility as a smoke-free facility;

(5) an American flag manufactured in the United States will be publicly displayed at all baseball games and other events conducted at the baseball park;

(6) the major league baseball team will receive all revenue generated at the stadium, except as otherwise specifically provided in this section;

(7) a listing of all revenue streams generated from use of the baseball park with a specification of what revenues are available to cover the major league baseball team operations, what revenues accrue to the municipality, and what revenues are available to repay the bonds;

(8) the major league baseball team is responsible for repair, maintenance, and replacement of equipment or property in the baseball park, including inspections by the municipality and a representative of the state, as rent;

(9) the agreement must afford to the municipality the rights and remedies at law and equity that are deemed necessary and appropriate to provide reasonable assurance that the baseball team and the owner will comply with the agreements through the 30-year term. The remedies must include specific performance and injunctive relief and may include any other equitable remedies, and any additional remedies or ownership, voting, or other security arrangements the municipality reasonably determines to be effective in ensuring the baseball team will play the required games in the baseball park throughout the 30-year term. The legislature finds that a material breach of an

agreement between a municipality and a professional athletic team that commits to the long-term playing of major league games at public facilities causes irreparable harm for which no adequate remedy at law is available and that the grant of equitable relief to remedy the breach is in the public interest and shall be liberally so construed;

(10) that transfer of any portion of ownership or equity in the major league baseball team does not change any obligations, responsibilities, or privileges under the agreement, this section, or section 473I.07; and

(11) if there is a sale or transfer of ownership of the major league baseball team, the owner of the team will pay to the state an amount equal to the state's share of the appreciated value of the team. The state's share must be based on the value of the state investment in the baseball park and must be determined according to a formula included in the use agreement.

Subd. 8. [COMMUNITY OWNERSHIP OF TEAM.] The owner of the team must attempt to reach an agreement on the sale of a majority interest in the team to one or more buyers who will keep the team in this state before attempting to sell the majority interest to others.

Subd. 9. [USE OF TEAM NAME AND LOGO.] The major league baseball team must have entered into an agreement with the municipality under which the municipality will obtain from the team the rights to the control and use of the team name and logo if the team relocates to another state. Under the agreement, the team must notify the municipality within 24 hours of signing an agreement to relocate, and at midnight immediately following notification, all income from existing contracts for the use of the team name and logo and all team property with the team name and logo, other than personal property of team members and principals, will become the property of the municipality. This agreement and the requirement that it be entered into may not be construed as authorizing or permitting the team to relocate before the end of the lease and use agreements with the municipality.

Subd. 10. [COMPLIANCE WITH DISCOVERY ORDERS.] The commissioner of finance determines with regard to a case in Hennepin county district court, entitled Metropolitan Sports Facilities Commission v. Minnesota Twins Partnership and Major League Baseball, No. 0116998 (Hennepin County District Court), that one of the following has occurred:

(1) disclosure to the metropolitan sports facilities commission by the Minnesota Twins and the office of the commissioner of major league baseball of all documents relating to the Twins' finances, including tax records of the team and its owners, deals between the commissioner and the Twins' owner, contraction plans developed by team owners, and all other documents covered by all applicable discovery orders issued by the Hennepin county district court;

(2) the Hennepin county district court approves a settlement agreement signed by the metropolitan sports facilities commission and the Minnesota Twins; or

(3) the court has dismissed the case.

Sec. 8. [473I.04] [SPORTS FACILITIES FUND.]

Subdivision 1. [CREATION.] The sports facilities fund is established as a special account in the state treasury.

Subd. 2. [BASEBALL PARK REVENUE BOND PROCEEDS ACCOUNT.] A baseball park revenue bond proceeds account is established in the sports facilities fund. The proceeds of any bonds issued under section 473I.06 must be credited to the account. The amount necessary to make the loan under section 473I.05 is appropriated from the account to the commissioner.

Subd. 3. [BASEBALL PARK DEBT SERVICE ACCOUNT.] (a) A baseball park debt service account is established in the sports facilities fund. The assets of the account and its investment earnings are pledged to and may only be used to pay principal and interest on bonds issued under section 473I.06.

(b) The state board of investment shall contract with the investment advisors specified by the team to invest money in the endowment account. The account must be invested in authorized investments under section 11A.24, except (1) corporate obligations described in section 11A.24, subdivision 3, paragraph (b), and (2) investments described in section 11A.24, subdivision 6, paragraph (a), clauses (1) to (4).

(c) The commissioner shall review the investment performance of the account at the end of the second year after the baseball park begins operations and every four years thereafter. The commissioner shall require the owner of the baseball park to impose a surcharge on admissions to events at the baseball park, in one-half of one percent increments, not to exceed five percent, in an amount sufficient to equal the money that would be in the fund, if an 8.5 percent annual rate of return had been earned. Notwithstanding the preceding sentence, the commissioner shall set the required rate of return for the first four years after the account is established. If the rate of return on the fund during the period exceeded 8.5 percent, the commissioner may use the excess to retire or defease the bonds. In making the determination under this paragraph, the commissioner must assume that the municipality has timely made all payments required under the loan agreement, regardless of whether the payments were made.

(d) In addition, the commissioner may require, as part of the loan agreement, that the municipality exercise its authority under section 473I.07 to provide money to the commissioner to make up any deficiency that is not eliminated under paragraph (c). The municipality may recover from the team any payments made under this paragraph.

(e) Money in the debt service account is appropriated to the commissioner to pay principal and interest on bonds issued under section 473I.06.

Sec. 9. [473I.05] [LOAN AGREEMENT.]

After making the determinations required by section 473I.03, the commissioner shall provide a loan to the municipality from money in the baseball park bond proceeds account, in an amount up to \$330,000,000. The proceeds of the loan must be used by the municipality to acquire and prepare a site for and to design, construct, furnish, and equip the baseball park. The commissioner shall specify the terms of the loan agreement.

Sec. 10. [473I.06] [BASEBALL PARK REVENUE BONDS.]

Subdivision 1. [PURPOSES.] After making the determinations required by section 473I.03, the commissioner may sell and issue revenue bonds to make the loan to the municipality, to establish a reserve fund or funds, and to pay the cost of issuance of the bonds.

Subd. 2. [AMOUNT.] The principal amount of the bonds issued for the purposes specified in subdivision 1 must not exceed \$330,000,000. The commissioner shall deposit an amount of the proceeds equal to the contributions under section 473I.03, subdivision 1, clause (1), from the team and other private sources, in the baseball debt service account.

Subd. 3. [PROCEDURE.] The commissioner may sell and issue the bonds on the terms and conditions the commissioner determines to be in the best interests of the state. The bonds may be sold at public or private sale. The commissioner may enter any agreements or pledges the commissioner determines necessary or useful to sell the bonds that are not inconsistent with sections 473I.01 to 473I.07. Sections 16A.672 to 16A.675 apply to the bonds. The metropolitan sports facilities commission shall transfer an amount, not to exceed one percent of the principal amount of the bonds, from its accumulated reserves to the commissioner to pay for the cost of issuance of the bonds.

Subd. 4. [REVENUE SOURCES.] The bonds are payable only from the following sources:

- (1) the principal and any investment earnings on the assets of the debt service account;
- (2) payments of the municipality and team under the loan made by the commissioner; and
- (3) other revenues pledged to the payment of the bonds.

Subd. 5. [REFUNDING BONDS.] The commissioner may issue bonds to refund outstanding bonds issued under subdivision 1, including the payment of any redemption premiums on the bonds and any interest accrued or to accrue to the first redemption date after delivery of the refunding bonds. The proceeds of the refunding bonds may, in the discretion of the commissioner, be applied to the purchases or payment at maturity of the bonds to be refunded, or the redemption of the outstanding bonds on the first redemption date after delivery of the refunding bonds and may, until so used, be placed in escrow to be applied to the purchase, retirement, or redemption. Refunding bonds issued under this subdivision must be issued and secured in the manner provided by the commissioner.

Subd. 6. [NOT A GENERAL OR MORAL OBLIGATION.] Bonds issued under this section are not public debt, and the full faith, credit, and taxing powers of the state are not pledged for their payment. The bonds may not be paid, directly in whole or part from a tax of statewide application on any class of property, income, transaction, or privilege. Payment of the bonds is limited to the revenues explicitly authorized to be pledged under this section and section 473I.07 and the legislature intends that no state money will be used to pay the bonds. The state neither makes nor has a moral obligation to pay the bonds, if the pledged revenues and other legal security for them is insufficient.

Subd. 7. [TRUSTEE.] The commissioner may contract with and appoint a trustee for bond holders. The trustee has the powers and authority vested in it by the commissioner under the bond and trust indentures.

Subd. 8. [PLEDGES.] Any pledge made by the commissioner is valid and binding from the time the pledge is made. The money or property pledged and later received by the commissioner is immediately subject to the lien of the pledge without any physical delivery of the property or money or further act, and the lien of any pledge is valid and binding as against all parties having claims of any kind in tort, contract, or otherwise against the commissioner, whether or not those parties have notice of the lien or pledge. Neither the order nor any other instrument by which a pledge is created need be recorded.

Subd. 9. [BONDS; PURCHASE AND CANCELLATION.] The commissioner, subject to agreements with bondholders that may then exist, may, out of any money available for the purpose, purchase bonds of the commissioner at a price not exceeding (1) if the bonds are then redeemable, the redemption price then applicable plus accrued interest to the next interest payment date thereon, or (2) if the bonds are not redeemable, the redemption price applicable on the first date after the purchase upon which the bonds become subject to redemption plus accrued interest to that date.

Subd. 10. [STATE PLEDGE AGAINST IMPAIRMENT OF CONTRACTS.] The state pledges and agrees with the holders of any bonds that the state will not limit or alter the rights vested in the commissioner to fulfill the terms of any agreements made with the bondholders, or in any way impair the rights and remedies of the holders until the bonds, together with interest on them, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of the bondholders, are fully met and discharged. The commissioner may include this pledge and agreement of the state in any agreement with the holders of bonds issued under this section.

Sec. 11. [473I.07] [LOCAL TAXING AUTHORITY.]

Subdivision 1. [USE OF PROCEEDS.] (a) Subject to the restrictions in this section, the municipality may impose one or more of the taxes under this section to make the payments or meet other obligations under the loan agreement under section 473I.05. The taxes authorized in this section are in addition to taxes authorized under other law. The municipality may repay the state ballpark loan using only revenues from the ballpark and the taxes imposed under this section.

(b) The municipality may not use property taxes or other money, other than ballpark revenues and taxes imposed under this section, to pay for the cost of acquiring, improving, or operating the ballpark. The municipality may not expend more than \$50,000,000 for the cost of public infrastructure related to the ballpark. Public infrastructure related to the ballpark means parking, street improvements, interstate highway connections, sewer, water, and other utilities that are required under an agreement with the major league baseball team or as condition for financing of the baseball park.

(c) If the commissioner determines the money in the debt service accounts is sufficient to pay the bonds in full, the commissioner shall order a temporary or permanent reduction in the taxes imposed under subdivisions 5, 6, and 7 in the order of priority and as the commissioner determines appropriate.

Subd. 2. [REFERENDUM.] (a) Before the municipality imposes a tax under subdivision 5 or 6, the imposition of the tax must be approved by the voters of the municipality at an election held on a Tuesday before September 30, 2002.

(b) Notwithstanding any statute, charter provision, or other law to the contrary, if the tax is approved in a referendum under this subdivision, an ordinance enacting the tax or authorizing expenditures of the proceeds of the tax is not subject to another vote of the electorate by referendum, initiative, charter amendment, or in any other manner.

Subd. 3. [EXPIRATION; LOCAL OPTION TAXES.] When the bonds issued under section 473I.06 have been defeased or retired, subdivisions 4 to 7 and the taxes authorized by them expire.

Subd. 4. [BASEBALL PARK ADMISSION TAX.] Notwithstanding any other law and only upon the request of the commissioner under section 473I.04, subdivision 3, paragraph (c), the city shall impose an admission tax of up to five percent of the sale price upon the granting, issuance, sale, or distribution, by any private or public person, association, or corporation, of the privilege of admission to activities at the baseball park. No other tax, surcharge, or governmental imposition, except the taxes collected under chapter 297A, may be levied by any other unit of government upon the sale or distribution.

The admission tax must be stated and charged separately from the sales price so far as practicable and must be collected by the grantor, seller, or distributor from the person admitted. The admission tax collected must be used for repayment of the bonds issued under section 473I.06 or to pay for improvements to the baseball park. The tax is a debt from that person to the grantor, issuer, seller, or distributor, and the tax required to be collected is a debt owed by the grantor, issuer, seller, or distributor to the municipality, recoverable at law in the same manner as other debts. Every person granting, issuing, selling, or distributing tickets for admissions to the ballpark may be required to secure a permit, to file returns, to deposit security for the payment of the tax, and to pay the penalties for nonpayment and interest on late payments, as deemed necessary or expedient to ensure the prompt and uniform collection of the tax.

Subd. 5. [FOOD AND BEVERAGE TAXES.] Notwithstanding section 477A.016, or any other limitation of law or charter, the municipality may by ordinance impose taxes on sales of food, as defined in section 297A.61, subdivision 31, and alcoholic beverages, as defined in section 297G.01, not to exceed five percent at a retail level on any business within the municipality. The municipality may impose this tax on all or part of the municipality, as provided in the ordinance. The ordinance must provide for dedication of the taxes or fees, after payment of collection and administrative expenses and refunds, to payment of principal and interest on bonds issued for the baseball park.

Subd. 6. [LODGING TAX.] Notwithstanding section 477A.016, or any other limitation of law or charter to the contrary, the municipality may impose, by ordinance, a lodging tax at a rate of no more than five percent on the gross receipts from the furnishing for consideration of lodging as described in section 469.190, subdivision 1. The municipality may impose this tax on all or part of the municipality, as provided in the ordinance and may provide for exempting hotels or motels based on the number of rooms they have available. The ordinance must provide for dedication of the taxes and other income from the tax, after payment of collection and administrative expenses and refunds, to payment of the principal and interest on bonds issued for the baseball park.

Subd. 7. [PARKING TAX, SURCHARGE, OR BOTH.] The municipality may, by ordinance, impose a parking tax or surcharge or both of not less than \$2 per vehicle per event at the baseball park. The parking tax and surcharge apply to public and privately owned parking facilities in the area that the municipality determines in its ordinance provide event parking for the baseball park. The ordinance must provide for dedication of the taxes and other income from the tax, after payment of collection and administrative expenses and refunds, to payment of the principal and interest on bonds issued for the baseball park.

Sec. 12. [473I.08] [DESIGN AND CONSTRUCTION.]

The major league professional baseball team shall design and construct the baseball park. Before the design process is complete and construction begins, the municipality and the team must hold at least one public hearing on the proposed design. All money paid to the municipality under section 473I.05 must be managed by the municipality and made available to the team as the team deems necessary for construction purposes.

Sec. 13. [473I.09] [BASEBALL PARK; LIQUOR LICENSE.]

The city in which the baseball park is located may issue an intoxicating liquor license for the premises of the baseball park. This license is in addition to the number authorized by law. All provisions of chapter 340A not inconsistent with this section apply to the license authorized under this section.

Sec. 14. [473I.10] [CONDOMINIUM.]

The municipality selected to be the location of the baseball park may, by itself or together with another owner, and any other public or private person or entity, as to real or personal property comprising or appurtenant or ancillary to the baseball park, act as a declarant and establish a condominium or leasehold condominium under chapter 515A or as a common interest community or leasehold common interest community under chapter 515B, and may grant, establish, create, or join in other or related easements, agreements, and similar benefits and burdens that the municipality may deem necessary or appropriate, and may exercise any and all rights and privileges, and assume obligations under them as a declarant, unit owner, or otherwise, insofar as practical and consistent with this section. The municipality may be a member of an association and the chair, any members of its governing body, and any officers and employees of the municipality may serve on the board of an association under chapter 515A or 515B.

Sec. 15. [473I.11] [ALTERNATIVE BONDING AUTHORITY.]

Subdivision 1. [COMMISSIONER DETERMINATION.] If the commissioner determines that all or a portion of the bonds could be issued by the municipality at a lower rate of interest than the bonds under section 473I.06, the municipality that is the site for the baseball park may issue a portion of the bonds under this section and chapter 475. The commissioner shall file the determination, in writing, with the secretary of state and the provisions of section 473.553, subdivision 14, take effect.

Subd. 2. [ALTERNATIVE OWNERSHIP OF BALLPARK.] (a) If the commissioner determines to authorize the municipality to issue bonds under this section:

(1) the ownership of the baseball park must be in the commission; and

(2) the commission has all of the powers and responsibilities of the municipality under the provisions of sections 473I.03; 437I.04; 473I.05; 473I.06; 473I.07, subdivision 4; 473I.08; and 473I.10.

(b) The commission shall segregate and maintain separate accounts and records of the revenue and expenditures for the baseball park and may not use baseball park money for its operations and costs related to other sports facilities.

Subd. 3. [AUTHORIZATION REDUCTION.] The principal amount of any bonds issued under this section must be deducted from the principal amount of the bonds authorized under section 473I.06.

Subd. 4. [TAXABILITY.] The bonds must be issued as tax-exempt revenue bonds.

Subd. 5. [PROCEDURE.] If the municipality issues bonds under this section, the bonds must be sold, issued, and secured in the manner provided in chapter 475 for bonds payable solely from revenues and the municipality has the same powers and duties as a municipality and its governing body in issuing bonds under that chapter. The bonds may be sold at any price and at public or private sale as determined by the municipality. The bonds may be sold in

one or more series. Different series may be backed by different revenue sources. An election is not required. The municipality may enter any agreements or arrangements it deems necessary or useful to issue the bonds. The municipality must give the proceeds of the bonds, less the cost of issuance, to the commission to be used for the purposes of acquiring and constructing the ballpark.

Subd. 6. [SECURITY.] The municipality may pledge to the payment of and the bonds are payable from the taxes imposed by the municipality under section 473I.07, except subdivision 4.

Sec. 16. [473I.12] [BASEBALL PARK DISTRICT.]

The municipality may establish a baseball park district to foster the development and continuing growth of compact, pedestrian-oriented, compatible mixed uses within buildings and blocks around the baseball park. Before establishing the district, the municipality must:

(1) give public notice of the creation and boundaries of the district, including reasons that support the boundaries set by the municipality; and

(2) hold at least one public hearing on the proposed establishment of the district.

Sec. 17. [473I.13] [JOINT POWERS AGREEMENT.]

Two or more cities may enter a joint powers agreement under section 471.59 to serve as a municipality for purposes of sections 473I.01 to 473I.12. If a joint powers agreement is entered for this purpose, the obligations and powers of and the limitations on a municipality under sections 473I.01 to 473I.12 apply to each of the cities.

Sec. 18. [AGREEMENT ON FOOTBALL STADIUM.]

Subdivision 1. [PARTIES TO AGREEMENT.] The board of regents of the University of Minnesota is requested to meet with the Minnesota Vikings Football Club, Inc., and to consult with the chair of the metropolitan sports facilities commission for the purpose of developing an agreement relating to a football stadium to be constructed on the University of Minnesota campus, owned by the University of Minnesota, and used by the University of Minnesota football team and the Minnesota Vikings.

