

STATE OF MINNESOTA

EIGHTY-THIRD SESSION — 2003

 FIFTY-NINTH DAY

SAINT PAUL, MINNESOTA, MONDAY, MAY 19, 2003

The House of Representatives convened at 8:00 a.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	Demmer	Hilstrom	Latz	Otremba	Solberg
Abrams	Dempsey	Hilty	Lenczewski	Otto	Stang
Adolphson	Dill	Holberg	Lesch	Paulsen	Strachan
Anderson, I.	Dorn	Hoppe	Lieder	Paymar	Swenson
Anderson, J.	Eastlund	Hornstein	Lindgren	Pelowski	Sykora
Atkins	Eken	Howes	Lindner	Penas	Thao
Beard	Ellison	Huntley	Lipman	Peterson	Tingelstad
Biernat	Entenza	Jacobson	Magnus	Powell	Urdahl
Blaine	Erhardt	Jaros	Mahoney	Pugh	Vandever
Borrell	Erickson	Johnson, J.	Marquart	Rhodes	Wagenius
Boudreau	Finstad	Johnson, S.	McNamara	Rukavina	Walz
Bradley	Fuller	Kahn	Meslow	Ruth	Wardlow
Brod	Gerlach	Kelliher	Mullery	Samuelson	Wasiluk
Buesgens	Goodwin	Kielkucki	Murphy	Seagren	Westerberg
Carlson	Greiling	Klinzing	Nelson, C.	Seifert	Westrom
Clark	Gunther	Knoblach	Nelson, M.	Sertich	Wilkin
Cornish	Haas	Koenen	Nelson, P.	Severson	Zellers
Cox	Hackbarth	Kohls	Nornes	Sieben	Spk. Sviggum
Davids	Harder	Kuisle	Olsen, S.	Simpson	
Davnie	Hausman	Lanning	Opatz	Smith	
DeLaForest	Heidgerken	Larson	Osterman	Soderstrom	

A quorum was present.

Bernardy was excused until 8:25 a.m. Juhnke and Thissen were excused until 8:35 a.m. Slawik was excused until 8:45 a.m. Olson, M., was excused until 9:00 a.m. Krinkie was excused until 9:25 a.m. Ozment was excused until 10:15 a.m. Mariani and Walker were excused until 10:40 a.m. Anderson, B., was excused until 3:45 p.m. Dorman was excused until 7:00 p.m.

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

REPORTS OF CHIEF CLERK

S. F. No. 343 and H. F. No. 134, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Sertich moved that the rules be so far suspended that S. F. No. 343 be substituted for H. F. No. 134 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 805 and H. F. No. 1396, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Smith moved that the rules be so far suspended that S. F. No. 805 be substituted for H. F. No. 1396 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 829 and H. F. No. 785, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Buesgens moved that the rules be so far suspended that S. F. No. 829 be substituted for H. F. No. 785 and that the House File be indefinitely postponed. The motion prevailed.

SECOND READING OF SENATE BILLS

S. F. Nos. 343, 805 and 829 were read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Davids introduced:

H. F. No. 1633, A bill for an act relating to telecommunications; modifying cable communications laws; making technical and clarifying revisions; amending Minnesota Statutes 2002, sections 238.02, subdivision 3; 238.03; 238.08, subdivisions 3, 4; 238.081; 238.083, subdivisions 2, 4; 238.084, subdivision 1; 238.11, subdivision 2;

238.22, subdivision 13; 238.23; 238.24, subdivisions 3, 4, 6, 9, 10; 238.242, subdivisions 1, 3; 238.25, subdivisions 5, 10; 238.35, subdivisions 1, 4; 238.36, subdivision 2; 238.39; 238.40; 238.43, subdivision 1; repealing Minnesota Statutes 2002, sections 238.01; 238.02, subdivisions 2, 17, 18, 19, 25; 238.082; 238.083, subdivisions 3, 5; 238.084, subdivisions 2, 3, 5; 238.12, subdivision 1a; 238.15; 238.35, subdivisions 2, 3; 238.36, subdivision 1.

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

Eken, Peterson and Koenen introduced:

H. F. No. 1634, A bill for an act relating to taxation; providing exemptions from property, individual income, corporate franchise, sales, and motor vehicle sales taxation for qualifying family businesses; amending Minnesota Statutes 2002, sections 272.02, by adding a subdivision; 290.01, subdivision 19b; 290.05, subdivision 1; 290.06, subdivision 2c; 290.067, subdivision 1; 290.0671, subdivision 1; 290.091, subdivision 2; 290.0922, subdivision 2; 297A.68, by adding a subdivision; 297B.03; proposing coding for new law in Minnesota Statutes, chapters 116J; 477A.08.

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

Thissen and Larson introduced:

H. F. No. 1635, A bill for an act relating to metropolitan airports commission; requiring the commission to complete its 1996 sound insulation program; amending Minnesota Statutes 2002, section 473.661, by adding a subdivision.

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

Heidgerken; Marquart; Urdahl; Magnus; Blaine; Lieder; Eken; Atkins; Nelson, M.; Swenson; Finstad and Lindgren introduced:

H. F. No. 1636, A bill for an act relating to taxes; providing a credit for a taxpayer that installs equipment to dispense E85 motor vehicle fuel at retail; amending Minnesota Statutes 2002, section 290.06, by adding a subdivision.

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

Kielkucki, Sviggum, Holberg, Smith, Knoblach, Buesgens, Walz, Cornish, Kohls, Stang, Soderstrom, Penas, Pelowski, Heidgerken, Koenen, Blaine, Kuisle, Vandever, Dill, Murphy, Howes, Eastlund, Lindgren, Beard, Bradley, Borrell, Brod, Urdahl, DeLaForest, Boudreau, Marquart, Ozment, Klinzing, Otremba and Finstad introduced:

H. F. No. 1637, A bill for an act proposing an amendment to the Minnesota Constitution, by adding a section to article XIII; establishing the same standard for the Minnesota Constitution and the United States Constitution for issues relating to abortion.

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

Klinzing, Greiling, Slawik and Lipman introduced:

H. F. No. 1638, A bill for an act relating to education finance; providing for a grant to the east metro integration district; authorizing bonds; appropriating money.

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

Anderson, I.; Abrams; Juhnke; Murphy and Abeler introduced:

H. F. No. 1639, A bill for an act proposing an amendment to the Minnesota Constitution, article IV, section 12; providing for extension of regular sessions.

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

Kuisle and Davids introduced:

H. F. No. 1640, A bill for an act relating to natural resources; appropriating money for state trail segment in Olmsted county.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources Finance.

Koenen introduced:

H. F. No. 1641, A bill for an act relating to state government; requiring certain purchases of, or on behalf of, the department of corrections to be made in the state; proposing coding for new law in Minnesota Statutes, chapter 16C.

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

Koenen, Rukavina and Juhnke introduced:

H. F. No. 1642, A bill for an act relating to traffic regulations; increasing maximum allowable length of recreational vehicle combinations to 65 feet; amending Minnesota Statutes 2002, section 169.81, subdivision 3c.

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

Olson, M., introduced:

H. F. No. 1643, A bill for an act relating to civil actions; regulating actions involving fault; amending Minnesota Statutes 2002, section 604.01, subdivision 1.

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

The Speaker called Abrams to the Chair.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendments the concurrence of the House is respectfully requested:

H. F. No. 279, A bill for an act relating to health; modifying provisions for certifying a physical disability; modifying provisions for admitting a person for emergency care of mental illness or mental retardation; amending Minnesota Statutes 2002, sections 147A.09, subdivision 2; 169.345, subdivision 2a; 253B.05, subdivision 2.

PATRICE DWORAK, First Assistant Secretary of the Senate

CONCURRENCE AND REPASSAGE

Abeler moved that the House concur in the Senate amendments to H. F. No. 279 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 279, A bill for an act relating to health; expanding authority of physician assistants and advanced practice registered nurses; amending Minnesota Statutes 2002, sections 147A.09, subdivision 2; 169.345, subdivision 2a; 253B.05, subdivision 2.

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 109 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Clark	Fuller	Jaros	Lenczewski	Nornes
Abrams	Cornish	Goodwin	Johnson, J.	Lesch	Olsen, S.
Adolphson	Cox	Greiling	Johnson, S.	Lieder	Opatz
Anderson, I.	Dauids	Gunther	Kahn	Lindner	Otto
Anderson, J.	DeLaForest	Haas	Kelliher	Magnus	Paulsen
Atkins	Demmer	Harder	Kielkucki	Mahoney	Pelowski
Beard	Dempsey	Heidgerken	Klinzing	Mariani	Penas
Biernat	Dill	Hilstrom	Knoblach	Marquart	Peterson
Blaine	Dorn	Hilty	Koenen	Meslow	Powell
Borrell	Eastlund	Holberg	Kohls	Mullery	Pugh
Boudreau	Eken	Hoppe	Kuisle	Murphy	Rhodes
Bradley	Ellison	Howes	Lanning	Nelson, C.	Rukavina
Brod	Entenza	Huntley	Larson	Nelson, M.	Ruth
Carlson	Finstad	Jacobson	Latz	Nelson, P.	Samuelson

Seifert	Smith	Swenson	Vandev eer	Westerberg
Sertich	Soderstrom	Sykora	Wagenius	Westrom
Severson	Solberg	Thao	Walz	Wilkin
Sieben	Stang	Tingelstad	Wardlow	Zellers
Simpson	Strachan	Urdahl	Wasiluk	Spk. Sviggum

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

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendments the concurrence of the House is respectfully requested:

H. F. No. 673, A bill for an act relating to insurance; permitting the comprehensive health association to offer policies with higher annual deductibles; permitting extension of the writing carrier contract; providing a new category of individuals eligible for coverage; clarifying the effective date of coverage and other matters; amending Minnesota Statutes 2002, sections 62E.08, subdivision 1; 62E.091; 62E.12; 62E.13, subdivision 2, by adding a subdivision; 62E.14; 62E.18.

PATRICE DWORAK, First Assistant Secretary of the Senate

CONCURRENCE AND REPASSAGE

Haas moved that the House concur in the Senate amendments to H. F. No. 673 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No 673, A bill for an act relating to insurance; changing certain loss ration standards; permitting the comprehensive health association to offer policies with higher annual deductibles; permitting extension of the writing carrier contract; providing a new category of individuals eligible for coverage; clarifying the effective date of coverage and other matters; amending Minnesota Statutes 2002, sections 62A.021, subdivision 1; 62E.08, subdivision 1; 62E.091; 62E.12; 62E.13, subdivision 2, by adding a subdivision; 62E.14; 62E.18.

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 112 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Abeler	Blaine	Davids	Entenza	Heidgerken	Jaros
Abrams	Borrell	DeLaForest	Finstad	Hilstrom	Johnson, J.
Adolphson	Boudreau	Demmer	Fuller	Hilty	Johnson, S.
Anderson, I.	Bradley	Dempsey	Goodwin	Holberg	Kahn
Anderson, J.	Brod	Dill	Greiling	Hoppe	Kelliher
Atkins	Carlson	Dorn	Gunther	Hornstein	Kielkucki
Beard	Clark	Eastlund	Haas	Howes	Klinzing
Bernardy	Cornish	Eken	Harder	Huntley	Knoblach
Biernat	Cox	Ellison	Hausman	Jacobson	Koenen

Kohls	Mahoney	Olsen, S.	Rukavina	Soderstrom	Walz
Kuisle	Mariani	Opatz	Ruth	Stang	Wardlow
Lanning	Marquart	Otto	Samuelson	Strachan	Wasiluk
Larson	Meslow	Paulsen	Seagren	Swenson	Westerberg
Latz	Mullery	Pelowski	Seifert	Sykora	Westrom
Lenczewski	Murphy	Penas	Sertich	Thao	Wilkin
Lesch	Nelson, C.	Peterson	Severson	Tingelstad	Zellers
Lieder	Nelson, M.	Powell	Sieben	Urdahl	Spk. Sviggum
Lindner	Nelson, P.	Pugh	Simpson	Vandev eer	
Magnus	Nornes	Rhodes	Smith	Wagenius	

Those who voted in the negative were:

Solberg

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

Paulsen moved that the House recess subject to the call of the Chair. The motion prevailed.

RECESS

RECONVENED

The House reconvened and was called to order by Speaker pro tempore Abrams.

Mahoney was excused between the hours of 10:00 a.m. and 11:45 a.m.

MESSAGES FROM THE SENATE, Continued

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendments the concurrence of the House is respectfully requested:

H. F. No. 1244, A bill for an act relating to lawful gambling; making various clarifying and technical changes; providing and modifying definitions; permitting resale of certain gambling equipment; providing for fees, prices, and prize limits; clarifying requirements for gambling managers and employees, premises, records and reports; regulating linked bingo games; clarifying conduct of high school raffles; amending Minnesota Statutes 2002, sections 349.12, subdivisions 4, 18, 19, 25, by adding subdivisions; 349.151, subdivisions 4, 4b; 349.153; 349.155, subdivision 3; 349.161, subdivision 5; 349.163, subdivision 3; 349.166, subdivisions 1, 2; 349.167, subdivisions 4, 6, 7; 349.168, subdivisions 1, 2, 6, by adding a subdivision; 349.169, subdivisions 1, 3; 349.17, subdivisions 3, 6, 7, by adding a subdivision; 349.18, subdivision 1; 349.19, subdivision 3, by adding a subdivision; 349.191, subdivisions 1, 1a; 349.211, subdivision 1, by adding a subdivision; 609.761, subdivision 5; proposing coding for new law in Minnesota Statutes, chapter 349; repealing Minnesota Statutes 2002, sections 349.168, subdivision 9.

PATRICE DWORAK, First Assistant Secretary of the Senate

CONCURRENCE AND REPASSAGE

Jacobson moved that the House concur in the Senate amendments to H. F. No. 1244 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1244, A bill for an act relating to lawful gambling; making various clarifying and technical changes; providing and modifying definitions; providing for conduct of linked bingo games; permitting resale of certain gambling equipment; providing for fees, prices, and prize limits; clarifying requirements for gambling managers and employees, premises, records and reports; clarifying conduct of high school raffles; amending Minnesota Statutes 2002, sections 349.12, subdivisions 4, 18, 19, 25, by adding subdivisions; 349.151, subdivisions 4, 4b; 349.153; 349.155, subdivision 3; 349.161, subdivision 5; 349.163, subdivision 3; 349.166, subdivisions 1, 2; 349.167, subdivisions 4, 6, 7; 349.168, subdivisions 1, 2, 6, by adding a subdivision; 349.169, subdivisions 1, 3; 349.17, subdivisions 3, 6, 7, by adding a subdivision; 349.18, subdivision 1; 349.19, subdivision 3, by adding a subdivision; 349.191, subdivisions 1, 1a; 349.211, subdivision 1, by adding a subdivision; 609.761, subdivision 5; proposing coding for new law in Minnesota Statutes, chapter 349; repealing Minnesota Statutes 2002, section 349.168, subdivision 9.

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 112 yeas and 15 nays as follows:

Those who voted in the affirmative were:

Abeler	DeLaForest	Heidgerken	Lieder	Paymar	Solberg
Abrams	Demmer	Hilstrom	Lindgren	Pelowski	Stang
Adolphson	Dempsey	Hilty	Lindner	Penas	Strachan
Anderson, I.	Dill	Hoppe	Lipman	Peterson	Swenson
Anderson, J.	Dorn	Huntley	Magnus	Powell	Sykora
Atkins	Eastlund	Jacobson	Marquart	Pugh	Thao
Beard	Eken	Jaros	McNamara	Rhodes	Tingelstad
Bernardy	Entenza	Johnson, J.	Meslow	Rukavina	Urdahl
Biernat	Erhardt	Juhnke	Mullery	Ruth	Vandev eer
Blaine	Erickson	Kielkucki	Murphy	Samuelson	Walz
Borrell	Finstad	Knoblach	Nelson, C.	Seagren	Wardlow
Boudreau	Fuller	Koenen	Nelson, P.	Seifert	Wasiluk
Bradley	Gerlach	Kohls	Nornes	Sertich	Westerberg
Brod	Goodwin	Krinkie	Olsen, S.	Severson	Westrom
Buesgens	Greiling	Kuisle	Opatz	Sieben	Wilkin
Carlson	Gunther	Lanning	Osterman	Simpson	Zellers
Cornish	Haas	Larson	Otremba	Slawik	Spk. Sviggum
Cox	Hackbarth	Latz	Otto	Smith	
Davids	Harder	Lenczewski	Paulsen	Soderstrom	

Those who voted in the negative were:

Clark	Holberg	Johnson, S.	Klinzing	Olson, M.
Davnie	Hornstein	Kahn	Lesch	Thissen
Hausman	Howes	Kelliher	Nelson, M.	Wagenius

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

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendments the concurrence of the House is respectfully requested:

H. F. No. 1140, A bill for an act relating to health; modifying requirements for an agreement to regulate nuclear materials; amending Minnesota Statutes 2002, section 144.1202, subdivision 4.

PATRICE DWORAK, First Assistant Secretary of the Senate

CONCURRENCE AND REPASSAGE

Soderstrom moved that the House concur in the Senate amendments to H. F. No. 1140 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1140, A bill for an act relating to health; modifying requirements for an agreement to regulate nuclear materials; regulating the issuance of social work licenses and the payment of fees; amending Minnesota Statutes 2002, sections 144.1202, subdivision 4; 148B.18, subdivision 2a, by adding a subdivision; 148B.20, subdivision 3; 148B.21, subdivision 7; 148B.22, by adding a subdivision; 148B.26, subdivision 1; 148B.27, subdivisions 1, 2; Laws 2001, chapter 90, section 6; proposing coding for new law in Minnesota Statutes, chapter 148B; repealing Minnesota Rules, parts 8740.0200, subpart 3, item C; 8740.0222; 8740.0227; 8740.0290.

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 119 yeas and 8 nays as follows:

Those who voted in the affirmative were:

Abeler	Dempsey	Hilty	Lenczewski	Otto	Solberg
Abrams	Dill	Hoppe	Lesch	Paulsen	Stang
Anderson, I.	Dorn	Hornstein	Lieder	Pelowski	Strachan
Anderson, J.	Eastlund	Howes	Lindgren	Penas	Swenson
Atkins	Eken	Huntley	Lindner	Peterson	Sykora
Beard	Ellison	Jacobson	Lipman	Powell	Thao
Bernardy	Entenza	Jaros	Magnus	Pugh	Thissen
Biernat	Erhardt	Johnson, J.	Marquart	Rhodes	Tingelstad
Blaine	Finstad	Johnson, S.	McNamara	Rukavina	Urdahl
Boudreau	Fuller	Juhnke	Meslow	Ruth	Vandev eer
Bradley	Gerlach	Kahn	Mullery	Samuelson	Wagenius
Brod	Goodwin	Kelliher	Murphy	Seagren	Walz
Carlson	Greiling	Klinzing	Nelson, C.	Seifert	Wardlow
Clark	Gunther	Knoblach	Nelson, M.	Sertich	Wasiluk
Cornish	Haas	Koenen	Nelson, P.	Severson	Westerberg
Cox	Hackbarth	Kohls	Nornes	Sieben	Westrom
Davids	Harder	Kuisle	Olsen, S.	Simpson	Wilkin
Davnie	Hausman	Lanning	Opatz	Slawik	Zellers
DeLaForest	Heidgerken	Larson	Osterman	Smith	Spk. Sviggum
Demmer	Hilstrom	Latz	Otremba	Soderstrom	

Those who voted in the negative were:

Adolphson	Buesgens	Holberg	Krinkie
Borrell	Erickson	Kielkucki	Olson, M.

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

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendments the concurrence of the House is respectfully requested:

H. F. No. 943, A bill for an act relating to state government; modifying practices and procedures relating to state finance; transferring state treasurer duties to the commissioner of finance; amending Minnesota Statutes 2002, sections 7.26; 15.62, subdivisions 2, 3; 16A.10, subdivisions 1, 2; 16A.11, subdivision 3; 16A.127, subdivision 4; 16A.1285, subdivision 3; 16A.129, subdivision 3; 16A.133, subdivision 1; 16A.14, subdivision 3; 16A.17, by adding a subdivision; 16A.27, subdivision 5; 16A.40; 16A.46; 16A.501; 16A.626; 16A.642, subdivision 1; 16D.09, subdivision 1; 16D.13, subdivisions 1, 2; 35.08; 35.09, subdivision 3; 49.24, subdivisions 13, 16; 84A.11; 84A.23, subdivision 4; 84A.33, subdivision 4; 84A.40; 85A.05, subdivision 2; 94.53; 115A.58, subdivision 2; 116.16, subdivision 4; 116.17, subdivision 2; 122A.21; 126C.72, subdivision 2; 127A.40; 161.05, subdivision 3; 161.07; 167.50, subdivision 2; 174.51, subdivision 2; 176.181, subdivision 2; 176.581; 190.11; 241.08, subdivision 1; 241.10; 241.13, subdivision 1; 244.19, subdivision 7; 245.697, subdivision 2a; 246.15, subdivision 1; 246.18, subdivision 1; 246.21; 276.11, subdivision 1; 280.29; 293.06; 299D.03, subdivision 5; 352.05; 352B.03, subdivision 2; 354.06, subdivision 3; 354.52, subdivision 5; 385.05; 475A.04; 475A.06, subdivision 2; 481.01; 490.123, subdivision 2; 525.161; 525.841; repealing Minnesota Statutes 2002, sections 7.21; 16A.06, subdivision 10; 16A.131, subdivision 1; 16D.03, subdivision 3; 16D.09, subdivision 2.

PATRICE DWORAK, First Assistant Secretary of the Senate

CONCURRENCE AND REPASSAGE

Rhodes moved that the House concur in the Senate amendments to H. F. No. 943 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 943, A bill for an act relating to state government; modifying practices and procedures relating to state finance; transferring state treasurer duties to the commissioner of finance; amending Minnesota Statutes 2002, sections 7.26; 15.62, subdivisions 2, 3; 16A.10, subdivisions 1, 2; 16A.127, subdivision 4; 16A.129, subdivision 3; 16A.133, subdivision 1; 16A.14, subdivision 3; 16A.17, by adding a subdivision; 16A.27, subdivision 5; 16A.40; 16A.46; 16A.501; 16A.626; 16A.642, subdivision 1; 16D.09, subdivision 1; 16D.13, subdivisions 1, 2; 35.08; 35.09, subdivision 3; 49.24, subdivisions 13, 16; 84A.11; 84A.23, subdivision 4; 84A.33, subdivision 4; 84A.40; 85A.05, subdivision 2; 94.53; 115A.58, subdivision 2; 116.16, subdivision 4; 116.17, subdivision 2; 122A.21; 126C.72, subdivision 2; 127A.40; 161.05, subdivision 3; 161.07; 167.50, subdivision 2; 174.51, subdivision 2; 176.181, subdivision 2; 176.581; 190.11; 241.08, subdivision 1; 241.10; 241.13, subdivision 1; 244.19, subdivision 7; 245.697, subdivision 2a; 246.15, subdivision 1; 246.18, subdivision 1; 246.21; 276.11, subdivision 1; 280.29; 293.06; 299D.03, subdivision 5; 352.05; 352B.03, subdivision 2; 354.06, subdivision 3; 354.52, subdivision 5; 385.05; 475A.04; 475A.06, subdivision 2; 481.01; 490.123, subdivision 2; 525.161; 525.841; repealing Minnesota Statutes 2002, sections 7.21; 16A.06, subdivision 10; 16A.131, subdivision 1; 16D.03, subdivision 3; 16D.09, subdivision 2.

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 111 yeas and 16 nays as follows:

Those who voted in the affirmative were:

Abeler	Dempsey	Hornstein	Lieder	Pelowski	Stang
Abrams	Dill	Howes	Lindgren	Penas	Strachan
Anderson, I.	Dorn	Huntley	Lindner	Peterson	Swenson
Anderson, J.	Eastlund	Jacobson	Magnus	Powell	Sykora
Atkins	Eken	Jaros	Marquart	Pugh	Thao
Beard	Ellison	Johnson, J.	McNamara	Rhodes	Thissen
Bernardy	Entenza	Johnson, S.	Meslow	Rukavina	Tingelstad
Biernat	Erhardt	Juhnke	Mullery	Ruth	Urdahl
Blaine	Finstad	Kahn	Murphy	Samuelson	Walz
Borrell	Gerlach	Kelliher	Nelson, C.	Seagren	Wardlow
Boudreau	Goodwin	Klinzing	Nelson, M.	Seifert	Wasiluk
Bradley	Greiling	Knoblach	Nelson, P.	Sertich	Westerberg
Brod	Gunther	Koenen	Nornes	Severson	Westrom
Carlson	Haas	Kuisle	Olsen, S.	Sieben	Wilkin
Clark	Hackbarth	Lanning	Opatz	Simpson	Zellers
Cornish	Harder	Larson	Osterman	Slawik	Spk. Sviggum
Cox	Hausman	Latz	Otremba	Smith	
Davids	Hilstrom	Lenczewski	Otto	Soderstrom	
Demmer	Hilty	Lesch	Paulsen	Solberg	

Those who voted in the negative were:

Adolphson	DeLaForest	Holberg	Kohls	Olson, M.	Wagenius
Buesgens	Erickson	Hoppe	Krinkie	Paymar	
Davnie	Heidgerken	Kielkucki	Lipman	Vandever	

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

Speaker pro tempore Abrams called Seifert to the Chair.

FISCAL CALENDAR

Pursuant to rule 1.22, Abrams requested immediate consideration of S. F. No. 1505.

S. F. No. 1505 was reported to the House.

Abrams moved to amend S. F. No. 1505, the unofficial engrossment, as follows:

Page 2, after line 50, insert:

"Section 1. Minnesota Statutes 2002, section 168.27, subdivision 4a, is amended to read:

Subd. 4a. [LIMITED USED VEHICLE LICENSE.] A limited used vehicle license shall be provided to a nonprofit charitable organization that qualifies for tax exemption under section 501(c)(3) of the Internal Revenue Code whose primary business in the transfer of vehicles is to raise funds for the corporation, who acquires vehicles for sale through donation, and who uses a licensed motor vehicle auctioneer to sell vehicles to retail customers. This license does not apply to educational institutions whose primary purpose is to train students in the repair, maintenance, and sale of motor vehicles. A limited used vehicle license allows the organization to accept assignment of vehicles without the requirement to transfer title as provided in section 168A.10 until sold to a retail customer or licensed motor vehicle dealer. Limited used vehicle license holders are not entitled to dealer plates, and shall report all vehicles held for resale to the department of public safety in a manner and time prescribed by the department.

[EFFECTIVE DATE.] This section is effective for sales made after June 30, 2003."

Page 3, after line 25, insert:

"Sec. 3. Minnesota Statutes 2002, section 289A.18, subdivision 4, is amended to read:

Subd. 4. [SALES AND USE TAX RETURNS.] (a) Sales and use tax returns must be filed on or before the 20th day of the month following the close of the preceding reporting period, except that annual use tax returns provided for under section 289A.11, subdivision 1, must be filed by April 15 following the close of the calendar year, in the case of individuals. Annual use tax returns of businesses, including sole proprietorships, and annual sales tax returns must be filed by February 5 following the close of the calendar year.

(b) Returns for the June reporting period filed by retailers required to remit their June liability under section 289A.20, subdivision 4, paragraph (b), are due on or before August 20.

(c) If a retailer has an average sales and use tax liability, including local sales and use taxes administered by the commissioner, equal to or less than \$500 per month in any quarter of a calendar year, and has substantially complied with the tax laws during the preceding four calendar quarters, the retailer may request authorization to file and pay the taxes quarterly in subsequent calendar quarters. The authorization remains in effect during the period in which the retailer's quarterly returns reflect sales and use tax liabilities of less than \$1,500 and there is continued compliance with state tax laws.