Subd. 2. [STADIUM PREDESIGN.] The agreement must include a predesign proposal for a joint-use football stadium. The agreement must reflect the joint recommendations of the parties relating to facility program, site, parking, utilities and transportation requirements, environmental remediation, schedule, design guidelines, project delivery method, mitigation of neighborhood impacts, and project costs. The agreement should assume that legislation authorizing the financing and construction of the stadium will be enacted by March 1, 2003, in order to take advantage of the National Football League's stadium construction program contribution.

Subd. 3. [MEMORANDUM OF UNDERSTANDING.] The agreement must include a memorandum of understanding addressing all material issues related to the design, construction, governance, and ongoing operation of a joint-use football stadium and related parking structures. The memorandum of understanding must incorporate provisions recognizing the unique requirements and constraints inherent in locating a football stadium on the Twin Cities campus of the University of Minnesota and the obligation of the University of Minnesota to assure that the stadium is designed, managed, and used in a manner consistent with the mission of the university.

Subd. 4. [REPORT TO THE LEGISLATURE.] The agreement must be presented to the majority leader and minority leader of the Senate and the speaker and minority leader of the house of representatives by December 1, 2002.

Subd. 5. [APPROPRIATION.] Up to \$500,000 is appropriated on July 2, 2002, from the football stadium account created in section 473.5995 to the University of Minnesota to be used, in consultation with the Minnesota Vikings and the commissioner of finance, to meet the cost of developing the agreement described in this section.

Sec. 19. [METRODOME REVENUES.]

The metropolitan sports facilities commission shall meet with the sports teams who are tenants in its metrodome facility to discuss terms and conditions of the teams' respective use agreements in order to enhance the teams' revenue streams.

Sec. 20. [EFFECTIVE DATE.]

Sections 1 to 19 are effective the day following final enactment."

Amend the title accordingly

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

House Conferees: HARRY MARES, KEVIN GOODNO, RON ABRAMS, DAN MCELROY AND BOB MILBERT.

Senate Conferees: DEAN E. JOHNSON, LINDA SCHEID, ROY W. TERWILLIGER AND JAMES P. METZEN.

Mares moved that the report of the Conference Committee on H. F. No. 2214 be adopted and that the bill be repassed as amended by the Conference Committee.

A roll call was requested and properly seconded.

The Speaker called Clark, J., to the Chair.

MOTION TO LAY ON THE TABLE

Greiling moved that the report of the Conference Committee on H. F. No. 2214 be laid on the table.

A roll call was requested and properly seconded.

The question was taken on the Greiling motion and the roll was called.

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

There were 47 yeas and 82 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Entenza	Hackbarth	Koskinen	Mullery	Skoglund
Bernardy	Erhardt	Howes	Krinkie	Olson	Thompson
Buesgens	Evans	Jacobson	Lenczewski	Opatz	Tingelstad
Carlson	Gerlach	Johnson, J.	Lindner	Otremba	Vandever
Clark, K.	Gleason	Johnson, S.	Mariani	Pawlenty	Wagenius
Davids	Goodwin	Kahn	McGuire	Pugh	Walker
Davnie	Gray	Kelliher	Molnau	Rhodes	Wilkin
Dibble	Greiling	Kielkucki	Mulder	Schumacher	

Those who voted in the negative were:

Abeler	Dorn	Jennings	Mares	Penas	Swapinski
Abrams	Eastlund	Johnson, R.	Marko	Peterson	Swenson
Bakk	Erickson	Jordan	Marquart	Rifenberg	Sykora
Bishop	Finseth	Juhnke	McElroy	Rukavina	Tuma
Blaine	Fuller	Kalis	Milbert	Ruth	Walz
Boudreau	Goodno	Knoblach	Murphy	Seagren	Wasiluk
Bradley	Gunther	Kubly	Ness	Seifert	Westerberg
Cassell	Haas	Kuisle	Nornes	Sertich	Westrom
Clark, J.	Harder	Larson	Osskopp	Skoe	Winter
Daggett	Hausman	Leighton	Osthoff	Slawik	Wolf
Dawkins	Hilty	Leppik	Ozment	Smith	Workman
Dehler	Holberg	Lieder	Paulsen	Solberg	Spk. Sviggum
Dempsey	Holsten	Lipman	Paymar	Stanek	
Dorman	Huntley	Mahoney	Pelowski	Stang	

The motion did not prevail.

The Speaker resumed the Chair.

The Speaker called McGuire to the Chair.

Mullery moved that the House refuse to adopt the Conference Committee report on H. F. No. 2214, and that the bill be returned to the Conference Committee.

A roll call was requested and properly seconded.

The Speaker resumed the Chair.

The question was taken on the Mullery motion and the roll was called.

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

There were 42 yeas and 88 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Erhardt	Greiling	Kahn	Mulder	Skoglund
Buesgens	Evans	Hackbarth	Kalis	Mullery	Tingelstad
Carlson	Folliard	Hilty	Kelliher	Otremba	Vandever
Clark, K.	Gerlach	Howes	Krinkie	Pawlenty	Wagenius
Davids	Gleason	Huntley	Lindner	Rhodes	Walker
Davnie	Goodwin	Jennings	McGuire	Rifenberg	Wilkin
Dibble	Gray	Johnson, J.	Molnau	Schumacher	Workman

Those who voted in the negative were:

Abeler	Eastlund	Johnson, R.	Mahoney	Paymar	Stang
Abrams	Entenza	Johnson, S.	Mares	Pelowski	Swapinski
Bakk	Erickson	Jordan	Mariani	Penas	Swenson
Bernardy	Finseth	Juhnke	Marko	Peterson	Sykora
Blaine	Fuller	Kielkucki	Marquart	Pugh	Thompson
Boudreau	Goodno	Knoblach	McElroy	Rukavina	Tuma
Bradley	Gunther	Koskinen	Milbert	Ruth	Walz
Cassell	Haas	Kubly	Murphy	Seagren	Wasiluk
Clark, J.	Harder	Kuisle	Ness	Seifert	Westerberg
Daggett	Hausman	Larson	Nornes	Sertich	Westrom
Dawkins	Hilstrom	Leighton	Opatz	Skoe	Winter
Dehler	Holberg	Lenczewski	Osskopp	Slawik	Wolf
Dempsey	Holsten	Leppik	Osthoff	Smith	Spk. Sviggum
Dorman	Jacobson	Lieder	Ozment	Solberg	
Dorn	Jaros	Lipman	Paulsen	Stanek	

The motion did not prevail.

The question recurred on the Mares motion and the roll was called. There were 74 yeas and 59 nays as follows:

Those who voted in the affirmative were:

Abeler	Dehler	Holberg	Lieder	Paymar	Swapinski
Abrams	Dorman	Holsten	Lipman	Penas	Swenson
Anderson, I.	Dorn	Huntley	Mahoney	Peterson	Sykora
Bakk	Erhardt	Jennings	Mares	Pugh	Wasiluk
Bernardy	Finseth	Johnson, R.	Marko	Rukavina	Westerberg
Bishop	Fuller	Jordan	Marquart	Ruth	Westrom
Blaine	Goodno	Juhnke	McElroy	Seagren	Winter
Boudreau	Gunther	Knoblach	Milbert	Sertich	Wolf
Bradley	Haas	Kubly	Ness	Skoe	Spk. Sviggum
Cassell	Harder	Kuisle	Nornes	Slawik	
Clark, J.	Hausman	Larson	Opatz	Solberg	
Daggett	Hilstrom	Leighton	Osthoff	Stanek	
Dawkins	Hilty	Leppik	Ozment	Stang	

Those who voted in the negative were:

Biernat	Erickson	Jacobson	Lenczewski	Otremba	Thompson
Buesgens	Evans	Jaros	Lindner	Paulsen	Tingelstad
Carlson	Folliard	Johnson, J.	Mariani	Pawlenty	Tuma
Clark, K.	Gerlach	Johnson, S.	McGuire	Pelowski	Vandever
Davids	Gleason	Kahn	Molnau	Rhodes	Wagenius
Davnie	Goodwin	Kalis	Mulder	Rifenberg	Walker
Dempsey	Gray	Kelliher	Mullery	Schumacher	Walz
Dibble	Greiling	Kielkucki	Murphy	Seifert	Wilkin
Eastlund	Hackbarth	Koskinen	Olson	Skoglund	Workman
Entenza	Howes	Krinkie	Osskopp	Smith	

The motion prevailed.

The Speaker called Abrams to the Chair.

H. F. No. 2214, A bill for an act relating to a baseball park; providing for financing of a major league baseball park; providing a site selection process; authorizing state revenue bonds; establishing a baseball park gift fund; authorizing a state loan to the site city; requiring local government body approval; establishing a sports facilities fund; imposing certain obligations on the major league baseball team; requiring a use agreement and a guaranty from major league baseball; providing a property tax exemption for the baseball park; exempting sales of construction materials for the park from the sales tax; requiring payment of the prevailing wage rate to ballpark construction workers; requiring the state executive council to select a city for the site; requiring the legislative commission on planning and fiscal policy to make a recommendation to the council; providing an opportunity for community ownership if the baseball team is sold; requiring a donation from private sources as a precondition to issuing bonds or loaning state money; authorizing certain temporary city taxes and an admission tax if approved by referendum; authorizing parking surcharges; authorizing issuance of an additional liquor license; authorizing a condominium; requiring evaluation of an olympic bid; appropriating money; amending Minnesota Statutes 2000, sections 272.02, by adding a subdivision; 297A.71, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 16A.

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

The question was taken on the repassage of the bill and the roll was called. There were 72 yeas and 61 nays as follows:

Those who voted in the affirmative were:

Abeler	Dawkins	Hilstrom	Leppik	Osthoff	Slawik
Abrams	Dehler	Hilty	Lieder	Ozment	Solberg
Anderson, I.	Dorman	Holsten	Lipman	Paymar	Stanek
Bakk	Dorn	Huntley	Mahoney	Pelowski	Stang
Bernardy	Erhardt	Jennings	Mares	Penas	Swapinski
Bishop	Finseth	Johnson, R.	Marko	Peterson	Swenson
Blaine	Fuller	Jordan	Marquart	Pugh	Sykora
Boudreau	Goodno	Juhnke	McElroy	Rukavina	Wasiluk
Bradley	Gunther	Knoblach	Milbert	Ruth	Westerberg
Cassell	Haas	Kubly	Ness	Seagren	Winter
Clark, J.	Harder	Larson	Nornes	Sertich	Wolf
Daggett	Hausman	Leighton	Opatz	Skoe	Spk. Sviggum

Those who voted in the negative were:

Biernat	Evans	Jaros	Lindner	Pawlenty	Wagenius
Buesgens	Folliard	Johnson, J.	Mariani	Rhodes	Walker
Carlson	Gerlach	Johnson, S.	McGuire	Rifenberg	Walz
Clark, K.	Gleason	Kahn	Molnau	Schumacher	Westrom
Davids	Goodwin	Kalis	Mulder	Seifert	Wilkin
Davnie	Gray	Kelliher	Mullery	Skoglund	Workman
Dempsey	Greiling	Kielkucki	Murphy	Smith	
Dibble	Hackbarth	Koskinen	Olson	Thompson	
Eastlund	Holberg	Krinkie	Osskopp	Tingelstad	
Entenza	Howes	Kuisle	Otremba	Tuma	
Erickson	Jacobson	Lenczewski	Paulsen	Vandever	

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

MESSAGES FROM THE SENATE, Continued

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce that the Senate 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. 2972, A bill for an act relating to energy; decreasing regulatory requirements for small power lines; modifying provision for selecting reliability administrator; requiring department of administration to coordinate with department of commerce to develop comprehensive energy plan for public buildings by 2004; extending expiration by three years of certain procedural powers of public utilities commission; making technical corrections; amending Minnesota Statutes 2000, section 116C.63, subdivision 4; Minnesota Statutes 2001 Supplement, sections 216B.1691, subdivision 1; 216B.2425, subdivisions 3, 6; 216B.243, subdivision 8; 216C.052, subdivision 2; 216C.41, subdivision 5; 272.02, subdivision 22; Laws 1999, chapter 125, section 4; Laws 2001, chapter 212, article 1, section 3.

The Senate has appointed as such committee:

Senators Metzen, Tomassoni and Scheevel.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendments the concurrence of the House is respectfully requested:

H. F. No. 2886, A bill for an act relating to elections; providing additional identification procedures; changing certain registration procedures; amending Minnesota Statutes 2000, sections 201.061, subdivision 3; 201.171.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Howes moved that the House concur in the Senate amendments to H. F. No. 2886 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 2886, A bill for an act relating to elections; providing additional identification procedures; amending Minnesota Statutes 2000, section 201.061, subdivision 3.

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

The question was taken on the repassage of the bill and the roll was called.

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

There were 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

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

The Speaker resumed the Chair.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendments the concurrence of the House is respectfully requested:

H. F. No. 3092, A bill for an act relating to information; requiring release of certain information; changing a deadline; providing employer immunity for reference checks for certain health care providers and facilities; amending Minnesota Statutes 2000, section 13.43, by adding a subdivision; Minnesota Statutes 2001 Supplement, section 245A.07, subdivisions 2, 3; proposing coding for new law in Minnesota Statutes, chapter 604A.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Abeler moved that the House concur in the Senate amendments to H. F. No. 3092 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 3092, A bill for an act relating to health; allowing release of data on school employee violence or sexual contact toward student; modifying provisions relating to human services licensing sanctions; providing employer immunity for reference checks for certain health care providers and facilities; amending Minnesota Statutes 2000, section 13.43, by adding a subdivision; Minnesota Statutes 2001 Supplement, section 245A.07, subdivisions 2, 3; proposing coding for new law in Minnesota Statutes, chapter 604A.

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

The question was taken on the repassage of the bill and the roll was called. There were 117 yeas and 14 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Buesgens	Holberg	Krinkie	Olson	Smith
Erickson	Johnson, J.	Molnau	Paulsen	Vandevveer
Gerlach	Kielkucki	Mulder	Seifert	

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

Pawlenty moved that the House recess subject to the call of the Chair. The motion prevailed.

RECESS

RECONVENED

The House reconvened and was called to order by the Speaker.

The Speaker called Molnau to the Chair.

There being no objection, the order of business reverted to Petitions and Communications.

PETITIONS AND COMMUNICATIONS

The following communication was received:

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

May 18, 2002

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

Dear Speaker Sviggum:

I have vetoed and am returning H. F. No. 3270, Chapter No. 374, a bill relating to the omnibus budget and appropriations.

Our state has a significant budget problem: lower state tax receipts caused by the national recession have created a permanent gap, this year and every year after, between money coming in and spending. This past November, the projected difference between revenue and actual annual expenditures was in excess of one billion dollars per year, starting in FY03 and continuing through the FY04/05 biennium.

In January, I presented a comprehensive proposal to balance the budget through June 2005. Following established practice, it recognized that normal inflationary pressures on state spending should be realistically accounted for in the budget, just like future inflation-driven increases in revenue. I proposed a balanced combination of spending reductions and revenue increases, phased in by use of existing budget reserves. I also proposed a plan to restore the reserves as a hedge against future economic shocks.

In February, my budget proposals were roundly rejected by the Legislature. Instead, the Legislature unilaterally enacted a "Phase I" budget plan over my veto that avoided any significant cuts to the 88 percent of state spending outside of state agencies, did not increase revenues, and changed its own accounting rules to ignore inflation in future spending. It also used up almost all available reserves to plug the budget gap over the short-term.

At the end of February, a revised forecast projected state revenues would drop by another \$300 million in the current biennium and by another \$671 million in FY04/05.

At that time, legislative leaders assured me that they would work diligently to craft a more responsible long-term budget solution in a "Phase II" plan.

During March, April, and early May, each house of the Legislature separately developed budget proposals that included some additional permanent spending reductions and revenue increases. Taken together, these offered the potential for making progress in reducing the gap between annual revenues and spending.

Instead, the Legislature passed H. F. No. 3270, Chapter No. 374, and abandoned any pretense of resolving the long-term budget imbalance. Its centerpiece is an accounting shift to delay some state payments to school districts until the next fiscal year, supplemented by other accounting changes to provide the minimum necessary cash flow and budget reserves. If this bill becomes law, the real ongoing gap between revenues and expenditures will remain in excess of one billion dollars per year--just as it was when the legislative session opened.

This bill is not worthy of Minnesota's strong tradition of responsible long-term budget management. This Legislature has deferred the difficult choices. Next year, the Legislature and Governor will have to face these hard choices with fewer options, fewer resources and less time.

As Governor, I will not allow the pressure of looming elections to lower the standard for fiscal prudence, even temporarily. My expectation is that the Legislature will return to Minnesota's high standards for governance and budgeting. My veto of H. F. No. 3270, Chapter No. 374, is a call to return to responsible long-term management of our state's finances.

Sincerely,

JESSE VENTURA
Governor

VETO OVERRIDE

Goodno moved that H. F. No. 3270, Chapter No. 374, be now reconsidered and repassed, the objections of the Governor notwithstanding, pursuant to Article IV, Section 23, of the Constitution of the State of Minnesota.

The question was taken on the Goodno motion to reconsider and repass H. F. No. 3270, Chapter No. 374, the objections of the Governor notwithstanding, pursuant to Article IV, Section 23, of the Constitution of the State of Minnesota and the roll was called.

There were 95 yeas and 38 nays as follows:

Those who voted in the affirmative were:

Abeler	Dorn	Howes	Lipman	Pawlenty	Swenson
Abrams	Eastlund	Jacobson	Mahoney	Pelowski	Sykora
Bakk	Erhardt	Johnson, J.	Mares	Penas	Thompson
Bishop	Erickson	Johnson, R.	Marquart	Peterson	Tingelstad
Blaine	Finseth	Jordan	McElroy	Pugh	Tuma
Boudreau	Folliard	Juhnke	Molnau	Rhodes	Vandever
Bradley	Fuller	Kalis	Mulder	Rifenberg	Walz
Buesgens	Gerlach	Kielkucki	Murphy	Ruth	Wasiluk
Carlson	Goodno	Knoblach	Ness	Seagren	Westerberg
Cassell	Gunther	Kubly	Nornes	Seifert	Westrom
Clark, J.	Haas	Kuise	Opatz	Skoe	Wilkin
Daggett	Hackbarth	Larson	Osskopp	Slawik	Winter
Davids	Harder	Lenczewski	Osthoff	Smith	Wolf
Dehler	Hilstrom	Leppik	Otremba	Solberg	Workman
Dempsey	Holberg	Lieder	Ozment	Stanek	Spk. Sviggum
Dorman	Holsten	Lindner	Paulsen	Stang	

Those who voted in the negative were:

Anderson, I.	Entenza	Hilty	Koskinen	Mullery	Swapinski
Bernardy	Evans	Huntley	Krinkie	Olson	Wagenius
Biernat	Gleason	Jaros	Leighton	Paymar	Walker
Clark, K.	Goodwin	Jennings	Mariani	Rukavina	
Davnie	Gray	Johnson, S.	Marko	Schumacher	
Dawkins	Greiling	Kahn	McGuire	Sertich	
Dibble	Hausman	Kelliher	Milbert	Skoglund	

Having received the constitutionally required two-thirds vote, the bill was reconsidered and repassed, the objections of the Governor notwithstanding.