(d) If a retailer has an average sales and use tax liability, including local sales and use taxes administered by the commissioner, equal to or less than \$100 per month during a calendar year, and has substantially complied with the tax laws during that period, the retailer may request authorization to file and pay the taxes annually in subsequent years. The authorization remains in effect during the period in which the retailer's annual returns reflect sales and use tax liabilities of less than \$1,200 and there is continued compliance with state tax laws.

(e) The commissioner may also grant quarterly or annual filing and payment authorizations to retailers if the commissioner concludes that the retailers' future tax liabilities will be less than the monthly totals identified in paragraphs (c) and (d). An authorization granted under this paragraph is subject to the same conditions as an authorization granted under paragraphs (c) and (d).

(f) A taxpayer who is a materials supplier may report gross receipts either on:

(1) the cash basis as the consideration is received; or

(2) the accrual basis as sales are made.

As used in this paragraph, "materials supplier" means a person who provides materials for the improvement of real property; who is primarily engaged in the sale of lumber and building materials-related products to owners, contractors, subcontractors, repairers, or consumers; who is authorized to file a mechanics lien upon real property and improvements under chapter 514; and who files with the commissioner an election to file sales and use tax returns on the basis of this paragraph.

(g) Notwithstanding paragraphs (a) to (f), a seller that is not a Model 1, 2, or 3 seller, as those terms are used in the Streamlined Sales and Use Tax Agreement, that does not have a legal requirement to register in Minnesota, and that is registered under the agreement, must file a return by February 5 following the close of the calendar year in which the seller initially registers, and must file subsequent returns on February 5 on an annual basis in succeeding years. Additionally, a return must be submitted on or before the 20th day of the month following any month by which sellers have accumulated state and local tax funds for the state in the amount of \$1,000 or more.

[EFFECTIVE DATE.] This section is effective for sales and purchases made on or after January 1, 2004.

Sec. 4. Minnesota Statutes 2002, section 289A.40, subdivision 2, is amended to read:

Subd. 2. [BAD DEBT LOSS.] If a claim relates to an overpayment because of a failure to deduct a loss due to a bad debt or to a security becoming worthless, the claim is considered timely if filed within seven years from the date prescribed for the filing of the return. A claim relating to an overpayment of taxes under chapter 297A must be filed within 3-1/2 years from the date prescribed for filing the return, plus any extensions granted for filing the return, but only if filed within the extended time, ~~or within one year from the date the taxpayer's federal income tax return is timely filed claiming the bad debt deduction, whichever period expires later.~~ The refund or credit is limited to the amount of overpayment attributable to the loss. "Bad debt" for purposes of this subdivision, has the same meaning as that term is used in United States Code, title 26, section 166, except that the following are excluded from the calculation of bad debt: financing charges or interest; sales or use taxes charged on the purchase price; uncollectible amounts on property that remain in the possession of the seller until the full purchase price is paid; expenses incurred in attempting to collect any debt; and repossessed property.

[EFFECTIVE DATE.] This section is effective for sales and purchases made on or after January 1, 2004.

Sec. 5. Minnesota Statutes 2002, section 289A.50, is amended by adding a subdivision to read:

Subd. 2b. [CERTIFIED SERVICE PROVIDER; BAD DEBT CLAIM.] A certified service provider, as defined in section 297A.995, subdivision 2, may claim on behalf of a taxpayer that is its client any bad debt allowance provided by section 297A.81. The certified service provider must credit or refund to its client the full amount of any bad debt allowance or refund received.

[EFFECTIVE DATE.] This section is effective for sales and purchases made on or after January 1, 2004.

Sec. 6. Minnesota Statutes 2002, section 289A.50, is amended by adding a subdivision to read:

Subd. 2c. [NOTICE FROM PURCHASER TO VENDOR REQUESTING REFUND.] (a) If a vendor has collected from a purchaser a tax on a transaction that is not subject to the tax imposed by chapter 297A, the purchaser may seek from the vendor a return of over-collected sales or use taxes as follows:

(1) the purchaser must provide written notice to the vendor;

(2) the notice to the vendor must contain the information necessary to determine the validity of the request; and

(3) no cause of action against the vendor accrues until the vendor has had 60 days to respond to the written notice.

(b) In connection with a purchaser's request from a vendor of over-collected sales or use taxes, a vendor is presumed to have a reasonable business practice, if in the collection of such sales or use taxes, the vendor: (1) uses a certified service provider as defined in section 297A.995, a certified automated system, as defined in section 297A.995, or a proprietary system that is certified by the state; and (2) has remitted to the state all taxes collected less any deductions, credits, or collection allowances.

[EFFECTIVE DATE.] This section is effective for sales and purchases made on or after January 1, 2004.

Sec. 7. Minnesota Statutes 2002, section 289A.56, subdivision 4, is amended to read:

Subd. 4. [CAPITAL EQUIPMENT AND CERTAIN BUILDING MATERIALS REFUNDS; REFUNDS TO PURCHASERS.] Notwithstanding subdivision 3, for refunds payable under ~~section~~ sections 297A.75, subdivision 1, clauses (1), (2), (3), and (5), interest is computed from the date the refund claim is filed with the commissioner. For ~~refunds payable under section and~~ 289A.50, subdivision 2a, interest is computed from ~~the 20th day of the month following the month of the invoice date for the purchase which is the subject of the refund, if the refund claim includes a detailed schedule of purchases made during each of the periods in the claim. If the refund claim submitted does not contain a schedule reflecting purchases made in each period, interest is computed from the date the claim was filed~~ 90 days after the refund claim is filed with the commissioner.

[EFFECTIVE DATE.] This section is effective for refund claims filed on or after April 1, 2003."

Page 4, line 21, after "of" insert "prewritten" and before the period, insert "whether delivered electronically, by load and leave, or otherwise"

Page 7, line 6, strike everything after "law" and insert a period

Page 7, strike lines 7 to 29

Page 8, line 3, after "section" insert ", paragraph (f), and the changes made to paragraph (i) are effective for sales and purchases made on or after January 1, 2004. This section, paragraph (k)."

Page 8, after line 4, insert:

"Sec. 9. Minnesota Statutes 2002, section 297A.61, subdivision 7, is amended to read:

Subd. 7. [SALES PRICE.] (a) "Sales price" means the measure subject to sales tax, and means the total amount of consideration, including cash, credit, personal property, and services, for which personal property or services are sold, leased, or rented, valued in money, whether received in money or otherwise, without any deduction for the following:

- (1) the seller's cost of the property sold;
- (2) the cost of materials used, labor or service cost, interest, losses, all costs of transportation to the seller, all taxes imposed on the seller, and any other expenses of the seller;
- (3) charges by the seller for any services necessary to complete the sale, other than delivery and installation charges;

(4) delivery charges;

(5) installation charges; and

(6) the value of exempt property given to the purchaser when taxable and exempt personal property have been bundled together and sold by the seller as a single product or piece of merchandise.

(b) Sales price does not include:

(1) discounts, including cash, terms, or coupons, that are not reimbursed by a third party and that are allowed by the seller and taken by a purchaser on a sale;

(2) interest, financing, and carrying charges from credit extended on the sale of personal property or services, if the amount is separately stated on the invoice, bill of sale, or similar document given to the purchaser; and

(3) any taxes legally imposed directly on the consumer that are separately stated on the invoice, bill of sale, or similar document given to the purchaser.

[EFFECTIVE DATE.] This section is effective for sales and purchases made on or after January 1, 2004.

Sec. 10. Minnesota Statutes 2002, section 297A.61, subdivision 10, is amended to read:

Subd. 10. [TANGIBLE PERSONAL PROPERTY.] (a) "Tangible personal property" means ~~corporeal personal property of any kind, including property that is to become real property as a result of incorporation, attachment, or installation following its acquisition.~~

~~(b) Tangible personal property includes, but is not limited to:~~

~~(1) computer software, whether contained on tape, discs, cards, or other devices; and~~

~~(2) prepaid telephone calling cards.~~

(e) personal property that can be seen, weighed, measured, felt, or touched, or that is in any other manner perceptible to the senses. "Tangible personal property" includes, but is not limited to, electricity, water, gas, steam, prewritten computer software, and prepaid calling cards.

(b) Tangible personal property does not include:

(1) large ponderous machinery and equipment used in a business or production activity which at common law would be considered to be real property;

(2) property which is subject to an ad valorem property tax;

(3) property described in section 272.02, subdivision 9, clauses (a) to (d); and

(4) property described in section 272.03, subdivision 2, clauses (3) and (5).

[EFFECTIVE DATE.] This section is effective for sales and purchases made on or after January 1, 2004.

Sec. 11. Minnesota Statutes 2002, section 297A.61, is amended by adding a subdivision to read:

Subd. 14a. [LEASE OR RENTAL.] (a) "Lease or rental" means any transfer of possession or control of tangible personal property for a fixed or indeterminate term for consideration. A lease or rental may include future options to purchase or extend.

(b) Lease or rental does not include:

(1) a transfer of possession or control of property under a security agreement or deferred payment plan that requires the transfer of title upon completion of the required payments;

(2) a transfer of possession or control of property under an agreement that requires the transfer of title upon completion of required payments and payment of an option price does not exceed the greater of \$100 or one percent of the total required payments; or

(3) providing tangible personal property along with an operator for a fixed or indeterminate period of time. A condition of this exclusion is that the operator is necessary for the equipment to perform as designed. For the purpose of this subdivision, an operator must do more than maintain, inspect, or set up the tangible personal property.

(c) Lease or rental does include agreements covering motor vehicles and trailers where the amount of consideration may be increased or decreased by reference to the amount realized upon sale or disposition of the property as defined in United States Code, title 26, section 7701(h)(1).

(d) This definition must be used for sales and use tax purposes regardless if a transaction is characterized as a lease or rental under generally accepted accounting principles, the Internal Revenue Code, chapter 336, or other provisions of federal, state, or local law.

[EFFECTIVE DATE.] This section is effective for leases and rentals entered into on or after January 1, 2004.

Sec. 12. Minnesota Statutes 2002, section 297A.61, subdivision 17, is amended to read:

Subd. 17. [PREWRITTEN COMPUTER SOFTWARE.] "Prewritten computer software" means a computer program, either in the form of written procedures or contained on tapes, discs, cards, or another device, or any required documentation or manuals designed to facilitate the use of the computer program. computer software, including prewritten upgrades, that is not designed and developed by the author or other creator to the specifications of a specific purchaser. The combining of two or more "prewritten computer software" programs or prewritten portions of the programs does not cause the combination to be other than "prewritten computer software." "Prewritten computer software" includes software designed and developed by the author or other creator to the specifications of a specific purchaser when it is sold to a person other than the purchaser. If a person modifies or enhances computer software of which the person is not the author or creator, the person is deemed to be the author or creator only of such person's modifications or enhancements. "Prewritten computer software" or a prewritten portion of it that is modified or enhanced to any degree, if the modification or enhancement is designed and developed to the specifications of a specific purchaser, remains "prewritten computer software"; provided, however, that if there is a reasonable, separately stated charge or an invoice or other statement of the price given to the purchaser for such modification or enhancement, the modification or enhancement does not constitute "prewritten computer software." For purposes of this subdivision:

(1) "computer" does not include tape-controlled automatic drilling, milling, or other manufacturing machinery or equipment means an electronic device that accepts information in digital or similar form and manipulates it for a result based on a sequence of instructions; and

(2) ~~"computer program" means information and directions that dictate the function performed by data processing equipment. It includes the complete plan for the solution of a problem, such as the complete sequence of automatic data processing equipment instructions necessary to solve a problem and includes both systems and application programs and subdivisions, such as assemblers, compilers, routines, generators, and utility programs. Computer program includes a "canned" or prewritten computer program that is held or existing for general or repeated sale or lease, even if the prewritten or "canned" program was initially developed on a custom basis or for in house use.~~ "electronic" means relating to technology having electrical, digital, magnetic, wireless, optical, electromagnetic, or similar capabilities; and

(3) "computer software" means a set of coded instructions designed to cause a "computer" or automatic data processing equipment to perform a task.

[EFFECTIVE DATE.] This section is effective for sales and purchases made on or after January 1, 2004.

Sec. 13. Minnesota Statutes 2002, section 297A.61, is amended by adding a subdivision to read:

Subd. 17a. [DELIVERED ELECTRONICALLY.] "Delivered electronically" means delivered to the purchaser by means other than tangible storage media.

[EFFECTIVE DATE.] This section is effective for sales and purchases made on or after January 1, 2004.

Sec. 14. Minnesota Statutes 2002, section 297A.61, is amended by adding a subdivision to read:

Subd. 17b. [LOAD AND LEAVE.] "Load and leave" means delivered to the purchaser by use of a tangible storage media where the tangible storage media is not physically transferred to the purchaser.

[EFFECTIVE DATE.] This section is effective for sales and purchases made on or after January 1, 2004.

Sec. 15. Minnesota Statutes 2002, section 297A.61, subdivision 30, is amended to read:

Subd. 30. [DELIVERY CHARGES.] "Delivery charges" means charges by the seller of personal property or services for preparation and delivery to a location designated by the purchaser of personal property or services including, but not limited to, transportation, shipping, postage, handling, crating, and packing.

[EFFECTIVE DATE.] This section is effective for sales and purchases made on or after January 1, 2004."

Page 8, after line 18, insert:

"Sec. 17. Minnesota Statutes 2002, section 297A.66, is amended by adding a subdivision to read:

Subd. 5. [WITHDRAWAL FROM STREAMLINED SALES AND USE TAX AGREEMENT.] If the state has withdrawn its membership or been expelled from the streamlined sales and use tax agreement, it shall not use a seller's registration with the central registration system and the collection of sales and use taxes in the state as a factor in determining whether the seller has nexus with that state for any tax at any time.

[EFFECTIVE DATE.] This section is effective for sales and purchases made on or after January 1, 2004.

Sec. 18. [297A.666] [AMNESTY FOR REGISTRATION.]

Subdivision 1. [AMNESTY PROVISIONS.] Subject to the limitations of subdivision 2:

(1) this state shall provide amnesty for uncollected or unpaid sales or use tax to a seller who registers to pay or to collect and remit applicable sales or use tax on sales made to purchasers in this state in accordance with the terms of the streamlined sales and use tax agreement, provided that the seller was not so registered in this state in the 12-month period preceding the effective date of the state's participation in the agreement; and

(2) the amnesty shall preclude assessment for uncollected or unpaid sales or use tax together with penalty or interest for sales made during the period the seller was not registered in this state, provided registration occurs within 12 months of the effective date of the state's participation in the agreement.

Subd. 2. [LIMITATIONS.] (a) The amnesty is not available to a seller with respect to any matter or matters for which the seller received notice of the commencement of an audit and the audit is not yet finally resolved, including any related administrative and judicial processes.

(b) The amnesty is not available for sales or use taxes already paid or remitted to this state or to taxes collected by the seller.

(c) The amnesty is fully effective, absent the seller's fraud or intentional misrepresentation of a material fact, as long as the seller continues registration and continues payment or collection and remittance of applicable sales or use taxes for a period of at least 36 months. The statute of limitations provisions of chapter 289A applicable to asserting a sales or use tax liability must be tolled during this 36-month period.

(d) The amnesty is applicable only to sales or use taxes due from a seller in its capacity as a seller and not to sales or use taxes due from a seller in its capacity as a buyer.

[EFFECTIVE DATE.] This section is effective for sales and purchases made on or after January 1, 2004.

Sec. 19. Minnesota Statutes 2002, section 297A.668, is amended to read:

297A.668 [SOURCING OF SALE; SITUS IN THIS STATE.]

Subdivision 1. [~~SOURCING RULES APPLICABILITY.~~] ~~(a)~~ The following provisions of this section apply regardless of the characterization of a product as tangible personal property, a digital good, or a service; but do not apply to telecommunications services, or the sales of motor vehicles, watercraft, aircraft, modular homes, manufactured homes, or mobile homes. These provisions only apply to determine a seller's obligation to pay or collect and remit a sales or use tax with respect to the seller's sale of a product. These provisions do not affect the obligation of a seller as purchaser to remit tax on the use of the product.

Subd. 2. [SOURCING RULES.] (a) The retail sale, excluding lease or rental, of a product shall be sourced as required in paragraphs (b) through (f).

(b) When the product is received by the purchaser at a business location of the seller, the sale is sourced to that business location.

(c) When the product is not received by the purchaser at a business location of the seller, the sale is sourced to the location where receipt by the purchaser or the donee designated by the purchaser occurs, including the location indicated by instructions for delivery to the purchasers or the purchaser's donee, known to the seller.

(d) When paragraphs (b) and (c) do not apply, the sale is sourced to the location indicated by an address for the purchaser that is available from the business records of the seller that are maintained in the ordinary course of the seller's business, when use of this address does not constitute bad faith.

(e) When paragraphs (b), (c), and (d) do not apply, the sale is sourced to the location indicated by an address for the purchaser obtained during the consummation of the sale, including the address of a purchaser's payment instrument if no other address is available, when use of this address does not constitute bad faith.

(f) When paragraphs (b), (c), (d), and (e) do not apply, including the circumstance where the seller is without sufficient information to apply the previous paragraphs, then the location is determined by the address from which tangible personal property was shipped, from which the digital good or the computer software delivered electronically was first available for transmission by the seller, or from which the service was provided. For purposes of this paragraph, the seller must disregard any location that merely provided the digital transfer of the product sold.

(g) For purposes of this subdivision, the terms "receive" and "receipt" mean taking possession of tangible personal property, making first use of services, or taking possession or making first use of digital goods or the computer software delivered electronically, whichever occurs first. The terms receive and receipt do not include possession by a carrier for hire on behalf of the purchaser.

Subd. 3. [LEASE OR RENTAL OF TANGIBLE PERSONAL PROPERTY.] The lease or rental of tangible personal property, other than property identified in subdivision 4 or 5, shall be sourced as required in paragraphs (a) to (c).

(a) For a lease or rental that requires recurring periodic payments, the first periodic payment is sourced the same as a retail sale in accordance with the provisions of subdivision 6. Periodic payments made subsequent to the first payment are sourced to the primary property location for each period covered by the payment. The primary property location must be as indicated by an address for the property provided by the lessee that is available to the lessor from its records maintained in the ordinary course of business, when use of this address does not constitute bad faith. The property location must not be altered by intermittent use at different locations, such as use of business property that accompanies employees on business trips and service calls.

(b) For a lease or rental that does not require recurring periodic payments, the payment is sourced the same as a retail sale in accordance with the provisions of subdivision 2.

(c) This subdivision does not affect the imposition or computation of sales or use tax on leases or rentals based on a lump sum or accelerated basis, or on the acquisition of property for lease.

Subd. 4. [LEASE OR RENTAL OF MOTOR VEHICLES, TRAILERS, SEMITRAILERS, OR AIRCRAFT THAT DO NOT QUALIFY AS TRANSPORTATION EQUIPMENT.] The lease or rental of motor vehicles, trailers, semitrailers, or aircraft that do not qualify as transportation equipment, as defined in subdivision 5, shall be sourced as required in paragraphs (a) to (c).

(a) For a lease or rental that requires recurring periodic payments, each periodic payment is sourced to the primary property location. The primary property location must be as indicated by an address for the property provided by the lessee that is available to the lessor from its records maintained in the ordinary course of business, when use of this address does not constitute bad faith. This location must not be altered by intermittent use at different locations.

(b) For a lease or rental that does not require recurring periodic payments, the payment is sourced the same as a retail sale in accordance with the provisions of subdivision 2.

(c) This subdivision does not affect the imposition or computation of sales or use tax on leases or rentals based on a lump sum or accelerated basis, or on the acquisition of property for lease.

Subd. 5. [TRANSPORTATION EQUIPMENT.] (a) The retail sale, including lease or rental, of transportation equipment shall be sourced the same as a retail sale in accordance with the provisions of subdivision 2, notwithstanding the exclusion of lease or rental in subdivision 2.

(b) "Transportation equipment" means any of the following:

(1) locomotives and railcars that are utilized for the carriage of persons or property in interstate commerce; and/or

(2) trucks and truck-tractors with a gross vehicle weight rating (GVWR) of 10,001 pounds or greater, trailers, semitrailers, or passenger buses that are:

(i) registered through the international registration plan; and

(ii) operated under authority of a carrier authorized and certified by the United States Department of Transportation or another federal authority to engage in the carriage of persons or property in interstate commerce.

Subd. 2-6. [MULTIPLE POINTS OF USE.] (a) Notwithstanding the provisions of ~~subdivision 1~~ subdivisions 2 to 5, a business purchaser that is not a holder of a direct pay permit that knows at the time of its purchase of a digital good, computer software delivered electronically, or a service that the digital good, computer software delivered electronically, or service will be concurrently available for use in more than one taxing jurisdiction shall deliver to the seller in conjunction with its purchase a multiple points of use exemption certificate disclosing this fact.

(b) Upon receipt of the multiple points of use exemption certificate, the seller is relieved of the obligation to collect, pay, or remit the applicable tax and the purchaser is obligated to collect, pay, or remit the applicable tax on a direct pay basis.

(c) A purchaser delivering the multiple points of use exemption certificate may use any reasonable, but consistent and uniform, method of apportionment that is supported by the purchaser's business records as they exist at the time of the consummation of the sale.

(d) The multiple points of use exemption certificate remains in effect for all future sales by the seller to the purchaser until it is revoked in writing, except as to the subsequent sale's specific apportionment that is governed by the principle of paragraph (c) and the facts existing at the time of the sale.

(e) A holder of a direct pay permit is not required to deliver a multiple points of use exemption certificate to the seller. A direct pay permit holder shall follow the provisions of paragraph (c) in apportioning the tax due on a digital good, computer software delivered electronically, or a service that will be concurrently available for use in more than one taxing jurisdiction.

Subd. 3. [DEFINITION OF TERMS.] For purposes of this section, the terms "receive" and "receipt" mean taking possession of tangible personal property, making first use of services, or taking possession or making first use of digital goods, whichever occurs first. The terms receive and receipt do not include possession by a carrier for hire on behalf of the purchaser.

Subd. 7. [DIRECT MAIL.] (a) Notwithstanding other subdivisions of this section, a purchaser of direct mail that is not a holder of a direct pay permit shall provide to the seller, in conjunction with the purchase, either a direct mail form or information to show the jurisdictions to which the direct mail is delivered to recipients.

(1) Upon receipt of the direct mail form, the seller is relieved of all obligations to collect, pay, or remit the applicable tax and the purchaser is obligated to pay or remit the applicable tax on a direct pay basis. A direct mail form remains in effect for all future sales of direct mail by the seller to the purchaser until it is revoked in writing.

(2) Upon receipt of information from the purchaser showing the jurisdictions to which the direct mail is delivered to recipients, the seller shall collect the tax according to the delivery information provided by the purchaser. In the absence of bad faith, the seller is relieved of any further obligation to collect tax on any transaction for which the seller has collected tax pursuant to the delivery information provided by the purchaser.

(b) If the purchaser of direct mail does not have a direct pay permit and does not provide the seller with either a direct mail form or delivery information, as required by paragraph (a), the seller shall collect the tax according to subdivision 2, paragraph (f). Nothing in this paragraph limits a purchaser's obligation for sales or use tax to any state to which the direct mail is delivered.

(c) If a purchaser of direct mail provides the seller with documentation of direct pay authority, the purchaser is not required to provide a direct mail form or delivery information to the seller.

[EFFECTIVE DATE.] This section is effective for sales and purchases made on or after January 1, 2004.

Sec. 20. [297A.669] [TELECOMMUNICATION SOURCING.]

Subdivision 1. [CALL-BY-CALL BASIS SOURCING.] Except for the defined telecommunication services in subdivision 3, the sale of telecommunication service sold on a call-by-call basis shall be sourced to (1) each level of taxing jurisdiction where the call originates and terminates in that jurisdiction; or (2) each level of taxing jurisdiction where the call either originates or terminates and in which the service address is also located.

Subd. 2. [OTHER THAN CALL-BY-CALL BASIS SOURCING.] Except for the defined telecommunication services in subdivision 3, a sale of telecommunications services sold on a basis other than a call-by-call basis is sourced to the customer's place of primary use.

Subd. 3. [DEFINED TELECOMMUNICATIONS SERVICES SOURCING.] The sale of the following telecommunication services shall be sourced to each level of taxing jurisdiction in paragraphs (a) to (d).

(a) A sale of mobile telecommunications services, other than air-to-ground radiotelephone service and prepaid calling service, is sourced to the customer's place of primary use as required by the Mobile Telecommunications Sourcing Act.

(b) A sale of postpaid calling service is sourced to the origination point of the telecommunications signal as first identified by either:

(1) the seller's telecommunications system; or

(2) information received by the seller from its service provider, where the system used to transport such signals is not that of the seller.

(c) A sale of prepaid calling service is sourced in accordance with section 297A.668, subdivision 2. However, in the case of a sale of mobile telecommunications service that is a prepaid telecommunications service, the rule provided in section 297A.668, subdivision 2, paragraph (f), shall include as an option the location associated with the mobile telephone number.

(d) A sale of a private communication service is sourced as follows:

(1) service for a separate charge related to a customer channel termination point is sourced to each level of jurisdiction in which the customer channel termination point is located;

(2) service where all customer termination points are located entirely within one jurisdiction or levels of jurisdiction is sourced in such jurisdiction in which the customer channel termination points are located;

(3) service for segments of a channel between two customer channel termination points located in different jurisdictions and which segment of channel are separately charged is sourced 50 percent in each level of jurisdiction in which the customer channel termination points are located; and

(4) service for segments of a channel located in more than one jurisdiction or levels of jurisdiction and which segments are not separately billed is sourced in each jurisdiction based on the percentage determined by dividing the number of customer channel termination points in the jurisdiction by the total number of customer channel termination points.

Subd. 4. [AIR-TO-GROUND RADIOTELEPHONE SERVICE.] "Air-to-ground radiotelephone service," for purposes of this section, means a radio service, as that term is defined in Code of Federal Regulations, title 47, section 22.99, in which common carriers are authorized to offer and provide radio telecommunications service for hire to subscribers in aircraft.

Subd. 5. [CALL-BY-CALL BASIS.] "Call-by-call basis," for purposes of this section, means any method of charging for telecommunications services where the price is measured by individual calls.

Subd. 6. [COMMUNICATIONS CHANNEL.] "Communications channel," for purposes of this section, means a physical or virtual path of communications over which signals are transmitted between or among customer channel termination points.

Subd. 7. [CUSTOMER.] "Customer," for purposes of this section, means the person or entity that contracts with the seller of telecommunications services. If the end user of telecommunications services is not the contracting party, the end user of the telecommunications service is the customer of the telecommunication service, but this sentence applies only for the purpose of sourcing sales of telecommunications services under this section. Customer does not include a reseller of telecommunications service or for mobile telecommunications service of a serving carrier under an agreement to serve the customer outside the home service provider's licensed service area.

Subd. 8. [CUSTOMER CHANNEL TERMINATION POINT.] "Customer channel termination point," for purposes of this section, means the location where the customer either inputs or receives the communications.

Subd. 9. [END USER.] "End user," for purposes of this section, means the person who utilizes the telecommunication service. In the case of an entity, end user means the individual who utilizes the service on behalf of the entity.

Subd. 10. [HOME SERVICE PROVIDER.] "Home service provider," for purposes of this section, means the same as that term is defined in Section 124(5) of Public Law 106-252 (Mobile Telecommunications Sourcing Act).

Subd. 11. [MOBILE TELECOMMUNICATIONS SERVICE.] "Mobile telecommunications service," for purposes of this section, means the same as that term is defined in Section 124(1) of Public Law 106-252 (Mobile Telecommunications Sourcing Act).