The following Conference Committee Reports were received:

CONFERENCE COMMITTEE REPORT ON H. F. NO. 3350

A bill for an act relating to health; modifying current protocols for nurses; modifying prior authorization requirements for prescription drugs; clarifying responsibilities for administering the Ryan White act; clarifying providers continuation of family community support services; amending Minnesota Statutes 2000, sections 148.235, by adding subdivisions; 151.37, subdivision 2; 256.01, by adding a subdivision; Minnesota Statutes 2001 Supplement, sections 148.284; 256B.0625, subdivisions 13, 35.

May 18, 2002

The Honorable Steve Sviggum
Speaker of the House of Representatives

The Honorable Don Samuelson
President of the Senate

We, the undersigned conferees for H. F. No. 3350, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 3350 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [149A.45] [EMERITUS REGISTRATION FOR MORTUARY SCIENCE PRACTITIONERS.]

Subdivision 1. [APPLICATION.] Any mortuary science practitioner licensed to practice mortuary science in Minnesota under this chapter may apply to the commissioner for mortuary science practitioner emeritus registration if the person declares that he or she is retired in all jurisdictions from the active practice of mortuary science and if the person is not subject to any disciplinary action by the commissioner and not subject to an order by the commissioner imposing a suspended, conditional, or restricted license to practice mortuary science. For purposes of this section, a person is retired if the person has completely ceased the active practice of mortuary science in all jurisdictions, for any reason. The mortuary science practitioner may apply to the commissioner using the practitioner's licensure form or by petitioning the commissioner.

Subd. 2. [STATUS OF REGISTRANT.] An emeritus registration is not a license to engage in the practice of mortuary science. A person registered under this section shall not engage in the practice of mortuary science.

Subd. 3. [CONTINUING EDUCATION REQUIREMENTS.] The continuing education requirements that apply to mortuary science practitioners shall not apply to a person registered under this section.

Subd. 4. [DOCUMENTATION OF STATUS.] A person granted emeritus registration shall, upon payment of a \$50 fee, be issued a certificate by the commissioner certifying that the person has received emeritus registration and has completed his or her active professional career licensed in good standing with the commissioner. The \$50 fee shall be a onetime fee.

Subd. 5. [RENEWAL CYCLE OR FEE.] A person registered under this section shall not be subject to a registration renewal cycle or any renewal fees.

Sec. 2. [150A.23] [DONATED DENTAL SERVICES.]

(a) The board of dentistry shall contract with the Minnesota dental association, or another appropriate and qualified organization to develop and operate a donated dental services program to provide dental care to public program recipients and the uninsured through dentists who volunteer their services without compensation. As part of the contract, the board shall include specific performance and outcome measures that the contracting organization must meet. The donated dental services program shall:

(1) establish a network of volunteer dentists, including dental specialties, to donate dental services to eligible individuals;

(2) establish a system to refer eligible individuals to the appropriate volunteer dentists; and

(3) develop and implement a public awareness campaign to educate eligible individuals about the availability of the program.

(b) Funding for the program may be used for administrative or technical support. The organization contracting with the board shall provide an annual report that accounts for funding appropriated to the program by the state, documents the number of individuals served by the program and the number of dentists participating as program providers, and provides data on meeting the specific performance and outcome measures identified by the board.

Sec. 3. [214.40] [VOLUNTEER HEALTH CARE PROVIDER PROGRAM.]

Subdivision 1. [DEFINITIONS.] (a) The definitions in this subdivision apply to this section.

(b) "Administrative services unit" means the administrative services unit for the health-related licensing boards.

(c) "Charitable organization" means a charitable organization within the meaning of section 501(c)(3) of the Internal Revenue Code that has as a purpose the sponsorship or support of programs designed to improve the quality, awareness, and availability of health care services and that serves as a funding mechanism for providing those services.

(d) "Health care facility or organization" means a health care facility licensed under chapter 144 or 144A, or a charitable organization.

(e) "Health care provider" means a physician licensed under chapter 147, physician assistant registered and practicing under chapter 147A, nurse licensed and registered to practice under chapter 148, or dentist or dental hygienist licensed under chapter 150A.

(f) "Health care services" means health promotion, health monitoring, health education, diagnosis, treatment, minor surgical procedures, the administration of local anesthesia for the stitching of wounds, and primary dental services, including preventive, diagnostic, restorative, and emergency treatment. Health care services do not include the administration of general anesthesia or surgical procedures other than minor surgical procedures.

(g) "Medical professional liability insurance" means medical malpractice insurance as defined in section 62F.03.

Subd. 2. [ESTABLISHMENT.] The administrative services unit shall establish a volunteer health care provider program to facilitate the provision of health care services provided by volunteer health care providers through eligible health care facilities and organizations.

Subd. 3. [PARTICIPATION OF HEALTH CARE FACILITIES.] To participate in the program established in subdivision 2, a health care facility or organization must register with the administrative services unit on forms provided by the administrative services unit and must meet the following requirements:

(1) be licensed to the extent required by law or regulation;

(2) provide evidence that the provision of health care services to the uninsured and underinsured is the primary purpose of the facility or organization;

(3) certify that it maintains adequate general liability and professional liability insurance for program staff other than the volunteer health care provider or is properly and adequately self-insured;

(4) agree to report annually to the administrative services unit the number of volunteers, number of volunteer hours provided, number of patients seen by volunteer providers, and types of services provided; and

(5) agree to pay to the administrative services unit an annual participation fee of \$50. All fees collected are deposited into the state government special revenue fund and are appropriated to the administrative services unit for purposes of administering the program.

Subd. 4. [HEALTH CARE PROVIDER REGISTRATION.] (a) To participate in the program established in subdivision 2, a health care provider shall register with the administrative services unit. Registration may be approved if the provider has submitted a certified statement on forms provided by the administrative services unit attesting that the health care provider agrees to:

(1) receive no direct monetary compensation of any kind for services provided in the program;

(2) submit a sworn statement attesting that the license to practice is free of restrictions. The statement must describe:

(i) any disciplinary action taken against the health care provider by a professional licensing authority or health care facility, including any voluntary surrender of license or other agreement involving the health care provider's license to practice or any restrictions on practice, suspension of privileges, or other sanctions; and

(ii) any malpractice suits filed against the health care provider and the outcome of any suits filed;

(3) submit any additional materials requested by the administrative services unit;

(4) identify the eligible program through which the health care services will be provided and the health care facilities at which the services will be provided; and

(5) if coverage is purchased for the provider under subdivision 7, comply with any risk management and loss prevention policies imposed by the insurer.

(b) Registration expires two years from the date the registration was approved. A health care provider may apply for renewal by filing with the administrative services unit a renewal application at least 60 days prior to the expiration of the registration.

Subd. 5. [REVOCATION OF ELIGIBILITY AND REGISTRATION.] The administrative services unit may suspend, revoke, or condition the eligibility of a health care provider for cause, including, but not limited to, the failure to comply with the agreement with the administrative services unit and the imposition of disciplinary action by the licensing board that regulates the health care provider.

Subd. 6. [BOARD NOTICE OF DISCIPLINARY ACTION.] The applicable health-related licensing board shall immediately notify the administrative services unit of the initiation of a contested case against a registered health care provider or the imposition of disciplinary action, including copies of any contested case decision or settlement agreement with the health care provider.

Subd. 7. [MEDICAL PROFESSIONAL LIABILITY INSURANCE.] (a) The administrative services unit must purchase medical professional liability insurance, if available, for a health care provider who is registered in accordance with subdivision 4 and who is not otherwise covered by a medical professional liability insurance policy or self-insured plan either personally or through another facility or employer.

(b) Coverage purchased under this subdivision must be limited to the provision of health care services performed by the provider for which the provider does not receive direct monetary compensation.

Sec. 4. [EFFECTIVE DATE; S. F. NO. 3099.]

S. F. No. 3099, article 2, section 15, if enacted, is effective the day following final enactment of this section.

Sec. 5. [APPROPRIATION.]

(a) \$75,000 is appropriated in fiscal year 2003 from the health care access fund to the board of dentistry to implement the donated dental services program under Minnesota Statutes, section 150A.23. This appropriation shall become part of the base-level funding for the 2004-2005 biennium. Base-level funding in fiscal year 2006 shall be zero.

(b) \$50,000 is appropriated from the state government special revenue fund to the administrative services unit to pay for medical professional liability insurance coverage in accordance with Minnesota Statutes, section 214.40, subdivision 7. This appropriation is available until expended. If this appropriation is expended, the administrative services unit must apportion between the board of medical practice, the board of dentistry, and the board of nursing an amount to be raised through fees by the respective board. The amount apportioned to each board shall be the total amount of the appropriation expended on coverage purchased for the providers regulated by the respective board. The respective board may adjust the fees in which the board is empowered to assess to compensate for the amount apportioned to the board by the administrative services unit."

Delete the title and insert:

"A bill for an act relating to health; establishing emeritus registration for mortuary science practitioner; establishing a donated dental services program; establishing a volunteer health care provider program; clarifying the effective date of certain family community support services; appropriating money; proposing coding for new law in Minnesota Statutes, chapters 149A; 150A; 214."

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

House Conferees: JIM ABELER AND THOMAS HUNTLEY.

Senate Conferees: SHEILA M. KISCADEN, JOHN C. HOTTINGER AND RICHARD J. COHEN.

Abeler moved that the report of the Conference Committee on H. F. No. 3350 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 3350, A bill for an act relating to health; modifying current protocols for nurses; modifying prior authorization requirements for prescription drugs; clarifying responsibilities for administering the Ryan White act; clarifying providers continuation of family community support services; amending Minnesota Statutes 2000, sections 148.235, by adding subdivisions; 151.37, subdivision 2; 256.01, by adding a subdivision; Minnesota Statutes 2001 Supplement, sections 148.284; 256B.0625, subdivisions 13, 35.

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

The question was taken on the repassage of the bill and the roll was called.

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

There were 128 yeas and 5 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Bradley	Holberg	Kuisle	Mulder	Wilkin
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The bill was repassed, as amended by Conference, and its title agreed to.

CONFERENCE COMMITTEE REPORT ON H. F. NO. 2972

A bill for an act relating to energy; decreasing regulatory requirements for small power lines; modifying provision for selecting reliability administrator; requiring department of administration to coordinate with department of commerce to develop comprehensive energy plan for public buildings by 2004; extending expiration by three years of certain procedural powers of public utilities commission; making technical corrections; amending Minnesota Statutes 2000, section 116C.63, subdivision 4; Minnesota Statutes 2001 Supplement, sections 216B.1691, subdivision 1; 216B.2425, subdivisions 3, 6; 216B.243, subdivision 8; 216C.052, subdivision 2; 216C.41, subdivision 5; 272.02, subdivision 22; Laws 1999, chapter 125, section 4; Laws 2001, chapter 212, article 1, section 3.

May 18, 2002

The Honorable Steve Sviggum
Speaker of the House of Representatives

The Honorable Don Samuelson
President of the Senate

We, the undersigned conferees for H. F. No. 2972, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 2972 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2000, section 116C.63, subdivision 4, is amended to read:

Subd. 4. When private real property that is an agricultural or nonagricultural homestead, nonhomestead agricultural land, rental residential property, and both commercial and noncommercial seasonal residential recreational property, as those terms are defined in section 273.13 is proposed to be acquired for the construction of a site or route for a high-voltage transmission line with a capacity of 200 kilovolts or more by eminent domain proceedings, the fee owner, or when applicable, the fee owner with the written consent of the contract for deed vendee, or the contract for deed vendee with the written consent of the fee owner, shall have the option to require the utility to condemn a fee interest in any amount of contiguous, commercially viable land which the owner or vendee wholly owns or has contracted to own in undivided fee and elects in writing to transfer to the utility within 60 days after receipt of the notice of the objects of the petition filed pursuant to section 117.055. Commercial viability shall be determined without regard to the presence of the utility route or site. The owner or, when applicable, the contract vendee shall have only one such option and may not expand or otherwise modify an election without the consent of the utility. The required acquisition of land pursuant to this subdivision shall be considered an acquisition for a public purpose and for use in the utility's business, for purposes of chapter 117 and section 500.24, respectively; provided that a utility shall divest itself completely of all such lands used for farming or capable of being used for farming not later than the time it can receive the market value paid at the time of acquisition of lands less any diminution in value by reason of the presence of the utility route or site. Upon the owner's election made under this subdivision, the easement interest over and adjacent to the lands designated by the owner to be acquired in fee, sought in the condemnation petition for a ~~high-voltage right-of-way for a high-voltage transmission line~~ right-of-way with a capacity of 200 kilovolts or more shall automatically be converted into a fee taking.

Sec. 2. Minnesota Statutes 2001 Supplement, section 216B.1646, as amended by Laws 2002, chapter 377, article 4, section 3, if enacted, is amended to read:

216B.1646 [RATE REDUCTION; PROPERTY TAX REDUCTION.]

(a) The commission shall, by any method the commission finds appropriate, reduce the rates each electric utility subject to rate regulation by the commission charges its customers to reflect, on an ongoing basis, the amount by which each utility's property tax on the personal property of its electric system from taxes payable in 2001 to taxes payable in 2002 is reduced. The commission must ensure that, to the extent feasible, each dollar of personal property tax reduction allocated to Minnesota consumers retroactive to January 1, 2002, results in a dollar of savings to the utility's customers. A utility may voluntarily pass on any additional property tax savings allocated in the same manner as approved by the commission under this paragraph.

(b) By April 10, 2002, each utility shall submit a filing to the commission containing:

- (1) certified information regarding the utility's property tax savings allocated to Minnesota retail customers; and
- (2) a proposed method of passing these savings on to Minnesota retail customers.

The utility shall provide the information in clause (1) to the commissioner of revenue at the same time. The commissioner shall notify the commission within 30 days as to the accuracy of the property tax data submitted by the utility.

(c) For purposes of this section, "personal property" means tools, implements, and machinery of the generating plant. It does not apply to transformers, transmission lines, distribution lines, or any other tools, implements, and machinery that are part of an electric substation, wherever located.

[EFFECTIVE DATE.] This section is effective retroactively from July 1, 2001.

Sec. 3. Minnesota Statutes 2001 Supplement, section 216B.1691, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] (a) "Eligible energy technology" means:

(1) an energy technology that generates electricity from the following renewable energy sources: solar, wind, hydroelectric with a capacity of less than 60 megawatts, or biomass; and

(2) was not mandated by state law or commission order enacted or issued prior to August 1, 2001.

(b) "Electric utility" means a public utility providing electric service, a generation and transmission cooperative electric association, or a municipal power agency.

Sec. 4. Minnesota Statutes 2001 Supplement, section 216B.243, subdivision 8, is amended to read:

Subd. 8. [EXEMPTIONS.] This section does not apply to:

(1) cogeneration or small power production facilities as defined in the Federal Power Act, United States Code, title 16, section 796, paragraph (17), subparagraph (A), and paragraph (18), subparagraph (A), and having a combined capacity at a single site of less than 80,000 kilowatts or to plants or facilities for the production of ethanol or fuel alcohol nor in any case where the commission shall determine after being advised by the attorney general that its application has been preempted by federal law;

(2) a high-voltage transmission line proposed primarily to distribute electricity to serve the demand of a single customer at a single location, unless the applicant opts to request that the commission determine need under this section or section 216B.2425;

(3) the upgrade to a higher voltage of an existing transmission line that serves the demand of a single customer that primarily uses existing rights-of-way, unless the applicant opts to request that the commission determine need under this section or section 216B.2425;

(4) a high-voltage transmission line of one mile or less required to connect a new or upgraded substation to an existing, new, or upgraded high-voltage transmission line;

(5) conversion of the fuel source of an existing electric generating plant to using natural gas; or

~~(5)~~ (6) modification of an existing electric generating plant to increase efficiency, as long as the capacity of the plant is not increased more than ten percent or more than 100 megawatts, whichever is greater.

Sec. 5. Minnesota Statutes 2001 Supplement, section 216C.052, subdivision 2, is amended to read:

Subd. 2. [ADMINISTRATIVE ISSUES.] (a) The commissioner may select the administrator who shall serve for a four-year term. The administrator may not have been a party or a participant in a commission energy proceeding for at least one year prior to selection by the commissioner. The commissioner shall oversee and direct the work of the administrator, annually review the expenses of the administrator, and annually approve the budget of the administrator. The administrator may hire staff and may contract for technical expertise in performing duties when existing state resources are required for other state responsibilities or when special expertise is required. The salary of the administrator is governed by section 15A.0815, subdivision 2.

(b) Costs relating to a specific proceeding, analysis, or project are not general administrative costs. For purposes of this section, "energy utility" means public utilities, generation and transmission cooperative electric associations, and municipal power agencies providing natural gas or electric service in the state.

(c) The department of commerce shall pay:

(1) the general administrative costs of the administrator, not to exceed \$1,500,000 in a fiscal year, and shall assess energy utilities for reimbursement for those administrative costs. These costs must be consistent with the budget approved by the commissioner under paragraph (a). The department shall apportion the costs among all energy utilities in proportion to their respective gross operating revenues from sales of gas or electric service within the state during the last calendar year, and shall then render a bill to each utility on a regular basis; and

(2) costs relating to a specific proceeding analysis or project and shall render a bill for reimbursement to the specific energy utility or utilities participating in the proceeding, analysis, or project directly, either at the conclusion of a particular proceeding, analysis, or project, or from time to time during the course of the proceeding, analysis, or project.

(d) For purposes of administrative efficiency, the department shall assess energy utilities and issue bills in accordance with the billing and assessment procedures provided in section 216B.62, to the extent that these procedures do not conflict with this subdivision. The amount of the bills rendered by the department under paragraph (c) must be paid by the energy utility into an account in the special revenue fund in the state treasury within 30 days from the date of billing and is appropriated to the commissioner for the purposes provided in this section. The commission shall approve or approve as modified a rate schedule providing for the automatic adjustment of charges to recover amounts paid by utilities under this section. All amounts assessed under this section are in addition to amounts appropriated to the commission and the department by other law.

Sec. 6. Minnesota Statutes 2001 Supplement, section 216C.41, subdivision 5, is amended to read:

Subd. 5. [AMOUNT OF PAYMENT.] (a) An incentive payment is based on the number of kilowatt hours of electricity generated. The amount of the payment is:

- (1) for a facility described under subdivision 2, paragraph (a), clause (4), 1.0 cents per kilowatt hour; and
- (2) for all other facilities, 1.5 cents per kilowatt hour.

For electricity generated by qualified wind energy conversion facilities, the incentive payment under this section is limited to no more than 100 megawatts of nameplate capacity. During any period in which qualifying claims for incentive payments exceed 100 megawatts of nameplate capacity, the payments must be made to producers in the order in which the production capacity was brought into production.

(b) Beginning For wind energy conversion systems installed and contracted for after January 1, 2002, the total size of a wind energy conversion system under this section must be determined according to this paragraph. Unless the systems are interconnected with different distribution systems, the nameplate capacity of one wind energy conversion system must be combined with the nameplate capacity of any other wind energy conversion system that is:

- (1) located within five miles of the wind energy conversion system;
- (2) constructed within the same calendar year as the wind energy conversion system; and
- (3) under common ownership.

In the case of a dispute, the commissioner of commerce shall determine the total size of the system, and shall draw all reasonable inferences in favor of combining the systems.