Subd. 12. [PLACE OF PRIMARY USE.] "Place of primary use," for purposes of this section, means the street address representative of where the customer's use of the telecommunications service primarily occurs, which must be the residential street address or the primary business street address of the customer. In the case of mobile telecommunications services, place of primary use must be within the licensed service area of the home service provider.

Subd. 13. [POSTPAID CALLING SERVICE.] "Postpaid calling service," for purposes of this section, means the telecommunications service obtained by making a payment on a call-by-call basis either through the use of a credit card or payment mechanism such as a bank card, travel card, credit card, or debit card, or by a charge made to a telephone number that is not associated with the origination or termination of the telecommunications service. A postpaid calling service includes a telecommunications service that would be a prepaid calling service except it is not exclusively a telecommunication service.

Subd. 14. [PREPAID CALLING SERVICE.] "Prepaid calling service," for purposes of this section, means the right to access exclusively telecommunications services, which must be paid for in advance and which enables the origination of calls using an access number or authorization code, whether manually or electronically dialed, and that is sold in predetermined units or dollars of which the number declines with use in a known amount.

Subd. 15. [PRIVATE COMMUNICATION SERVICES.] "Private communication services," for purposes of this section, means the same as that term is defined in section 297A.61, subdivision 26.

Subd. 16. [SERVICE ADDRESS.] "Service address," for purposes of this section, means:

(1) the location of the telecommunications equipment to which a customer's call is charged and from which the call originates or terminates, regardless of where the call is billed or paid;

(2) if the location in paragraph (a) is not known, service address means the origination point of the signal of the telecommunications services first identified by either the seller's telecommunications system or in information received by the seller from its service provider, where the system used to transport the signals is not that of the seller; or

(3) if the location in paragraphs (a) and (b) is not known, the service address means the location of the customer's place of primary use.

[EFFECTIVE DATE.] This section is effective for sales and purchases made on or after January 1, 2004.

Sec. 21. Minnesota Statutes 2002, section 297A.67, subdivision 8, is amended to read:

Subd. 8. [CLOTHING.] (a) Clothing is exempt. For purposes of this subdivision, "clothing" means all human wearing apparel suitable for general use.

(b) Clothing includes, but is not limited to, aprons, household and shop; athletic supporters; baby receiving blankets; bathing suits and caps; beach capes and coats; belts and suspenders; boots; coats and jackets; costumes; children and adult diapers, including disposable; ear muffs; footlets; formal wear; garters and garter belts; girdles; gloves and mittens for general use; hats and caps; hosiery; insoles for shoes; lab coats; neckties; overshoes; pantyhose; rainwear; rubber pants; sandals; scarves; shoes and shoe laces; slippers; sneakers; socks and stockings; steel-toed boots; underwear; uniforms, athletic and nonathletic; and wedding apparel.

(c) Clothing does not include the following:

(1) belt buckles sold separately;

- (2) costume masks sold separately;
- (3) patches and emblems sold separately;
- (4) sewing equipment and supplies, including but not limited to, knitting needles, patterns, pins, scissors, sewing machines, sewing needles, tape measures, and thimbles;
- (5) sewing materials that become part of clothing, including but not limited to, buttons, fabric, lace, thread, yarn, and zippers;
- (6) clothing accessories or equipment;
- (7) sports or recreational equipment; and
- (8) protective equipment.

Clothing also does not include apparel made from fur if a uniform definition of "apparel made from fur" is developed by the member states of the Streamlined Sales and Use Tax Agreement.

For purposes of this subdivision, "clothing accessories or equipment" means incidental items worn on the person or in conjunction with clothing. Clothing accessories and equipment include, but are not limited to, briefcases; cosmetics; hair notions, including barrettes, hair bows, and hairnets; handbags; handkerchiefs; jewelry; nonprescription sunglasses; umbrellas; wallets; watches; and wigs and hairpieces. "Sports or recreational equipment" means items designed for human use and worn in conjunction with an athletic or recreational activity that are not suitable for general use. Sports and recreational equipment includes, but is not limited to, ballet and tap shoes; cleated or spiked athletic shoes; gloves, including, but not limited to, baseball, bowling, boxing, hockey, and golf gloves; goggles; hand and elbow guards; life preservers and vests; mouth guards; roller and ice skates; shin guards; shoulder pads; ski boots; waders; and wetsuits and fins. "Protective equipment" means items for human wear and designed as protection of the wearer against injury or disease or as protection against damage or injury of other persons or property but not suitable for general use. Protective equipment includes, but is not limited to, breathing masks; clean room apparel and equipment; ear and hearing protectors; face shields; finger guards; hard hats; helmets; paint or dust respirators; protective gloves; safety glasses and goggles; safety belts; tool belts; and welders gloves and masks.

[EFFECTIVE DATE.] This section is effective for sales and purchases made on or after January 1, 2004.

Page 8, after line 28, insert:

"Sec. 23. Minnesota Statutes 2002, section 297A.68, subdivision 2, is amended to read:

Subd. 2. [MATERIALS CONSUMED IN INDUSTRIAL PRODUCTION.] (a) Materials stored, used, or consumed in industrial production of personal property intended to be sold ultimately at retail are exempt, whether or not the item so used becomes an ingredient or constituent part of the property produced. Materials that qualify for this exemption include, but are not limited to, the following:

- (1) chemicals, including chemicals used for cleaning food processing machinery and equipment;
- (2) materials, including chemicals, fuels, and electricity purchased by persons engaged in industrial production to treat waste generated as a result of the production process;

(3) fuels, electricity, gas, and steam used or consumed in the production process, except that electricity, gas, or steam used for space heating, cooling, or lighting is exempt if (i) it is in excess of the average climate control or lighting for the production area, and (ii) it is necessary to produce that particular product;

(4) petroleum products and lubricants;

(5) packaging materials, including returnable containers used in packaging food and beverage products;

(6) accessory tools, equipment, and other items that are separate detachable units with an ordinary useful life of less than 12 months used in producing a direct effect upon the product; and

(7) the following materials, tools, and equipment used in metalcasting: crucibles, thermocouple protection sheaths and tubes, stalk tubes, refractory materials, molten metal filters and filter boxes, degassing lances, and base blocks.

(b) This exemption does not include:

(1) machinery, equipment, implements, tools, accessories, appliances, contrivances and furniture and fixtures, except those listed in paragraph (a), clause (6); and

(2) petroleum and special fuels used in producing or generating power for propelling ready-mixed concrete trucks on the public highways of this state.

(c) Industrial production includes, but is not limited to, research, development, design or production of any tangible personal property, manufacturing, processing (other than by restaurants and consumers) of agricultural products (whether vegetable or animal), commercial fishing, refining, smelting, reducing, brewing, distilling, printing, mining, quarrying, lumbering, generating electricity ~~and~~ the production of road building materials, and the research, development, design, or production of computer software. Industrial production does not include painting, cleaning, repairing or similar processing of property except as part of the original manufacturing process.

[EFFECTIVE DATE.] This section is effective for sales and purchases made on or after January 1, 2004.

Sec. 24. Minnesota Statutes 2002, section 297A.68, subdivision 5, is amended to read:

Subd. 5. [CAPITAL EQUIPMENT.] (a) Capital equipment is exempt. The tax must be imposed and collected as if the rate under section 297A.62, subdivision 1, applied, and then refunded in the manner provided in section 297A.75.

"Capital equipment" means machinery and equipment purchased or leased, and used in this state by the purchaser or lessee primarily for manufacturing, fabricating, mining, or refining tangible personal property to be sold ultimately at retail if the machinery and equipment are essential to the integrated production process of manufacturing, fabricating, mining, or refining. Capital equipment also includes machinery and equipment used to electronically transmit results retrieved by a customer of an online computerized data retrieval system.

(b) Capital equipment includes, but is not limited to:

(1) machinery and equipment used to operate, control, or regulate the production equipment;

(2) machinery and equipment used for research and development, design, quality control, and testing activities;

(3) environmental control devices that are used to maintain conditions such as temperature, humidity, light, or air pressure when those conditions are essential to and are part of the production process;

(4) materials and supplies used to construct and install machinery or equipment;

(5) repair and replacement parts, including accessories, whether purchased as spare parts, repair parts, or as upgrades or modifications to machinery or equipment;

(6) materials used for foundations that support machinery or equipment;

(7) materials used to construct and install special purpose buildings used in the production process; ~~and~~

(8) ready-mixed concrete trucks in which the ready-mixed concrete is mixed as part of the delivery process; and

(9) machinery or equipment used for research, development, design, or production of computer software.

(c) Capital equipment does not include the following:

(1) motor vehicles taxed under chapter 297B;

(2) machinery or equipment used to receive or store raw materials;

(3) building materials, except for materials included in paragraph (b), clauses (6) and (7);

(4) machinery or equipment used for nonproduction purposes, including, but not limited to, the following: plant security, fire prevention, first aid, and hospital stations; support operations or administration; pollution control; and plant cleaning, disposal of scrap and waste, plant communications, space heating, cooling, lighting, or safety;

(5) farm machinery and aquaculture production equipment as defined by section 297A.61, subdivisions 12 and 13;

(6) machinery or equipment purchased and installed by a contractor as part of an improvement to real property; or

(7) any other item that is not essential to the integrated process of manufacturing, fabricating, mining, or refining.

(d) For purposes of this subdivision:

(1) "Equipment" means independent devices or tools separate from machinery but essential to an integrated production process, including computers and computer software, used in operating, controlling, or regulating machinery and equipment; and any subunit or assembly comprising a component of any machinery or accessory or attachment parts of machinery, such as tools, dies, jigs, patterns, and molds.

(2) "Fabricating" means to make, build, create, produce, or assemble components or property to work in a new or different manner.

(3) "Machinery" means mechanical, electronic, or electrical devices, including computers and computer software, that are purchased or constructed to be used for the activities set forth in paragraph (a), beginning with the removal of raw materials from inventory through completion of the product, including packaging of the product.

(4) "Machinery and equipment used for pollution control" means machinery and equipment used solely to eliminate, prevent, or reduce pollution resulting from an activity described in paragraph (a).

(5) "Manufacturing" means an operation or series of operations where raw materials are changed in form, composition, or condition by machinery and equipment and which results in the production of a new article of tangible personal property. For purposes of this subdivision, "manufacturing" includes the generation of electricity or steam to be sold at retail.

(6) "Mining" means the extraction of minerals, ores, stone, or peat.

(7) "Online data retrieval system" means a system whose cumulation of information is equally available and accessible to all its customers.

(8) "Primarily" means machinery and equipment used 50 percent or more of the time in an activity described in paragraph (a).

(9) "Refining" means the process of converting a natural resource to a product, including the treatment of water to be sold at retail.

[EFFECTIVE DATE.] This section is effective for sales and purchases made on or after January 1, 2004."

Page 9, after line 5, insert:

"Sec. 26. Minnesota Statutes 2002, section 297A.75, subdivision 4, is amended to read:

Subd. 4. [INTEREST.] Interest must be paid on the refund at the rate in section 270.76 from ~~the date the refund claim is filed for taxes paid under subdivision 1, clauses (1) to (3), and (5), and from 60 days after the date the refund claim is filed with the commissioner for claims filed under subdivision 1, clauses (4), (6), (7), (8), and (9)~~ 90 days after the refund claim is filed with the commissioner for taxes paid under subdivision 1.

[EFFECTIVE DATE.] This section is effective for refund claims filed on or after April 1, 2003.

Sec. 27. Minnesota Statutes 2002, section 297A.81, is amended to read:

297A.81 [UNCOLLECTIBLE DEBTS; OFFSET AGAINST OTHER TAXES.]

Subdivision 1. [GENERAL.] The taxpayer may offset against the taxes payable for any reporting period the amount of taxes imposed by this chapter previously paid as a result of any transaction the consideration for which became a debt owed to the taxpayer that became uncollectible during the reporting period, but only in proportion to the portion of the debt that became uncollectible. Section 289A.40, subdivision 2, applies to an offset under this section.

Subd. 2. [MANNER OF ALLOWING DEDUCTION FOR UNCOLLECTIBLE DEBT.] (a) Uncollectible debt is allowed as a deduction in the manner provided in this subdivision.

(b) If the uncollectible debt arose with respect to a sale required to be included in gross receipts, subject to a tax imposed under chapter 297A, the entire amount of the debt remaining uncollected is allowed as a deduction.

(c) If the uncollectible debt arose with respect to a sale partly subject to the tax imposed under chapter 297A and partly exempt, the amount of the uncollectible debt allowed as a deduction is the amount derived by multiplying the uncollectible debt by the percentage that the taxable sale bears to the total sales.

(d) If the uncollectible debt arose with respect to two or more sales made at successive intervals, payments made before the date the debt became uncollectible must be applied first to the earliest sale upon which there is an unpaid balance, and to following sales in successive order.

(e) If the books and records of the taxpayer claiming the bad debt allowance support an allocation of the bad debts among the member states of the streamlined sales and use tax agreement, such an allocation shall be allowed.

Subd. 3. [CERTIFIED SERVICE PROVIDER.] A certified service provider, as defined in section 297A.995, subdivision 2, on behalf of a taxpayer who is its client, may offset against taxes as provided by this section.

[EFFECTIVE DATE.] This section is effective for sales and purchases made on or after January 1, 2004.

Sec. 28. Minnesota Statutes 2002, section 297A.99, subdivision 5, is amended to read:

Subd. 5. [TAX RATE.] (a) The tax rate is as specified in the special law authorization and as imposed by the political subdivision.

(b) The full political subdivision rate applies to any sales that are taxed at a state rate less than or more than the state general sales and use tax rate, and the political subdivision must not have more than one local sales tax rate or more than one local use tax rate. This paragraph does not apply to sales or use taxes imposed on electricity, piped natural or artificial gas, or other heating fuels delivered by the seller, or the retail sale or transfer of motor vehicles, aircraft, watercraft, modular homes, manufactured homes, or mobile homes.

[EFFECTIVE DATE.] This section is effective for sales and purchases made on or after January 1, 2004.

Sec. 29. Minnesota Statutes 2002, section 297A.99, subdivision 10, is amended to read:

Subd. 10. [USE OF ZIP CODE IN DETERMINING LOCATION OF SALE.] To determine whether to impose the local tax, the retailer may use zip codes if the zip code area is entirely within the political subdivision. When a zip code area is not entirely within a political subdivision, the retailer shall not collect the local tax if the purchaser notifies the retailer that the purchaser's delivery address is outside of the political subdivision, unless the retailer verifies that the delivery address is in the political subdivision using a means other than the zip code. The lowest combined tax rate imposed in the zip code area applies if the area includes more than one tax rate in any level of taxing jurisdictions. If a nine-digit zip code designation is not available for a street address or if a seller is unable to determine the nine-digit zip code designation of a purchaser after exercising due diligence to determine the designation, the seller may apply the rate for the five-digit zip code area. For the purposes of this subdivision, there is a rebuttable presumption that a seller has exercised due diligence if the seller has attempted to determine the nine-digit zip code designation by utilizing software approved by the governing board that makes this designation from the street address and the five-digit zip code of the purchaser. Notwithstanding subdivision 13, this subdivision applies to all local sales taxes without regard to the date of authorization. This subdivision does not apply when the purchased product is received by the purchaser at the business location of the seller.

[EFFECTIVE DATE.] This section is effective for sales and purchases made on or after January 1, 2004.

Sec. 30. Minnesota Statutes 2002, section 297A.99, subdivision 12, is amended to read:

Subd. 12. [EFFECTIVE DATES; NOTIFICATION.] (a) A political subdivision may impose a tax under this section starting only on the first day of a calendar quarter. A political subdivision may repeal a tax under this section stopping only on the last day of a calendar quarter.

(b) The political subdivision shall notify the commissioner of revenue at least 90 days before imposing, changing the rate of, or repealing a tax under this section.

(c) The political subdivision shall change the rate of tax imposed under this section starting only on the first day of a calendar quarter, and only after the commissioner has notified sellers at least 60 days prior to the change.

(d) The political subdivision shall apply the rate change for sales tax imposed under this section to purchases from printed catalogs, wherein the purchaser computed the tax based upon local tax rates published in the catalog, starting only on the first day of a calendar quarter, and only after the commissioner has notified sellers at least 120 days prior to the change.

(e) The political subdivision shall apply local jurisdiction boundary changes to taxes imposed under this section starting only on the first day of a calendar quarter, and only after the commissioner has notified sellers at least 60 days prior to the change.

[EFFECTIVE DATE.] This section is effective for sales and purchases made on or after January 1, 2004.

Sec. 31. Minnesota Statutes 2002, section 297A.995, is amended by adding a subdivision to read:

Subd. 10. [RELIEF FROM CERTAIN LIABILITY.] Notwithstanding subdivision 9, sellers and certified service providers are relieved from liability to the state for having charged and collected the incorrect amount of sales or use tax resulting from the seller or certified service provider (1) relying on erroneous data provided by this state on tax rates, boundaries, or taxing jurisdiction assignments, or (2) relying on erroneous data provided by the state in its taxability matrix concerning the taxability of products and services.

[EFFECTIVE DATE.] This section is effective for sales and purchases made on or after January 1, 2004."

Page 10, after line 6, insert:

"(a) Minnesota Statutes 2002, section 297A.61, subdivisions 14 and 15, are repealed effective for sales and purchases made on or after January 1, 2004.

(b) Minnesota Statutes 2002, section 297A.69, subdivision 5, is repealed effective January 1, 2006."

Page 10, line 7, before "Laws" insert "(c)"

Page 10, after line 11, insert:

"Section 1. [123A.455] [REALIGNING SPLIT RESIDENTIAL PARCELS.]

Subdivision 1. [DEFINITIONS.] "Split residential property parcel" means a parcel of real estate that is located within the boundaries of more than one school district and that is classified as residential property under:

(1) section 273.13, subdivision 22, paragraph (a) or (b);

(2) section 273.13, subdivision 25, paragraph (b), clause (1); or

(3) section 273.13, subdivision 25, paragraph (c), clause (1).

Subd. 2. [PETITION.] The owner of a split residential property parcel may petition the auditor of the county where the split parcel is located to transfer that part into the adjoining school district so the entire property will be located in the same school district. The petition must contain:

(1) a correct description of the split parcel to be affected by the transfer including supporting data on location and title to the land;

(2) a list of the school districts in which the split parcels currently lie;

(3) the school district into which the petitioner desires to have the whole split parcel transferred; and

(4) the district of attendance of any students currently residing on the property.

Subd. 3. [AUDITOR'S ORDER.] Within 60 days of receipt of the petition, the auditor of the county in which the petition was filed under subdivision 2 shall issue an order to transfer the affected parcel to the district determined by the county board. Orders issued on or before July 1 will be effective for taxes payable in the following year. The auditor must notify the affected school districts and the commissioner of the change in school district boundaries.

Subd. 4. [COMMISSIONER.] The commissioner shall modify the records of school district boundaries to conform to the order.

Subd. 5. [TAXABLE PROPERTY.] Upon the effective date of the order, the whole split property parcel is transferred into a single school district. Beginning in the next subsequent taxes payable year, all taxable property in the whole split parcel is:

(1) relieved of all school district taxes from the district in which the parcel is no longer located; and

(2) subject to all school district taxes in the district in which the whole split parcel is now located.

[EFFECTIVE DATE.] This section is effective for petitions filed on or after the day following final enactment. Orders issued under subdivision 3 on or before September 15, 2003, are effective for taxes payable in 2004.

Sec. 2. Minnesota Statutes 2002, section 168A.05, subdivision 1a, is amended to read:

Subd. 1a. [MANUFACTURED HOME; STATEMENT OF PROPERTY TAX PAYMENT.] In the case of a manufactured home as defined in section 327.31, subdivision 6, the department shall not issue a certificate of title unless the application under section 168A.04 is accompanied with a statement from the county auditor or county treasurer where the manufactured home is presently located, stating that all manufactured home personal property taxes levied on the unit ~~that are due from~~ in the name of the current owner at the time of transfer ~~for which the application applies~~, have been paid.

[EFFECTIVE DATE.] This section is effective for certificates of title issued by the department on or after July 1, 2003."

Page 17, after line 28, insert:

"Sec. 12. Minnesota Statutes 2002, section 273.124, subdivision 14, is amended to read:

Subd. 14. [AGRICULTURAL HOMESTEADS; SPECIAL PROVISIONS.] (a) Real estate of less than ten acres that is the homestead of its owner must be classified as class 2a under section 273.13, subdivision 23, paragraph (a), if:

(1) the parcel on which the house is located is contiguous on at least two sides to (i) agricultural land, (ii) land owned or administered by the United States Fish and Wildlife Service, or (iii) land administered by the department of natural resources on which in lieu taxes are paid under sections 477A.11 to 477A.14;

(2) its owner also owns a noncontiguous parcel of agricultural land that is at least 20 acres;

(3) the noncontiguous land is located not farther than four townships or cities, or a combination of townships or cities from the homestead; and

(4) the agricultural use value of the noncontiguous land and farm buildings is equal to at least 50 percent of the market value of the house, garage, and one acre of land.

Homesteads initially classified as class 2a under the provisions of this paragraph shall remain classified as class 2a, irrespective of subsequent changes in the use of adjoining properties, as long as the homestead remains under the same ownership, the owner owns a noncontiguous parcel of agricultural land that is at least 20 acres, and the agricultural use value qualifies under clause (4). Homestead classification under this paragraph is limited to property that qualified under this paragraph for the 1998 assessment.

(b)(i) Agricultural property consisting of at least 40 acres shall be classified as the owner's homestead, to the same extent as other agricultural homestead property, if all of the following criteria are met:

(1) the owner, the owner's spouse, or the son or daughter of the owner or owner's spouse, is actively farming the agricultural property, either on the person's own behalf as an individual or on behalf of a partnership operating a family farm, family farm corporation, joint family farm venture, or limited liability company of which the person is a partner, shareholder, or member;

(2) both the owner of the agricultural property and the person who is actively farming the agricultural property under clause (1), are Minnesota residents;

(3) neither the owner nor the spouse of the owner claims another agricultural homestead in Minnesota; and

(4) neither the owner nor the person actively farming the property lives farther than four townships or cities, or a combination of four townships or cities, from the agricultural property, except that if the owner or the owner's spouse is required to live in employer-provided housing, the owner or owner's spouse, whichever is actively farming the agricultural property, may live more than four townships or cities, or combination of four townships or cities from the agricultural property.

The relationship under this paragraph may be either by blood or marriage.

(ii) Real property held by a trustee under a trust is eligible for agricultural homestead classification under this paragraph if the qualifications in clause (i) are met, except that "owner" means the grantor of the trust.

(iii) Property containing the residence of an owner who owns qualified property under clause (i) shall be classified as part of the owner's agricultural homestead, if that property is also used for noncommercial storage or drying of agricultural crops.

(c) Noncontiguous land shall be included as part of a homestead under section 273.13, subdivision 23, paragraph (a), only if the homestead is classified as class 2a and the detached land is located in the same township or city, or not farther than four townships or cities or combination thereof from the homestead. Any taxpayer of these noncontiguous lands must notify the county assessor that the noncontiguous land is part of the taxpayer's homestead, and, if the homestead is located in another county, the taxpayer must also notify the assessor of the other county.

(d) Agricultural land used for purposes of a homestead and actively farmed by a person holding a vested remainder interest in it must be classified as a homestead under section 273.13, subdivision 23, paragraph (a). If agricultural land is classified class 2a, any other dwellings on the land used for purposes of a homestead by persons holding vested remainder interests who are actively engaged in farming the property, and up to one acre of the land surrounding each homestead and reasonably necessary for the use of the dwelling as a home, must also be assessed class 2a.

(e) Agricultural land and buildings that were class 2a homestead property under section 273.13, subdivision 23, paragraph (a), for the 1997 assessment shall remain classified as agricultural homesteads for subsequent assessments if:

(1) the property owner abandoned the homestead dwelling located on the agricultural homestead as a result of the April 1997 floods;

(2) the property is located in the county of Polk, Clay, Kittson, Marshall, Norman, or Wilkin;

(3) the agricultural land and buildings remain under the same ownership for the current assessment year as existed for the 1997 assessment year and continue to be used for agricultural purposes;

(4) the dwelling occupied by the owner is located in Minnesota and is within 30 miles of one of the parcels of agricultural land that is owned by the taxpayer; and

(5) the owner notifies the county assessor that the relocation was due to the 1997 floods, and the owner furnishes the assessor any information deemed necessary by the assessor in verifying the change in dwelling. Further notifications to the assessor are not required if the property continues to meet all the requirements in this paragraph and any dwellings on the agricultural land remain uninhabited.

(f) Agricultural land and buildings that were class 2a homestead property under section 273.13, subdivision 23, paragraph (a), for the 1998 assessment shall remain classified agricultural homesteads for subsequent assessments if:

(1) the property owner abandoned the homestead dwelling located on the agricultural homestead as a result of damage caused by a March 29, 1998, tornado;

(2) the property is located in the county of Blue Earth, Brown, Cottonwood, LeSueur, Nicollet, Nobles, or Rice;

(3) the agricultural land and buildings remain under the same ownership for the current assessment year as existed for the 1998 assessment year;

(4) the dwelling occupied by the owner is located in this state and is within 50 miles of one of the parcels of agricultural land that is owned by the taxpayer; and

(5) the owner notifies the county assessor that the relocation was due to a March 29, 1998, tornado, and the owner furnishes the assessor any information deemed necessary by the assessor in verifying the change in homestead dwelling. For taxes payable in 1999, the owner must notify the assessor by December 1, 1998. Further notifications to the assessor are not required if the property continues to meet all the requirements in this paragraph and any dwellings on the agricultural land remain uninhabited.

(g) Agricultural property consisting of at least 40 acres of a family farm corporation, joint family farm venture, family farm limited liability company, or partnership operating a family farm as described under subdivision 8 shall be classified homestead, to the same extent as other agricultural homestead property, if all of the following criteria are met:

- (1) a shareholder, member, or partner of that entity is actively farming the agricultural property;
- (2) that shareholder, member, or partner who is actively farming the agricultural property is a Minnesota resident;
- (3) neither that shareholder, member, or partner, nor the spouse of that shareholder, member, or partner claims another agricultural homestead in Minnesota; and
- (4) that shareholder, member, or partner does not live farther than four townships or cities, or a combination of four townships or cities, from the agricultural property.

Homestead treatment applies under this paragraph for property leased to a family farm corporation, joint farm venture, limited liability company, or partnership operating a family farm if legal title to the property is in the name of an individual who is a member, shareholder, or partner in the entity.

(h) To be eligible for the special agricultural homestead under this subdivision, an initial full application must be submitted to the county assessor where the property is located. Owners and the persons who are actively farming the property shall be required to complete only a one-page abbreviated version of the application in each subsequent year provided that none of the following items have changed since the initial application:

- (1) the day-to-day operation, administration, and financial risks remain the same;
- (2) the owners and the persons actively farming the property continue to live within the four townships or city criteria and are Minnesota residents;
- (3) the same operator of the agricultural property is listed with the farm service agency;
- (4) a Schedule F or equivalent income tax form was filed for the most recent year;
- (5) the property's acreage is unchanged; and
- (6) none of the property's acres have been enrolled in a federal or state farm program since the initial application.

The owners and any persons who are actively farming the property must include the appropriate social security numbers, and sign and date the application. If any of the specified information has changed since the full application was filed, the owner must notify the assessor, and must complete a new application to determine if the property continues to qualify for the special agricultural homestead. The commissioner of revenue shall prepare a standard reapplication form for use by the assessors.

[EFFECTIVE DATE.] This section is effective for applications filed for the 2004 assessment and thereafter.

Page 17, delete section 10 and insert:

"Sec. 13. Minnesota Statutes 2002, section 273.13, subdivision 22, is amended to read:

Subd. 22. [CLASS 1.] (a) Except as provided in subdivision 23 and in paragraphs (b) and (c), real estate which is residential and used for homestead purposes is class 1a. In the case of a duplex or triplex in which one of the units is used for homestead purposes, the entire property is deemed to be used for homestead purposes. The market value of class 1a property must be determined based upon the value of the house, garage, and land.

The first \$500,000 of market value of class 1a property has a net class rate of one percent of its market value; and the market value of class 1a property that exceeds \$500,000 has a class rate of 1.25 percent of its market value.

(b) Class 1b property includes homestead real estate or homestead manufactured homes used for the purposes of a homestead by

(1) any ~~blind~~ person who is blind as defined in section 256D.35, or the blind person and the blind person's spouse; or

(2) any person, hereinafter referred to as "veteran," who:

(i) served in the active military or naval service of the United States; and

(ii) is entitled to compensation under the laws and regulations of the United States for permanent and total service-connected disability due to the loss, or loss of use, by reason of amputation, ankylosis, progressive muscular dystrophies, or paralysis, of both lower extremities, such as to preclude motion without the aid of braces, crutches, canes, or a wheelchair; and

(iii) has acquired a special housing unit with special fixtures or movable facilities made necessary by the nature of the veteran's disability, or the surviving spouse of the deceased veteran for as long as the surviving spouse retains the special housing unit as a homestead; or

(3) any person who:

~~(i) is permanently and totally disabled and~~

~~(ii) receives 90 percent or more of total household income, as defined in section 290A.03, subdivision 5, from~~

~~(A) aid from any state as a result of that disability; or~~

~~(B) supplemental security income for the disabled; or~~

~~(C) workers' compensation based on a finding of total and permanent disability; or~~

~~(D) social security disability, including the amount of a disability insurance benefit which is converted to an old age insurance benefit and any subsequent cost of living increases; or~~

~~(E) aid under the federal Railroad Retirement Act of 1937, United States Code Annotated, title 45, section 228b(a)5; or~~

~~(F) a pension from any local government retirement fund located in the state of Minnesota as a result of that disability; or~~

~~(G) pension, annuity, or other income paid as a result of that disability from a private pension or disability plan, including employer, employee, union, and insurance plans and~~

~~(iii) has household income as defined in section 290A.03, subdivision 5, of \$50,000 or less; or~~

~~(4) any person who is permanently and totally disabled and whose household income as defined in section 290A.03, subdivision 5, is 275 percent or less of the federal poverty level.~~

Property is classified and assessed under clause ~~(4)~~ (3) only if the government agency or income-providing source certifies, upon the request of the homestead occupant, that the homestead occupant satisfies the disability requirements of this paragraph.

Property is classified and assessed pursuant to clause (1) only if the commissioner of ~~economic security~~ revenue certifies to the assessor that the homestead occupant satisfies the requirements of this paragraph.

Permanently and totally disabled for the purpose of this subdivision means a condition which is permanent in nature and totally incapacitates the person from working at an occupation which brings the person an income. The first \$32,000 market value of class 1b property has a net class rate of .45 percent of its market value. The remaining market value of class 1b property has a class rate using the rates for class 1a or class 2a property, whichever is appropriate, of similar market value.

(c) Class 1c property is commercial use real property that abuts a lakeshore line and is devoted to temporary and seasonal residential occupancy for recreational purposes but not devoted to commercial purposes for more than 250 days in the year preceding the year of assessment, and that includes a portion used as a homestead by the owner, which includes a dwelling occupied as a homestead by a shareholder of a corporation that owns the resort ~~or~~ a partner in a partnership that owns the resort, or a member of a limited liability company that owns the resort even if the title to the homestead is held by the corporation ~~or~~ partnership, or limited liability company. For purposes of this clause, property is devoted to a commercial purpose on a specific day if any portion of the property, excluding the portion used exclusively as a homestead, is used for residential occupancy and a fee is charged for residential occupancy. The first \$500,000 of market value of class 1c property has a class rate of one percent, and the remaining market value of class 1c property has a class rate of one percent, with the following limitation: the area of the property must not exceed 100 feet of lakeshore footage for each cabin or campsite located on the property up to a total of 800 feet and 500 feet in depth, measured away from the lakeshore. If any portion of the class 1c resort property is classified as class 4c under subdivision 25, the entire property must meet the requirements of subdivision 25, paragraph (d), clause (1), to qualify for class 1c treatment under this paragraph.

(d) Class 1d property includes structures that meet all of the following criteria:

(1) the structure is located on property that is classified as agricultural property under section 273.13, subdivision 23;

(2) the structure is occupied exclusively by seasonal farm workers during the time when they work on that farm, and the occupants are not charged rent for the privilege of occupying the property, provided that use of the structure for storage of farm equipment and produce does not disqualify the property from classification under this paragraph;

(3) the structure meets all applicable health and safety requirements for the appropriate season; and

(4) the structure is not salable as residential property because it does not comply with local ordinances relating to location in relation to streets or roads.

The market value of class 1d property has the same class rates as class 1a property under paragraph (a).

[EFFECTIVE DATE.] This section is effective for property taxes levied in 2003, payable in 2004, and thereafter, except that the amendments to paragraph (b) are effective for taxes payable in 2005 and thereafter.

Sec. 14. Minnesota Statutes 2002, section 273.13, subdivision 23, is amended to read:

Subd. 23. [CLASS 2.] (a) Class 2a property is agricultural land including any improvements that is homesteaded. The market value of the house and garage and immediately surrounding one acre of land has the same class rates as class 1a property under subdivision 22. The value of the remaining land including improvements up to and including \$600,000 market value has a net class rate of 0.55 percent of market value. The remaining property over \$600,000 market value has a class rate of one percent of market value.

(b) Class 2b property is (1) real estate, rural in character and used exclusively for growing trees for timber, lumber, and wood and wood products; (2) real estate that is not improved with a structure and is used exclusively for growing trees for timber, lumber, and wood and wood products, if the owner has participated or is participating in a cost-sharing program for afforestation, reforestation, or timber stand improvement on that particular property, administered or coordinated by the commissioner of natural resources; (3) real estate that is nonhomestead agricultural land; or (4) a landing area or public access area of a privately owned public use airport. Class 2b property has a net class rate of one percent of market value.

(c) Agricultural land as used in this section means contiguous acreage of ten acres or more, used during the preceding year for agricultural purposes. "Agricultural purposes" as used in this section means the raising or cultivation of agricultural products. "Agricultural purposes" also includes ~~or~~ enrollment in the Reinvest in Minnesota program under sections 103F.501 to 103F.535 or the federal Conservation Reserve Program as contained in Public Law ~~Number~~ 99-198 if the property was classified as agricultural (i) under this subdivision for the assessment year 2002 or (ii) in the year prior to its enrollment. Contiguous acreage on the same parcel, or contiguous acreage on an immediately adjacent parcel under the same ownership, may also qualify as agricultural land, but only if it is pasture, timber, waste, unusable wild land, or land included in state or federal farm programs. Agricultural classification for property shall be determined excluding the house, garage, and immediately surrounding one acre of land, and shall not be based upon the market value of any residential structures on the parcel or contiguous parcels under the same ownership.

(d) Real estate, excluding the house, garage, and immediately surrounding one acre of land, of less than ten acres which is exclusively and intensively used for raising or cultivating agricultural products, shall be considered as agricultural land.

Land shall be classified as agricultural even if all or a portion of the agricultural use of that property is the leasing to, or use by another person for agricultural purposes.

Classification under this subdivision is not determinative for qualifying under section 273.111.

The property classification under this section supersedes, for property tax purposes only, any locally administered agricultural policies or land use restrictions that define minimum or maximum farm acreage.

(e) The term "agricultural products" as used in this subdivision includes production for sale of:

(1) livestock, dairy animals, dairy products, poultry and poultry products, fur-bearing animals, horticultural and nursery stock described in sections 18.44 to 18.61, fruit of all kinds, vegetables, forage, grains, bees, and apiary products by the owner;

(2) fish bred for sale and consumption if the fish breeding occurs on land zoned for agricultural use;

(3) the commercial boarding of horses if the boarding is done in conjunction with raising or cultivating agricultural products as defined in clause (1);

(4) property which is owned and operated by nonprofit organizations used for equestrian activities, excluding racing;

(5) game birds and waterfowl bred and raised for use on a shooting preserve licensed under section 97A.115;

(6) insects primarily bred to be used as food for animals;

(7) trees, grown for sale as a crop, and not sold for timber, lumber, wood, or wood products; and

(8) maple syrup taken from trees grown by a person licensed by the Minnesota department of agriculture under chapter 28A as a food processor.

(f) If a parcel used for agricultural purposes is also used for commercial or industrial purposes, including but not limited to:

- (1) wholesale and retail sales;
- (2) processing of raw agricultural products or other goods;
- (3) warehousing or storage of processed goods; and
- (4) office facilities for the support of the activities enumerated in clauses (1), (2), and (3),

the assessor shall classify the part of the parcel used for agricultural purposes as class 1b, 2a, or 2b, whichever is appropriate, and the remainder in the class appropriate to its use. The grading, sorting, and packaging of raw agricultural products for first sale is considered an agricultural purpose. A greenhouse or other building where horticultural or nursery products are grown that is also used for the conduct of retail sales must be classified as agricultural if it is primarily used for the growing of horticultural or nursery products from seed, cuttings, or roots and occasionally as a showroom for the retail sale of those products. Use of a greenhouse or building only for the display of already grown horticultural or nursery products does not qualify as an agricultural purpose.

The assessor shall determine and list separately on the records the market value of the homestead dwelling and the one acre of land on which that dwelling is located. If any farm buildings or structures are located on this homesteaded acre of land, their market value shall not be included in this separate determination.

(g) To qualify for classification under paragraph (b), clause (4), a privately owned public use airport must be licensed as a public airport under section 360.018. For purposes of paragraph (b), clause (4), "landing area" means that part of a privately owned public use airport properly cleared, regularly maintained, and made available to the public for use by aircraft and includes runways, taxiways, aprons, and sites upon which are situated landing or navigational aids. A landing area also includes land underlying both the primary surface and the approach surfaces that comply with all of the following:

(i) the land is properly cleared and regularly maintained for the primary purposes of the landing, taking off, and taxiing of aircraft; but that portion of the land that contains facilities for servicing, repair, or maintenance of aircraft is not included as a landing area;

(ii) the land is part of the airport property; and

(iii) the land is not used for commercial or residential purposes.

The land contained in a landing area under paragraph (b), clause (4), must be described and certified by the commissioner of transportation. The certification is effective until it is modified, or until the airport or landing area no longer meets the requirements of paragraph (b), clause (4). For purposes of paragraph (b), clause (4), "public access area" means property used as an aircraft parking ramp, apron, or storage hangar, or an arrival and departure building in connection with the airport.

[EFFECTIVE DATE.] This section is effective for taxes payable in 2004 and thereafter.

Sec. 15. Minnesota Statutes 2002, section 273.1315, is amended to read:

273.1315 [CERTIFICATION OF 1B PROPERTY.]

Any property owner seeking classification and assessment of the owner's homestead as class 1b property pursuant to section 273.13, subdivision 22, paragraph (b), ~~clause (2) or (3)~~, shall file with the commissioner of revenue ~~for each assessment year~~ a 1b homestead declaration, on a form prescribed by the commissioner. The declaration shall contain the following information:

(a) the information necessary to verify that the property owner or the owner's spouse satisfies the requirements of section 273.13, subdivision 22, paragraph (b), ~~clause (2) or (3)~~, for 1b classification; and

(b) ~~the property owner's household income, as defined in section 290A.03, for the previous calendar year; and~~

(~~e~~) any additional information prescribed by the commissioner.

The declaration ~~shall~~ must be filed on or before ~~March~~ October 1 ~~of each year~~ to be effective for property taxes payable during the succeeding calendar year. The declaration and any supplementary information received from the property owner pursuant to this section shall be subject to chapter 270B. If approved by the commissioner, the declaration remains in effect until the property no longer qualifies under section 273.13, subdivision 22, paragraph (b). Failure to notify the commissioner within 30 days that the property no longer qualifies under that paragraph because of a sale, change in occupancy, or change in the status or condition of an occupant shall result in the penalty provided in section 273.124, subdivision 13, computed on the basis of the class 1b benefits for the property, and the property shall lose its current class 1b classification.

The commissioner shall provide to the assessor on or before ~~April~~ November 1 a listing of the parcels of property qualifying for 1b classification.

[EFFECTIVE DATE.] This section is effective for taxes payable in 2005 and thereafter.

Sec. 16. [274.014] [LOCAL BOARDS; APPEALS AND EQUALIZATION COURSE AND MEETING REQUIREMENTS.]

Subdivision 1. [HANDBOOK FOR LOCAL BOARDS.] By no later than January 1, 2005, the commissioner of revenue must develop a handbook detailing procedures, responsibilities, and requirements for local boards of appeal and equalization. The handbook must include, but need not be limited to, the role of the local board in the assessment process, the legal and policy reasons for fair and impartial appeal and equalization hearings, local board meeting procedures that foster fair and impartial assessment reviews and other best practices recommendations, quorum requirements for local boards, and explanations of alternate methods of appeal.

Subd. 2. [APPEALS AND EQUALIZATION COURSE.] By no later than January 1, 2006, and each year thereafter, there must be at least one member at each meeting of a local board of appeal and equalization who has attended an appeals and equalization course developed or approved by the commissioner within the last four years, as certified by the commissioner. The course may be offered in conjunction with a meeting of the Minnesota League of Cities or the Minnesota Association of Townships. The course content must include, but need not be limited to, a review of the handbook developed by the commissioner under subdivision 1.

Subd. 3. [PROOF OF COMPLIANCE; TRANSFER OF DUTIES.] Any city or town that does not provide proof to the county assessor by December 1, 2006, and each year thereafter, that it is in compliance with the requirements of subdivision 2, and that it had a quorum at each meeting of the board of appeal and equalization in the prior year, is deemed to have transferred its board of appeal and equalization powers to the county under section 274.01, subdivision 3, for the following year's assessment.

The county shall notify the taxpayers when the board of appeal and equalization for a city or town has been transferred to the county under this subdivision and, prior to the meeting time of the county board of equalization, the county shall make available to those taxpayers a procedure for a review of the assessments, including, but not limited to, open book meetings. This alternate review process shall take place in April and May.

A local board whose powers are transferred to the county under this subdivision may be reinstated by resolution of the governing body of the city or town and upon proof of compliance with the requirements of subdivision 2. The resolution and proofs must be provided to the county assessor by December 1 in order to be effective for the following year's assessment.

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

Page 21, delete section 11 and insert:

"Sec. 17. [275.75] [CHARTER EXEMPTION FOR AID LOSS.]

Notwithstanding any other provision of a municipal charter that limits ad valorem taxes to a lesser amount, or that would require voter approval for any increase, the governing body of a municipality may by resolution increase its levy for taxes payable in 2004 and 2005 only by an amount equal to the reduction in the amount of aid it is certified to receive under sections 477A.011 to 477A.03 for that same payable year compared to the amount certified for payment in 2003."

Page 22, after line 9, insert:

"Sec. 19. Minnesota Statutes 2002, section 278.05, subdivision 6, is amended to read:

Subd. 6. [DISMISSAL OF PETITION; EXCLUSION OF CERTAIN EVIDENCE.] (a) Information, including income and expense figures, verified net rentable areas, and anticipated income and expenses, for income-producing property must be provided to the county assessor ~~within 60 days after the petition has been filed under this chapter~~ no later than 60 days after the applicable filing deadline contained in section 278.01, subdivision 1 or 4. Failure to provide the information required in this paragraph shall result in the dismissal of the petition, unless (1) the failure to provide it was due to the unavailability of the evidence at ~~that~~ the time that the information was due, or (2) the petitioner was not aware of or informed of the requirement to provide the information.

If the petitioner proves that the requirements under clause (2) are met, the petitioner has an additional 30 days to provide the information from the time the petitioner became aware of or was informed of the requirement to provide the information, otherwise the petition shall be dismissed.

(b) Provided that the information as contained in paragraph (a) is timely submitted to the county assessor, the county assessor shall furnish the petitioner at least five days before the hearing under this chapter with the property's appraisal, if any, which will be presented to the court at the hearing. The petitioner shall furnish to the county assessor at least five days before the hearing under this chapter with the property's appraisal, if any, which will be presented to the court at the hearing. An appraisal of the petitioner's property done by or for the county shall not be admissible as evidence if the county assessor does not comply with the provisions in this paragraph. The petition shall be dismissed if the petitioner does not comply with the provisions in this paragraph.

[EFFECTIVE DATE.] This section is effective for petitions filed on or after July 1, 2003."

Page 27, after line 29, insert:

"Sec. 6. Minnesota Statutes 2002, section 290.01, subdivision 19a, is amended to read:

Subd. 19a. [ADDITIONS TO FEDERAL TAXABLE INCOME.] For individuals, estates, and trusts, there shall be added to federal taxable income:

(1)(i) interest income on obligations of any state other than Minnesota or a political or governmental subdivision, municipality, or governmental agency or instrumentality of any state other than Minnesota exempt from federal income taxes under the Internal Revenue Code or any other federal statute; and

(ii) exempt-interest dividends as defined in section 852(b)(5) of the Internal Revenue Code, except the portion of the exempt-interest dividends derived from interest income on obligations of the state of Minnesota or its political or governmental subdivisions, municipalities, governmental agencies or instrumentalities, but only if the portion of the exempt-interest dividends from such Minnesota sources paid to all shareholders represents 95 percent or more of the exempt-interest dividends that are paid by the regulated investment company as defined in section 851(a) of the Internal Revenue Code, or the fund of the regulated investment company as defined in section 851(g) of the Internal Revenue Code, making the payment; and

(iii) for the purposes of items (i) and (ii), interest on obligations of an Indian tribal government described in section 7871(c) of the Internal Revenue Code shall be treated as interest income on obligations of the state in which the tribe is located;

(2) the amount of income taxes paid or accrued within the taxable year under this chapter and income taxes paid to any other state or to any province or territory of Canada, to the extent allowed as a deduction under section 63(d) of the Internal Revenue Code, but the addition may not be more than the amount by which the itemized deductions as allowed under section 63(d) of the Internal Revenue Code exceeds the amount of the standard deduction as defined in section 63(c) of the Internal Revenue Code. For the purpose of this paragraph, the disallowance of itemized deductions under section 68 of the Internal Revenue Code of 1986, income tax is the last itemized deduction disallowed;

(3) the capital gain amount of a lump sum distribution to which the special tax under section 1122(h)(3)(B)(ii) of the Tax Reform Act of 1986, Public Law ~~Number~~ 99-514, applies;

(4) the amount of income taxes paid or accrued within the taxable year under this chapter and income taxes paid to any other state or any province or territory of Canada, to the extent allowed as a deduction in determining federal adjusted gross income. For the purpose of this paragraph, income taxes do not include the taxes imposed by sections 290.0922, subdivision 1, paragraph (b), 290.9727, 290.9728, and 290.9729;

(5) the amount of expense, interest, or taxes disallowed pursuant to section 290.10;

(6) the amount of a partner's pro rata share of net income which does not flow through to the partner because the partnership elected to pay the tax on the income under section 6242(a)(2) of the Internal Revenue Code; and

(7) 80 percent of the depreciation deduction allowed under section 168(k) of the Internal Revenue Code. For purposes of this clause, if the taxpayer has an activity that in the taxable year generates a deduction for depreciation under section 168(k) and the activity generates a loss for the taxable year that the taxpayer is not allowed to claim for the taxable year, "the depreciation allowed under section 168(k)" for the taxable year is limited to excess of the depreciation claimed by the activity under section 168(k) over the amount of the loss from the activity that is not allowed in the taxable year. In succeeding taxable years when the losses not allowed in the taxable year are allowed, the depreciation under section 168(k) is allowed.

[EFFECTIVE DATE.] This section is effective for taxable years ending after September 10, 2001."

Page 30, after line 28, insert:

"Sec. 8. Minnesota Statutes 2002, section 290.01, subdivision 19c, is amended to read:

Subd. 19c. [CORPORATIONS; ADDITIONS TO FEDERAL TAXABLE INCOME.] For corporations, there shall be added to federal taxable income:

(1) the amount of any deduction taken for federal income tax purposes for income, excise, or franchise taxes based on net income or related minimum taxes, including but not limited to the tax imposed under section 290.0922, paid by the corporation to Minnesota, another state, a political subdivision of another state, the District of Columbia, or any foreign country or possession of the United States;

(2) interest not subject to federal tax upon obligations of: the United States, its possessions, its agencies, or its instrumentalities; the state of Minnesota or any other state, any of its political or governmental subdivisions, any of its municipalities, or any of its governmental agencies or instrumentalities; the District of Columbia; or Indian tribal governments;

(3) exempt-interest dividends received as defined in section 852(b)(5) of the Internal Revenue Code;

(4) the amount of any net operating loss deduction taken for federal income tax purposes under section 172 or 832(c)(10) of the Internal Revenue Code or operations loss deduction under section 810 of the Internal Revenue Code;

(5) the amount of any special deductions taken for federal income tax purposes under sections 241 to 247 of the Internal Revenue Code;

(6) losses from the business of mining, as defined in section 290.05, subdivision 1, clause (a), that are not subject to Minnesota income tax;

(7) the amount of any capital losses deducted for federal income tax purposes under sections 1211 and 1212 of the Internal Revenue Code;

(8) the exempt foreign trade income of a foreign sales corporation under sections 921(a) and 291 of the Internal Revenue Code;

(9) the amount of percentage depletion deducted under sections 611 through 614 and 291 of the Internal Revenue Code;

(10) for certified pollution control facilities placed in service in a taxable year beginning before December 31, 1986, and for which amortization deductions were elected under section 169 of the Internal Revenue Code of 1954, as amended through December 31, 1985, the amount of the amortization deduction allowed in computing federal taxable income for those facilities;

(11) the amount of any deemed dividend from a foreign operating corporation determined pursuant to section 290.17, subdivision 4, paragraph (g);

(12) the amount of any environmental tax paid under section 59(a) of the Internal Revenue Code;

(13) the amount of a partner's pro rata share of net income which does not flow through to the partner because the partnership elected to pay the tax on the income under section 6242(a)(2) of the Internal Revenue Code;

(14) the amount of net income excluded under section 114 of the Internal Revenue Code;

(15) any increase in subpart F income, as defined in section 952(a) of the Internal Revenue Code, for the taxable year when subpart F income is calculated without regard to the provisions of section 614 of Public Law Number 107-147; and

(16) 80 percent of the depreciation deduction allowed under section 168(k) of the Internal Revenue Code. For purposes of this clause, if the taxpayer has an activity that in the taxable year generates a deduction for depreciation under section 168(k) and the activity generates a loss for the taxable year that the taxpayer is not allowed to claim for the taxable year, "the depreciation allowed under section 168(k)" for the taxable year is limited to excess of the depreciation claimed by the activity under section 168(k) over the amount of the loss from the activity that is not allowed in the taxable year. In succeeding taxable years when the losses not allowed in the taxable year are allowed, the depreciation under section 168(k) is allowed.

[EFFECTIVE DATE.] This section is effective for taxable years ending after September 10, 2001."

Page 102, after line 9, insert:

"Sec. 49. [PRE-1940 HOUSING PERCENTAGE.]

For the purposes of determining local government aid payment amounts for aids payable in 2003, the "pre-1940 housing percentage" factor shall be based upon the 1990 federal census, notwithstanding Minnesota Statutes 2002, section 477A.011, subdivision 30.

[EFFECTIVE DATE.] This section is effective for aids payable in 2003 only."

Page 103, after line 3, insert:

"Sec. 2. Minnesota Statutes 2002, section 289A.60, subdivision 15, is amended to read:

Subd. 15. [ACCELERATED PAYMENT OF JUNE SALES TAX LIABILITY; PENALTY FOR UNDERPAYMENT.] If a vendor is required by law to submit an estimation of June sales tax liabilities and ~~62~~ 75 percent payment by a certain date, the vendor shall pay a penalty equal to ten percent of the amount of actual June liability required to be paid in June less the amount remitted in June. The penalty must not be imposed, however, if the amount remitted in June equals the lesser of ~~62~~ 75 percent of the preceding May's liability or ~~62~~ 75 percent of the average monthly liability for the previous calendar year.

[EFFECTIVE DATE.] This section is effective for payments due after December 31, 2002."

Pages 137 to 172, delete article 9 and insert:

"ARTICLE 9

CENTRAL LAKES REGION SANITARY DISTRICT

Section 1. [DEFINITIONS.]

Subdivision 1. [APPLICATION.] The terms defined in this section shall have the meaning given them unless otherwise provided or indicated by the context.

Subd. 2. [ACQUISITION AND BETTERMENT.] "Acquisition" and "betterment" shall have the meanings given them in Minnesota Statutes, section 475.51.

Subd. 3. [AGENCY.] "Agency" means the Minnesota pollution control agency created and established by Minnesota Statutes, chapter 116.

Subd. 4. [AGRICULTURAL PROPERTY.] "Agricultural property" means land as is classified agricultural land within the meaning of Minnesota Statutes, section 273.13, subdivision 23.

Subd. 5. [CURRENT COSTS OF ACQUISITION, BETTERMENT, AND DEBT SERVICE.] "Current costs of acquisition, betterment, and debt service" means interest and principal estimated to be due during the budget year on bonds issued to finance the acquisition and betterment and all other costs of acquisition and betterment estimated to be paid during the budget year from funds other than bond proceeds and federal or state grants.

Subd. 6. [DISTRICT DISPOSAL SYSTEM.] "District disposal system" means any and all of the interceptors or treatment works owned, constructed, or operated by the board unless designated by the board as local sanitary sewer facilities.

Subd. 7. [CENTRAL LAKES REGION SANITARY DISTRICT AND DISTRICT.] "Central Lakes Region Sanitary District" and "district" mean the area over which the sanitary sewer board has jurisdiction, including those parts of the Douglas county townships of Carlos, Brandon, La Grand, Leaf Valley, Miltona, and Moe, as more particularly described by metes and bounds in the comprehensive plan adopted under section 4.

Subd. 8. [INTERCEPTOR.] "Interceptor" means any sewer and necessary appurtenances to it, including but not limited to, mains, pumping stations, and sewage flow regulating and measuring stations, that is designed for or used to conduct sewage originating in more than one local government unit, or that is designed or used to conduct all or substantially all the sewage originating in a single local government unit from a point of collection in that unit to an interceptor or treatment works outside that unit, or that is determined by the board to be a major collector of sewage used or designed to serve a substantial area in the district.

Subd. 9. [LOCAL GOVERNMENT UNIT OR GOVERNMENT UNIT.] "Local government unit" or "government unit" means any municipal or public corporation or governmental or political subdivision or agency located in whole or in part in the district, authorized by law to provide for the collection and disposal of sewage.

Subd. 10. [LOCAL SANITARY SEWER FACILITIES.] "Local sanitary sewer facilities" means all or any part of any disposal system in the district other than the district disposal system.

Subd. 11. [MUNICIPALITY.] "Municipality" means any statutory or home rule charter city or town located in whole or in part in the district.

Subd. 12. [PERSON.] "Person" means any individual, partnership, corporation, limited liability company, cooperative, or other organization or entity, public or private.

Subd. 13. [POLLUTION AND SEWER SYSTEM.] "Pollution" and "sewer system" have the meanings given them in Minnesota Statutes, section 115.01.

Subd. 14. [SANITARY SEWER BOARD OR BOARD.] "Sanitary sewer board" or "board" means the sanitary sewer board established for the Central Lakes Region Sanitary District as provided in section 2.

Subd. 15. [SEWAGE.] "Sewage" means all liquid or water-carried waste products from whatever sources derived, together with the groundwater infiltration and surface water that may be present.