(c) In making a determination under paragraph (b), the commissioner of commerce may determine that two wind energy conversion systems are under common ownership when the underlying ownership structure contains similar persons or entities, even if the ownership shares differ between the two systems. Wind energy conversion systems are not under common ownership solely because the same person or entity provided equity financing for the systems.

Sec. 7. Laws 1999, chapter 125, section 4, is amended to read:

Sec. 4. [SUNSETS.]

Sections 1 to 3 expire as of June 30, ~~2002~~ 2005.

Sec. 8. Laws 2001, chapter 212, article 1, section 3, is amended to read:

Sec. 3. [BENCHMARKS FOR EXISTING PUBLIC BUILDINGS.]

The department of administration shall maintain information on energy usage in all public buildings for the purpose of establishing energy efficiency benchmarks and energy conservation goals. The department shall report preliminary energy conservation goals to the chairs of the senate telecommunications, energy and utilities committee and the house regulated industries committee by January 15, 2002. The department shall develop, in coordination with the department of commerce, a comprehensive plan by January 15, ~~2003~~ 2004, to maximize electrical and thermal energy efficiency in existing public buildings through conservation measures having a simple payback within ten to 15 years. The plan must detail the steps necessary to implement the conservation measures and include the projected costs of these measures. The owner or operator of a public building subject to this section shall provide information to the department of administration necessary to accomplish the purposes of this section.

Sec. 9. [IDENTIFICATION AND EVALUATION; COMPETITIVE BIDDING CRITERIA.]

The commissioner of commerce shall identify and evaluate various criteria that could be used by a utility in evaluating and selecting bids submitted in a competitive bidding process established under Minnesota Statutes, section 216B.2422, subdivision 5.

To assist in the evaluation, the commissioner shall convene a series of forums at which input from citizens and stakeholders can be solicited. The commissioner shall present this evaluation in a report to the house and senate policy and finance committees with jurisdiction over energy regulatory issues and agencies by January 15, 2003.

Sec. 10. [EXCESS DULUTH ENERGY LOAN FUNDS; USE IN OTHER ENERGY CONSERVATION PROGRAMS.]

Notwithstanding Laws 1981, chapter 223, as amended by Laws 1984, chapter 581, or any other law to the contrary, the city of Duluth may use excess funds in accounts in its home energy loan program authorized by those laws for other energy conservation programs, including, but not limited to, a commercial enterprise energy loan program or a city climate protection program to reduce city energy consumption, provided that:

(1) all bonds issued under the home energy loan program have been retired;

(2) no more energy loan bonds are issued; and

(3) any sums used for other energy saving programs are in excess of market demands for home energy loans.

[EFFECTIVE DATE.] This section is effective the day after the approval by the governing body of the city of Duluth is filed according to Minnesota Statutes, section 645.021, subdivision 3.

Sec. 11. [INSTRUCTION TO REVISOR.]

The revisor of statutes shall remove codification of Laws 2001, chapter 212, article 8, section 14. Laws 2001, chapter 212, article 8, section 14, shall remain part of Laws 2001 as uncodified law.

Sec. 12. [EFFECTIVE DATE.]

Sections 1, 3 to 9, and 11 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to energy; decreasing regulatory requirements for small power lines; modifying provision for selecting reliability administrator; requiring department of administration to coordinate with department of commerce to develop comprehensive energy plan for public buildings by 2004; extending expiration by three years of certain procedural powers of public utilities commission; making technical corrections; amending Minnesota Statutes 2000, section 116C.63, subdivision 4; Minnesota Statutes 2001 Supplement, sections 216B.1646, as amended; 216B.1691, subdivision 1; 216B.243, subdivision 8; 216C.052, subdivision 2; 216C.41, subdivision 5; Laws 1999, chapter 125, section 4; Laws 2001, chapter 212, article 1, section 3."

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

House Conferees: KEN WOLF, BOB GUNTHER AND ANTHONY SERTICH.

Senate Conferees: KENRIC J. SCHEEVEL, DAVID J. TOMASSONI AND JAMES P. METZEN.

Wolf moved that the report of the Conference Committee on H. F. No. 2972 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

The Speaker resumed the Chair.

H. F. No. 2972, A bill for an act relating to energy; decreasing regulatory requirements for small power lines; modifying provision for selecting reliability administrator; requiring department of administration to coordinate with department of commerce to develop comprehensive energy plan for public buildings by 2004; extending expiration by three years of certain procedural powers of public utilities commission; making technical corrections; amending Minnesota Statutes 2000, section 116C.63, subdivision 4; Minnesota Statutes 2001 Supplement, sections 216B.1691, subdivision 1; 216B.2425, subdivisions 3, 6; 216B.243, subdivision 8; 216C.052, subdivision 2; 216C.41, subdivision 5; 272.02, subdivision 22; Laws 1999, chapter 125, section 4; Laws 2001, chapter 212, article 1, section 3.

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

The question was taken on the repassage of the bill and the roll was called.

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

There were 99 yeas and 32 nays as follows:

Those who voted in the affirmative were:

Abeler	Daggett	Fuller	Howes	Kubly	Marquart
Abrams	Davids	Gerlach	Huntley	Kuisle	McElroy
Bakk	Dehler	Goodno	Jacobson	Larson	Milbert
Bernardy	Dempsey	Goodwin	Johnson, J.	Lenczewski	Molnau
Bishop	Dorman	Gunther	Johnson, R.	Leppik	Mulder
Blaine	Dorn	Haas	Jordan	Lieder	Ness
Boudreau	Eastlund	Hackbarth	Juhnke	Lindner	Nornes
Bradley	Erhardt	Harder	Kielkucki	Lipman	Olson
Buesgens	Erickson	Hilstrom	Knoblach	Mahoney	Opatz
Cassell	Evans	Holberg	Koskinen	Mares	Osskopp
Clark, J.	Finseth	Holsten	Krinkie	Marko	Ozment

Paulsen	Rhodes	Seifert	Stanek	Tuma	Wolf
Pawlenty	Rifenberg	Sertich	Stang	Walz	Workman
Pelowski	Rukavina	Skoe	Swenson	Westerberg	Spk. Sviggum
Penas	Ruth	Slawik	Sykora	Westrom	
Peterson	Schumacher	Smith	Thompson	Wilkin	
Pugh	Seagren	Solberg	Tingelstad	Winter	

Those who voted in the negative were:

Anderson, I.	Entenza	Jaros	Leighton	Otremba	Walker
Biernat	Folliard	Jennings	Mariani	Paymar	Wasiluk
Carlson	Gleason	Johnson, S.	McGuire	Skoglund	
Clark, K.	Greiling	Kahn	Mullery	Swapinski	
Davnie	Hausman	Kalis	Murphy	Vandevveer	
Dibble	Hilty	Kelliher	Osthoff	Wagenius	

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

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker:

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

H. F. No. 2214, A bill for an act relating to a baseball park; providing for financing of a major league baseball park; providing a site selection process; authorizing state revenue bonds; establishing a baseball park gift fund; authorizing a state loan to the site city; requiring local government body approval; establishing a sports facilities fund; imposing certain obligations on the major league baseball team; requiring a use agreement and a guaranty from major league baseball; providing a property tax exemption for the baseball park; exempting sales of construction materials for the park from the sales tax; requiring payment of the prevailing wage rate to ballpark construction workers; requiring the state executive council to select a city for the site; requiring the legislative commission on planning and fiscal policy to make a recommendation to the council; providing an opportunity for community ownership if the baseball team is sold; requiring a donation from private sources as a precondition to issuing bonds or loaning state money; authorizing certain temporary city taxes and an admission tax if approved by referendum; authorizing parking surcharges; authorizing issuance of an additional liquor license; authorizing a condominium; requiring evaluation of an olympic bid; appropriating money; amending Minnesota Statutes 2000, sections 272.02, by adding a subdivision; 297A.71, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 16A.

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

PATRICK E. FLAHAVEN, Secretary of the Senate

The Speaker called Peterson to the Chair.

Mr. Speaker:

I hereby announce the repassage by the Senate of the following Senate File, notwithstanding the veto by the Governor:

S. F. No. 1755, A bill for an act relating to education; establishing a committee to gather information and make recommendations for the design of a school employee health insurance plan; authorizing raffles to support school district programs; appropriating money; amending Minnesota Statutes 2000, section 609.761, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 62A.

The enrolled copy of S. F. No. 1755 with all of the signatures of the officers of the Senate and the House together with the Governor's objections, is herewith transmitted to the House.

PATRICK E. FLAHAVER, Secretary of the Senate

VETO OVERRIDE

Dauids moved that S. F. No. 1755, Chapter No. 378, be now reconsidered and repassed, the objections of the Governor notwithstanding, pursuant to Article IV, Section 23, of the Constitution of the State of Minnesota.

The question was taken on the Davids motion to reconsider and repass S. F. No. 1755, Chapter No. 378, the objections of the Governor notwithstanding, pursuant to Article IV, Section 23, of the Constitution of the State of Minnesota and the roll was called.

There were 110 yeas and 23 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Boudreau	Gerlach	Krinkie	Molnau	Pawlenty	Wilkin
Bradley	Holberg	Kuisle	Mulder	Penas	Wolf
Buesgens	Johnson, J.	Lindner	Olson	Rifenberg	Workman
Erickson	Kielkucki	Mahoney	Paulsen	Seifert	

Having received the constitutionally required two-thirds vote, the bill was reconsidered and repassed, the objections of the Governor notwithstanding.

The Speaker resumed the Chair.

The following Conference Committee Report was received:

CONFERENCE COMMITTEE REPORT ON H. F. NO. 3031

A bill for an act relating to public health; establishing the Minnesota Emergency Health Powers Act; modifying provisions for declaring national security and peacetime emergencies; providing for declaration and termination of emergencies due to bioterrorism; granting certain emergency powers; preserving certain rights of refusal; providing for the isolation and quarantine of persons; requiring a study; amending Minnesota Statutes 2000, sections 12.03, by adding subdivisions; 12.31, subdivision 2; 12.32; 13.3806, by adding a subdivision; Minnesota Statutes 2001 Supplement, section 12.31, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 12; 144.

May 18, 2002

The Honorable Steve Sviggum
Speaker of the House of Representatives

The Honorable Don Samuelson
President of the Senate

We, the undersigned conferees for H. F. No. 3031, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 3031 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [TITLE.]

Sections 1 to 21 may be cited as the "Minnesota Emergency Health Powers Act."

Sec. 2. Minnesota Statutes 2000, section 12.03, is amended by adding a subdivision to read:

Subd. 1c. [BIOTERRORISM.] "Bioterrorism" means the intentional use of any microorganism, virus, infectious substance, or biological product that may be engineered as a result of biotechnology, or any naturally occurring or bioengineered component of any such microorganism, virus, infectious substance, or biological product, to cause death, disease, or other biological malfunction in a human, an animal, a plant, or another living organism in order to influence the conduct of government or to intimidate or coerce a civilian population.

Sec. 3. Minnesota Statutes 2000, section 12.03, is amended by adding a subdivision to read:

Subd. 4d. [FACILITY.] "Facility" means any real property, building, structure, or other improvement to real property or any motor vehicle, rolling stock, aircraft, watercraft, or other means of transportation. Facility does not include a private residence.

Sec. 4. Minnesota Statutes 2000, section 12.03, is amended by adding a subdivision to read:

Subd. 6a. [MEDICAL SUPPLIES.] "Medical supplies" means any medication, durable medical equipment, instruments, linens, or any other material that a health care provider deems not essential for the continued operation of the provider's practice or facility. The term medical supplies does not apply to medication, durable medical equipment, or other material that is personal property being used by individuals or that has been borrowed, leased, or rented by individuals for the purpose of treatment or care.

Sec. 5. Minnesota Statutes 2000, section 12.03, is amended by adding a subdivision to read:

Subd. 9a. [PUBLIC HEALTH EMERGENCY.] "Public health emergency" means an occurrence or imminent threat of an illness or health condition in Minnesota:

(1) where there is evidence to believe the illness or health condition is caused by any of the following:

(i) bioterrorism; or

(ii) the appearance of a new or novel or previously controlled or eradicated airborne infectious agent or airborne biological toxin; and

(2) the illness or health condition poses a high probability of any of the following harms:

(i) a large number of deaths in the affected population;

(ii) a large number of serious or long-term disabilities in the affected population; or

(iii) widespread exposure to an airborne infectious or airborne toxic agent that poses a significant risk of substantial future harm to a large number of people in the affected population.

Sec. 6. Minnesota Statutes 2000, section 12.21, subdivision 3, is amended to read:

Subd. 3. [SPECIFIC AUTHORITY.] In performing duties under this chapter and to effect its policy and purpose, the governor may:

(1) make, amend, and rescind the necessary orders and rules to carry out the provisions of this chapter and section 216C.15 within the limits of the authority conferred by this section, with due consideration of the plans of the federal government and without complying with sections 14.001 to 14.69, but no order or rule has the effect of law except as provided by section 12.32;

(2) ensure that a comprehensive emergency operations plan and emergency management program for this state are developed and maintained, and are integrated into and coordinated with the emergency plans of the federal government and of other states to the fullest possible extent;

(3) in accordance with the emergency operations plan and the emergency management program of this state, procure supplies and equipment, and facilities, institute training programs and public information programs, and take all other preparatory steps, including the partial or full activation of emergency management organizations in advance of actual disaster to ensure the furnishing of adequately trained and equipped forces of emergency management personnel in time of need;

(4) make studies and surveys of the industries, resources, and facilities in this state as may be necessary to ascertain the capabilities of the state for emergency management and to plan for the most efficient emergency use of those industries, resources, and facilities;

(5) on behalf of this state, enter into mutual aid arrangements or cooperative agreements with other states, tribal authorities, and ~~with~~ Canadian provinces, and coordinate mutual aid plans between political subdivisions of this state;

(6) delegate administrative authority vested in the governor under this chapter, except the power to make rules, and provide for the subdelegation of that authority;

(7) cooperate with the president and the heads of the armed forces, the emergency management agency of the United States and other appropriate federal officers and agencies, and with the officers and agencies of other states in matters pertaining to the emergency management of the state and nation, including the direction or control of:

(i) emergency preparedness drills and exercises;

(ii) warnings and signals for drills or actual emergencies and the mechanical devices to be used in connection with them;

(iii) shutting off water mains, gas mains, electric power connections and the suspension of all other utility services;

(iv) the conduct of persons in the state, including entrance or exit from any stricken or threatened public place, occupancy of facilities, and the movement and cessation of movement of pedestrians ~~and~~ vehicular traffic, and all forms of private and public transportation during, prior, and subsequent to drills or actual emergencies;

(v) public meetings or gatherings; and

(vi) the evacuation, reception, and sheltering of persons;

(8) contribute to a political subdivision, within the limits of the appropriation for that purpose, not more than 25 percent of the cost of acquiring organizational equipment that meets standards established by the governor;

(9) formulate and execute, with the approval of the executive council, plans and rules for the control of traffic in order to provide for the rapid and safe movement over public highways and streets of troops, vehicles of a military nature, and materials for national defense and war or for use in any war industry, for the conservation of critical materials, or for emergency management purposes, ~~and~~ coordinate the activities of the departments or agencies of the state and its political subdivisions concerned directly or indirectly with public highways and streets, in a manner that will best effectuate those plans;

(10) alter or adjust by executive order, without complying with sections 14.01 to 14.69, the working hours, work days and work week of, and annual and sick leave provisions and payroll laws regarding all state employees in the executive branch as the governor deems necessary to minimize the impact of the disaster or emergency, conforming the alterations or adjustments to existing state laws, rules, and collective bargaining agreements to the extent practicable;

(11) authorize the commissioner of children, families, and learning to alter school schedules, curtail school activities, or order schools closed without affecting state aid to schools, as defined in section 120A.05, subdivisions 9, 11, 13, and 17, and including charter schools under section 124D.10, and elementary schools enrolling prekindergarten pupils in district programs; and

(12) transfer the direction, personnel, or functions of state agencies to perform or facilitate response and recovery programs.

Sec. 7. Minnesota Statutes 2001 Supplement, section 12.31, subdivision 1, is amended to read:

Subdivision 1. [DECLARATION OF NATIONAL SECURITY EMERGENCY.] When information from the President of the United States, the Federal Emergency Management Agency, the Department of Defense, or the National Warning System indicates the imminence of a national security emergency within the United States, which means the several states, the District of Columbia, and the Commonwealth of Puerto Rico, or the occurrence within the state of Minnesota of a major disaster or public health emergency from enemy sabotage or other hostile action, the governor may, by proclamation, declare that a national security emergency exists in all or any part of the state. If the legislature is then in regular session or, if it is not, if the governor concurrently with the proclamation declaring the emergency issues a call convening immediately both houses of the legislature, the governor may exercise for a period not to exceed 30 days the powers and duties conferred and imposed by sections 12.31 to 12.37 and 12.381. The lapse of these emergency powers does not, as regards any act occurring or committed within the 30-day period, deprive any person, political subdivision, municipal corporation, or body politic of any right to compensation or reimbursement that it may have under this chapter.

Sec. 8. Minnesota Statutes 2000, section 12.31, subdivision 2, is amended to read:

Subd. 2. [DECLARATION OF PEACETIME EMERGENCY.] (a) The governor may declare a peacetime emergency. A peacetime declaration of emergency may be declared only when an act of nature, a technological failure or malfunction, a terrorist incident, a public health emergency, an industrial accident, a hazardous materials accident, or a civil disturbance endangers life and property and local government resources are inadequate to handle the situation. ~~It~~ A peacetime emergency must not be continued for more than five days unless extended by resolution of the executive council up to 30 days. An order, or proclamation declaring, continuing, or terminating an emergency must be given prompt and general publicity and filed with the secretary of state.

(b) This paragraph applies to a peacetime emergency declared as a result of a public health emergency. If the legislature is sitting in session at the time of the emergency declaration, the governor may exercise the powers and duties conferred by this chapter for the period allowed under paragraph (a). If the legislature is not sitting in session when a peacetime emergency is declared or renewed, the governor may exercise the powers and duties conferred by this chapter for the period allowed under paragraph (a) only if the governor issues a call convening both houses of the legislature at the same time the governor declares or renews the peacetime emergency.

Sec. 9. Minnesota Statutes 2000, section 12.31, subdivision 3, is amended to read:

Subd. 3. [EFFECT OF DECLARATION OF PEACETIME EMERGENCY.] A declaration of a peacetime emergency in accordance with this section authorizes the governor to exercise for a period not to exceed the time specified in this section the powers and duties conferred and imposed by this chapter for a peacetime emergency and invokes the necessary portions of the state emergency operations plan developed pursuant to section 12.21, subdivision 3, relating to response and recovery aspects and may authorize aid and assistance under the plan.

Sec. 10. [12.311] [DECLARATION DUE TO A PUBLIC HEALTH EMERGENCY.]

(a) Before the governor declares a national security emergency due to a public health emergency or peacetime emergency due to a public health emergency, the governor or state director of emergency management shall consult with the commissioner of public safety, the state director of homeland security, the commissioner of health, and additional public health experts and other experts. If the public health emergency occurs on Indian lands, the governor or state director of emergency management shall consult with tribal authorities before the governor makes such a declaration. Nothing in this section shall be construed to limit the governor's authority to act without such consultation when the situation calls for prompt and timely action.