Subd. 16. [TOTAL COSTS OF ACQUISITION AND BETTERMENT AND COSTS OF ACQUISITION AND BETTERMENT.] "Total costs of acquisition and betterment" and "costs of acquisition and betterment" mean all acquisition and betterment expenses that are permitted to be financed out of bond proceeds issued in accordance with section 12, subdivision 4, whether or not the expenses are in fact financed out of the bond proceeds.

Subd. 17. [TREATMENT WORKS AND DISPOSAL SYSTEM.] "Treatment works" and "disposal system" have the meanings given them in Minnesota Statutes, section 115.01.

Sec. 2. [SANITARY SEWER BOARD.]

Subdivision 1. [ESTABLISHMENT.] A sanitary sewer board with jurisdiction in the Central Lakes Region Sanitary District is established as a public corporation and political subdivision of the state with perpetual succession and all the rights, powers, privileges, immunities, and duties that may be validly granted to or imposed upon a municipal corporation, as provided in this article.

Subd. 2. [MEMBERS AND SELECTION.] The number of board members and method by which they are selected is as follows: The governing body of any municipality located in whole or part within the district must each separately select one member. Upon the board's ordering of a project to construct a sanitary sewer, the governing body of any municipality must appoint one additional member for each full 800 special assessments included in the ordered project to be levied against property located in the municipality. The term of each member is subject to the approval of the voting members of the city council or town board.

Subd. 3. [TIME LIMIT; ALTERNATIVE APPOINTMENT.] The initial board members must be selected as provided in subdivision 2 within 60 days after this article is effective. A successor must be selected at any time within 60 days before the expiration of the predecessor's term in the same manner as the predecessor was selected. Any vacancy on the board must be filled within 60 days after it occurs. If a selection is not made as provided within the time prescribed, the chief judge of the seventh judicial district of the Minnesota district court, on application by any interested person, shall appoint an eligible person to the board.

Subd. 4. [VACANCIES.] If the office of any board member becomes vacant, the vacancy shall be filled for the unexpired term in the manner as provided for selection of the member who vacated the office. The office shall be deemed vacant under the conditions specified in Minnesota Statutes, section 351.02.

Subd. 5. [TERMS OF OFFICE.] The terms of all board members shall be for one, two, three, or four calendar years to be determined in accordance with subdivision 2 by the governing body selecting such member. Terms shall expire on January 1 of a calendar year, except that each member shall serve until a successor has been duly selected and qualified.

Subd. 6. [REMOVAL.] A board member may be removed by the unanimous vote of the appointing governing body with or without cause.

Subd. 7. [QUALIFICATIONS.] Each board member may, but need not be a resident of the district and may, but need not be an elected public official.

Subd. 8. [CERTIFICATES OF SELECTION; OATH OF OFFICE.] A certificate of selection to a seat of every board member, stating the seat's term, must be made by the respective municipal clerk. The certificate, with the approval attached by other authority, if required, must be filed with the secretary of state. A copy must be furnished to the board member and the secretary of the board. Each member must qualify by taking and subscribing to the oath of office prescribed by the Minnesota Constitution, article V, section 6. The oath, duly certified by the official administering the same, must be filed with the secretary of state and the secretary of the board.

Subd. 9. [COMPENSATION OF BOARD MEMBERS.] Each board member may be paid a per diem compensation to attend meetings and for other services in an amount as may be specifically authorized by the board from time to time. Per diem compensation must not exceed \$4,000 for any member in any one year. All members of the board may be reimbursed for all reasonable expenses incurred in the performance of their duties as determined by the board.

Sec. 3. [GENERAL PROVISION FOR ORGANIZATION AND OPERATION OF BOARD.]

Subdivision 1. [OFFICERS MEETINGS; SEAL.] A majority of the members is a quorum at all meetings of the board, but a lesser number may meet and adjourn from time to time and compel the attendance of absent members. The board must meet regularly at the time and place as the board by resolution designates. Special meetings may be held at any time upon call of the chair or any two members, upon written notice sent by mail to each member at least three days before the meeting, or upon the notice as the board by resolution may provide, or without notice if each member is present or files with the secretary a written consent to the meeting either before or after the meeting. Except as otherwise provided in this article, any action within the authority of the board may be taken by the affirmative vote of a majority of the board at a regular or adjourned regular meeting or at a duly held special meeting, but in any case only if a quorum is present. All meetings of the board must be open to the public as provided in Minnesota Statutes, chapter 13D.

Subd. 2. [CHAIR.] The board must elect a chair from its membership. The term of the chair expires on January 1 of each year. The chair presides at all meetings of the board, if present, and must perform all other duties and functions usually incumbent upon the officer, and all administrative functions assigned to the chair by the board. The board must elect a vice-chair from its membership to act for the chair during a temporary absence or disability.

Subd. 3. [SECRETARY AND TREASURER.] The board must select one or more persons who may, but need not be a member of the board, to act as its secretary and treasurer. The secretary and treasurer hold office at the pleasure of the board, subject to the terms of any contract of employment that the board may enter into with the secretary or treasurer. The secretary must record the minutes of all meetings of the board, and is custodian of all books and records of the board except those the board entrusts to the custody of a designated employee. The board may appoint a deputy to perform any and all functions of either the secretary or the treasurer. A secretary or treasurer or a deputy of either who is not a member of the board shall not have any right to vote.

Subd. 4. [GENERAL MANAGER.] The board may appoint a general manager who shall be selected solely upon the basis of training, experience, and other qualifications. The general manager serves at the pleasure of the board and at a compensation to be determined by the board. The general manager need not be a resident of the district and may also be selected by the board to serve as either secretary or treasurer, or both, of the board. The general manager must attend all meetings of the board but must not vote. The general manager must:

- (1) see that all resolutions, rules, regulations, or orders of the board are enforced;
- (2) appoint and remove, upon the basis of merit and fitness, all subordinate officers and regular employees of the board except the secretary and the treasurer and their deputies;
- (3) present to the board plans, studies, and other reports prepared for board purposes and recommend to the board for adoption such measures as the general manager considers necessary to enforce or carry out the powers and duties of the board, or for the efficient administration of the affairs of the board;
- (4) keep the board fully advised as to its financial condition, and prepare and submit to the board, and to the governing bodies of the local government units, the board's annual budget and other financial information the board requests;

(5) recommend to the board for adoption rules recommended as necessary for the efficient operation of a district disposal system and all local sanitary sewer facilities over which the board may assume responsibility as provided in section 17; and

(6) perform other duties as may be prescribed by the board.

Subd. 5. [PUBLIC EMPLOYEES.] The general manager and all persons employed by the general manager and public employees, and have all the rights and duties conferred on public employees under the Minnesota Public Employment Labor Relations Act. The compensation and conditions of employment of the employees is not governed by any rule applicable to state employees in the classified service or by Minnesota Statutes, chapter 15A, except as specifically authorized by law.

Subd. 6. [PROCEDURES.] The board must adopt resolutions or bylaws establishing procedures for board action, personnel administration, record keeping, investment policy, approving claims, authorizing or making disbursements, safekeeping funds, and audit of all financial operations of the board.

Subd. 7. [SURETY BONDS AND INSURANCE.] The board may procure surety bonds for its officers and employees in such amounts as are considered necessary to assure proper performance of their duties and proper accounting for funds in their custody. It may buy insurance against risks to property and liability of the board and its officers, agents, and employees for personal injuries or death and property damage and destruction in the amounts as it considers necessary or desirable, with the force and effect stated in Minnesota Statutes, chapter 466.

Sec. 4. [COMPREHENSIVE PLAN.]

Subdivision 1. [BOARD PLAN AND PROGRAM.] The board shall adopt a comprehensive plan for the collection, treatment, and disposal of sewage in the district for designated periods that the board considers proper and reasonable. The board must prepare and adopt subsequent comprehensive plans for the collection, treatment, and disposal of sewage in the district for each succeeding designated period as the board considers proper and reasonable. The plan must take into account the preservation and best and most economic use of water and other natural resources in the area; the preservation, use, and potential for use of lands adjoining waters of the state to be used for the disposal of sewage; and the impact such a disposal system will have on present and future land use in the affected area. The plans shall include the following:

(1) the exact legal description of the boundaries of the district;

(2) the general location of needed interceptors and treatment works;

(3) a description of the area that is to be served by the various interceptors and treatment works;

(4) a long-range capital improvements program; and

(5) such other details as the board deems appropriate.

In developing the plans, the board shall consult with persons designated by the governing bodies of any municipal or public corporation or governmental or political subdivision or agency within or without the district to represent such entities and shall consider the data, resources, and input offered to the board by such entities and any planning agency acting on behalf of one or more such entities. Each plan, when adopted, must be followed in the district and may be revised as often as the board considers necessary.

Subd. 2. [REPORT TO DOUGLAS COUNTY.] Upon adoption of any comprehensive plan that establishes or reestablishes the boundaries of the district, the board must supply the appropriate Douglas county offices with the boundaries of the district.

Subd. 3. [COMPREHENSIVE PLANS; HEARING.] Before adopting any later comprehensive plan, the board must hold a public hearing on the proposed plan at the time and place in the district it determines. The hearing may be continued from time to time. Not less than 45 days before the hearing, the board must publish notice of it in a newspaper or newspapers having general circulation in the district stating the date, time, and place of the hearing, and the place where the proposed plan may be examined by any interested person. At the hearing, all interested persons must be permitted to present their views on the plan.

Subd. 4. [MUNICIPAL PLANS AND PROGRAMS; COORDINATION WITH BOARD'S RESPONSIBILITIES.] Before undertaking the construction of new sewers or other disposal facilities or the substantial alteration or improvement of any existing sewers or other disposal facilities, each local government unit may, and must if the construction or alteration of any sewage disposal facilities is contemplated by the government unit, adopt a comprehensive plan and program for the collection, treatment, and disposal of sewage for which the local government unit is responsible, coordinated with the board's comprehensive plan, and may revise the plan as often as deemed necessary. Each local plan or revision must be submitted to the board for review and is subject to the approval of the board as to those features of the plan affecting the board's responsibilities as determined by the board. Any features disapproved by the board must be modified in accordance with the board's recommendations. No construction project involving those features may be undertaken by the local government unit unless its governing body first finds the project to be in accordance with the government unit's comprehensive plan and program as approved by the board. Before approval by the board of the comprehensive plan and program of any local government unit in the district, no construction project may be undertaken by the government unit unless approval of the project is first gotten from the board as to those features of the project affecting the board's responsibilities as determined by the board.

Sec. 5. [SEWER SERVICE FUNCTION.]

Subdivision 1. [DUTY OF BOARD; ACQUISITION OF EXISTING FACILITIES; NEW FACILITIES.] At any time after the board has become organized, it must assume ownership of all existing interceptors and treatment works that are needed to implement the board's comprehensive plan for the collection, treatment, and disposal of sewage in the district, in the manner and subject to the conditions prescribed in subdivision 2, and must design, acquire, construct, better, equip, operate, and maintain all additional interceptors and treatment works that will be needed for this purpose. The board must assume ownership of all treatment works owned by a local government unit if any part of those treatment works are so needed.

Subd. 2. [METHOD OF ACQUISITION; EXISTING DEBT.] The board may require any local government unit to transfer to the board all of its right, title, and interest in any interceptors or treatment works and all necessary appurtenances to them owned by the local government unit that will be needed for the purpose stated in subdivision 1. Appropriate instruments of conveyance for all the property must be executed and delivered to the board by the proper officers of each local government unit concerned. The board, upon assuming ownership of any of the interceptors or treatment works, is obligated to pay to the local government unit amounts sufficient to pay, when due, all remaining principal of and interest on bonds issued by the local government unit for the acquisition or betterment of the interceptors or treatment works. The board must also assume the same obligation with respect to any other existing disposal system owned by a local government unit that the board determines to have been replaced or rendered useless by the district disposal system. The amounts to be paid under this subdivision may be offset against any amount to be paid to the board by the local government unit as provided in section 8. The board is not obligated to pay the local government unit anything in addition to the assumption of debt provided for in this subdivision.

Subd. 3. [EXISTING JOINT POWERS BOARD.] Effective December 31, 2004, or an earlier date as determined by the board, the corporate existence of the joint powers board created by agreement among local government units under Minnesota Statutes, section 471.59, to provide the financing, acquisition, construction, improvement, extension, operation, and maintenance of facilities for the collection, treatment, and disposal of sewage is terminated. All persons regularly employed by the joint powers board on that date become employees of the board, and may at their option become members of the retirement system applicable to persons employed directly by the board or may continue as members of a public retirement association under any other law, to which they belonged before that date, and retain all pension rights that they may have the other law and all other rights to which they are entitled by contract or law. The board must make the employer's contributions to pension funds of its employees. The employees must perform duties as may be prescribed by the board. On December 31, 2004, or the earlier date, all funds of the joint powers board and all later collections of taxes, special assessments, or service charges, or any other sums due the joint powers board, or levied or imposed by or for the joint powers board, must be transferred to or made payable to the sanitary sewer board and the county auditor must remit the sums to the board. The local government units otherwise entitled to the cash, taxes, assessments, or service charges must be credited with the amounts, and the credits must be offset against any amounts to be paid by them to the board as provided in section 8. On December 31, 2004, or the earlier chosen date, the board shall succeed to and become vested with all right, title, and interest in and to any property, real or personal, owned or operated by the joint powers board. Before that date, the proper officers of the joint powers board must execute and deliver to the sanitary sewer board all deeds, conveyances, bills of sale, and other documents or instruments required to vest in the board good and marketable title to all the real or personal property, but this article operates as the transfer and conveyance to the board of the real or personal property, if not transferred, as may be required under the law or under the circumstances. On December 31, 2004, or the earlier chosen date, the board is obligated to pay or assume all outstanding bonds or other debt and all contracts or obligations incurred by the joint powers board, and all bonds, obligations, or debts of the joint powers board outstanding on the date this article is effective, are validated.

Subd. 4. [CONTRACTS BETWEEN LOCAL GOVERNMENT UNITS.] The board may terminate, upon 60 days' mailed notice to the contracting parties, any existing contract between or among local government units requiring payments by a local government unit to any other local government unit for the use of a disposal system, or as reimbursement of capital costs of a disposal system, all or part of which are needed to implement the board's comprehensive plan. All contracts between or among local government units for use of a disposal system entered into after the date on which this article becomes effective must be submitted to the board for approval as to those features affecting the board's responsibilities as determined by the board and are not effective until the approval is given.

Sec. 6. [SEWAGE COLLECTION AND DISPOSAL; POWERS.]

Subdivision 1. [POWERS.] In addition to all other powers conferred upon the board in this article, the board has the powers specified in this section.

Subd. 2. [DISCHARGE OF TREATED SEWAGE.] The board may discharge the effluent from any treatment works operated by it into any waters of the state, subject to approval of the agency if required and in accordance with any effluent or water quality standards lawfully adopted by the agency, any interstate agency, or any federal agency having jurisdiction.

Subd. 3. [USE OF DISTRICT SYSTEM.] The board may require any person or local government unit to provide for the discharge of any sewage, directly or indirectly, into the district disposal system, or to connect any disposal system or a part of it with the district disposal system wherever reasonable opportunity is provided; may regulate the manner in which the connections are made; may require any person or local government unit discharging sewage into the disposal system to provide preliminary treatment for it; may prohibit the discharge into the district disposal system of any substance it determines will or may be harmful to the system or any persons operating it; may prohibit any extraneous flow into the system; and may require any local government unit to discontinue the acquisition, betterment, or operation of any facility for the unit's disposal system wherever and so far as adequate service is or will be provided by the district disposal system.

Sec. 7. [BUDGET.]

Except as otherwise specifically provided in this article, the board is subject to Minnesota Statutes, section 275.065. The board shall prepare and adopt, on or before September 15 of each year, a budget showing for the following calendar year or other fiscal year determined by the board, sometimes referred to in this article as the budget year, estimated receipts of money from all sources, including but not limited to, payments by each local government unit, federal or state grants, taxes on property, and funds on hand at the beginning of the year, and estimated expenditures for:

(1) costs of operation, administration, and maintenance of the district disposal system;

(2) cost acquisition and betterment of the district disposal system; and

(3) debt service, including principal and interest, on general obligation bonds and certificates issued under section 12, obligations and debts assumed under section 5, subdivisions 2 and 3, and any money judgments entered by a court of competent jurisdiction. Expenditures within these general categories, and others that the board may from time to time determine, must be itemized in the detail the board prescribes. The board and its officers, agents, and employees must not spend money for any purpose other than debt service without having set forth the expense in the budget, nor may they spend in excess of the amount in the budget, and an excess expenditure or one for an unauthorized purpose is enforceable except as the obligation of the person incurring it; but the board may amend the budget at any time by transferring from one budgetary purpose to another any sums, except money for debt service and bond proceeds, or by increasing expenditures in any amount by which cash receipts during the budget year actually exceed the total amounts designated in the original budget. The creation of any obligation pursuant to section 12 or the receipts of any federal or state grant is a sufficient budget designation of the proceeds for the purpose for which it is authorized, and of the tax or other revenue pledged to pay the obligation and interest on it, whether or not specifically included in any annual budget.

Sec. 8. [ALLOCATION OF COSTS.]

Subdivision 1. [DEFINITION OF CURRENT COSTS.] The estimated cost of administration, operation, maintenance, and debt service of the district disposal system to be paid by the board in each fiscal year and the estimated costs of acquisition and betterment of the system that are to be paid during the year from funds other than state or federal grants and bond proceeds and all other previously unallocated payments made by the board under this article in the fiscal year are referred to as current costs.

Subd. 2. [COLLECTION OF CURRENT COSTS.] Current costs shall be collected as described in paragraphs (a) and (b).

(a) Current costs may be allocated to local government units in the district on an equitable basis as the board may from time to time determine by resolution to be fair and reasonable and in the best interests of the district. In making the allocation, the board may provide for the deferment of payment of all or part of current costs, the reallocation of deferred costs, and the reimbursement of reallocated deferred costs on an equitable basis as the board may from time to time determine by resolution to be fair and reasonable and in the best interests of the district. The adoption or revision of a method of allocation, deferment, reallocation, or reimbursement used by the board shall be made by the affirmative vote of at least two-thirds of the members of the board.

(b) Upon approval of at least two-thirds of the members of the board, the board may provide for direct collection of current costs by monthly or other periodic billing of sewer users.

Sec. 9. [GOVERNMENT UNITS; PAYMENTS TO BOARD.]

Subdivision 1. [OBLIGATIONS OF GOVERNMENT UNITS TO THE BOARD.] Each government unit must pay to the board all sums charged to it as provided in section 8, at the times and in the manner determined by the board. The governing body of each government unit must take all action necessary to provide the funds required for the payments and to make the payments when due.

Subd. 2. [AMOUNTS DUE BOARD; WHEN PAYABLE.] Charges payable to the board by local government units may be made payable at the times during each year as the board determines, after it has taken into account the dates on which taxes, assessments, revenue collections, and other funds become available to the government unit required to pay such charges.

Subd. 3. [GENERAL POWERS OF GOVERNMENT UNITS; LOCAL TAX LEVIES.] To accomplish any duty imposed on it by the board, the governing body of every government unit may, in addition to the powers granted in this article and in any other law or charter, exercise the powers granted any municipality by Minnesota Statutes, chapters 117, 412, 429, and 475, and sections 115.46, 444.075, and 471.59, with respect to the area of the government unit located in the district. In addition, the governing body of every government unit located in whole or in part within the district may levy taxes upon all taxable property in that part of the government unit located in this district for all or a part of the amount payable to the board. If the levy is for only part of the amount payable to the board, the governing body of the government unit may levy additional taxes on the entire net tax capacity of all taxable property of the government unit for all or a part of the balance remaining payable. The taxes levied under this subdivision must be assessed and extended as a tax upon the taxable property by the county auditor for the next calendar year, free from any limit of rate or amount imposed by law or charter. The tax must be collected and remitted in the same manner as other general taxes of the government unit.

Subd. 4. [ALTERNATE LEVY.] Instead of levying taxes on all taxable property under subdivision 3, the governing body of the government unit may elect to levy taxes upon the net tax capacity of all taxable property, except agricultural property, and upon only 25 percent of the net tax capacity of all agricultural property, in that part of the government unit located in the district for all or a part of the amount payable to the board. If the levy is for only part of the amount payable to the board, the governing body may levy additional taxes on the entire net tax capacity of all the property, including agricultural property, for all or a part of the balance. The taxes must be assessed and extended as a tax upon the taxable property by the county auditor for the next calendar year, free from any limit of rate or amount imposed by law or charter, and must be collected and remitted in the same manner as other general taxes of the government unit. In computing the tax capacity under this subdivision, the county auditor must include only 25 percent of the net tax capacity of all taxable agricultural property and 100 percent of the net tax capacity of all other taxable property in that part of the government unit located within the district and, in spreading the levy, the auditor must apply the tax rate upon the same percentages of agricultural and nonagricultural taxable property. If the government unit elects to levy taxes under this subdivision and any of the taxable agricultural property is reclassified so as to no longer qualify as agricultural property, it is subject to additional taxes. The additional taxes must be in an amount which, together with any additional taxes previously levied and the estimated collection of additional taxes subsequently levied on any other reclassified property, is determined by the governing body of the government unit to be at least sufficient to reimburse each other government unit for any excess current costs reallocated to it as a result of the board deferring any current cost under section 8 on account of the difference between the amount of the current costs initially allocated to each government unit based on the total net tax capacity of all taxable property in the district and the amount of the current costs reallocated to each government unit based on 25 percent of the net tax capacity of agricultural property and 100 percent of the net tax capacity of all other taxable property in the district. Any reimbursement must be made on terms which the board determines to be just and reasonable. These additional taxes may be levied in any greater amount as the governing body of the government unit determines to be appropriate, but the total amount of the additional taxes must not exceed the difference between:

(1) the total amount of taxes that would have been levied upon the reclassified property to help pay current costs charged in each year to the government unit by the board if that part of the costs, if any, initially allocated by the board solely on the basis of 100 percent of the net tax capacity of all taxable property in the district and then reallocated on the basis of inclusion of only 25 percent of the net tax capacity of agricultural property in the district was not reallocated and if the amount of taxes levied by the government unit each year under this subdivision to pay current costs had been based on the initial allocation and had been imposed upon 100 percent of the net tax capacity of all taxable property, including agricultural property, in that part of the government unit located in the district; and

(2) the amount of taxes levied each year under this subdivision upon reclassified property, plus interest on the cumulative amount of the difference accruing each year at the approximate average annual rate borne by bonds issued by the board and outstanding at the beginning of the year or, if no bonds are then outstanding, at a rate of interest which may be determined by the board, but not exceeding the maximum rate of interest that may then be paid on bonds issued by the board. The additional taxes are a lien upon the reclassified property assessed in the same manner and for the same duration as all other ad valorem taxes levied upon the property. The additional taxes must be extended against the reclassified property on the tax list for the current year and must be collected and remitted in the same manner as other general taxes of the government unit. No penalties or additional interest may be levied on the additional taxes if timely paid.

Subd. 5. [DEBT LIMIT.] Any ad valorem taxes levied under subdivision 3, by the governing body of a government unit to pay any sums charged to it by the board pursuant to this article are not subject to, or counted toward, any limit imposed by law on the levy of taxes upon taxable property within any governmental unit.

Subd. 6. [DEFICIENCY TAX LEVIES.] If the local government unit fails to make a payment to the board when due, the board may certify to the Douglas county auditor the amount required for payment, with interest at not more than the maximum rate per year authorized at that time on assessments under Minnesota Statutes, section 429.061, subdivision 2. The auditor must levy and extend the amount as a tax upon all taxable property in that part of the government unit located in the district, for the next calendar year, free from any limits imposed by law or charter. The tax must be collected in the same manner as other general taxes of the government unit, and the proceeds, when collected, shall be paid by the county treasurer to the treasurer of the board and credited to the government unit for which the tax was levied.

Sec. 10. [PUBLIC HEARING AND SPECIAL ASSESSMENTS.]

Subdivision 1. [PUBLIC HEARING REQUIREMENT ON SPECIFIC PROJECT.] Before the board orders any project involving the acquisition or betterment of any interceptor or treatment works, all or a part of the cost of which will be allocated to local government units under section 8 as current costs, the board must hold a public hearing on the proposed project following two publications in a newspaper or newspapers having general circulation in the district, stating the time and place of the hearing, the general nature and location of the project, the estimated total cost of acquisition and betterment, that portion of costs estimated to be paid out of federal and state grants, and that portion of costs estimated to be allocated to each local government unit affected. The two publications must be a week apart and the hearing must be at least three days after the last publication. Not less than 45 days before the hearing, notice must also be mailed to each clerk of all local government units in the district, but failure to give mailed notice of any defects in the notice does not invalidate the proceedings. The project may include all or part of one or more interceptors or treatment works. A hearing is not required with respect to a project, no part of the costs of which are to be allocated to local government units as the current cost of acquisition, betterment, and debt service.

Subd. 2. [NOTICE TO BENEFITED PROPERTY OWNERS.] If the governing body of a local government unit in the district proposes to assess against benefited property within units, all or any part of the allocable costs of the project as provided in subdivision 5, the governing body must, not less than ten days before the hearing provided for in subdivision 1 mail a notice of the hearing to the owner of each parcel within the area proposed to be specially assessed and must also give one week's published notice of the hearing. The notice of hearing must contain the

same information provided in the notice published by the board under subdivision 1, and in addition, a description of the area proposed to be assessed by the local government unit. To give mailed notice, owners must be those shown to be on the records of the county auditor or, in a county where tax statements are mailed by the county treasurer, on the records of the county treasurer; but other appropriate records may be used for this purpose. However, for properties that are tax exempt or subject to taxation on a gross earnings basis and are not listed on the records of the county auditor or the county treasurer, the owners may be ascertained by any practicable means and mailed notice must be given to them. Failure to give mailed notice or any defects in the notice does not invalidate the proceedings of the board or the local governing body.

Subd. 3. [BOARD PROCEEDINGS PERTAINING TO HEARING.] Before adoption of the resolution calling for the hearing, the board shall get from the district engineer, or other competent person of the board's selection, a preliminary report advising whether the proposed project is feasible, necessary, and cost-effective, and whether it should best be made as proposed or in connection with another project, and the estimated costs of the project as recommended. No error or omission in the report invalidates the proceeding. The board may also take steps before the hearing that will, in its judgment, provide helpful information in determining the desirability and feasibility of the project including, but not limited to, preparation of plans and specifications and advertisement for bids. The hearing may be adjourned from time to time and a resolution ordering the project may be adopted at any time within six months after the date of hearing. In ordering the project, the board may reduce but not increase the extent of the project as stated in the notice of hearing, unless another hearing is held, and must find that the project as ordered is in accordance with the comprehensive plan and program adopted by the board under section 4.

Subd. 4. [EMERGENCY ACTION.] If the board by resolution adopted by the affirmative vote of not less than two-thirds of its members determines that an emergency exists requiring the immediate purchase of materials or supplies or the making of emergency repairs, it may order the purchase of the supplies and materials and the making of the repairs before any hearing required under this section. But the board must set as early a date as practicable for that hearing at the time it declares the emergency. All other provisions of this section must be followed in giving notice of and conducting a hearing. This subdivision does not prevent the board or its agents from purchasing maintenance supplies or incurring maintenance costs without regard to the requirements of this section.

Subd. 5. [POWER OF GOVERNMENT UNIT TO SPECIALLY ASSESS.] A local government unit may specially assess all or part of the costs of acquisition and betterment of any project ordered by the board under this section. A special assessment must be levied in accordance with Minnesota Statutes, sections 429.051 to 429.081, except as otherwise provided in this subdivision. No other provisions of Minnesota Statutes, chapter 429, apply. For purposes of levying special assessments, the hearing on the project required in subdivision 1 must serve as the hearing on the making of the original improvement provided for by Minnesota Statutes, section 429.051. The area assessed may be less than but must not exceed the area proposed to be assessed as stated in the notice of hearing on the project provided for in subdivision 2. To determine the allocable cost of the project to the local government units, the government unit may adopt one of the procedures in paragraph (a) or (b).