(b) Upon the declaration of an emergency due to a public health emergency, the governor and the commissioner of health must immediately report to the leadership in the house of representatives and senate, as well as the chairs and ranking minority members of the judiciary and health committees, regarding the imposition of the public health emergency and how it may affect the public.

Sec. 11. [12.312] [TERMINATION OF DECLARATION; PUBLIC HEALTH EMERGENCY.]

Subdivision 1. [AUTOMATIC TERMINATION; RENEWAL.] Notwithstanding any other provision of this chapter, a national security emergency declared due to a public health emergency or peacetime emergency declared due to a public health emergency is terminated automatically 30 days after its original declaration unless the emergency is renewed by the governor using the procedure specified in section 12.31, subdivision 2, paragraph (b). Any renewal is terminated automatically after 30 days unless again renewed by the governor.

Subd. 2. [TERMINATION BY LEGISLATURE.] By a majority vote of each house of the legislature, the legislature may terminate a national security emergency declared due to a public health emergency or peacetime emergency declared due to a public health emergency at any time from the date of original declaration. A termination by the legislature under this subdivision overrides any renewal by the governor under subdivision 1.

Sec. 12. Minnesota Statutes 2000, section 12.32, is amended to read:

12.32 [GOVERNOR'S ORDERS AND RULES, EFFECT.]

Orders and rules promulgated by the governor under authority of section 12.21, subdivision 3, clause (1), when approved by the executive council and filed in the office of the secretary of state, have, during a national security emergency, peacetime emergency declared due to a public health emergency, or energy supply emergency, the full force and effect of law. Rules and ordinances of any agency or political subdivision of the state inconsistent with the provisions of this chapter or with any order or rule having the force and effect of law issued under the authority of this chapter, is suspended during the period of time and to the extent that the emergency exists.

Sec. 13. Minnesota Statutes 2000, section 12.34, subdivision 1, is amended to read:

Subdivision 1. [EMERGENCY POWERS.] When necessary to save life, property, or the environment during a national security emergency or during a peacetime emergency declared due to a public health emergency, the governor, the state director, or a member of a class of members of a state or local emergency management organization designated by the governor, may:

(1) require any person, except members of the federal or state military forces and officers of the state or a political subdivision, to perform services for emergency management purposes as directed by any of the persons described above; and

(2) commandeer, ~~during a national security emergency~~ for emergency management purposes as directed by any of the persons described above, any motor vehicle, tools, appliances, medical supplies, or other personal property and any facilities.

Sec. 14. [12.381] [SAFE DISPOSITION OF DEAD HUMAN BODIES.]

Subdivision 1. [POWERS FOR SAFE DISPOSITION.] Notwithstanding chapter 149A and Minnesota Rules, chapter 4610, in connection with deaths related to a public health emergency and during a national security emergency declared due to a public health emergency or peacetime emergency declared due to a public health emergency, the governor may:

(1) direct measures to provide for the safe disposition of dead human bodies as may be reasonable and necessary for emergency response. Measures may include, but are not limited to, transportation, preparation, temporary mass burial and other interment, disinterment, and cremation of dead human bodies. Insofar as the emergency circumstances allow, the governor shall respect the religious rites, cultural customs, family wishes, and predeath directives of a decedent concerning final disposition. The governor may limit visitations or funeral ceremonies based on public health risks;

(2) consult with coroners and medical examiners, take possession or control of any dead human body, and order an autopsy of the body; and

(3) request any business or facility authorized to embalm, bury, cremate, inter, disinter, transport, or otherwise provide for disposition of a dead human body under the laws of this state to accept any dead human body or provide the use of its business or facility if the actions are reasonable and necessary for emergency management purposes and are within the safety precaution capabilities of the business or facility.

Subd. 2. [IDENTIFICATION OF BODIES.] A person in charge of the body of a person believed to have died due to a public health emergency shall maintain a written record of the body and all available information to identify the decedent, the circumstances of death, and disposition of the body. If a body cannot be identified, a qualified person shall, prior to disposition and to the extent possible, take fingerprints and one or more photographs of the remains and collect a DNA specimen from the body. All information gathered under this subdivision, other than data required for a death certificate under Minnesota Rules, part 4601.2550, shall be death investigation data and shall be classified as nonpublic data according to section 13.02, subdivision 9, or as private data on decedents according to section 13.10, subdivision 1. Death investigation data are not medical examiner data as defined in section 13.83. Data gathered under this subdivision shall be promptly forwarded to the commissioner of health. The commissioner may only disclose death investigation data to the extent necessary to assist relatives in identifying decedents or for public health or public safety investigations.

Sec. 15. [12.39] [TESTING AND TREATMENTS.]

Subdivision 1. [REFUSAL OF TREATMENT.] Notwithstanding laws, rules, or orders made or promulgated in response to a national security emergency, peacetime emergency, or public health emergency, individuals have a fundamental right to refuse medical treatment, testing, physical or mental examination, vaccination, participation in experimental procedures and protocols, collection of specimens, and preventive treatment programs. An individual who has been directed by the commissioner of health to submit to medical procedures and protocols because the individual is infected with or reasonably believed by the commissioner of health to be infected with or exposed to a toxic agent that can be transferred to another individual or a communicable disease, and the agent or communicable disease is the basis for which the national security emergency, peacetime emergency, or public health emergency was declared, and who refuses to submit to them may be ordered by the commissioner to be placed in isolation or quarantine according to parameters set forth in sections 144.419 and 144.4195.

Subd. 2. [INFORMATION GIVEN.] Where feasible, before performing examinations, testing, treatment, or vaccination of an individual under subdivision 1, a health care provider shall notify the individual of the right to refuse the examination, testing, treatment, or vaccination, and the consequences, including isolation or quarantine, upon refusal.

Sec. 16. Minnesota Statutes 2000, section 13.3806, is amended by adding a subdivision to read:

Subd. 1a. [DEATH INVESTIGATION DATA.] Data gathered by the commissioner of health to identify the body of a person believed to have died due to a public health emergency as defined in section 12.03, subdivision 9a, the circumstances of death, and disposition of the body are classified in and may be released according to section 12.381, subdivision 2.

Sec. 17. Minnesota Statutes 2000, section 13.3806, is amended by adding a subdivision to read:

Subd. 10a. [ISOLATION OR QUARANTINE DIRECTIVE.] Data in a directive issued by the commissioner of health under section 144.4195, subdivision 2, to isolate or quarantine a person or group of persons are classified in section 144.4195, subdivision 6.

Sec. 18. [144.419] [ISOLATION AND QUARANTINE OF PERSONS.]

Subdivision 1. [DEFINITIONS.] For purposes of this section and section 144.4195, the following definitions apply:

(1) "bioterrorism" means the intentional use of any microorganism, virus, infectious substance, or biological product that may be engineered as a result of biotechnology, or any naturally occurring or bioengineered component of any such microorganism, virus, infectious substance, or biological product, to cause death, disease, or other biological malfunction in a human, an animal, a plant, or another living organism in order to influence the conduct of government or to intimidate or coerce a civilian population;

(2) "communicable disease" means a disease caused by a living organism or virus and believed to be caused by bioterrorism or a new or novel or previously controlled or eradicated infectious agent or biological toxin that can be transmitted person to person and for which isolation or quarantine is an effective control strategy, excluding a disease that is directly transmitted as defined under section 144.4172, subdivision 5;

(3) "isolation" means separation, during the period of communicability, of a person infected with a communicable disease, in a place and under conditions so as to prevent direct or indirect transmission of an infectious agent to others; and

(4) "quarantine" means restriction, during a period of communicability, of activities or travel of an otherwise healthy person who likely has been exposed to a communicable disease to prevent disease transmission during the period of communicability in the event the person is infected.

Subd. 2. [GENERAL REQUIREMENTS.] (a) The commissioner of health or any person acting under the commissioner's authority shall comply with paragraphs (b) to (h) when isolating or quarantining individuals or groups of individuals.

(b) Isolation and quarantine must be by the least restrictive means necessary to prevent the spread of a communicable or potentially communicable disease to others and may include, but are not limited to, confinement to private homes or other private or public premises.

(c) Isolated individuals must be confined separately from quarantined individuals.

(d) The health status of isolated and quarantined individuals must be monitored regularly to determine if they require continued isolation or quarantine. To adequately address emergency health situations, isolated and quarantined individuals shall be given a reliable means to communicate 24 hours a day with health officials and to summon emergency health services.

(e) If a quarantined individual subsequently becomes infectious or is reasonably believed to have become infectious with a communicable or potentially communicable disease, the individual must be isolated according to section 144.4195.

(f) Isolated and quarantined individuals must be immediately released when they pose no known risk of transmitting a communicable or potentially communicable disease to others.

(g) The needs of persons isolated and quarantined shall be addressed in a systematic and competent fashion, including, but not limited to, providing adequate food, clothing, shelter, means of communication between those in isolation or quarantine and those outside these settings, medication, and competent medical care.

(h) Premises used for isolation and quarantine shall be maintained in a safe and hygienic manner and be designed to minimize the likelihood of further transmission of infection or other harms to persons isolated and quarantined.

Subd. 3. [TERMINATION.] The isolation or quarantine of a person must terminate automatically on the expiration date of a court order authorizing isolation or quarantine that is issued according to section 144.4195, or before the expiration date if the commissioner of health determines that isolation or quarantine of the person is no longer necessary to protect the public.

Subd. 4. [RIGHT TO REFUSE TREATMENT.] Any person who is isolated or quarantined according to this section and section 144.4195 has a fundamental right to refuse medical treatment, testing, physical or mental examination, vaccination, participation in experimental procedures and protocols, collection of specimens, and preventive treatment programs. A person who has been directed by the commissioner of health or any person acting under the commissioner's authority to submit to medical procedures and protocols because the person is infected with or reasonably believed by the commissioner or by the person acting under the commissioner's authority to be infected with or exposed to a communicable disease and who refuses to submit to them may be subject to continued isolation or quarantine according to the parameters set forth in section 144.4195.

Subd. 5. [CITIZEN RIGHT TO ENTRY.] (a) No person, other than a person authorized by the commissioner of health or authorized by any person acting under the commissioner's authority, shall enter an isolation or quarantine area. If, by reason of an unauthorized entry into an isolation or quarantine area, a person poses a danger to public health, the person may be subject to isolation or quarantine according to this section and section 144.4195.

(b) A family member of a person isolated or quarantined has a right to choose to enter into an isolation or quarantine area. The commissioner of health must permit the family member entry into the isolation or quarantine area if the family member signs a consent form stating that the family member has been informed of the potential health risks, isolation and quarantine guidelines, and the consequences of entering the area. The family member may not hold the department of health, the commissioner of health, or the state responsible for any consequences of entering the isolation or quarantine area. If, by reason of entry into an isolation or quarantine area under this paragraph, a person poses a danger to public health, the person may be subject to isolation or quarantine according to this section and section 144.4195.

Sec. 19. [144.4195] [DUE PROCESS FOR ISOLATION OR QUARANTINE OF PERSONS.]

Subdivision 1. [EX PARTE ORDER FOR ISOLATION OR QUARANTINE.] (a) Before isolating or quarantining a person or group of persons, the commissioner of health shall obtain a written, ex parte order authorizing the isolation or quarantine from the district court of Ramsey county, the county where the person or group of persons is located, or a county adjoining the county where the person or group of persons is located. The evidence or testimony in support of an application may be made or taken by telephone, facsimile transmission, video equipment, or other electronic communication. The court shall grant the order upon a finding that probable cause exists to believe isolation or quarantine is warranted to protect the public health.

(b) The order must state the specific facts justifying isolation or quarantine, must state that the person being isolated or quarantined has a right to a court hearing under this section and a right to be represented by counsel during any proceeding under this section, and must be provided immediately to each person isolated or quarantined. The commissioner of health shall provide a copy of the authorizing order to the commissioner of public safety and other peace officers known to the commissioner to have jurisdiction over the site of the isolation or quarantine. If feasible, the commissioner of health shall give each person being isolated or quarantined an estimate of the expected period of the person's isolation or quarantine.

(c) If it is impracticable to provide individual orders to a group of persons isolated or quarantined, one order shall suffice to isolate or quarantine a group of persons believed to have been commonly infected with or exposed to a communicable disease. A copy of the order and notice shall be posted in a conspicuous place:

(1) in the isolation or quarantine premises, but only if the persons to be isolated or quarantined are already at the isolation or quarantine premises and have adequate access to the order posted there; or

(2) in another location where the group of persons to be isolated or quarantined is located, such that the persons have adequate access to the order posted there.

If the court determines that posting the order according to clause (1) or (2) is impractical due to the number of persons to be isolated or quarantined or the geographical area affected, the court must use the best means available to ensure that the affected persons are fully informed of the order and notice.

(d) No person may be isolated or quarantined pursuant to an order issued under this subdivision for longer than 21 days without a court hearing under subdivision 3 to determine whether isolation or quarantine should continue. A person who is isolated or quarantined may request a court hearing under subdivision 3 at any time before the expiration of the order.

Subd. 2. [TEMPORARY HOLD UPON COMMISSIONER'S DIRECTIVE.] Notwithstanding subdivision 1, the commissioner of health may by directive isolate or quarantine a person or group of persons without first obtaining a written, ex parte order from the court if a delay in isolating or quarantining the person or group of persons would significantly jeopardize the commissioner of health's ability to prevent or limit the transmission of a communicable or potentially communicable disease to others. The commissioner must provide the person or group of persons subject to the temporary hold with notice that the person has a right to request a court hearing under this section and a right to be represented by counsel during a proceeding under this section. If it is impracticable to provide individual notice to each person subject to the temporary hold, notice of these rights may be posted in the same manner as the posting of orders under subdivision 1, paragraph (c). Following the imposition of isolation or quarantine under this subdivision, the commissioner of health shall within 24 hours apply for a written, ex parte order pursuant to subdivision 1 authorizing the isolation or quarantine. The court must rule within 24 hours of receipt of the application. If the person is under a temporary hold, the person may not be held in isolation or quarantine after the temporary hold expires unless the court issues an ex parte order under subdivision 1.

Subd. 3. [COURT HEARING.] (a) A person isolated or quarantined under an order issued pursuant to subdivision 1 or a temporary hold under subdivision 2 or the person's representative may petition the court to contest the court order or temporary hold at any time prior to the expiration of the order or temporary hold. If a petition is filed, the court must hold a hearing within 72 hours from the date of the filing. A petition for a hearing does not stay the order of isolation or quarantine. At the hearing, the commissioner of health must show by clear and convincing evidence that the isolation or quarantine is warranted to protect the public health.

(b) If the commissioner of health wishes to extend the order for isolation or quarantine past the period of time stated in subdivision 1, paragraph (d), the commissioner must petition the court to do so. Notice of the hearing must be served upon the person or persons who are being isolated or quarantined at least three days before the hearing. If it is impracticable to provide individual notice to large groups who are isolated or quarantined, a copy of the notice may be posted in the same manner as described under subdivision 1, paragraph (c).

(c) The notice must contain the following information:

(1) the time, date, and place of the hearing;

(2) the grounds and underlying facts upon which continued isolation or quarantine is sought;

(3) the person's right to appear at the hearing; and

(4) the person's right to counsel, including the right, if indigent, to be represented by counsel designated by the court or county of venue.

(d) The court may order the continued isolation or quarantine of the person or group of persons if it finds by clear and convincing evidence that the person or persons would pose an imminent health threat to others if isolation or quarantine was lifted. In no case may the isolation or quarantine continue longer than 30 days from the date of the court order issued under this subdivision unless the commissioner petitions the court for an extension. Any hearing to extend an order is governed by this subdivision.

Subd. 4. [HEARING ON CONDITIONS OF ISOLATION OR QUARANTINE.] A person isolated or quarantined may request a hearing in district court for remedies regarding the treatment during and the terms and conditions of isolation or quarantine. Upon receiving a request for a hearing under this subdivision, the court shall fix a date for a hearing that is within seven days of the receipt of the request by the court. The request for a hearing does not alter

the order for isolation or quarantine. If the court finds that the isolation or quarantine of the individual is not in compliance with section 144.419, the court may fashion remedies appropriate to the circumstances of the emergency and in keeping with this chapter.

Subd. 5. [JUDICIAL DECISIONS.] Court orders issued pursuant to subdivision 3 or 4 shall be based upon clear and convincing evidence and a written record of the disposition of the case shall be made and retained. Any person subject to isolation or quarantine has the right to be represented by counsel or other lawful representative. The manner in which the request for a hearing is filed and acted upon shall be in accordance with the existing laws and rules of the courts of this state or, if the isolation or quarantine occurs during a national security or peacetime emergency, any rules that are developed by the courts for use during a national security or peacetime emergency.

Subd. 6. [DATA PRIVACY.] Data on individuals contained in the commissioner's directive under subdivision 2 are health data under section 13.3805, subdivision 1.

Subd. 7. [DELEGATION.] The commissioner may delegate any authority prescribed in subdivision 1 or 3 to the local public health board, according to chapter 145A.

Sec. 20. [STUDY OF EMERGENCY HEALTH POWERS ISSUES.]

(a) The commissioner of health shall study and submit recommendations to the legislature on additional legislative changes needed to Minnesota Statutes, chapter 12 or 144, or other relevant statutes to strengthen the state's capacity to deal with a public health emergency, while protecting the constitutional and other rights of citizens. Before submitting the recommendations to the legislature, the commissioner shall publish the recommendations in the State Register and provide a period of not less than 30 days for the public to submit written comments to the commissioner regarding the recommendations. The report and recommendations, including written comments received by the commissioner, must be submitted to the legislature by January 15, 2003. The report and recommendations must address at least the following:

(1) provisions for immunity from liability for health care providers and others acting under the direction of the governor or a designee during an emergency declared due to a public health emergency;

(2) emergency measures concerning dangerous facilities and materials, the control of medical supplies and facilities, and limiting public gatherings and transportation;

(3) measures to detect and prevent the spread of disease, including requirements for medical examinations, testing, vaccination, treatment, isolation and quarantine, collecting laboratory specimens and samples, and an evaluation of the definition of communicable disease;

(4) due process protections to apply to persons under isolation or quarantine;

(5) enforcement methods to ensure compliance with emergency measures and measures to detect and prevent the spread of disease;

(6) ways to preserve the effectiveness of fluoroquinolones and other antibiotics that are vital to protecting human health; and

(7) the impact of each recommendation on the constitutional and other rights of citizens.

(b) In developing this report and recommendations, the commissioner shall consult with the commissioner of public safety, the state director of homeland security, and representatives of local government, tribal government, emergency managers, the board of animal health, health care provider organizations, emergency medical services personnel, and legal advocacy and civil liberties groups. All meetings with these representatives must be open to the public and adequate notice of the meetings must be provided to the public. The commissioner shall delineate and describe the impact of each recommendation on the constitutional and other rights of citizens.

Sec. 21. [SUNSET.]

Sections 1 to 19 expire August 1, 2004.

Sec. 22. [EFFECTIVE DATE.]

Sections 1 to 21 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to public health; establishing the Minnesota Emergency Health Powers Act; modifying provisions for declaring national security and peacetime emergencies; providing for declaration and termination of emergencies due to a public health emergency; granting certain emergency powers; preserving certain rights of refusal; providing for the isolation and quarantine of persons; requiring a study; amending Minnesota Statutes 2000, sections 12.03, by adding subdivisions; 12.21, subdivision 3; 12.31, subdivisions 2, 3; 12.32; 12.34, subdivision 1; 13.3806, by adding subdivisions; Minnesota Statutes 2001 Supplement, section 12.31, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 12; 144."

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

House Conferees: RICHARD MULDER, CARL JACOBSON AND THOMAS HUNTLEY.

Senate Conferees: JOHN C. HOTTINGER, DON BETZOLD AND WARREN LIMMER.

Mulder moved that the report of the Conference Committee on H. F. No. 3031 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

The Speaker called Rifenberg to the Chair.

H. F. No. 3031, A bill for an act relating to public health; establishing the Minnesota Emergency Health Powers Act; modifying provisions for declaring national security and peacetime emergencies; providing for declaration and termination of emergencies due to bioterrorism; granting certain emergency powers; preserving certain rights of refusal; providing for the isolation and quarantine of persons; requiring a study; amending Minnesota Statutes 2000, sections 12.03, by adding subdivisions; 12.31, subdivision 2; 12.32; 13.3806, by adding a subdivision; Minnesota Statutes 2001 Supplement, section 12.31, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 12; 144.

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

The question was taken on the repassage of the bill and the roll was called.

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

There were 117 yeas and 16 nays as follows:

Those who voted in the affirmative were:

Abeler	Bakk	Bishop	Carlson	Clark, K.	Davnie
Abrams	Bernardy	Blaine	Cassell	Daggett	Dawkins
Anderson, I.	Biernat	Bradley	Clark, J.	Davids	Dempsey

Dibble	Gunther	Kalis	Marquart	Penas	Sykora
Dorman	Haas	Kelliher	McElroy	Peterson	Thompson
Dorn	Harder	Knoblach	McGuire	Pugh	Tingelstad
Eastlund	Hausman	Koskinen	Milbert	Rhodes	Tuma
Entenza	Hilstrom	Kubly	Molnau	Rukavina	Vandever
Erhardt	Hilty	Kuisle	Mulder	Ruth	Wagenius
Erickson	Holsten	Larson	Mullery	Schumacher	Walker
Evans	Hoves	Leighton	Murphy	Seagren	Walz
Finseth	Huntley	Lenczewski	Ness	Seifert	Wasiluk
Folliard	Jacobson	Leppik	Nornes	Sertich	Westerberg
Fuller	Jaros	Lieder	Opatz	Skoe	Wilkin
Gerlach	Jennings	Lindner	Osthoff	Skoglund	Winter
Gleason	Johnson, R.	Lipman	Ozment	Slawik	Wolf
Goodno	Johnson, S.	Mahoney	Paulsen	Solberg	Spk. Sviggum
Goodwin	Jordan	Mares	Pawlenty	Stanek	
Gray	Juhnke	Mariani	Paymar	Stang	
Greiling	Kahn	Marko	Pelowski	Swenson	

Those who voted in the negative were:

Boudreau	Hackbarth	Kielkucki	Osskopp	Smith	Workman
Buesgens	Holberg	Krinkie	Otremba	Swapinski	
Dehler	Johnson, J.	Olson	Rifenberg	Westrom	

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

CALL OF THE HOUSE LIFTED

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

The Speaker resumed the Chair.

MESSAGES FROM THE SENATE, Continued

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce the repassage by the Senate of the following House File, notwithstanding the veto by the Governor:

H. F. No. 3270, A bill for an act relating to the financing of state government; appropriating money and reducing appropriations for kindergarten through grade 12, early childhood and family education, higher education, environment, state government, and health and human services; canceling balances and appropriations and transferring balances to the general fund in order to avert a deficit; converting certain capital project financing from general fund cash to general obligation bonding; modifying education aids; transferring programs; changing certain fees; modifying certain programs; amending Minnesota Statutes 2000, sections 13.05, subdivision 4; 16A.28, subdivision 6; 16B.27, by adding a

subdivision; 79.251, subdivision 1; 115A.557, subdivision 1; 115A.96, subdivisions 2, 3, 4, 5, 7, as added; 124D.69, by adding a subdivision; 125A.65, subdivisions 1, 3, 8, 9; 127A.45, subdivisions 2, 3, 10, 13, 14, 16, by adding a subdivision; 136A.121, subdivision 7; 144.395, subdivision 1, as amended; 241.44, by adding a subdivision; 256.9657, subdivision 1, as amended; 256B.431, subdivisions 23, as amended, 37, as added; 256E.06, subdivision 3; 256J.425, by adding a subdivision; 256L.01, subdivision 4; Minnesota Statutes 2001 Supplement, sections 62J.694, subdivision 1; 123B.54, as amended; 124D.11, subdivision 9; 126C.10, subdivision 13; 126C.17, subdivision 7; 127A.45, subdivision 14a; 241.021, subdivision 4; 256B.5013, subdivision 1, as amended; 256J.425, subdivisions 3, 4, 5; Laws 1997, chapter 202, article 2, section 61, as amended; Laws 2001, First Special Session chapter 3, article 1, section 17, subdivision 2; Laws 2001, First Special Session chapter 3, article 1, section 17, subdivision 3, as amended; Laws 2001, First Special Session chapter 3, article 1, section 17, subdivision 4; Laws 2001, First Special Session chapter 3, article 1, section 17, subdivision 7, as amended; Laws 2001, First Special Session chapter 3, article 1, section 17, subdivision 9, as amended; Laws 2001, First Special Session chapter 3, article 1, section 19, subdivision 3, as amended; Laws 2001, First Special Session chapter 3, article 1, section 19, subdivision 5, as amended; Laws 2001, First Special Session chapter 3, article 2, section 15, subdivision 3, as amended; Laws 2001, First Special Session chapter 3, article 2, section 15, subdivision 4; Laws 2001, First Special Session chapter 3, article 2, section 15, subdivision 6; Laws 2001, First Special Session chapter 3, article 3, section 9, subdivision 5; Laws 2001 First Special Session chapter 3, article 3, section 9, subdivision 7; Laws 2001, First Special Session chapter 3, article 4, section 5, subdivision 2, as amended; Laws 2001, First Special Session chapter 3, article 4, section 5, subdivision 3; Laws 2001, First Special Session chapter 5, article 2, section 29, subdivision 2, as amended; Laws 2001, First Special Session chapter 6, article 1, section 54, subdivision 2, as amended; Laws 2001, First Special Session chapter 6, article 1, section 54, subdivision 4, as amended; Laws 2001, First Special Session chapter 6, article 1, section 54, subdivision 5, as amended; Laws 2001, First Special Session chapter 6, article 1, section 54, subdivision 6, as amended; Laws 2001, First Special Session chapter 6, article 1, section 54, subdivision 7, as amended; Laws 2001, First Special Session chapter 6, article 2, section 77, subdivision 4, as amended; Laws 2001, First Special Session chapter 6, article 2, section 77, subdivision 5, as amended; Laws 2001, First Special Session chapter 6, article 2, section 77, subdivision 8, as amended; Laws 2001, First Special Session chapter 6, article 2, section 77, subdivision 11, as amended; Laws 2001, First Special Session chapter 6, article 2, section 77, subdivision 15, as amended; Laws 2001, First Special Session chapter 6, article 2, section 77, subdivision 18, as amended; Laws 2001, First Special Session chapter 6, article 3, section 21, subdivision 2, as amended; Laws 2001, First Special Session chapter 6, article 3, section 21, subdivision 3, as amended; Laws 2001, First Special Session chapter 6, article 3, section 21, subdivision 4, as amended; Laws 2001, First Special Session chapter 6, article 3, section 21, subdivision 5, as amended; Laws 2001, First Special Session chapter 6, article 3, section 21, subdivision 7, as amended; Laws 2001, First Special Session chapter 6, article 4, section 27, subdivision 2, as amended; Laws 2001, First Special Session chapter 6, article 4, section 27, subdivision 3, as amended; Laws 2001, First Special Session chapter 6, article 4, section 27, subdivision 5, as amended; Laws 2001, First Special Session chapter 6, article 5, section 13, subdivision 3; Laws 2001, First Special Session chapter 6, article 7, section 14, as amended; Laws 2001, First Special Session chapter 9, article 2, section 74; Laws 2002, chapter 220, article 2, section 14, subdivision 1; Laws 2002, chapter 220, article 8, section 15; Laws 2002, chapter 220, article 10, section 4; Laws 2002, chapter 220, article 10, section 36; Laws 2002, chapter 220, article 10, section 37, as amended; Laws 2002 chapter 220, article 10, section 38, subdivision 2; Laws 2002, chapter 220, article 10, section 38, subdivision 3; Laws 2002, chapter 220, article 10, section 39; Laws 2002, chapter 220, article 13, section 7; Laws 2002, chapter 220, article 13, section 9, subdivision 1; Laws 2002, chapter 220, article 13, section 9, subdivision 2.

The enrolled copy of H. F. No. 3270, with all of the signatures of the officers of the Senate and the House together with the Governor's objections, is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

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

S. F. No. 2908.

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

PATRICK E. FLAHAVEN, Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. NO. 2908

A bill for an act relating to data privacy; regulating electronic mail solicitations; protecting privacy of Internet consumers; regulating use of information about Internet users; providing penalties; proposing coding for new law in Minnesota Statutes, chapters 325F; 325M.

May 17, 2002

The Honorable Don Samuelson
President of the Senate

The Honorable Steve Sviggum
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 2908, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S. F. No. 2908 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

INTERNET PRIVACY

Section 1. [325M.01] [DEFINITIONS.]

Subdivision 1. [SCOPE.] The terms used in this chapter have the meanings given them in this section.

Subd. 2. [CONSUMER.] "Consumer" means a person who agrees to pay a fee to an Internet service provider for access to the Internet for personal, family, or household purposes, and who does not resell access.

Subd. 3. [INTERNET SERVICE PROVIDER.] "Internet service provider" means a business or person who provides consumers authenticated access to, or presence on, the Internet by means of a switched or dedicated telecommunications channel upon which the provider provides transit routing of Internet Protocol (IP) packets for and on behalf of the consumer. Internet service provider does not include the offering, on a common carrier basis, of telecommunications facilities or of telecommunications by means of these facilities.

Subd. 4. [ORDINARY COURSE OF BUSINESS.] "Ordinary course of business" means debt-collection activities, order fulfillment, request processing, or the transfer of ownership.

Subd. 5. [PERSONALLY IDENTIFIABLE INFORMATION.] "Personally identifiable information" means information that identifies:

- (1) a consumer by physical or electronic address or telephone number;
- (2) a consumer as having requested or obtained specific materials or services from an Internet service provider;
- (3) Internet or online sites visited by a consumer; or
- (4) any of the contents of a consumer's data-storage devices.

Sec. 2. [325M.02] [WHEN DISCLOSURE OF PERSONAL INFORMATION PROHIBITED.]

Except as provided in sections 325M.03 and 325M.04, an Internet service provider may not knowingly disclose personally identifiable information concerning a consumer of the Internet service provider.

Sec. 3. [325M.03] [WHEN DISCLOSURE OF PERSONAL INFORMATION REQUIRED.]

An Internet service provider shall disclose personally identifiable information concerning a consumer:

- (1) pursuant to a grand jury subpoena;
- (2) to an investigative or law enforcement officer as defined in section 626A.01, subdivision 7, while acting as authorized by law;
- (3) pursuant to a court order in a civil proceeding upon a showing of compelling need for the information that cannot be accommodated by other means;
- (4) to a court in a civil action for conversion commenced by the Internet service provider or in a civil action to enforce collection of unpaid subscription fees or purchase amounts, and then only to the extent necessary to establish the fact of the subscription delinquency or purchase agreement, and with appropriate safeguards against unauthorized disclosure;
- (5) to the consumer who is the subject of the information, upon written or electronic request and upon payment of a fee not to exceed the actual cost of retrieving the information;
- (6) pursuant to subpoena, including an administrative subpoena, issued under authority of a law of this state or another state or the United States; or
- (7) pursuant to a warrant or court order.

Sec. 4. [325M.04] [WHEN DISCLOSURE OF PERSONAL INFORMATION PERMITTED; AUTHORIZATION.]

Subdivision 1. [CONDITIONS OF DISCLOSURE.] An Internet service provider may disclose personally identifiable information concerning a consumer to:

- (1) any person if the disclosure is incident to the ordinary course of business of the Internet service provider;
- (2) another Internet service provider for purposes of reporting or preventing violations of the published acceptable use policy or customer service agreement of the Internet service provider; except that the recipient may further disclose the personally identifiable information only as provided by this chapter;
- (3) any person with the authorization of the consumer; or
- (4) as provided by section 626A.27.

Subd. 2. [AUTHORIZATION.] The Internet service provider may obtain the consumer's authorization of the disclosure of personally identifiable information in writing or by electronic means. The request for authorization must reasonably describe the types of persons to whom personally identifiable information may be disclosed and the anticipated uses of the information. In order for an authorization to be effective, a contract between an Internet service provider and the consumer must state either that the authorization will be obtained by an affirmative act of the consumer or that failure of the consumer to object after the request has been made constitutes authorization of disclosure. The provision in the contract must be conspicuous. Authorization may be obtained in a manner consistent with self-regulating guidelines issued by representatives of the Internet service provider or online industries, or in any other manner reasonably designed to comply with this subdivision.

Sec. 5. [325M.05] [SECURITY OF INFORMATION.]

The Internet service provider shall take reasonable steps to maintain the security and privacy of a consumer's personally identifiable information. The Internet service provider is not liable for actions that would constitute a violation of section 609.88, 609.89, or 609.891, if the Internet service provider does not participate in, authorize, or approve the actions.

Sec. 6. [325M.06] [EXCLUSION FROM EVIDENCE.]

Except for purposes of establishing a violation of this chapter, personally identifiable information obtained in any manner other than as provided in this chapter may not be received in evidence in a civil action.

Sec. 7. [325M.07] [ENFORCEMENT; CIVIL LIABILITY; DEFENSE.]

A consumer who prevails or substantially prevails in an action brought under this chapter is entitled to the greater of \$500 or actual damages. Costs, disbursements, and reasonable attorney fees may be awarded to a party awarded damages for a violation of this section. No class action shall be brought under this chapter.

In an action under this chapter, it is a defense that the defendant has established and implemented reasonable practices and procedures to prevent violations of this chapter.

Sec. 8. [325M.08] [OTHER LAW.]

This chapter does not limit any greater protection of the privacy of information under other law, except that:

(1) nothing in this chapter limits the authority under other state or federal law of law enforcement or prosecuting authorities to obtain information; and

(2) if federal law is enacted that regulates the release of personally identifiable information by Internet service providers but does not preempt state law on the subject, the federal law supersedes any conflicting provisions of this chapter.

Sec. 9. [325M.09] [APPLICATION.]

This chapter applies to Internet service providers in the provision of services to consumers in this state.

Sec. 10. Minnesota Statutes 2000, section 626A.28, subdivision 3, is amended to read:

Subd. 3. [RECORDS CONCERNING ELECTRONIC COMMUNICATION SERVICE OR REMOTE COMPUTING SERVICE.] (a)(1) Except as provided in clause (2) or chapter 325M, a provider of electronic communication service or remote computing service may disclose a record or other information pertaining to a subscriber to or customer of the service, not including the contents of communications covered by subdivision 1 or 2, to any person other than a governmental entity.

(2) A provider of electronic communication service or remote computing service may disclose a record or other information pertaining to a subscriber to or customer of the service, not including the contents of communications covered by subdivision 1 or 2, to a governmental entity only when the governmental entity:

- (i) uses an administrative subpoena authorized by statute, or a grand jury subpoena;
- (ii) obtains a warrant;
- (iii) obtains a court order for such disclosure under subdivision 4; or
- (iv) has the consent of the subscriber or customer to the disclosure.

(b) A governmental entity receiving records or information under this subdivision is not required to provide notice to a subscriber or customer.

Sec. 11. [EFFECTIVE DATE; EXPIRATION.]

Article 1 is effective March 1, 2003.

Article 1 expires on the effective date of federal legislation that preempts state regulation of the release of personally identifiable information by Internet service providers.

ARTICLE 2

COMMERCIAL ELECTRONIC MAIL SOLICITATION

Section 1. [325F.694] [FALSE OR MISLEADING COMMERCIAL ELECTRONIC MAIL MESSAGES.]

Subdivision 1. [DEFINITIONS.] (a) The terms used in this section have the meanings given them in this subdivision.

(b) "Commercial electronic mail message" means an electronic mail message sent through an Internet service provider's facilities located in this state to a resident of this state for promoting real property, goods, or services for sale or lease.

(c) "Electronic mail address" means a destination, commonly expressed as a string of characters, to which electronic mail may be sent or delivered.

(d) "Electronic mail service provider" means a business, nonprofit organization, educational institution, library, or government entity that provides a set of users the ability to send or receive electronic mail messages via the Internet.

(e) "Initiate the transmission" refers to the action by the original sender of an electronic mail message, not to the action by an intervening Internet service provider or electronic mail service provider that may handle or retransmit the message.

(f) "Internet service provider" means a business or person who provides users authenticated access to, or presence on, the Internet by means of a switched or dedicated telecommunications channel upon which the provider provides transit routing of Internet Protocol (IP) packets for and on behalf of the user.

(g) "Internet domain name" refers to a globally unique, hierarchical reference to an Internet host or service, assigned through centralized Internet naming authorities, comprising a series of character strings separated by periods, with the rightmost string specifying the top of the hierarchy.

Subd. 2. [FALSE OR MISLEADING MESSAGES PROHIBITED.] No person may initiate the transmission of a commercial electronic mail message that:

(1) uses a third party's Internet domain name without permission of the third party, or otherwise misrepresents any information in identifying the point of origin or the transmission path of a commercial electronic mail message; or

(2) contains false or misleading information in the subject line.

Subd. 3. [SUBJECT DISCLOSURE.] The subject line of a commercial electronic mail message must include "ADV" as the first characters. If the message contains information that consists of material of a sexual nature that may only be viewed by an individual 18 years of age and older, the subject line of the message must include "ADV-ADULT" as the first characters.

For purposes of this subdivision, "commercial electronic mail message" does not include a message:

(1) if the recipient has consented to receive or has solicited electronic mail messages from the initiator;

(2) from an organization using electronic mail to communicate exclusively with its members;

(3) from an entity which uses electronic mail to communicate exclusively with its employees or contractors; or

(4) if there is a business or personal relationship between the initiator and the recipient.

For purposes of this subdivision, "business relationship" means a prior or existing relationship formed between the initiator and the recipient, with or without an exchange of consideration, on the basis of an inquiry, application, purchase, or use by the recipient of or regarding products, information, or services offered by the initiator or an affiliate or agent of the initiator. For purposes of this paragraph, "affiliate" means a person that directly or indirectly controls, is controlled by, or is under common control with a specified person.

Subd. 4. [TOLL-FREE NUMBER.] (a) A sender initiating the transmission of a commercial electronic mail message must establish a toll-free telephone number, a valid sender-operated return electronic mail address, or another easy-to-use electronic method that the recipient of the commercial electronic mail message may call or access by electronic mail or other electronic means to notify the sender not to transmit by electronic mail any further unsolicited commercial electronic mail messages. The notification process may include the ability for the commercial electronic mail messages recipient to direct the initiator to transmit or not transmit particular commercial electronic mail messages based upon products, services, divisions, organizations, companies, or other selections of the recipient's choice.