(a) At any time after a contract is let for the project, the local government unit may get from the board a current written estimate, on the basis of historical and reasonably projected data, of that part of the total cost of acquisition and betterment of the project or of some part of the project that will be allocated to the local government unit and the number of years over which such costs will be allocated as current costs of acquisition, betterment, and debt service under section 8. The board is not bound by this estimate for allocating the costs of the project to local government units.

(b) The governing body may get from the board a written statement showing, for the prior period that the governing body designates, that part of the costs previously allocated to the local government unit as current costs of acquisition, betterment, and debt service only, of all or any part of the project designated by the governing body. In addition to the allocable costs, the local government unit may include in the total expense, as a basis for levying assessments, all other expenses incurred directly by the local government unit in connection with the project.

Special assessments levied by the government unit with respect to previously allocated costs ascertained under this paragraph are payable in equal annual installments extending over a period not exceeding by more than one year the number of years that the costs have been allocated to the local government unit or the estimated useful life of the project, or part of the project, whichever number of years is the lesser. No limit is placed on the number of times the governing body of a local government unit may assess the previously allocated costs not previously assessed by the government unit. The power to specially assess provided for in this section is in addition and supplemental to all other powers of local government units to levy special assessments.

Sec. 11. [INITIAL COSTS.]

Subdivision 1. [CONTRIBUTIONS OR ADVANCES FROM LOCAL GOVERNMENT UNITS.] The board may, at the time it considers necessary and proper, request from a local government unit necessary money to defray the costs of any obligations assumed under section 5 and the costs of administration, operation, and maintenance. Before making a request, the board must, by formal resolution, determine the necessity for the money, setting forth the purposes for which the money is needed and the estimated amount for each purpose. Upon receiving a request, the governing body of each local government unit may provide for payment of the amount requested as it considers fair and reasonable. The money may be paid out of general revenue funds or any other available funds of any local government unit and its governing body thereof may levy taxes to provide funds, free from any existing limit imposed by law or charter. Money may be provided by government units with or without interest, but if interest is charged it must not exceed five percent per year. The board must credit the local government unit for the payments in allocating current costs under section 8, on the terms and at the times as are agreed to with the local government unit.

Subd. 2. [LIMITED TAX LEVY.] The board may levy ad valorem taxes on all taxable property in the district to defray any of the costs described in subdivision 1, provided the costs have not been defrayed by contribution under subdivision 1. Before certifying a levy to the county auditor, the board must determine the need for the money to be derived from the levy by formal resolution setting forth the purposes for which the tax money will be used and the amount proposed to be used for each purpose. In allocating current costs under section 8, the board must credit the government units for taxes collected under the levy made under this subdivision on the terms and at the time the board considers fair and reasonable and on terms consistent with section 8, subdivision 2.

Sec. 12. [BONDS CERTIFICATES AND OTHER OBLIGATIONS.]

Subdivision 1. [BUDGET ANTICIPATION CERTIFICATES OF INDEBTEDNESS.] (a) Before adopting its annual budget and in anticipation of the collection of tax and other revenues estimated and set forth by the board in the budget, the board may by resolution, authorize the issuance, negotiation, and sale in accordance with subdivision 5 in such form and manner and upon such terms as it may determine of its negotiable general obligation certificates of indebtedness in aggregate principal amounts not exceeding 50 percent of the total amount of such tax collections and other revenues and maturing not later than three months after the close of the budget year in which issued. Revenues listed in clauses (1) to (3) must not be anticipated for this purpose:

- (1) taxes already anticipated by the issuance of certificates under subdivision 2;
- (2) deficiency taxes levied pursuant to this subdivision; and
- (3) taxes levied for the payment of certificates issued pursuant to subdivision 3.

(b) The proceeds of the sale of the certificates must be used only for the purposes for which tax collections and other revenues are to be expended under the budget.

(c) All tax collections and other revenues included in the budget for the budget year, after the expenditures of tax collections and other revenues in accordance with the budget, must be irrevocably pledged and appropriated to a special fund to pay the principal and interest on the certificates when due.

(d) If for any reason the tax collections and other revenues are insufficient to pay the certificates and interest when due, the board must levy a tax in the amount of the deficiency on all taxable property in the district and must appropriate this amount when received to the special fund.

Subd. 2. [TAX LEVY ANTICIPATION CERTIFICATES OF INDEBTEDNESS.] After a tax is levied by the board under section 11, subdivision 2, and certified to the county auditors in anticipation of the collection of the tax, if the tax has not been anticipated by the issuance of certificates under subdivision 1, the board may, by resolution, authorize the issuance, negotiation, and sale in accordance with subdivision 5 in the form and manner and on the terms and conditions as it determines its negotiable general obligation tax levy anticipation certificates of indebtedness in aggregate principal amounts not exceeding 50 percent of the uncollected tax for which no penalty for nonpayment or delinquency has been attached. The certificates must mature not later than April 1 in the year after the year in which the tax is collectible. The proceeds of the tax in anticipation of which the certificates were issued and other funds that may become available must be applied to the extent necessary to repay the certificates.

Subd. 3. [EMERGENCY CERTIFICATES OF INDEBTEDNESS.] If in any budget year the receipts of tax and other revenues for some unforeseen cause become insufficient to pay the board's current expenses, or if any calamity or other public emergency subjects it to the necessity of making extraordinary expenditures, the board may by resolution authorize the issuance, negotiation, and sale in accordance with subdivision 5 in the form and manner and on the terms and conditions as it may determine of its negotiable general obligation certificates of indebtedness in an amount sufficient to meet the deficiency, and the board must levy on all taxable property in the district a tax sufficient to pay the certificates and interest and shall appropriate all collections of the tax to a special fund created for the payment of the certificates and interest.

Subd. 4. [GENERAL OBLIGATION BONDS.] The board may by resolution authorize the issuance of general obligation bonds maturing serially in one or more annual or semiannual installments for the acquisition or betterment of any part of the district disposal system, including but not limited to, the payment of interest during construction and for a reasonable period thereafter, or for the refunding of outstanding bonds, certificates of indebtedness, or judgments. The board must pledge its full faith and credit and taxing power for the payment of the bonds and shall provide for the issuance and sale and for the security of the bonds in the manner provided in Minnesota Statutes, chapter 475, and must have the same powers and duties as a municipality issuing bonds under that law. An election is not required to authorize the issuance of bonds and the debt limit of Minnesota Statutes, chapter 475, do not apply to the bonds. The board may also pledge for the payment of the bonds and deduct from the amount of any tax levy required under Minnesota Statutes, section 475.61, subdivision 1, any sums receivable under section 9 or any state and federal grants anticipated by the board and may covenant to refund the bonds if and when and to the extent that for any reason the revenues, together with other funds properly available and appropriated for the purpose, are not sufficient to pay all principal and interest due or about to become due; if the revenues have not been anticipated by the issuance of certificates under subdivision 1. All bonds that have been or shall hereafter be issued and sold in conformity with the provisions of this subdivision, and otherwise in conformity with law, are hereby authorized, legalized, and validated.

Subd. 5. [MANNER OF SALE AND ISSUANCE OF CERTIFICATES.] Certificates issued under subdivisions 1, 2, and 3 may be issued and sold by negotiation, without public sale, and may be sold at a price equal to the percentage of their par value, plus accrued interest, and bearing interest at the rate or rates as may be determined by the board. No election is required to authorize the issuance of certificates. Certificates must bear the same rate of interest after maturity as before and the full faith and credit and taxing power of the board must be pledged to the payment of the certificates.

Sec. 13. [TAX LEVIES.]

The board may levy taxes to pay the bonds or other obligations assumed by the district under section 5 and for debt service of the district disposal system authorized in section 12 upon all taxable property within the district without limit of rate or amount and without affecting the amount or rate of taxes that may be levied by the board for other purposes or by any local government unit in the district. No other provision of law relating to debt limit shall restrict or in any way limit the power of the board to issue the bonds and certificates authorized in section 12. The board may also levy taxes as provided in sections 9 and 11. The county auditor must annually assess and extend upon the tax rolls the part of the taxes levied by the board in each year that is certified to the auditor by the board. The county treasurer must collect and make settlement of the taxes with the treasurer of the board.

Sec. 14. [DEPOSITORIES.]

The board must from time to time designate one or more national or state banks or trust companies authorized to do a banking business as official depositories for money of the board, and must require the treasurer to deposit all or a part of the money in those institutions. The designation must be in writing and must set forth all the terms and conditions on which the deposits are made, and must be signed by the chair and treasurer, and made a part of the minutes of the board. A designated bank or trust company must qualify as a depository by furnishing a corporate surety bond or collateral in the amount required by Minnesota Statutes, section 118A.03. But, no bond or collateral is required to secure any deposit insofar as it is insured under federal law.

Sec. 15. [MONEY; ACCOUNTS AND INVESTMENTS.]

Subdivision 1. [RECEIPT AND APPLICATION.] All money received by the board must be deposited or invested by the treasurer and disposed of as the board directs in accordance with its budget. But any money that has been pledged or dedicated by the board to the payment of obligations or interest on them or expenses incident to them, or for any other specific purpose authorized by law, must be paid by the treasurer into the fund to which they have been pledged.

Subd. 2. [FUNDS AND ACCOUNTS.] The board's treasurer must establish funds and accounts as necessary or convenient to handle the receipts and disbursements of the board in an orderly fashion.

Subd. 3. [DEPOSIT AND INVESTMENT.] The money on hand in the board's funds and accounts may be deposited in the official depositories of the board or invested as provided in this subdivision. The amount not currently needed or required by law to be kept in cash on deposit may be invested in obligations authorized by law for the investment of municipal sinking funds. The money may also be held under certificates of deposit issued by any official depository of the board. All investments by the board must conform to an investment policy adopted by the board as amended from time to time.

Subd. 4. [BOND PROCEEDS.] The use of proceeds of all bonds issued by the board for the acquisition and betterment of the district disposal system, and the use, other than investment, of all money on hand in any sinking fund or funds of the board must be governed by Minnesota Statutes, chapter 475, this article, and the resolutions authorizing the issuance of the bonds. The bond proceeds, when received, must be transferred to the treasurer of the board for safekeeping, investment, and payment of the costs for which they were issued.

Subd. 5. [AUDIT.] The board must provide for and pay the cost of an independent annual audit of its official books and records by the state auditor or a certified public accountant.

Sec. 16. [GENERAL POWERS OF BOARD.]

Subdivision 1. [ALL NECESSARY OR CONVENIENT POWERS.] The board has powers necessary or convenient to discharge the duties imposed upon it by law. The powers include those specified in this article, but the express grant or enumeration of powers does not limit the generality or scope of the grant of power in this subdivision.

Subd. 2. [LAWSUITS.] The board may sue or be sued.

Subd. 3. [CONTRACTS.] The board may enter into any contract necessary or proper for the exercise of its powers or the accomplishment of its purposes.

Subd. 4. [RULES.] The board may adopt rules relating to the board's responsibilities and may provide penalties not exceeding the maximum penalty specified for a misdemeanor, and the cost of prosecution may be added to the penalties imposed. Any rule prescribing a penalty for violation must be published at least once in a newspaper having general circulation in the district. A violation may be prosecuted before any court in the district having jurisdiction of misdemeanor, and every court has jurisdiction of violations. A peace officer of any municipality in the district may make arrests for violations committed anywhere in the district in the manner and with the effect as for violations of municipal ordinances or for statutory misdemeanors. All fines collected must be deposited in the treasury of the board, or may be allocated between the board and the municipality in which the prosecution occurs on terms agreed to by the board and the municipality.

Subd. 5. [GIFTS; GRANTS.] The board may accept gifts, may apply for and accept grants or loans of money or other property from the United States, the state, or any person for any of its purposes, may enter into any agreement required to get the gift, grant, loan, or other property, and may hold, use, and dispose of money or property in accordance with the terms of the gift, grant, loan or agreement. With respect to any loans or grants of funds or real or personal property or other assistance from any state or federal government or any agency or instrumentality of the government, the board may contract to do and perform all acts and things required as a condition or consideration under state or federal law or rule or regulation, whether or not included among the powers expressly granted to the board in this article.

Subd. 6. [JOINT POWERS.] The board may act under Minnesota Statutes, section 471.59, or any other appropriate law providing for joint or cooperative action between government units.

Subd. 7. [RESEARCH; HEARINGS; INVESTIGATIONS; ADVISE.] The board may conduct research studies and programs, collect and analyze data, prepare reports, maps, charts, and tables, and conduct all necessary hearings and investigations in connection with the design, construction, and operation of the district disposal system, and may advise and assist other government units on system planning matters within the scope of its powers, duties, and objectives, and may provide at the request of any governmental unit other technical and administrative assistance as the board considers appropriate for the government unit to carry out the powers and duties vested in the government unit under this article or imposed on or by the board.

Subd. 8. [EMPLOYEES; CONTRACTORS; INSURANCE.] The board may employ on the terms it considers advisable, persons or firms performing engineering, legal, or other services of a professional nature; require any employee to get and file with it an individual bond or fidelity insurance policy; and procure insurance in the amounts it considers necessary against liability of the board or its officers or both, for personal injury or death and property damage or destruction, with the force and effect stated in Minnesota Statutes, chapter 466, and against risks of damage to or destruction of any of its facilities, equipment, or other property as it considers necessary.

Subd. 9. [PROPERTY.] The board may acquire by purchase, lease, condemnation, gift, or grant, real or personal property including positive and negative easements and water and air rights, and it may construct, enlarge, improve, replace, repair, maintain, and operate any interceptor, treatment works, or water facility determined to be necessary

or convenient for the collection and disposal of sewage in the district. Any local government unit and the commissioners of transportation and natural resources may convey to or permit the use of these facilities owned or controlled by the board, subject to the rights of the holders of any bonds issued with respect to them with or without compensation and without an election or approval by any other government unit or agency. All powers conferred by this subdivision may be exercised both within or outside the district as may be necessary for the exercise by the board of its powers or the accomplishment of its purposes. The board may hold, lease, convey, or otherwise dispose of such property for its purposes, upon the terms and in the manner it deems advisable. Unless otherwise provided, the right to acquire lands and property rights by condemnation must be exercised in accordance with Minnesota Statutes, chapter 117, and must apply to any property or interest in property owned by any local government unit. Property devoted to an actual public use at the time, or held to be devoted to such use within a reasonable time, must not be so acquired unless a court of competent jurisdiction determines that the use proposed by the board is paramount. In case of property in actual public use, the board may take possession of any property of which condemnation proceedings have begun at any time after the issuance of a court order appointing commissioners for its condemnation.

Subd. 10. [RIGHTS-OF-WAY.] The board may construct or maintain its systems or facilities in, along, on, under, over, or through public waters, streets, bridges, viaducts, and other public right-of-way without first getting a franchise from any county or local government unit having jurisdiction over them. The facilities must be constructed and maintained in accordance with the ordinances and resolutions of the county or government unit relating to construction, installation, and maintenance of similar facilities on public properties and must not unnecessarily obstruct the public use of the rights-of-way.

Subd. 11. [DISPOSAL OF PROPERTY.] The board may sell, lease, or otherwise dispose of any real or personal property acquired by it that is no longer required to accomplish its purposes. The property may be sold in the manner provided by Minnesota Statutes, section 469.065, insofar as practical. The board may give notice of sale it considers appropriate. When the board determines that any property or any part of the district disposal system that has been acquired from a local government unit without compensation is no longer required, but is required as a local facility by the government unit from which it was acquired, the board may by resolution transfer it to the government unit.

Subd. 12. [JOINT OPERATIONS.] The board may contract with the United States or an agency of it, any state or agency of it, or any regional public planning body in the state with jurisdiction over any part of the district, or any other municipal or public corporation, or governmental subdivision in any state, for the joint use of any facility owned by the board or the entity, for the operation by the entity of any system or facility of the board, or for the performance on the board's behalf of any service including, but not limited to, planning, on the terms that may be agreed to by the contracting parties. Unless designated by the board as a local sanitary sewer facility, any treatment works or interceptor jointly used, or operated on behalf of the board, as provided in this subdivision, must be considered to be operated by the board to include the facilities in the district disposal system.

Sec. 17. [LOCAL FACILITIES.]

Subdivision 1. [SANITARY SEWER FACILITIES.] Except as otherwise provided in this article, local government units must retain responsibility for the planning, design, acquisition, betterment, operation, administration, and maintenance of all local sanitary sewer facilities as provided by law.

Subd. 2. [ASSUMPTION OF RESPONSIBILITY OVER LOCAL SANITARY SEWER FACILITIES.] The board must upon request of any government unit assume, either alone or jointly with the local government unit, all or any part of the responsibility of the local government unit described in subdivision 1. Except as provided in subdivision 4 and to exercise the responsibility, the board has all the powers and duties elsewhere conferred in this article with the same force and effect as if the local sanitary sewer facilities were a part of the district disposal system.

Subd. 3. [WATER AND STREET FACILITIES.] The board may, on request of any governmental unit, enter into an agreement under which the board may assume, either alone or jointly with such unit, the responsibility to get and construct water and street facilities in conjunction with any project for the acquisition or betterment of the district disposal system or any project undertaken by the board under subdivision 2. Except as provided in subdivision 4, and to exercise any responsibilities under this subdivision, the board has all the powers and duties elsewhere conferred in this article with the same force and effect as if the water or street facilities were a part of the district disposal system.

Subd. 4. [ALLOCATION OF CURRENT COSTS.] All current costs attributable to responsibilities assumed by the board over local sanitary sewer facilities and water and street facilities as provided in this section must be allocated solely to the local unit for or with whom the responsibilities are assumed on the terms and over a period as the board determines to be equitable and in the best interest of the district. If two or more government units form a region in accordance with this section all or part of the current costs attributable to the region must, at the request of its joint board, be allocated to the region and provided in the agreement establishing the region.

Subd. 5. [PART OF DISTRICT SYSTEM.] This section or any other part of this article does not prevent the board from including, where appropriate, treatment works or interceptors, previously designated or treated as local sanitary sewer facilities, as a part of the district disposal system.

Sec. 18. [SERVICE CONTRACTS WITH GOVERNMENTS OUTSIDE DISTRICT.]

The board may contract with the United States or any agency of it, any state or any agency of it, or any municipal or public corporation, governmental subdivision or agency, or political subdivision in any state, outside the jurisdiction of the board, for furnishing to the entities any services which the board may furnish to local government units in the district under this article including, but not limited to, planning for and the acquisition, betterment, operation, administration, and maintenance of any or all interceptors, treatment works, and local sanitary sewer facilities; if the board may further include as one of the terms of the contract that the entity also pay to the board an amount as may be agreed upon as a reasonable estimate of the proportionate share properly allocable to the entity of costs of acquisition, betterment, and debt service previously allocated to local government units in the district. When the payments are made by the entities to the board, they must be applied in reduction of the total amount of costs allocated after that to each local government unit in the district, on the equitable basis the board considers to be in the best interest of the district. Any municipality in the state may enter into the contract and perform all acts and things required as a condition or consideration for it consistent with the purpose of this article, whether or not included among the powers otherwise granted to the municipality by law or charter.

Sec. 19. [CONSTRUCTION, MATERIALS, SUPPLIES, EQUIPMENT; CONTRACTS.]

Subdivision 1. [PLANS AND SPECIFICATIONS.] When the board orders a project involving the acquisition or betterment of a part of the district disposal system, it must cause plans and specifications of this project to be made, or if previously made, to be modified, if necessary, and to be approved by the agency if required, and after any required approval by the agency, one or more contracts for work and materials called for by the plans and specification may be awarded as provided in this section.

Subd. 2. [UNIFORM MUNICIPAL CONTRACTING LAW.] All contracts for work to be done or for purchases of materials, supplies, or equipment must be done in accordance with Minnesota Statutes, section 471.345.

Sec. 20. [ANNEXATION, WITHDRAWAL OF TERRITORY.]

Subdivision 1. [ANNEXATION.] Any municipality in Douglas county, upon resolution adopted by a four-fifths vote of its governing body, may petition the board for annexation to the district of the area then comprising the municipality or any part of it and, if accepted by the board, the area must be considered annexed to the district and

subject to the jurisdiction of the board under the terms and provisions of this article. The territory so annexed is subject to taxation and assessment under this article and is subject to taxation by the board like other property in the district for the payment of principal and interest thereafter becoming due on general obligations of the board, whether authorized or issued before or after the annexation. The board may condition approval of the annexation upon the contribution, by or on behalf of the municipality petitioning for annexation, to the board of an amount as may be agreed upon as being a reasonable estimate of the proportionate share, properly allocable to the municipality, of cost or acquisition, betterment, and debt service previously allocated to local government units in the district, on the terms as may be agreed upon and in place of or in addition to further conditions as the board deems in the best interests of the district. Notwithstanding any other provisions of this article to the contrary, the conditions established for annexation may include the requirement that the annexed municipality pay for, contract for, and oversee the construction of local sanitary sewer facilities and interceptor sewers. To pay the contribution or satisfy any other condition established by the board, the municipality petitioning annexation may exercise the powers conferred in section 9. When the contributions are made by the municipality to the board, they must be applied to reduce the total amount of costs thereafter allocated to each local government unit in the district, on the equitable basis as the board considers to be in the best interests of the district, applying so far as practicable and appropriate the criteria set forth in section 8, subdivision 2. On annexation of the territory, the secretary of the board must certify to the auditor and treasurer of the county in which the municipality is located the fact of the annexation and a legal description of the territory annexed.

Subd. 2. [WITHDRAWALS.] A municipality may withdraw from the district by resolution of its governing body. The municipality must notify the board of the district of the withdrawal by providing a copy of the resolution at least two years in advance of the proposed withdrawal. Unless the district and the withdrawing member agree otherwise by action of their governing bodies, the taxable property of the withdrawing member is subject to its required property tax levies under this article for two taxes payable years following the notification of the withdrawal and the withdrawing member retains any rights, obligations, and liabilities obtained or incurred during its participation.

Sec. 21. [PROPERTY EXEMPT FROM TAXATION.]

Any properties, real or personal, owned, leased, controlled, used, or occupied by the sanitary sewer board for any purpose under this article are declared to be acquired, owned, leased, controlled, used, and occupied for public, governmental, and municipal purposes, and are exempt from taxation by the state or any political subdivision of the state; but the properties are subject to special assessments levied by a political subdivision for a local improvement in amounts proportionate to and not exceeding the special benefit received by the properties from the improvement. No possible use of any of the properties in any manner different from their use as part of the disposal system at the time may be considered in determining the special benefit received by the properties. All of the assessments are subject to final approval by the board, whose determination of the benefits is conclusive upon the political subdivision levying the assessment.

Sec. 22. [RELATION TO EXISTING LAWS.]

This article prevails over any law or charter inconsistent with it. The powers conferred on the board under this article do not diminish or supersede the powers conferred on the agency by Minnesota Statutes, chapters 115 and 116.

Sec. 23. [APPLICATION; EFFECTIVE DATE; LOCAL APPROVAL; OPT IN OR OUT.]

Subdivision 1. [APPLICATION.] This article applies to the townships of Brandon, Carlos, LaGrand, Leaf Valley, Miltona, and Moe, all in Douglas county.

Subd. 2. [EFFECTIVE DATE; LOCAL APPROVAL.] This article is effective the day after a fourth township of the six listed in subdivision 1 has timely completed compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3. For any other township listed in subdivision 1, the article is effective the day after timely completing compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3. A township listed in subdivision 1 that fails to timely complete compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3, may petition for annexation to the district at a later time, as provided in this article.

ARTICLE 10

TAX INCREMENT FINANCING

Section 1. Minnesota Statutes 2002, section 469.174, subdivision 3, is amended to read:

Subd. 3. [BONDS.] (a) "Bonds" means any bonds, including refunding bonds, notes, interim certificates, debentures, interfund loans or advances, or other obligations issued;

(1) by an authority under section 469.178; or which were issued

(2) in aid of a project under any other law, except revenue bonds issued pursuant to sections 469.152 to 469.165, prior to August 1, 1979.

(b) Bonds or other obligations include:

(1) refunding bonds;

(2) notes;

(3) interim certificates;

(4) debentures; and

(5) interfund loans or advances qualifying under section 469.178, subdivision 7.

[EFFECTIVE DATE.] This section is effective at the same time as provided by Laws 2001, First Special Session chapter 5, article 15, section 3.

Sec. 2. Minnesota Statutes 2002, section 469.174, subdivision 6, is amended to read:

Subd. 6. [MUNICIPALITY.] "Municipality" means ~~any~~ the city, however organized, and with respect to in which the district is located, with the following exceptions:

(1) for a project undertaken pursuant to sections 469.152 to 469.165, "municipality" has the meaning given in sections 469.152 to 469.165, and with respect to; and

(2) for a project undertaken pursuant to sections 469.142 to 469.151, or a county or multicounty project undertaken pursuant to sections 469.004 to 469.008, "municipality" also includes any means the county in which the district is located.

[EFFECTIVE DATE.] This section is effective for districts for which the request for certification was made after July 31, 1979.

Sec. 3. Minnesota Statutes 2002, section 469.174, subdivision 10, is amended to read:

Subd. 10. [REDEVELOPMENT DISTRICT.] (a) "Redevelopment district" means a type of tax increment financing district consisting of a project, or portions of a project, within which the authority finds by resolution that one or more of the following conditions, reasonably distributed throughout the district, exists:

(1) parcels consisting of 70 percent of the area of the district are occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance; or

(2) the property consists of vacant, unused, underused, inappropriately used, or infrequently used railyards, rail storage facilities, or excessive or vacated railroad rights-of-way; or

(3) tank facilities, or property whose immediately previous use was for tank facilities, as defined in section 115C.02, subdivision 15, if the tank facilities:

(i) have or had a capacity of more than 1,000,000 gallons;

(ii) are located adjacent to rail facilities; and

(iii) have been removed or are unused, underused, inappropriately used, or infrequently used.

(b) For purposes of this subdivision, "structurally substandard" shall mean containing defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors, which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance.

(c) A building is not structurally substandard if it is in compliance with the building code applicable to new buildings or could be modified to satisfy the building code at a cost of less than 15 percent of the cost of constructing a new structure of the same square footage and type on the site. The municipality may find that a building is not disqualified as structurally substandard under the preceding sentence on the basis of reasonably available evidence, such as the size, type, and age of the building, the average cost of plumbing, electrical, or structural repairs, or other similar reliable evidence. The municipality may not make such a determination without an interior inspection of the property, but need not have an independent, expert appraisal prepared of the cost of repair and rehabilitation of the building. An interior inspection of the property is not required, if the municipality finds that (1) the municipality or authority is unable to gain access to the property after using its best efforts to obtain permission from the party that owns or controls the property; and (2) the evidence otherwise supports a reasonable conclusion that the building is structurally substandard. Items of evidence that support such a conclusion include recent fire or police inspections, on-site property tax appraisals or housing inspections, exterior evidence of deterioration, or other similar reliable evidence. Written documentation of the findings and reasons why an interior inspection was not conducted must be made and retained under section 469.175, subdivision 3, clause (1). Failure of a building to be disqualified under the provisions of this paragraph is a necessary, but not a sufficient, condition to determining that the building is substandard.

(d) A parcel is deemed to be occupied by a structurally substandard building for purposes of the finding under paragraph (a) if all of the following conditions are met:

(1) the parcel was occupied by a substandard building within three years of the filing of the request for certification of the parcel as part of the district with the county auditor;

(2) the substandard building was demolished or removed by the authority or the demolition or removal was financed by the authority or was done by a developer under a development agreement with the authority;

(3) the authority found by resolution before the demolition or removal that the parcel was occupied by a structurally substandard building and that after demolition and clearance the authority intended to include the parcel within a district; and

(4) upon filing the request for certification of the tax capacity of the parcel as part of a district, the authority notifies the county auditor that the original tax capacity of the parcel must be adjusted as provided by section 469.177, subdivision 1, paragraph ~~(h)~~ (f).

(e) For purposes of this subdivision, a parcel is not occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures unless 15 percent of the area of the parcel contains buildings, streets, utilities, paved or gravel parking lots, or other similar structures.

(f) For districts consisting of two or more noncontiguous areas, each area must qualify as a redevelopment district under paragraph (a) to be included in the district, and the entire area of the district must satisfy paragraph (a).

[EFFECTIVE DATE.] The amendment to Minnesota Statutes, section 469.174, subdivision 10, paragraph (c), confirms the intent of the legislature with regard to the original provisions of the language contained in Minnesota Statutes 2002, section 469.174, subdivision 10, paragraph (c), and is retroactive to the effective date of the original language. The amendment to Minnesota Statutes, section 469.174, subdivision 10, paragraph (d), is effective for districts for which the request for certification was received by the county after June 30, 2002.

Sec. 4. Minnesota Statutes 2002, section 469.174, subdivision 25, is amended to read:

Subd. 25. [INCREMENT.] "Increment," "tax increment," "tax increment revenues," "revenues derived from tax increment," and other similar terms for a district include:

(1) taxes paid by the captured net tax capacity, but excluding any excess taxes, as computed under section 469.177;

(2) the proceeds from the sale or lease of property, tangible or intangible, purchased by the authority with tax increments;

(3) ~~repayments of principal and interest received on~~ loans or other advances made by the authority with tax increments; and

(4) interest or other investment earnings on or from tax increments.

[EFFECTIVE DATE.] This section is effective for districts for which the request for certification was made after June 30, 1982, and payments of principal and interest received on loans or other advances that were made after June 30, 1997.

Sec. 5. Minnesota Statutes 2002, section 469.174, is amended by adding a subdivision to read:

Subd. 29. [QUALIFIED HOUSING DISTRICT.] "Qualified housing district" means:

(1) a housing district for a residential rental project or projects in which the only properties receiving assistance from revenues derived from tax increments from the district meet the rent restriction requirements and the low-income occupancy test for a qualified low-income housing project under section 42(g) of the Internal Revenue Code of 1986, as amended through December 31, 2002, regardless of whether the project actually receives a low-income housing credit; or

(2) a housing district for a single-family homeownership project or projects, if 95 percent or more of the homes receiving assistance from tax increments from the district are purchased by qualified purchasers. A qualified purchaser means the first purchaser of a home after the tax increment assistance is provided whose income is at or below 85 percent of the median gross income for a family of the same size as the purchaser. Median gross income is the greater of (i) area median gross income, or (ii) the statewide median gross income, as determined by the secretary of Housing and Urban Development.

[EFFECTIVE DATE.] This section applies to all districts for which the request for certification was made on or after January 1, 2002, and to all districts to which the definition of qualified housing districts under Minnesota Statutes 2000, section 273.1399, applied.

Sec. 6. Minnesota Statutes 2002, section 469.175, subdivision 1, is amended to read:

Subdivision 1. [TAX INCREMENT FINANCING PLAN.] A tax increment financing plan shall contain:

- (1) a statement of objectives of an authority for the improvement of a project;
- (2) a statement as to the development program for the project, including the property within the project, if any, that the authority intends to acquire;
- (3) a list of any development activities that the plan proposes to take place within the project, for which contracts have been entered into at the time of the preparation of the plan, including the names of the parties to the contract, the activity governed by the contract, the cost stated in the contract, and the expected date of completion of that activity;
- (4) identification or description of the type of any other specific development reasonably expected to take place within the project, and the date when the development is likely to occur;
- (5) estimates of the following:
 - (i) cost of the project, including ~~administration~~ administrative expenses, except that if part of the cost of the project is paid or financed with increment from the tax increment financing district, the tax increment financing plan for the district must contain an estimate of the amount of the cost of the project, including administrative expenses, that will be paid or financed with tax increments from the district;
 - (ii) amount of bonded indebtedness to be incurred;
 - (iii) sources of revenue to finance or otherwise pay public costs;
 - (iv) the most recent net tax capacity of taxable real property within the tax increment financing district and within any subdistrict;
 - (v) the estimated captured net tax capacity of the tax increment financing district at completion; and
 - (vi) the duration of the tax increment financing district's and any subdistrict's existence;
- (6) statements of the authority's alternate estimates of the impact of tax increment financing on the net tax capacities of all taxing jurisdictions in which the tax increment financing district is located in whole or in part. For purposes of one statement, the authority shall assume that the estimated captured net tax capacity would be available to the taxing jurisdictions without creation of the district, and for purposes of the second statement, the authority shall assume that none of the estimated captured net tax capacity would be available to the taxing jurisdictions without creation of the district or subdistrict;

(7) identification and description of studies and analyses used to make the determination set forth in subdivision 3, clause (2); and

(8) identification of all parcels to be included in the district or any subdistrict.

[EFFECTIVE DATE.] This section applies to districts for which the request for certification was made after July 31, 1979, and is effective for tax increment financing plans and modifications approved after June 30, 2003.

Sec. 7. Minnesota Statutes 2002, section 469.175, subdivision 3, is amended to read:

Subd. 3. [MUNICIPALITY APPROVAL.] (a) A county auditor shall not certify the original net tax capacity of a tax increment financing district until the tax increment financing plan proposed for that district has been approved by the municipality in which the district is located. If an authority that proposes to establish a tax increment financing district and the municipality are not the same, the authority shall apply to the municipality in which the district is proposed to be located and shall obtain the approval of its tax increment financing plan by the municipality before the authority may use tax increment financing. The municipality shall approve the tax increment financing plan only after a public hearing thereon after published notice in a newspaper of general circulation in the municipality at least once not less than ten days nor more than 30 days prior to the date of the hearing. The published notice must include a map of the area of the district from which increments may be collected and, if the project area includes additional area, a map of the project area in which the increments may be expended. The hearing may be held before or after the approval or creation of the project or it may be held in conjunction with a hearing to approve the project.

(b) Before or at the time of approval of the tax increment financing plan, the municipality shall make the following findings, and shall set forth in writing the reasons and supporting facts for each determination:

(1) that the proposed tax increment financing district is a redevelopment district, a renewal or renovation district, a housing district, a soils condition district, or an economic development district; if the proposed district is a redevelopment district or a renewal or renovation district, the reasons and supporting facts for the determination that the district meets the criteria of section 469.174, subdivision 10, paragraph (a), clauses (1) and (2), or subdivision 10a, must be documented in writing and retained and made available to the public by the authority until the district has been terminated;

(2) that ~~the proposed development or redevelopment~~, in the opinion of the municipality;

(i) the proposed development or redevelopment would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future; and ~~that~~

(ii) the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the district permitted by the plan. The requirements of this ~~clause item~~ do not apply if the district is a qualified housing district, ~~as defined in section 273.1399, subdivision 1;~~

(3) that the tax increment financing plan conforms to the general plan for the development or redevelopment of the municipality as a whole;

(4) that the tax increment financing plan will afford maximum opportunity, consistent with the sound needs of the municipality as a whole, for the development or redevelopment of the project by private enterprise;

(5) that the municipality elects the method of tax increment computation set forth in section 469.177, subdivision 3, clause (b), if applicable.

(c) When the municipality and the authority are not the same, the municipality shall approve or disapprove the tax increment financing plan within 60 days of submission by the authority. When the municipality and the authority are not the same, the municipality may not amend or modify a tax increment financing plan except as proposed by the authority pursuant to subdivision 4. Once approved, the determination of the authority to undertake the project through the use of tax increment financing and the resolution of the governing body shall be conclusive of the findings therein and of the public need for the financing.

(d) For a district that is subject to the requirements of paragraph (b), clause (2), item (ii), the municipality's statement of reasons and supporting facts must include all of the following:

(1) an estimate of the amount by which the market value of the site will increase without the use of tax increment financing;

(2) an estimate of the increase in the market value that will result from the development or redevelopment to be assisted with tax increment financing; and

(3) the present value of the projected tax increments for the maximum duration of the district permitted by the tax increment financing plan.

(e) For purposes of this subdivision, "site" means the parcels on which the development or redevelopment to be assisted with tax increment financing will be located.

[EFFECTIVE DATE.] This section is effective for determinations made after June 30, 2003, except the provisions of paragraph (e) apply to requests for certification of tax increment districts made after June 30, 1995.

Sec. 8. Minnesota Statutes 2002, section 469.175, subdivision 4, is amended to read:

Subd. 4. [MODIFICATION OF PLAN.] (a) A tax increment financing plan may be modified by an authority; ~~provided that.~~

(b) The authority may make the following modifications only upon the notice and after the discussion, public hearing, and findings required for approval of the original plan:

(1) any reduction or enlargement of geographic area of the project or tax increment financing district; that does not meet the requirements of paragraph (e);

(2) increase in amount of bonded indebtedness to be incurred; ~~including;~~

(3) a determination to capitalize interest on the debt if that determination was not a part of the original plan, or to increase or decrease the amount of interest on the debt to be capitalized;;

(4) increase in the portion of the captured net tax capacity to be retained by the authority;;

(5) increase in ~~total estimated tax increment expenditures~~ the estimate of the cost of the project, including administrative expenses, that will be paid or financed with tax increment from the district; or

(6) designation of additional property to be acquired by the authority ~~shall be approved upon the notice and after the discussion, public hearing, and findings required for approval of the original plan; provided that.~~

(c) If an authority changes the type of district ~~from housing, redevelopment, or economic development~~ to another type of district, this change ~~shall is not be considered~~ a modification but ~~shall require~~ requires the authority to follow the procedure set forth in sections 469.174 to 469.179 for adoption of a new plan, including certification of the net tax capacity of the district by the county auditor.

(d) If a redevelopment district or a renewal and renovation district is enlarged, the reasons and supporting facts for the determination that the addition to the district meets the criteria of section 469.174, subdivision 10, paragraph (a), clauses (1) and (2), or subdivision 10a, must be documented.

(e) The requirements of ~~this~~ paragraph (b) do not apply if (1) the only modification is elimination of parcels from the project or district and (2)(A) the current net tax capacity of the parcels eliminated from the district equals or exceeds the net tax capacity of those parcels in the district's original net tax capacity or (B) the authority agrees that, notwithstanding section 469.177, subdivision 1, the original net tax capacity will be reduced by no more than the current net tax capacity of the parcels eliminated from the district. The authority must notify the county auditor of any modification that reduces or enlarges the geographic area of a district or a project area.

~~(b)~~ (f) The geographic area of a tax increment financing district may be reduced, but shall not be enlarged after five years following the date of certification of the original net tax capacity by the county auditor or after August 1, 1984, for tax increment financing districts authorized prior to August 1, 1979.

[EFFECTIVE DATE.] This section applies to districts for which the request for certification was made after June 30, 2003. The development authority may elect to have this section apply to a tax increment financing plan or modification that was approved before July 1, 2003, by adopting before January 1, 2004, a modification of the plan that states the amount of the cost of the project, including administrative expenses, that will be paid or financed with tax increments from the district. Section 469.175, subdivision 4, paragraph (b), does not apply to a modification adopted under this section if the modification is exclusively for the purpose of stating the amount of the cost of the project, including administrative expenses, that will be paid or financed with tax increment from the district. For districts for which the request for certification was made after July 31, 1979, and for which this section is not effective, the total estimated tax increment expenditures are determined by considering all of the information in the tax increment financing plan and exhibits to the plan about estimated sources and uses of funds.

For districts for which certification was requested after June 30, 1982, and before July 1, 2003, and for which the plan has not been amended after July 1, 2003, the limit on administrative expenses equals the greater of (1) nine percent of the increments for the district or (2) the amount determined under section 469.176, subdivision 3, and the tax increment financing plan.

Sec. 9. Minnesota Statutes 2002, section 469.175, subdivision 6, is amended to read:

Subd. 6. [ANNUAL FINANCIAL REPORTING.] (a) The state auditor shall develop a uniform system of accounting and financial reporting for tax increment financing districts. The system of accounting and financial reporting shall, as nearly as possible:

- (1) provide for full disclosure of the sources and uses of public funds in the district;
- (2) permit comparison and reconciliation with the affected local government's accounts and financial reports;
- (3) permit auditing of the funds expended on behalf of a district, including a single district that is part of a multidistrict project or that is funded in part or whole through the use of a development account funded with tax increments from other districts or with other public money;
- (4) be consistent with generally accepted accounting principles.

(b) The authority must annually submit to the state auditor a financial report in compliance with paragraph (a). Copies of the report must also be provided to the county auditor and to the governing body of the municipality, if the authority is not the municipality. To the extent necessary to permit compliance with the requirement of financial reporting, the county and any other appropriate local government unit or private entity must provide the necessary records or information to the authority or the state auditor as provided by the system of accounting and financial reporting developed pursuant to paragraph (a). The authority must submit the annual report for a year on or before August 1 of the next year.

(c) The annual financial report must also include the following items:

- (1) the original net tax capacity of the district and any subdistrict under section 469.177, subdivision 1;
- (2) the net tax capacity for the reporting period of the district and any subdistrict;
- (3) the captured net tax capacity of the district;
- (4) any fiscal disparity deduction from the captured net tax capacity under section 469.177, subdivision 3;
- (5) the captured net tax capacity retained for tax increment financing under section 469.177, subdivision 2, paragraph (a), clause (1);
- (6) any captured net tax capacity distributed among affected taxing districts under section 469.177, subdivision 2, paragraph (a), clause (2);
- (7) the type of district;
- (8) the date the municipality approved the tax increment financing plan and the date of approval of any modification of the tax increment financing plan, the approval of which requires notice, discussion, a public hearing, and findings under subdivision 4, paragraph (a);
- (9) the date the authority first requested certification of the original net tax capacity of the district and the date of the request for certification regarding any parcel added to the district;
- (10) the date the county auditor first certified the original net tax capacity of the district and the date of certification of the original net tax capacity of any parcel added to the district;
- (11) the month and year in which the authority has received or anticipates it will receive the first increment from the district;
- (12) the date the district must be decertified;
- (13) for the reporting period and prior years of the district, the actual amount received from, at least, the following categories:
 - (i) tax increments paid by the captured net tax capacity retained for tax increment financing under section 469.177, subdivision 2, paragraph (a), clause (1), but excluding any excess taxes;
 - (ii) tax increments that are interest or other investment earnings on or from tax increments;
 - (iii) tax increments that are proceeds from the sale or lease of property, tangible or intangible, purchased by the authority with tax increments;

- (iv) tax increments that are repayments of loans or other advances made by the authority with tax increments;
- (v) bond or loan proceeds;
- (vi) special assessments;
- (vii) grants; and
- (viii) transfers from funds not exclusively associated with the district;

(14) for the reporting period and for the prior years of the district, ~~the amount budgeted under the tax increment financing plan, and~~ the actual amount expended for, at least, the following categories:

- (i) acquisition of land and buildings through condemnation or purchase;
- (ii) site improvements or preparation costs;
- (iii) installation of public utilities, parking facilities, streets, roads, sidewalks, or other similar public improvements;
- (iv) administrative costs, including the allocated cost of the authority;
- (v) public park facilities, facilities for social, recreational, or conference purposes, or other similar public improvements; and
- (vi) transfers to funds not exclusively associated with the district;

(15) for properties sold to developers, the total cost of the property to the authority and the price paid by the developer;

(16) the amount of any payments and the value of any in-kind benefits, such as physical improvements and the use of building space, that are paid or financed with tax increments and are provided to another governmental unit other than the municipality during the reporting period;

(17) the amount of any payments for activities and improvements located outside of the district that are paid for or financed with tax increments;

(18) the amount of payments of principal and interest that are made during the reporting period on any nondefeased:

- (i) general obligation tax increment financing bonds;
- (ii) other tax increment financing bonds; and
- (iii) notes and pay-as-you-go contracts;

(19) the principal amount, at the end of the reporting period, of any nondefeased:

- (i) general obligation tax increment financing bonds;
- (ii) other tax increment financing bonds; and

(iii) notes and pay-as-you-go contracts;

(20) the amount of principal and interest payments that are due for the current calendar year on any nondefeased:

(i) general obligation tax increment financing bonds;

(ii) other tax increment financing bonds; and

(iii) notes and pay-as-you-go contracts;

(21) if the fiscal disparities contribution under chapter 276A or 473F for the district is computed under section 469.177, subdivision 3, paragraph (a), the amount of increased property taxes imposed on other properties in the municipality that approved the tax increment financing plan as a result of the fiscal disparities contribution;

(22) whether the tax increment financing plan or other governing document permits increment revenues to be expended:

(i) to pay bonds, the proceeds of which were or may be expended on activities outside of the district;

(ii) for deposit into a common bond fund from which money may be expended on activities located outside of the district; or

(iii) to otherwise finance activities located outside of the tax increment financing district; ~~and~~

(23) the estimate, if any, contained in the tax increment financing plan of the amount of the cost of the project, including administrative expenses, that will be paid or financed with tax increment; and

(24) any additional information the state auditor may require.

(d) The commissioner of revenue shall prescribe the method of calculating the increased property taxes under paragraph (c), clause (21), and the form of the statement disclosing this information on the annual statement under subdivision 5.

(e) The reporting requirements imposed by this subdivision apply to districts certified before, on, and after August 1, 1979.

[EFFECTIVE DATE.] This section is effective beginning with the reports due in calendar year 2004.

Sec. 10. Minnesota Statutes 2002, section 469.176, subdivision 1c, is amended to read:

Subd. 1c. [DURATION LIMITS; PRE-1979 DISTRICTS.] (a) For tax increment financing districts created prior to August 1, 1979, no tax increment shall be paid to the authority after April 1, 2001, or the term of a nondefeased bond or obligation outstanding on April 1, 1990, secured by increments from the district or project area, whichever time is greater, provided that in no case will a tax increment be paid to an authority after August 1, 2009, from such a district. If a district's termination date is extended beyond April 1, 2001, because bonds were outstanding on April 1, 1990, with maturities extending beyond April 1, 2001, the following restrictions apply. No increment collected from the district may be expended after April 1, 2001, except to pay or ~~defeas~~ ~~(i)~~ repay:

(1) bonds issued before April 1, 1990, or (ii);

(2) bonds issued to refund the principal of the outstanding bonds and pay associated issuance costs, provided the average maturity of the refunding bonds does not exceed the bonds refunded;

(3) administrative expenses of the district required to be paid under section 469.176, subdivision 4h, paragraph (a);

(4) transfers of increment permitted under section 469.1763, subdivision 6; and

(5) any advance or payment made by the municipality or the authority after June 1, 2002, to pay any bonds listed in clause (1) or (2).

(b) Each year, any increments from a district subject to this subdivision must be first applied to pay obligations listed under paragraph (a), clauses (1) and (2), and administrative expenses under paragraph (a), clause (3). Any remaining increments may be used for transfers of increments permitted under section 469.1763, subdivision 6, and to make payments under paragraph (a), clause (5).

(c) When sufficient money has been received to pay in full or defease obligations under paragraph (a), clauses (1), (2), and (5), the tax increment project or district must be decertified.

[EFFECTIVE DATE.] This section is effective the day following final enactment and applies to tax increment financing districts for which the request for certification was made before August 1, 1979.

Sec. 11. Minnesota Statutes 2002, section 469.176, subdivision 2, is amended to read:

Subd. 2. [EXCESS TAX INCREMENTS.] In any year in which the tax increment exceeds the amount necessary to pay the costs authorized by the tax increment financing plan, including the amount necessary to cancel any tax levy as provided in section 475.61, subdivision 3, (a) The authority shall annually determine the amount of excess increments for a district, if any. This determination must be based on the tax increment financing plan in effect on December 31 of the year and the increments and other revenues received as of December 31 of the year.

(b) For purposes of this subdivision, "excess increments" equals the excess of:

(1) total increments collected from the district since its certification, reduced by any excess increments paid under paragraph (c), clause (4), for a prior year, over

(2) the total costs authorized by the tax increment financing plan to be paid with increments from the district, reduced, but not below zero, by the sum of:

(i) the amounts of those authorized costs that have been paid from sources other than tax increments from the district;

(ii) revenues, other than tax increments from the district, that are dedicated for or otherwise required to be used to pay those authorized costs and that the authority has received and that are not included in item (i); and

(iii) the amount of principal and interest obligations due on outstanding bonds after December 31 of the year and not prepaid under paragraph (c) in a prior year.

(c) The authority shall use ~~the excess amount to do any of~~ excess increment only to do one or more of the following:

(1) prepay any outstanding bonds;

(2) discharge the pledge of tax increment ~~therefor~~, for any outstanding bonds;

(3) pay into an escrow account dedicated to the payment of ~~such bond~~, any outstanding bonds; or

(4) return the excess amount to the county auditor who shall distribute the excess amount to the ~~municipality city~~ or town, county, and school district in which the tax increment financing district is located in direct proportion to their respective local tax rates.

(d) The county auditor must report to the commissioner of children, families, and learning the amount of any excess tax increment distributed to a school district within 30 days of the distribution.

[EFFECTIVE DATE.] This section is effective for all tax increment financing districts, regardless of whether the request for certification was made before, on, or after August 1, 1979, and applies after August 1, 2003, except the amendment to paragraph (c), clause (4), applies retroactively to August 1, 1979.

Sec. 12. Minnesota Statutes 2002, section 469.176, subdivision 3, is amended to read:

Subd. 3. **[LIMITATION ON ADMINISTRATIVE EXPENSES.]** (a) For districts for which certification was requested before August 1, 1979, or after June 30, 1982 and before August 1, 2001, no tax increment shall be used to pay any administrative expenses for a project which exceed ten percent of the total estimated tax increment expenditures authorized by the tax increment financing plan or the total tax increment expenditures for the project, whichever is less.

(b) For districts for which certification was requested after July 31, 1979, and before July 1, 1982, no tax increment shall be used to pay administrative expenses, as defined in Minnesota Statutes 1980, section 273.73, for a district which exceeds five percent of the total tax increment expenditures authorized by the tax increment financing plan or the total estimated tax increment expenditures for the district, whichever is less.

(c) For districts for which certification was requested after July 31, 2001, no tax increment may be used to pay any administrative expenses for a project which exceed ten percent of total estimated tax increment expenditures authorized by the tax increment financing plan or the total tax increments, as defined in section 469.174, subdivision 25, clause (1), from the district, whichever is less.

[EFFECTIVE DATE.] This section is effective for districts for which the request for certification was made before, on, or after August 1, 1979.

Sec. 13. Minnesota Statutes 2002, section 469.176, subdivision 7, is amended to read:

Subd. 7. **[PARCELS NOT INCLUDABLE IN DISTRICTS.]** (a) The authority may request inclusion in a tax increment financing district and the county auditor may certify the original tax capacity of a parcel or a part of a parcel that qualified under the provisions of section 273.111 or 273.112 or chapter 473H for taxes payable in any of the five calendar years before the filing of the request for certification only for:

(1) a district in which 85 percent or more of the planned buildings and facilities (determined on the basis of square footage) are a qualified manufacturing facility or a qualified distribution facility or a combination of both; or

(2) a qualified housing district ~~as defined in section 273.1399, subdivision 1.~~

(b)(1) A distribution facility means buildings and other improvements to real property that are used to conduct activities in at least each of the following categories:

- (i) to store or warehouse tangible personal property;
- (ii) to take orders for shipment, mailing, or delivery;
- (iii) to prepare personal property for shipment, mailing, or delivery; and
- (iv) to ship, mail, or deliver property.

(2) A manufacturing facility includes space used for manufacturing or producing tangible personal property, including processing resulting in the change in condition of the property, and space necessary for and related to the manufacturing activities.

(3) To be a qualified facility, the owner or operator of a manufacturing or distribution facility must agree to pay and pay 90 percent or more of the employees of the facility at a rate equal to or greater than 160 percent of the federal minimum wage for individuals over the age of 20.

[EFFECTIVE DATE.] This section applies to all districts for which the request for certification was made on or after January 1, 2002, and to all districts to which the definition of qualified housing districts under Minnesota Statutes 2000, section 273.1399, applied.

Sec. 14. Minnesota Statutes 2002, section 469.1763, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] (a) For purposes of this section, the following terms have the meanings given.

(b) "Activities" means acquisition of property, clearing of land, site preparation, soils correction, removal of hazardous waste or pollution, installation of utilities, construction of public or private improvements, and other similar activities, but only to the extent that tax increment revenues may be spent for such purposes under other law.

(c) "Third party" means an entity other than (1) the person receiving the benefit of assistance financed with tax increments, or (2) the municipality or the development authority or other person substantially under the control of the municipality.

(d) "Revenues derived from tax increments paid by properties in the district" means only tax increment as defined in section 469.174, subdivision 25, clause (1), and does not include tax increment as defined in section 469.174, subdivision 25, clauses (2), (3), and (4).

[EFFECTIVE DATE.] This section is effective for districts for which the request for certification was made after April 30, 1990.

Sec. 15. Minnesota Statutes 2002, section 469.1763, subdivision 3, is amended to read:

Subd. 3. [FIVE-YEAR RULE.] (a) Revenues derived from tax increments are considered to have been expended on an activity within the district under subdivision 2 only if one of the following occurs:

(1) before or within five years after certification of the district, the revenues are actually paid to a third party with respect to the activity;

(2) bonds, the proceeds of which must be used to finance the activity, are issued and sold to a third party before or within five years after certification, the revenues are spent to repay the bonds, and the proceeds of the bonds either are, on the date of issuance, reasonably expected to be spent before the end of the later of (i) the five-year period, or (ii) a reasonable temporary period within the meaning of the use of that term under section 148(c)(1) of the Internal Revenue Code, or are deposited in a reasonably required reserve or replacement fund;

(3) binding contracts with a third party are entered into for performance of the activity before or within five years after certification of the district and the revenues are spent under the contractual obligation; ~~or~~

(4) costs with respect to the activity are paid before or within five years after certification of the district and the revenues are spent to reimburse a party for payment of the costs, including interest on unreimbursed costs; or

(5) expenditures are made for housing purposes as permitted by subdivision 2, paragraph (b).

(b) For purposes of this subdivision, bonds include subsequent refunding bonds if the original refunded bonds meet the requirements of paragraph (a), clause (2).

[EFFECTIVE DATE.] This section is effective for expenditures made after June 30, 2003.

Sec. 16. Minnesota Statutes 2002, section 469.1763, subdivision 6, is amended to read:

Subd. 6. [POOLING PERMITTED FOR DEFICITS.] (a) This subdivision applies only to districts for which the request for certification was made before August 1, 2001, and without regard to whether the request for certification was made prior to August 1, 1979.

(b) The municipality for the district may transfer available increments from another tax increment financing district located in the municipality, if the transfer is necessary to eliminate a deficit in the district to which the increments are transferred. A deficit in the district for purposes of this subdivision means the lesser of the following two amounts:

(1)(i) the amount due during the calendar year to pay preexisting obligations of the district; minus

(ii) the total increments collected or to be collected from properties located within the district that are available for the calendar year including amounts collected in prior years that are currently available; plus

(iii) total increments from properties located in other districts in the municipality including amounts collected in prior years that are available to be used to meet the district's obligations under this section, excluding this subdivision, or other provisions of law (but excluding a special tax under section 469.1791 and the grant program under Laws 1997, chapter 231, article 1, section 19, or Laws 2001, First Special Session chapter 5); or

(2) the reduction in increments collected from properties located in the district for the calendar year as a result of the changes in class rates in Laws 1997, chapter 231, article 1; Laws 1998, chapter 389, article 2; and Laws 1999, chapter 243, and Laws 2001, First Special Session chapter 5, or the elimination of the general education tax levy under Laws 2001, First Special Session chapter 5.