(b) A commercial electronic mail message must include a statement informing the recipient of a toll-free telephone number that the recipient may call, or a valid return address to which the recipient may write or access by electronic mail or another electronic method established by the initiator, notifying the sender not to transmit to the recipient any further unsolicited commercial electronic mail messages to the electronic mail address, or addresses, specified by the recipient, and explaining the manner in which the recipient may specify what commercial electronic mail messages the recipient does and does not wish to receive.

Subd. 5. [BLOCKING RECEIPT OR TRANSMISSION.] No electronic mail service provider may be held liable in an action by a recipient for any act voluntarily taken in good faith to block the receipt or transmission through its service of any commercial electronic mail message that the electronic mail service provider reasonably believes is, or will be, sent in violation of this section.

Subd. 6. [DEFENSES.] (a) A person is not liable for a commercial electronic mail message sent in violation of this section if the person can show by a preponderance of the evidence that the commercial electronic mail message was not initiated by the person or was initiated in a manner and form not subject to the control of the person.

(b) In an action under this section it is a defense that the defendant has established and implemented reasonable practices and procedures to prevent violations of this section.

Subd. 7. [DAMAGES.] (a) A person injured by a violation of this section may recover damages caused by the violation as specified in this subdivision.

(b) An injured person, other than an electronic mail service provider, may recover:

(1) the lesser of \$25 for each commercial electronic mail message received that violates subdivision 2, or \$35,000 per day; or

(2) the lesser of \$10 for each commercial electronic mail message received that violates subdivision 3, or \$25,000 per day.

(c) An injured electronic mail service provider may recover actual damages or elect, in lieu of actual damages, to recover:

(1) the lesser of \$25 for each commercial electronic mail message received that violates subdivision 2, or \$35,000 per day; or

(2) the lesser of \$10 for each commercial electronic mail message received that violates subdivision 3, or \$25,000 per day.

(d) At the request of any party to an action brought under this section, the court may, at its discretion, conduct all legal proceedings in such a way as to protect the secrecy and security of the computer, computer network, computer data, computer program, and computer software involved in order to prevent possible recurrence of the same or a similar act by another person and to protect any trade secrets of any party.

(e) Costs, disbursements, and reasonable attorney fees may be awarded to a party awarded damages for a violation of this section. No class action shall be brought under this section.

(f) Except as otherwise provided in this subdivision, the remedies in this subdivision are in addition to remedies available under section 8.31, 325F.70, or other law.

Subd. 8. [RELATIONSHIP TO FEDERAL LAW.] If federal law is enacted that regulates false, misleading, or unsolicited commercial electronic mail messages but does not preempt state law on the subject, the federal law supersedes any conflicting provisions of this section.

Sec. 2. [EFFECTIVE DATE; EXPIRATION.]

Article 2 is effective March 1, 2003.

Article 2 expires on the effective date of federal legislation that preempts state regulation of false, misleading, or unsolicited commercial electronic mail messages."

Delete the title and insert:

"A bill for an act relating to data privacy; regulating electronic mail solicitations; protecting privacy of Internet consumers; regulating use of data about Internet users; providing penalties; amending Minnesota Statutes 2000, section 626A.28, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 325F; proposing coding for new law as Minnesota Statutes, chapter 325M."

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

Senate Conferees: STEVE KELLEY, LEO T. FOLEY AND WARREN LIMMER.

House Conferees: TIM PAWLENTY, FRAN BRADLEY AND GENE PELOWSKI, JR.

Pawlenty moved that the report of the Conference Committee on S. F. No. 2908 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 2908, A bill for an act relating to data privacy; regulating electronic mail solicitations; protecting privacy of Internet consumers; regulating use of information about Internet users; providing penalties; proposing coding for new law in Minnesota Statutes, chapters 325F; 325M.

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

The question was taken on the repassage of the bill and the roll was called. There were 131 yeas and 2 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Lipman Olson

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

Mr. Speaker:

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

H. F. No. 2972, A bill for an act relating to energy; decreasing regulatory requirements for small power lines; modifying provision for selecting reliability administrator; requiring department of administration to coordinate with department of commerce to develop comprehensive energy plan for public buildings by 2004; extending expiration by three years of certain procedural powers of public utilities commission; making technical corrections; amending Minnesota Statutes 2000, section 116C.63, subdivision 4; Minnesota Statutes 2001 Supplement, sections 216B.1691, subdivision 1; 216B.2425, subdivisions 3, 6; 216B.243, subdivision 8; 216C.052, subdivision 2; 216C.41, subdivision 5; 272.02, subdivision 22; Laws 1999, chapter 125, section 4; Laws 2001, chapter 212, article 1, section 3.

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

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

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

H. F. No. 3350, A bill for an act relating to health; modifying current protocols for nurses; modifying prior authorization requirements for prescription drugs; clarifying responsibilities for administering the Ryan White act; clarifying providers continuation of family community support services; amending Minnesota Statutes 2000, sections 148.235, by adding subdivisions; 151.37, subdivision 2; 256.01, by adding a subdivision; Minnesota Statutes 2001 Supplement, sections 148.284; 256B.0625, subdivisions 13, 35.

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

PATRICK E. FLAHAVEN, Secretary of the Senate

CALENDAR FOR THE DAY

H. F. No. 2660 was reported to the House.

Erickson moved to amend H. F. No. 2660 as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2000, section 121A.23, subdivision 1, is amended to read:

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

(1) planning materials, guidelines, and other technically accurate and updated information;

(2) a comprehensive, technically accurate, and updated curriculum that includes helping students to abstain from sexual activity until marriage and educating students on the value of marriage;

(3) cooperation and coordination among districts and SCs;

(4) a targeting of adolescents, especially those who may be at high risk of contracting sexually transmitted infections and diseases, for prevention efforts;

(5) involvement of parents and other community members;

(6) in-service training for appropriate district staff and school board members;

(7) collaboration with state agencies and organizations having a sexually transmitted infection and disease prevention or sexually transmitted infection and disease risk reduction program;

(8) collaboration with local community health services, agencies and organizations having a sexually transmitted infection and disease prevention or sexually transmitted infection and disease risk reduction program; and

(9) participation by state and local student organizations.

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

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

Amend the title accordingly

The motion prevailed and the amendment was adopted.

The Speaker called Seifert to the Chair.

LAY ON THE TABLE

Davnie moved that H. F. No. 2660, as amended, be laid on the table.

A roll call was requested and properly seconded.

The question was taken on the Davnie motion and the roll was called. There were 66 yeas and 64 nays as follows:

Those who voted in the affirmative were:

Abrams	Bishop	Dehler	Erhardt	Gray	Huntley
Anderson, I.	Carlson	Dibble	Evans	Greiling	Jaros
Bakk	Clark, K.	Dorman	Folliard	Hausman	Johnson, R.
Bernardy	Davnie	Dorn	Gleason	Hilstrom	Johnson, S.
Biernat	Dawkins	Entenza	Goodwin	Hilty	Juhnke

Kahn	Lenczewski	Marko	Osthoff	Rukavina	Solberg
Kalis	Leppik	McElroy	Paymar	Schumacher	Swapinski
Kelliher	Lieder	McGuire	Pelowski	Sertich	Thompson
Koskinen	Mahoney	Milbert	Peterson	Skoe	Wagenius
Larson	Mares	Mullery	Pugh	Skoglund	Walker
Leighton	Mariani	Opatz	Rhodes	Slawik	Wasiluk

Those who voted in the negative were:

Abeler	Erickson	Howes	Marquart	Rifenberg	Vandever
Blaine	Finseth	Jacobson	Molnau	Ruth	Walz
Boudreau	Fuller	Jennings	Mulder	Seagren	Westerberg
Bradley	Gerlach	Johnson, J.	Ness	Seifert	Westrom
Buesgens	Goodno	Jordan	Nornes	Smith	Wilkin
Cassell	Gunther	Kielkucki	Osskopp	Stanek	Winter
Clark, J.	Haas	Knoblach	Otremba	Stang	Wolf
Daggett	Hackbarth	Krinkie	Ozment	Swenson	Workman
Davids	Harder	Kuisle	Paulsen	Sykora	Spk. Sviggum
Dempsey	Holberg	Lindner	Pawlenty	Tingelstad	
Eastlund	Holsten	Lipman	Penas	Tuma	

The motion prevailed and H. F. No. 2660, as amended, was laid on the table.

The Speaker resumed the Chair.

Seifert 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.

There being no objection, the order of business reverted to Messages from the Senate.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker:

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

H. F. No. 3031, A bill for an act relating to public health; establishing the Minnesota Emergency Health Powers Act; modifying provisions for declaring national security and peacetime emergencies; providing for declaration and termination of emergencies due to bioterrorism; granting certain emergency powers; preserving certain rights of

refusal; providing for the isolation and quarantine of persons; requiring a study; amending Minnesota Statutes 2000, sections 12.03, by adding subdivisions; 12.31, subdivision 2; 12.32; 13.3806, by adding a subdivision; Minnesota Statutes 2001 Supplement, section 12.31, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 12; 144.

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

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

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

S. F. No. 2891.

PATRICK E. FLAHAVEN, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 2891, A bill for an act relating to legislative enactments; correcting miscellaneous oversights, inconsistencies, ambiguities, unintended results, and technical errors; amending Minnesota Statutes 2000, sections 125A.21, subdivision 2, as amended; 291.03, subdivision 1, as amended; 317A.021, subdivision 9; Minnesota Statutes 2001 Supplement, sections 216B.1646, as amended; 273.124, subdivision 11, as amended; Laws 2002, chapter 342, section 12; 2002 S. F. No. 1555, section 2, if enacted; 2002 H. F. No. 2498, article 3, section 7, the effective date, if enacted; 2002 H. F. No. 2498, article 4, section 6, the effective date, if enacted; 2002 H. F. No. 3618, section 13, subdivision 7, if enacted; repealing Laws 2002, chapter 291, section 7.

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, Johnson, J., moved that the rule therein be suspended and an urgency be declared so that S. F. No. 2891 be given its second and third readings and be placed upon its final passage. The motion prevailed.

Johnson, J., moved that the rules of the House be so far suspended that S. F. No. 2891 be given its second and third readings and be placed upon its final passage. The motion prevailed.

S. F. No. 2891 was read for the second time.

S. F. No. 2891, A bill for an act relating to legislative enactments; correcting miscellaneous oversights, inconsistencies, ambiguities, unintended results, and technical errors; amending Minnesota Statutes 2000, sections 125A.21, subdivision 2, as amended; 291.03, subdivision 1, as amended; 317A.021, subdivision 9; Minnesota Statutes 2001 Supplement, sections 216B.1646, as amended; 273.124, subdivision 11, as amended; Laws 2002, chapter 342, section 12; 2002 S. F. No. 1555, section 2, if enacted; 2002 H. F. No. 2498, article 3, section 7, the effective date, if enacted; 2002 H. F. No. 2498, article 4, section 6, the effective date, if enacted; 2002 H. F. No. 3618, section 13, subdivision 7, if enacted; repealing Laws 2002, chapter 291, section 7.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 132 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Abeler	Dorman	Hilty	Larson	Opatz	Slawik
Abrams	Dorn	Holberg	Leighton	Osskopp	Smith
Anderson, I.	Eastlund	Holsten	Lenczewski	Osthoff	Solberg
Bakk	Entenza	Howes	Leppik	Otremba	Stanek
Bernardy	Erhardt	Huntley	Lieder	Ozment	Stang
Biernat	Erickson	Jacobson	Lindner	Paulsen	Swapinski
Bishop	Evans	Jaros	Lipman	Pawlenty	Swenson
Blaine	Finseth	Jennings	Mahoney	Paymar	Sykora
Boudreau	Folliard	Johnson, J.	Mares	Pelowski	Thompson
Bradley	Fuller	Johnson, R.	Mariani	Penas	Tingelstad
Buesgens	Gerlach	Johnson, S.	Marko	Peterson	Tuma
Carlson	Gleason	Jordan	Marquart	Pugh	Vandever
Cassell	Goodno	Juhnke	McElroy	Rhodes	Wagenius
Clark, J.	Goodwin	Kahn	McGuire	Rifenberg	Walker
Clark, K.	Gray	Kalis	Milbert	Rukavina	Walz
Daggett	Greiling	Kelliher	Molnau	Ruth	Wasiluk
Dauids	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	Wolf
Dibble	Hilstrom	Kuisle	Olson	Skoglund	Spk. Sviggum

Those who voted in the negative were:

Workman

The bill was passed and its title agreed to.

There being no objection, the order of business reverted to Messages from the Senate.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce the adoption by the Senate of the following Senate Concurrent Resolution, herewith transmitted:

Senate Concurrent Resolution No. 13, A senate concurrent resolution relating to the delivery of bills to the Governor after final adjournment.

PATRICK E. FLAHAVEN, Secretary of the Senate

SUSPENSION OF RULES

Pawlenty moved that the rules be so far suspended that Senate Concurrent Resolution No. 13 be now considered and be placed upon its adoption. The motion prevailed.

SENATE CONCURRENT RESOLUTION NO. 13

A Senate concurrent resolution relating to the delivery of bills to the Governor after final adjournment.

Whereas, the Minnesota Constitution, Article IV, Section 23, authorizes the presentation to the Governor after sine die adjournment of bills that passed in the last three days of the Session; *Now, Therefore*,

Be It Resolved by the Senate of the State of Minnesota, the House of Representatives concurring, that upon adjournment sine die of the 82nd regular session of the Legislature, bills must be presented to the Governor as follows:

(a) The Speaker of the House of Representatives, the Chief Clerk of the House of Representatives, the President of the Senate, and the Secretary of the Senate shall certify and sign each bill in the same manner and upon the same certification as each bill is signed for presentation to the Governor before adjournment sine die, and each of those officers shall continue in his designated capacity during the three days following the date of final adjournment.

(b) The Chief Clerk of the House of Representatives and the Secretary of the Senate, in accordance with the rules of the respective bodies and under the supervision and direction of the standing Committee on Rules and Legislative Administration and the standing Committee on Rules and Administration, shall carefully enroll each bill and present it to the Governor in the same manner as each bill is enrolled and presented to the Governor before adjournment of the Legislature sine die.

(c) The Revisor of Statutes shall continue to assist in all of the functions relating to enrollment of bills of the House of Representatives and of the Senate under the supervision of the Chief Clerk of the House of Representatives and the Secretary of the Senate in the same manner that the assistance was rendered before adjournment of the Legislature sine die.

Be It Further Resolved that the Secretary of the Senate is directed to deliver copies of this resolution to the Governor and the Secretary of State.

Pawlenty moved that Senate Concurrent Resolution No. 13 be now adopted. The motion prevailed and Senate Concurrent Resolution No. 13 was adopted.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendments the concurrence of the House is respectfully requested:

H. F. No. 2515, A bill for an act relating to human services; modifying disposition of tobacco endowment fund; modifying rulemaking authority; restricting use of family planning grant funds; requiring certain information be provided before abortions are performed; providing for natural family planning grants; providing for guest registration of dentists and dental hygienists; modifying disposition of certain revenues; modifying certain provisions for medical assistance, MFIP, MinnesotaCare, and general assistance medical care; modifying certain reimbursement rate provisions; modifying certain managed care contract provisions; providing civil penalties; appropriating money; amending Minnesota Statutes 2000, sections 144.395, subdivision 1, as amended; 144.417, subdivision 1; 145.925,

subdivision 9, by adding a subdivision; 150A.06, by adding a subdivision; 245.037; 246.18, subdivisions 5, 6; 246.57, subdivisions 1, 5, 6; 256B.431, by adding a subdivision; 256B.69, subdivision 5a, as amended; 256D.03, by adding a subdivision; 256D.05, subdivision 1; 256D.06, subdivision 2; 256J.48, subdivision 1; 256L.03, subdivisions 3, 5; 256L.05, subdivision 3c; Minnesota Statutes 2001 Supplement, sections 144.395, subdivision 2; 256B.056, subdivisions 1a, 4; 256B.057, subdivision 2; 256B.0635, subdivisions 1, 2; 256J.24, subdivision 10; 256J.425, subdivisions 3, 4, 5; 256J.52, subdivision 2; 256J.53, subdivision 1; 256L.17, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 145; repealing Minnesota Statutes 2001 Supplement, section 256B.056, subdivisions 1c, 3c.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Goodno moved that the House concur in the Senate amendments to H. F. No. 2515 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 2515, A bill for an act relating to terrorism; data practices; enacting the Minnesota Anti-Terrorism Act of 2002; establishing crimes and setting penalties for crimes involving weapons of mass destruction, explosives, and hoaxes; extending the public safety radio communication system and requiring recommendations on its governance; authorizing sale of metropolitan council revenue bonds; establishing a homeland security advisory council; prohibiting trespass on critical public service facilities; prohibiting damage to property of critical public service facilities; prohibiting placing explosive or simulated explosive devices near utilities and transportation centers; prohibiting real and simulated weapons of mass destruction; enhancing penalties and creating new crimes designed to deter and punish terroristic activities; providing for additional collection of biological specimens for DNA testing of certain convicted felons and adjudicated delinquents; increasing the emergency telephone fee; appropriating money; amending Minnesota Statutes 2000, sections 473.891, subdivision 3, by adding a subdivision; 473.898, subdivisions 1, 3; 473.902, subdivisions 1, 3, 5; 609.106, subdivision 2; 609.185; 609.595, subdivision 1; Minnesota Statutes 2001 Supplement, sections 403.11, subdivision 1; 473.901, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 373; 473; 609.

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

The question was taken on the repassage of the bill and the roll was called. There were 106 yeas and 27 nays as follows:

Those who voted in the affirmative were:

Abeler	Clark, K.	Erickson	Haas	Jordan	Lieder
Abrams	Daggett	Evans	Hackbarth	Juhnke	Lipman
Anderson, I.	Davids	Finseth	Harder	Kahn	Mahoney
Bakk	Davnie	Folliard	Hilstrom	Kelliher	Mares
Bernardy	Dehler	Fuller	Hilty	Kielkucki	Mariani
Biernat	Dempsey	Gerlach	Holberg	Knoblach	Marko
Bishop	Dibble	Gleason	Holsten	Koskinen	Marquart
Blaine	Dorman	Goodno	Howes	Kubly	McElroy
Bradley	Dorn	Goodwin	Huntley	Kuisle	McGuire
Carlson	Eastlund	Gray	Jacobson	Larson	Molnau
Cassell	Entenza	Greiling	Johnson, R.	Leighton	Mullery
Clark, J.	Erhardt	Gunther	Johnson, S.	Leppik	Murphy

Ness	Penas	Seifert	Stanek	Tingelstad	Westrom
Nornes	Peterson	Sertich	Stang	Tuma	Wilkin
Opatz	Rhodes	Skoe	Swapinski	Wagenius	Winter
Ozment	Ruth	Skoglund	Swenson	Walz	Spk. Sviggum
Paulsen	Schumacher	Slawik	Sykora	Wasiluk	
Pawlenty	Seagren	Smith	Thompson	Westerberg	

Those who voted in the negative were:

Boudreau	Jennings	Lindner	Osthoff	Rifenberg	Wolf
Buesgens	Johnson, J.	Milbert	Otremba	Rukavina	Workman
Dawkins	Kalis	Mulder	Paymar	Solberg	
Hausman	Krinkie	Olson	Pelowski	Vandever	
Jaros	Lenczewski	Osskopp	Pugh	Walker	

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

The following Conference Committee Report was received:

CONFERENCE COMMITTEE REPORT ON H. F. NO. 2780

A bill for an act relating to real property; creating a curative act for conveyances by counties; providing for recording of documents written in foreign language; providing for an affidavit of custodian; repealing sunset on nonconsensual common law lien statute; proposing coding for new law in Minnesota Statutes, chapters 507; 527; repealing Minnesota Statutes 2000, section 514.99, subdivision 6.

May 18, 2002

The Honorable Steve Sviggum
Speaker of the House of Representatives

The Honorable Don Samuelson
President of the Senate

We, the undersigned conferees for H. F. No. 2780, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 2780 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2000, section 145.682, subdivision 6, is amended to read:

Subd. 6. [PENALTY FOR NONCOMPLIANCE.] (a) Failure to comply with subdivision 2, clause (1), within 60 days after demand for the affidavit results, upon motion, in mandatory dismissal with prejudice of each cause of action as to which expert testimony is necessary to establish a prima facie case.

(b) Failure to comply with subdivision 2, clause (2), ~~and subdivision 4~~ results, upon motion, in mandatory dismissal with prejudice of each cause of action as to which expert testimony is necessary to establish a prima facie case.

(c) Failure to comply with subdivision 4 because of deficiencies in the affidavit or answers to interrogatories results, upon motion, in mandatory dismissal with prejudice of each action as to which expert testimony is necessary to establish a prima facie case, provided that:

(1) the motion to dismiss the action identifies the claimed deficiencies in the affidavit or answers to interrogatories;

(2) the time for hearing the motion is at least 45 days from the date of service of the motion; and

(3) before the hearing on the motion, the plaintiff does not serve upon the defendant an amended affidavit or answers to interrogatories that correct the claimed deficiencies.

[EFFECTIVE DATE.] This section is effective the day following final enactment and applies to causes of action commenced on or after that date.

Sec. 2. Minnesota Statutes 2000, section 481.13, is amended to read:

481.13 [LIEN FOR ATTORNEYS' FEES.]

Subdivision 1. [GENERALLY.] (a) An attorney has a lien for compensation whether the agreement ~~therefor be~~ for compensation ~~is~~ expressed or implied: (1) upon the cause of action from the time of the service of the summons ~~therein in the action~~, or the commencement of the proceeding, and (2) upon the interest of the attorney's client in any money or property involved in or affected by any action or proceeding in which the attorney may have been employed, from the commencement of the action or proceeding, and, as against third parties, from the time of filing the notice of ~~such~~ the lien claim, as provided in this section;

~~(2) (b) An attorney has a lien for compensation upon a judgment, and whether there be is a special express or implied agreement as to compensation, or whether a lien is claimed for the reasonable value of the services; The lien shall extend extends to the amount thereof of the judgment from the time of giving notice of the claim to the judgment debtor; but this. The lien under this paragraph is subordinate to the rights existing between the parties to the action or proceeding;~~

~~(3) The liens (c) A lien provided by clauses (1) and (2) paragraphs (a) and (b) may be established, and the amount thereof of the lien may be determined, by the court, summarily, in the action or proceeding; by the court under this paragraph on the application of the lien claimant or of any person or party interested in the property subject to such the lien, on such notice to all parties interested therein as the court may, by order to show cause, prescribe, or such liens may be enforced, and the amount thereof determined, by the court, in an action for equitable relief brought for that purpose.~~

Judgment shall be entered under the direction of the court, adjudging the amount due.

Subd. 2. [PERFECTION OF LIEN.] ~~(4)~~ (a) If the lien is claimed on the client's interest in real estate property involved in or affected by the action or proceeding, ~~such~~ a notice of intention to claim a lien ~~thereon on the property shall~~ must be filed in the office of the county recorder or registrar of titles, where appropriate, and ~~therein~~ noted on the certificate or certificates of title affected, in and for the county ~~within which~~ where the ~~same~~ real property is ~~situated~~ located. Within 30 days of filing a lien on real property, the claimant must prepare and deliver a written notice of the filing personally or by certified mail to the owner of the real property or the owner's authorized agent. A person who fails to provide the required notice shall not have the lien and remedy provided by this section. Upon receipt of payment in full of the debt which gave rise to the lien, the lienholder shall deliver within 30 days a recordable satisfaction and release of lien to the owner of the real property or the owner's authorized agent. No notice of intent to claim a lien may be filed more than 120 days after the last item of claim.

(b) If the lien is claimed on the client's interest in personal property involved in or affected by the action or proceeding, the notice ~~shall~~ must be filed in the same manner as provided by law for the filing of a security interest.

Subd. 3. [ONE-YEAR LIMITATION.] No lien against real property shall be enforced unless the lienholder, by filing either a complaint or an answer with the court administrator, asserts a lien within one year after the filing of the notice of intention to claim a lien, unless within the one-year time period the owner has agreed to a longer time period to assert the lien. This agreement must be in a written instrument signed by the owner containing the legal description of the affected real property and a description of the recording information of the filed lien and the written instrument must be recorded in the same office as the lien. In no event may the lien be asserted more than three years after filing. No person is bound by any judgment in the action unless made a party to the action within the time limit. The absence from the record in the office of the county recorder or the registrar of titles, where appropriate, of a notice of lis pendens of an action after the expiration of the time limit in which the lien could be so asserted is conclusive evidence that the lien may no longer be enforced as to a bona fide purchaser, mortgagee, or encumbrancer without notice. In the case of registered land, the registrar of titles shall refrain from carrying forward to new certificates of title the memorials of lien statements when no notice of lis pendens has been registered within the time limit.

[EFFECTIVE DATE.] This section is effective August 1, 2002, and applies to a notice of intention to claim a lien filed on or after that date. Subdivision 3 of this section applies to notices of intention to claim a lien filed prior to August 1, 2002. These liens expire on August 1, 2003, unless prior to August 1, 2003, the lienholder complies with the provisions of subdivision 3 by filing either a complaint or an answer with the court administrator and filing with the county recorder or registrar of titles, where appropriate, a notice of lis pendens of the action. In the case of registered land, the registrar of titles shall refrain from carrying forward to new certificates of title the memorials of lien statements if no notice of lis pendens has been registered before August 1, 2003.

Sec. 3. [507.422] [CERTAIN COUNTY CONVEYANCES VALIDATED.]

No deed of conveyance of real estate made by a county in this state that has been of record with the county recorder or registrar of titles for more than five years shall be held invalid or void for failure to comply with the requirements of section 373.01, subdivision 1, clause (4).

Sec. 4. [507.46] [CERTIFICATE OF TRANSLATION OF DOCUMENTS IN FOREIGN LANGUAGES.]

Subdivision 1. [FORM OF CERTIFICATE.] A county recorder or registrar of titles shall accept for recording a document that is not written in the English language, but is otherwise in recordable form, if there is appended to the non-English language document a translation of the document into the English language and a certificate of translation in substantially the following form:

CERTIFICATE OF TRANSLATION

State of Minnesota

County of

I certify that the attached English language document is a complete and accurate translation of the attached document from the language.

.....
Signature of translator

.....
Typed or printed name

.....
Street

.....
City, State, and Zip Code

.....
Telephone number

.....
Subscribed and sworn to before me this day of, 20..

.....
Notary public

Subd. 2. [CERTIFICATE AS EVIDENCE.] Any certificate of translation recorded under subdivision 1, or a certified copy, is admissible as evidence in any action involving the instrument to which it relates or the title to the real estate affected by the instrument and is prima facie evidence of the facts stated in it.

Sec. 5. [527.405] [CONVEYANCE BY CUSTODIAN.]

Subdivision 1. [AFFIDAVIT OF CUSTODIAN.] In support of a real property transaction where an interest in real property is held in a custodianship, a custodian shall furnish to the grantee or other party to the transaction an affidavit attesting that:

(1) the custodian has not resigned or been removed prior to executing the conveyance; and

(2) the custodianship has not terminated, or if the custodianship has terminated that the conveyance is to the minor or to the personal representative of the minor's estate.

Subd. 2. [FORM OF AFFIDAVIT.] An affidavit under this section must be substantially in the following form:

AFFIDAVIT OF CUSTODIAN

State of Minnesota

County of

..... being first duly sworn on oath says, that:

1. Affiant was appointed or designated as custodian in the document dated, and filed for record, as Document No., (or in book .. of page ..) in the office of the (County Recorder) (Registrar of Titles) of County, Minnesota (being the document which originally conveyed the real estate to the custodian).

2. Affiant is the grantor custodian for the minor in the document dated, conveying to an interest in the real property in County, Minnesota, legally described as:

(insert legal description here)

3. The name of the minor is

4. The custodianship (check one) has not terminated prior to the date of the document described in paragraph 2 above (or) has terminated and the conveyance is to the minor or to the personal representative of the minor's estate.

5. Affiant's address is:

6. Affiant has not resigned and does not have actual knowledge of affiant's removal as custodian.

Affiant knows the matters herein stated are true and makes this affidavit for the purpose of inducing the passing of title to the real property.

.....
Affiant

Subscribed and sworn to before me this day of, 20..

.....
Notary Public

This instrument was drafted by

Subd. 3. [EFFECT OF AFFIDAVIT.] An affidavit by a custodian under this section is conclusive proof that the custodian has not resigned or been removed as custodian prior to executing the conveyance and that the custodianship has not terminated, or that if the custodianship has terminated, the conveyance is to the minor or to the personal representative of the minor's estate. However, the affidavit is not conclusive as to a party dealing directly with the custodian who has actual knowledge that the custodian has resigned or been removed or that the custodianship has terminated and the conveyance is not to the minor or the personal representative of the minor's estate.

Sec. 6. Minnesota Statutes 2000, section 573.02, subdivision 1, is amended to read:

Subdivision 1. When death is caused by the wrongful act or omission of any person or corporation, the trustee appointed as provided in subdivision 3 may maintain an action therefor if the decedent might have maintained an action, had the decedent lived, for an injury caused by the wrongful act or omission. An action to recover damages for a death caused by the alleged professional negligence of a physician, surgeon, dentist, hospital or sanitarium, or an employee of a physician, surgeon, dentist, hospital or sanitarium shall be commenced within ~~the time set forth in section 541.07, subdivision 1~~ three years of the date of death, but in no event shall be commenced beyond the time set forth in section 541.076. An action to recover damages for a death caused by an intentional act constituting murder may be commenced at any time after the death of the decedent. Any other action under this section may be commenced within three years after the date of death provided that the action must be commenced within six years after the act or omission. The recovery in the action is the amount the jury deems fair and just in reference to the pecuniary loss resulting from the death, and shall be for the exclusive benefit of the surviving spouse and next of kin, proportionate to the pecuniary loss severally suffered by the death. The court then determines the proportionate pecuniary loss of the persons entitled to the recovery and orders distribution accordingly. Funeral expenses and any demand for the support of the decedent allowed by the court having jurisdiction of the action, are first deducted and paid. Punitive damages may be awarded as provided in section 549.20.

If an action for the injury was commenced by the decedent and not finally determined while living, it may be continued by the trustee for recovery of damages for the exclusive benefit of the surviving spouse and next of kin, proportionate to the pecuniary loss severally suffered by the death. The court on motion shall make an order allowing the continuance and directing pleadings to be made and issues framed as in actions begun under this section.

[EFFECTIVE DATE.] This section is effective retroactive to August 1, 1999.

Sec. 7. [REPEALER.]

Minnesota Statutes 2000, section 514.99, subdivision 6, is repealed.

Sec. 8. [EFFECTIVE DATE.]

(a) Section 3 is effective the day following final enactment and applies to all conveyances of real estate made by counties executed before, on, or after the effective date.

(b) Section 3 does not affect an action or proceeding involving the validity of a conveyance from a county if:

(1) the action or proceeding is pending as of the effective date of section 3, or is commenced before February 1, 2003; and

(2) a notice of the pendency of the action or proceeding is recorded or filed before February 1, 2003, in the office of the county recorder or registrar of titles of the county in which the property affected by the action or proceeding is located.

(c) Section 7 is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to civil law; regulating medical malpractice actions; modifying provisions relating to liens against real property; creating a curative act for conveyances by counties; providing for recording of documents written in foreign language; providing for an affidavit of custodian; removing a sunset; amending Minnesota Statutes 2000, sections 145.682, subdivision 6; 481.13; 573.02, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 507; 527; repealing Minnesota Statutes 2000, section 514.99, subdivision 6."

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

House Conferees: ERIC LIPMAN AND GREGORY M. DAVIDS.

Senate Conferees: THOMAS M. NEUVILLE AND DON BETZOLD.

Lipman moved that the report of the Conference Committee on H. F. No. 2780 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 2780, A bill for an act relating to real property; creating a curative act for conveyances by counties; providing for recording of documents written in foreign language; providing for an affidavit of custodian; repealing sunset on nonconsensual common law lien statute; proposing coding for new law in Minnesota Statutes, chapters 507; 527; repealing Minnesota Statutes 2000, section 514.99, subdivision 6.

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

The question was taken on the repassage of the bill and the roll was called. There were 121 yeas and 10 nays as follows:

Those who voted in the affirmative were:

Abrams	Bernardy	Boudreau	Carlson	Clark, K.	Dawkins
Anderson, I.	Biernat	Bradley	Cassell	Daggett	Dehler
Bakk	Blaine	Buesgens	Clark, J.	Davnie	Dempsey

Dibble	Haas	Kalis	Marquart	Peterson	Tuma
Dorman	Hackbarth	Kelliher	McElroy	Pugh	Vandever
Dorn	Harder	Kielkucki	McGuire	Rhodes	Wagenius
Eastlund	Hausman	Knoblach	Molnau	Rifenberg	Walker
Entenza	Hilstrom	Koskinen	Mulder	Ruth	Walz
Erhardt	Hilty	Kubly	Mullery	Schumacher	Wasiluk
Erickson	Holberg	Kuisle	Murphy	Seagren	Westerberg
Evans	Holsten	Larson	Ness	Seifert	Westrom
Finseth	Howes	Leighton	Nornes	Sertich	Wilkin
Folliard	Huntley	Lenczewski	Olson	Skoe	Winter
Fuller	Jacobson	Leppik	Opatz	Slawik	Wolf
Gerlach	Jennings	Lieder	Osskopp	Stanek	Workman
Gleason	Johnson, J.	Lindner	Otremba	Stang	Spk. Sviggum
Goodno	Johnson, R.	Lipman	Ozment	Swapinski	
Goodwin	Johnson, S.	Mahoney	Paulsen	Swenson	
Gray	Jordan	Mares	Pawlenty	Sykora	
Greiling	Juhnke	Mariani	Paymar	Thompson	
Gunther	Kahn	Marko	Penas	Tingelstad	

Those who voted in the negative were:

Abeler	Jaros	Milbert	Pelowski	Skoglund
Bishop	Krinkie	Osthoff	Rukavina	Solberg

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

TAKE FROM THE TABLE

Pawlenty moved that H. F. No. 3618, as amended by Conference, be taken from the table. The motion prevailed.

H. F. No. 3618, A bill for an act relating to capital improvements; authorizing spending to acquire and better public land and buildings and other public improvements of a capital nature with certain conditions; requiring certain studies and reports; authorizing sale of state bonds; canceling earlier appropriations and reducing bond authorizations; making technical corrections; making changes to statutes related to administration of the state's capital improvement program; requiring an inventory of state-owned land; providing a certain exemption from any moratorium on state professional or technical contracts; authorizing a lease of certain Minneapolis park and recreation board land; modifying the wastewater infrastructure program; establishing a local road improvement account; prohibiting any action on the Dan Patch Commuter Rail Line; establishing a multiagency working group on mitigation of effects of DM&E rail project in southern Minnesota; authorizing the purchase of certain state park inholdings; appropriating money; amending Minnesota Statutes 2000, sections 13.462, subdivision 2; 16A.11, subdivision 6; 16A.501; 16A.86, subdivision 3; 16B.335, subdivision 3; 119A.45; 446A.072, subdivisions 1, 3, 6, 7, 8, 9, 11, 12, by adding subdivisions; Laws 1998, chapter 404, section 18, subdivision 4; Laws 2000, chapter 492, article 1, section 12, subdivision 7; Laws 2000, chapter 492, article 1, section 15, subdivision 4; Laws 2000, chapter 492, article 1, section 22, subdivisions 3, as amended, 4; Laws 2000, chapter 492, article 1, section 27; Laws 2001, First Special Session chapter 12, section 10; proposing coding for new law in Minnesota Statutes, chapters 16B; 174; repealing Minnesota Statutes 2000, section 446A.072, subdivisions 2, 4, 5, 10, 13.

The bill, as amended by Conference, was placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 102 yeas and 31 nays as follows:

Those who voted in the affirmative were:

Abrams	Dorn	Hilty	Lenczewski	Paymar	Stanek
Bakk	Eastlund	Holsten	Leppik	Pelowski	Stang
Bishop	Entenza	Howes	Lieder	Penas	Swapinski
Blaine	Erhardt	Huntley	Mahoney	Peterson	Swenson
Boudreau	Evans	Jaros	Mares	Pugh	Sykora
Bradley	Finseth	Jennings	Mariani	Rhodes	Thompson
Carlson	Folliard	Johnson, R.	Marko	Rifenberg	Tuma
Cassell	Fuller	Johnson, S.	Marquart	Rukavina	Wagenius
Clark, J.	Gleason	Jordan	McElroy	Ruth	Walker
Clark, K.	Goodno	Juhnke	Milbert	Seagren	Walz
Daggett	Gray	Kahn	Mullery	Seifert	Wasiluk
Davids	Greiling	Kelliher	Murphy	Sertich	Westerberg
Davnie	Gunther	Knoblach	Nornes	Skoe	Westrom
Dawkins	Haas	Kubly	Osthoff	Skoglund	Winter
Dempsey	Hackbarth	Kuisle	Otreмба	Slawik	Wolf
Dibble	Harder	Larson	Ozment	Smith	Workman
Dorman	Hilstrom	Leighton	Paulsen	Solberg	Spk. Sviggum

Those who voted in the negative were:

Abeler	Erickson	Johnson, J.	Lipman	Opatz	Wilkin
Anderson, I.	Gerlach	Kalis	McGuire	Osskopp	
Bernardy	Goodwin	Kielkucki	Molnau	Pawlenty	
Biernat	Hausman	Koskinen	Mulder	Schumacher	
Buesgens	Holberg	Krinkie	Ness	Tingelstad	
Dehler	Jacobson	Lindner	Olson	Vandever	

Having received the constitutionally required three-fifths vote, the bill was repassed, as amended by Conference, and its title agreed to.

Pawlenty moved that the Chief Clerk be and he is hereby instructed to inform the Senate and the Governor by message that the House of Representatives is about to adjourn this 82nd Session sine die. The motion prevailed.

MOTION TO ADJOURN SINE DIE

Bishop moved that the House adjourn sine die. The motion prevailed and the Speaker declared the House adjourned sine die.

EDWARD A. BURDICK, Chief Clerk, House of Representatives