(c) A preexisting obligation means:

(1) bonds issued and sold before August 1, 2001, or bonds issued pursuant to a binding contract requiring the issuance of bonds entered into before July 1, 2001, and bonds issued to refund such bonds or to reimburse expenditures made in conjunction with a signed contractual agreement entered into before August 1, 2001, to the extent that the bonds are secured by a pledge of increments from the tax increment financing district; and

(2) binding contracts entered into before August 1, 2001, to the extent that the contracts require payments secured by a pledge of increments from the tax increment financing district.

(d) The municipality may require a development authority, other than a seaway port authority, to transfer available increments including amounts collected in prior years that are currently available for any of its tax increment financing districts in the municipality to make up an insufficiency in another district in the municipality, regardless of whether the district was established by the development authority or another development authority. This authority applies notwithstanding any law to the contrary, but applies only to a development authority that:

(1) was established by the municipality; or

(2) the governing body of which is appointed, in whole or part, by the municipality or an officer of the municipality or which consists, in whole or part, of members of the governing body of the municipality. The municipality may use this authority only after it has first used all available increments of the receiving development authority to eliminate the insufficiency and exercised any permitted action under section 469.1792, subdivision 3, for preexisting districts of the receiving development authority to eliminate the insufficiency.

(e) The authority under this subdivision to spend tax increments outside of the area of the district from which the tax increments were collected:

~~(1) may only be exercised after obtaining approval of the use of the increments, in writing, by the commissioner of revenue;~~

~~(2) is an exception to the restrictions under section 469.176, subdivision 4i, and the other provisions of this section, and the percentage restrictions under subdivision 2 must be calculated after deducting increments spent under this subdivision from the total increments for the district; and~~

~~(3) (2) applies notwithstanding the provisions of the Tax Increment Financing Act in effect for districts for which the request for certification was made before June 30, 1982, or any other law to the contrary.~~

(f) If a preexisting obligation requires the development authority to pay an amount that is limited to the increment from the district or a specific development within the district and if the obligation requires paying a higher amount to the extent that increments are available, the municipality may determine that the amount due under the preexisting obligation equals the higher amount and may authorize the transfer of increments under this subdivision to pay up to the higher amount. The existence of a guarantee of obligations by the individual or entity that would receive the payment under this paragraph is disregarded in the determination of eligibility to pool under this subdivision. The authority to transfer increments under this paragraph may only be used to the extent that the payment of all other preexisting obligations in the municipality due during the calendar year have been satisfied.

[EFFECTIVE DATE.] This section is effective retroactively to January 2, 2002, and thereafter.

Sec. 17. Minnesota Statutes 2002, section 469.177, subdivision 1, is amended to read:

Subdivision 1. [ORIGINAL NET TAX CAPACITY.] (a) Upon or after adoption of a tax increment financing plan, the auditor of any county in which the district is situated shall, upon request of the authority, certify the original net tax capacity of the tax increment financing district and that portion of the district overlying any subdistrict as described in the tax increment financing plan and shall certify in each year thereafter the amount by which the original net tax capacity has increased or decreased as a result of a change in tax exempt status of property within the district and any subdistrict, reduction or enlargement of the district or changes pursuant to subdivision 4.

~~(b) For districts approved under section 469.175, subdivision 3, or parcels added to existing districts after May 1, 1988, If the classification under section 273.13 of property located in a district changes to a classification that has a different assessment ratio, the original net tax capacity of that property must be redetermined at the time when its use is changed as if the property had originally been classified in the same class in which it is classified after its use is changed.~~

(c) The amount to be added to the original net tax capacity of the district as a result of previously tax exempt real property within the district becoming taxable equals the net tax capacity of the real property as most recently assessed pursuant to section 273.18 or, if that assessment was made more than one year prior to the date of title transfer rendering the property taxable, the net tax capacity assessed by the assessor at the time of the transfer. If improvements are made to tax exempt property after certification of the district and before the parcel becomes taxable, the assessor shall, at the request of the authority, separately assess the estimated market value of the improvements. If the property becomes taxable, the county auditor shall add to original net tax capacity, the net tax capacity of the parcel, excluding the separately assessed improvements. If substantial taxable improvements were made to a parcel after certification of the district and if the property later becomes tax exempt, in whole or part, as a result of the authority acquiring the property through foreclosure or exercise of remedies under a lease or other revenue agreement or as a result of tax forfeiture, the amount to be added to the original net tax capacity of the district as a result of the property again becoming taxable is the amount of the parcel's value that was included in original net tax capacity when the parcel was first certified. The amount to be added to the original net tax capacity of the district as a result of enlargements equals the net tax capacity of the added real property as most recently certified by the commissioner of revenue as of the date of modification of the tax increment financing plan pursuant to section 469.175, subdivision 4.

(d) ~~For districts approved under section 469.175, subdivision 3, or parcels added to existing districts after May 1, 1988,~~ If the net tax capacity of a property increases because the property no longer qualifies under the Minnesota Agricultural Property Tax Law, section 273.111; the Minnesota Open Space Property Tax Law, section 273.112; or the Metropolitan Agricultural Preserves Act, chapter 473H, or because platted, unimproved property is improved or three years pass after approval of the plat under section 273.11, subdivision 1, the increase in net tax capacity must be added to the original net tax capacity.

(e) The amount to be subtracted from the original net tax capacity of the district as a result of previously taxable real property within the district becoming tax exempt, or a reduction in the geographic area of the district, shall be the amount of original net tax capacity initially attributed to the property becoming tax exempt or being removed from the district. If the net tax capacity of property located within the tax increment financing district is reduced by reason of a court-ordered abatement, stipulation agreement, voluntary abatement made by the assessor or auditor or by order of the commissioner of revenue, the reduction shall be applied to the original net tax capacity of the district when the property upon which the abatement is made has not been improved since the date of certification of the district and to the captured net tax capacity of the district in each year thereafter when the abatement relates to improvements made after the date of certification. The county auditor may specify reasonable form and content of the request for certification of the authority and any modification thereof pursuant to section 469.175, subdivision 4.

(f) If a parcel of property contained a substandard building that was demolished or removed and if the authority elects to treat the parcel as occupied by a substandard building under section 469.174, subdivision 10, paragraph (b), the auditor shall certify the original net tax capacity of the parcel using the greater of (1) the current net tax capacity of the parcel, or (2) the estimated market value of the parcel for the year in which the building was demolished or removed, but applying the class rates for the current year.

[EFFECTIVE DATE.] This section applies to all districts, regardless of whether the request for certification was made before, on, or after August 1, 1979, beginning for taxes payable in 2004. This section requires adjustment of the original tax capacity under Minnesota Statutes, section 469.177, subdivision 7, of all parcels for class rate changes enacted after May 1, 1988, regardless of whether the classification of the property has changed after the certification of the district. This section requires adjustment of original tax capacity for changes in the classification of the property, only if the change in use occurs after December 31, 2002.

Sec. 18. Minnesota Statutes 2002, section 469.177, subdivision 12, is amended to read:

Subd. 12. [DECERTIFICATION OF TAX INCREMENT FINANCING DISTRICT.] The county auditor shall decertify a tax increment financing district when the earliest of the following times is reached:

- (1) the applicable maximum duration limit under section 469.176, subdivisions 1a to 1g;
- (2) the maximum duration limit, if any, provided by the municipality pursuant to section 469.176, subdivision 1;
- (3) the time of decertification specified in section 469.1761, subdivision 4, if the commissioner of revenue issues an order of noncompliance and the maximum duration limit for economic development districts has been exceeded;
- (4) upon completion of the required actions to allow decertification under section 469.1763, subdivision 4; or
- (5) upon the later of receipt by the county auditor of a written request for decertification from the authority that requested certification of the original net tax capacity of the district or its successor or the decertification date specified in the request.

[EFFECTIVE DATE.] This section is effective for all districts regardless of whether the request for certification was made before, on, or after August 1, 1979.

Sec. 19. Minnesota Statutes 2002, section 469.1771, subdivision 4, is amended to read:

Subd. 4. [LIMITATIONS.] (a) If the increments are pledged to repay bonds that were issued before the lawsuit was filed under this section, the damages under this section may not exceed the greater of (1) ten percent of the expenditures or revenues derived from increment, or (2) the amount of available revenues after paying debt services due on the bonds.

(b) The court may abate all or part of the amount if it determines the unauthorized action or failure to perform the required action was taken in good faith and the payment would work an undue hardship on the authority or municipality.

[EFFECTIVE DATE.] This section is effective for violations occurring after December 31, 1990.

Sec. 20. Minnesota Statutes 2002, section 469.1771, is amended by adding a subdivision to read:

Subd. 7. [LIMITATIONS ON ACTIONS.] An action under subdivision 1, paragraph (a), contesting the validity of a determination by an authority under section 469.175, subdivision 3, must be commenced within the later of:

- (1) 180 days after the municipality's approval under section 469.175, subdivision 3; or
- (2) 90 days after the request for certification of the district is filed with the county auditor under section 469.177, subdivision 1.

[EFFECTIVE DATE.] This section is effective for actions filed after the day following final enactment.

Sec. 21. Minnesota Statutes 2002, section 469.178, subdivision 7, is amended to read:

Subd. 7. [INTERFUND LOANS.] The authority or municipality may advance or loan money to finance expenditures under section 469.176, subdivision 4, from its general fund or any other fund under which it has legal authority to do so. The loan or advance must be ~~approved~~ authorized, by resolution of the governing body, before

money is transferred, advanced, or spent, whichever is earliest. The resolution may generally grant to the authority the power to make interfund loans under one or more tax increment financing plans or for one or more districts. The terms and conditions for repayment of the loan must be provided in writing and include, at a minimum, the principal amount, the interest rate, and maximum term. The maximum rate of interest permitted to be charged is limited to the greater of the rates specified under section 270.75 or 549.09 as of the date or advance is made, unless the written agreement states that the maximum interest rate will fluctuate as the interest rates specified under section 270.75 or 549.09 are from time to time adjusted.

[EFFECTIVE DATE.] This section is effective for loans and advances made after July 31, 2001, and for districts for which the request for certification was made after July 31, 1979.

Sec. 22. Minnesota Statutes 2002, section 469.1791, subdivision 3, is amended to read:

Subd. 3. [PRECONDITIONS TO ESTABLISH DISTRICT.] (a) A city may establish a special taxing district within a tax increment financing district under this section only if the conditions under paragraphs (b) and (c) are met or if the city elects to exercise the authority under paragraph (d).

(b) The city has determined that:

(1) total tax increments from the district, including unspent increments from previous years and increments transferred under paragraph (c), will be insufficient to pay the amounts due in a year on preexisting obligations; and

(2) this insufficiency of increments resulted from the reduction in property tax class rates enacted in the 1997 and 1998 legislative sessions.

(c) The city has agreed to transfer any available increments from other tax increment financing districts in the city to pay the preexisting obligations of the district under section 469.1763, subdivision 6. This requirement does not apply to any available increments of a qualified housing district, ~~as defined in section 273.1399, subdivision 1.~~

(d) If a tax increment financing district does not qualify under paragraphs (b) and (c), the governing body may elect to establish a special taxing district under this section. If the city elects to exercise this authority, increments from the tax increment financing district and the proceeds of the tax imposed under this section may only be used to pay preexisting obligations and reasonable administrative expenses of the authority for the tax increment financing district. The tax increment financing district must be decertified when all preexisting obligations have been paid.

[EFFECTIVE DATE.] This section applies to all districts for which the request for certification was made on or after January 1, 2002, and to all districts to which the definition of qualified housing districts under Minnesota Statutes 2000, section 273.1399, applied.

Sec. 23. Minnesota Statutes 2002, section 469.1792, subdivision 1, is amended to read:

Subdivision 1. [SCOPE.] This section applies only to an authority with a preexisting district for which:

(1) the increments from the district were insufficient to pay preexisting obligations as a result of the class rate changes or the elimination of the state-determined general education property tax levy under this act, or both; or

(2)(i) the development authority has a binding contract, entered into before August 1, 2001, with a person requiring the authority to pay to the person an amount that may not exceed the increment from the district or a specific development within the district; and

(ii) the authority is unable to pay the full amount under the contract from the pledged increments or other increments from the district that would have been due if the class rate changes or elimination of the state-determined general education property tax levy or both had not been made under Laws 2001, First Special Session chapter 5.

[EFFECTIVE DATE.] This section is effective retroactively to the effective date of the original enactment of section 469.1792, subdivision 1, and applies to all districts for which the request for certification was made after July 1, 1979.

Sec. 24. Minnesota Statutes 2002, section 469.1792, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] (a) For purposes of this section, the following terms have the meanings given.

(b) "Preexisting district" means a tax increment financing district for which the request for certification was made before August 1, 2001.

(c) "Preexisting obligation" means a bond or binding contract that:

(1)(i) was issued or approved before August 1, 2001, or was issued pursuant to a binding contract entered into before ~~August~~ July 1, 2001; or

(ii) was issued to refinance an obligation under item (i), if the refinancing does not increase the present value of the debt service; and

(2) is secured by increments from a preexisting district.

[EFFECTIVE DATE.] This section is effective the day following final enactment and applies to districts for which the request for certification was made on, before, or after August 1, 1979, and before August 1, 2001.

Sec. 25. Minnesota Statutes 2002, section 469.1792, subdivision 3, is amended to read:

Subd. 3. [ACTIONS AUTHORIZED.] (a) An authority with a district qualifying under this section may take either or both of the following actions for any or all of its preexisting districts:

(1) the authority may elect that the original local tax rate under section 469.177, subdivision 1a, does not apply to the district; and

(2) the authority may elect the fiscal disparities contribution will be computed under section 469.177, subdivision 3, paragraph (a), regardless of the election that was made for the district or if the district is an economic development district for which the request for certification was made after June 30, 1997.

(b) The authority may take action under this subdivision only after the municipality approves the action, by resolution, after notice and public hearing in the manner provided under section 469.175, subdivision ~~2~~ 3.

[EFFECTIVE DATE.] This section is effective the day following final enactment and applies to districts for which the request for certification was made on, before, or after August 1, 1979, and before August 1, 2001.

Sec. 26. Minnesota Statutes 2002, section 469.1813, subdivision 8, is amended to read:

Subd. 8. [LIMITATION ON ABATEMENTS.] In any year, the total amount of property taxes abated by a political subdivision under this section may not exceed (1) five percent of the current levy, or (2) \$100,000, whichever is greater. The limit under this subdivision does not apply to an uncollected abatement from a prior year that is added to the abatement levy.

[EFFECTIVE DATE.] This section is effective beginning with property taxes levied in 2003, payable in 2004.

Sec. 27. Minnesota Statutes 2002, section 469.1815, subdivision 1, is amended to read:

Subdivision 1. [INCLUSION IN PROPOSED AND FINAL LEVIES.] The political subdivision must add to its levy amount for the current year under sections 275.065 and 275.07 the total estimated amount of all current year abatements granted. If all or a portion of an abatement levy for a prior year was uncollected, the political subdivision may add the uncollected amount to its abatement levy for the current year. The tax amounts shown on the proposed notice under section 275.065, subdivision 3, and on the property tax statement under section 276.04, subdivision 2, are the total amounts before the reduction of any abatements that will be granted on the property.

[EFFECTIVE DATE.] This section is effective beginning with property taxes levied in 2003, payable in 2004.

Sec. 28. Laws 1997, chapter 231, article 10, section 25, is amended to read:

Sec. 25. [EFFECTIVE DATE.]

Sections 1, 3 to 6, 7, and 10, are effective for districts for which the requests for certification are made after June 30, 1997.

Section 2, ~~clauses~~ clause (1) and is effective for all districts, regardless of whether the request for certification was made before, on, or after August 1, 1979. Section 2, clause (4), are ~~is~~ effective for districts for which the requests for certification were made after July 31, 1979, and for payments and investment earnings received after July 1, 1997. Section 2, clauses (2) and (3), are effective for districts for which the request for certification was made after June 30, 1982, and proceeds from sales and leases of properties purchased by the authority after June 30, 1997, and repayments of advances and loans that were made after June 30, 1997.

Sections 8 and 9 apply to all tax increment districts, whenever certified, insofar as the underlying law applies to them, and any uses of tax increment expended prior to the date of enactment of this act which are in compliance with the provisions of those sections are deemed valid.

Sections 12 and 13 are effective on the day the chief clerical officer of the city of Columbia Heights complies with Minnesota Statutes, sections 645.021, subdivision 3.

Sections 17 to 20 are effective the day following final enactment and upon compliance by the governing body with Minnesota Statutes, section 645.021, subdivision 3.

Section 24 is effective the day following final enactment.

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

Sec. 29. Laws 2002, chapter 377, article 7, section 3, the effective date, is amended to read:

[EFFECTIVE DATE.] This section is effective for ~~increments payable in 2002~~ deficits occurring in calendar year 2000 and thereafter.

Sec. 30. Laws 2002, chapter 377, article 11, section 1, is amended to read:

Section 1. [CITY OF MOORHEAD; TAX LEVY AUTHORIZED.]

(a) Each year the city of Moorhead may impose a tax on all class 3a and class 3b property located in the city in an amount which the city determines is equal to the reduction in revenues from increment from all tax increment financing districts in the city resulting from the class rate changes and the elimination of the state-determined general education property levy under Laws 2001, First Special Session chapter 5. The proceeds of this tax and increments from the district may only be used to pay preexisting obligations as defined in Minnesota Statutes, section 469.1763, subdivision 6, whether general obligations or payable wholly from tax increments, and administrative expenses. The tax must be levied and collected in the same manner and as part of the property tax levied by the city and is subject to the same administrative, penalty, and enforcement provisions. A tax imposed under this section is a special levy and is not subject to levy limitations under Minnesota Statutes, section 275.71.

(b) This section expires December 31, ~~2005~~ 2010.

[EFFECTIVE DATE.] This section is effective upon approval by and compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing body of the city of Moorhead.

Sec. 31. [HOPKINS TAX INCREMENT FINANCING DISTRICT.]

Subdivision 1. [DISTRICT EXTENSION.] (a) The governing body of the city of Hopkins may elect to extend the duration of its redevelopment tax increment financing district 2-11 by up to four additional years.

(b) Notwithstanding any law to the contrary, effective upon approval of this subdivision, no increments may be spent on activities located outside of the area of the district, other than to pay administrative expenses.

Subd. 2. [FIVE-YEAR RULE.] The requirements of Minnesota Statutes, section 469.1763, subdivision 3, that activities must be undertaken within a five-year period from the date of certification of tax increment financing district must be considered to be met for the city of Hopkins redevelopment tax increment district 2-11, if the activities are undertaken within nine years from the date of certification of the district.

[EFFECTIVE DATE.] Subdivision 1 is effective upon compliance with the provisions of Minnesota Statutes, sections 469.1782, subdivision 2, and 645.021. Subdivision 2 is effective upon compliance by the governing body of the city of Hopkins with the provisions of Minnesota Statutes, section 645.021.

ARTICLE 11

MINERALS TAXES

Section 1. Minnesota Statutes 2002, section 273.134, is amended to read:

273.134 [TACONITE AND IRON ORE AREAS; TAX RELIEF AREA; DEFINITIONS.]

(a) For purposes of this section and ~~section~~ sections 273.135 and 273.1391, "municipality" means any city, however organized, or town, ~~and~~ which meets the following qualifications:

(1) it is a municipality in which the assessed valuation of unmined iron ore on May 1, 1941, was not less than 40 percent of the assessed valuation of all real property; or

(2) it is a municipality in which, on January 1, 1977, or the applicable assessment date, there is a taconite concentrating plant or where taconite is mined or quarried or where there is located an electric generating plant which qualifies as a taconite facility.

"The applicable assessment date" is the date as of which property is listed and assessed for the tax in question.

(b) For the purposes of section 273.135, "tax relief area" means the geographic area contained within the boundaries of a school district on January 2, 2000, which contains a municipality which meets the following qualifications:

(1) it is a municipality school district in which the assessed valuation of unmined iron ore on May 1, 1941, was not less than 40 percent of the assessed valuation of all real property and whose boundaries are within 20 miles of a taconite mine or plant; or

(2) it is a municipality school district in which, on January 1, 1977 or the applicable assessment date, there is a taconite concentrating plant or where taconite is mined or quarried or where there is located an electric generating plant which qualifies as a taconite facility.

~~For purposes of this paragraph, a "tax relief area" does not include a school district whose boundaries are more than 20 miles from a taconite mine or plant or in which the assessed valuation of unmined iron ore on May 1, 1941, was less than 40 percent of the assessed valuation of all real property.~~

~~(b) For purposes of section 273.1391, subdivision 2, paragraph (c), and chapter 298, "tax relief area" means the geographic area contained within the boundaries of a school district which contains a municipality that meets the following qualifications:~~

~~(1) it is a municipality in which the assessed valuation of unmined iron ore on May 1, 1941, was not less than 40 percent of the assessed valuation of all real property; or~~

~~(2) it is a municipality in which, on January 1, 1977, or the applicable assessment date, there is a taconite concentrating plant or where taconite is mined or quarried or where there is located an electric generating plant which qualifies as a taconite facility.~~

[EFFECTIVE DATE.] This section is effective for taxes payable in 2004 and thereafter.

Sec. 2. [273.1341] [TACONITE ASSISTANCE AREA.]

A "taconite assistance area" means the geographic area that falls within the boundaries of a school district that contains a municipality in which the assessed valuation of unmined iron ore on May 1, 1941, was not less than 40 percent of the assessed valuation of all real property.

[EFFECTIVE DATE.] This section is effective for taxes payable in 2004 and thereafter.

Sec. 3. Minnesota Statutes 2002, section 273.135, subdivision 1, is amended to read:

Subdivision 1. The property tax to be paid in respect to property taxable within a tax relief area as defined in section 273.134, paragraph ~~(a)~~ (b), on homestead property, as otherwise determined by law and regardless of the market value of the property, for all purposes shall be reduced in the amount prescribed by subdivision 2, subject to the limitations contained therein.

[EFFECTIVE DATE.] This section is effective for taxes payable in 2004 and thereafter.

Sec. 4. Minnesota Statutes 2002, section 273.135, subdivision 2, is amended to read:

Subd. 2. The amount of the reduction authorized by subdivision 1 shall be:

(a) In the case of property located within a ~~tax relief area~~ municipality as defined under section 273.134, paragraph (a), ~~that is within the boundaries of a municipality which meets the qualifications prescribed in section 273.134, paragraph (a)~~; 66 percent of the tax, provided that the reduction shall not exceed the maximum amounts specified in paragraph (c).

(b) In the case of property located within the boundaries of a school district which qualifies as a tax relief area under section 273.134, paragraph ~~(a)~~ (b), but which is outside the boundaries of a municipality which meets the qualifications prescribed in section 273.134, paragraph (a), 57 percent of the tax, provided that the reduction shall not exceed the maximum amounts specified in paragraph (c).

(c) The maximum reduction of the tax is \$315.10 on property described in paragraph (a) and \$289.80 on property described in paragraph (b).

[EFFECTIVE DATE.] This section is effective for taxes payable in 2004 and thereafter.

Sec. 5. Minnesota Statutes 2002, section 273.1391, subdivision 2, is amended to read:

Subd. 2. The amount of the reduction authorized by subdivision 1 shall be:

(a) In the case of property located within a school district which does not meet the qualifications of section 273.134, paragraph (b), as a tax relief area, but which is located in a county with a population of less than 100,000 in which taconite is mined or quarried and wherein a school district is located which does meet the qualifications of a tax relief area, and provided that at least 90 percent of the area of the school district which does not meet the qualifications of section 273.134, paragraph (b), lies within such county, 57 percent of the tax on qualified property located in the school district that does not meet the qualifications of section 273.134, paragraph (b), provided that the amount of said reduction shall not exceed the maximum amounts specified in paragraph (d). The reduction provided by this paragraph shall only be applicable to property located within the boundaries of the county described therein.

(b) In the case of property located within a school district which does not meet the qualifications of section 273.134, paragraph (b), as a tax relief area, but which is located in a school district in a county containing a city of the first class and a ~~qualifying~~ municipality as defined in section 273.134, paragraph (a), but not in a school district containing a city of the first class or adjacent to a school district containing a city of the first class unless the school district so adjacent contains a ~~qualifying~~ municipality as defined in section 273.134, paragraph (a), 57 percent of the tax, but not to exceed the maximums specified in paragraph (d).

(c) In the case of property located within the boundaries of a municipality that meets the qualifications in section 273.134, paragraph ~~(b)~~ (a), but not the qualifications of a tax relief area in section 273.134, paragraph ~~(a)~~ (b), 66 percent of the tax, provided that the reduction shall not exceed \$315.10. In the case of property located within the

boundaries of a school district which qualifies as a ~~tax relief~~ taconite assistance area under section ~~273.134, paragraph (b)~~ 273.1341, but does not qualify as a tax relief area under section 273.134, paragraph ~~(a)~~ (b), but which is outside the boundaries of a municipality which meets the qualifications of the preceding sentence, 57 percent of the tax, provided that the reduction shall not exceed the maximum amounts specified in paragraph (d).

(d) Except as otherwise provided in this section, the maximum reduction of the tax is \$289.80.

[EFFECTIVE DATE.] This section is effective for taxes payable in 2004 and thereafter.

Sec. 6. Minnesota Statutes 2002, section 298.2211, subdivision 1, is amended to read:

Subdivision 1. [PURPOSE; GRANT OF AUTHORITY.] In order to accomplish the legislative purposes specified in sections 469.142 to 469.165 and chapter 462C, within tax relief areas as defined in section 273.134, the commissioner of iron range resources and rehabilitation may exercise the following powers: (1) all powers conferred upon a rural development financing authority under sections 469.142 to 469.149; (2) all powers conferred upon a city under chapter 462C; (3) all powers conferred upon a municipality or a redevelopment agency under sections 469.152 to 469.165; (4) all powers provided by sections 469.142 to 469.151 to further any of the purposes and objectives of chapter 462C and sections 469.152 to 469.165; ~~and~~ (5) apply for, borrow, receive, and expend grant and loan money made available from federal sources and from federally funded programs; and (6) all powers conferred upon a municipality or an authority under sections 469.174 to 469.177, 469.178, except subdivision 2 thereof, and 469.179, subject to compliance with the provisions of section 469.175, subdivisions 1, 2, and 3; provided that any tax increments derived by the commissioner from the exercise of this authority may be used only to finance or pay premiums or fees for insurance, letters of credit, or other contracts guaranteeing the payment when due of net rentals under a project lease or the payment of principal and interest due on or repurchase of bonds issued to finance a project or program, to accumulate and maintain reserves securing the payment when due on bonds issued to finance a project or program, or to provide an interest rate reduction program pursuant to section 469.012, subdivision 7. Tax increments and earnings thereon remaining in any bond reserve account after payment or discharge of any bonds secured thereby shall be used within one year thereafter in furtherance of this section or returned to the county auditor of the county in which the tax increment financing district is located. If returned to the county auditor, the county auditor shall immediately allocate the amount among all government units which would have shared therein had the amount been received as part of the other ad valorem taxes on property in the district most recently paid, in the same proportions as other taxes were distributed, and shall immediately distribute it to the government units in accordance with the allocation.

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

Sec. 7. Minnesota Statutes 2002, section 298.27, is amended to read:

298.27 [COLLECTION AND PAYMENT OF TAX.]

The taxes provided by section 298.24 shall be paid directly to each eligible county and the iron range resources and rehabilitation board. The commissioner of revenue shall notify each producer of the amount to be paid each recipient prior to February 15. Every person subject to taxes imposed by section 298.24 shall file a correct report covering the preceding year. The report must contain the information required by the commissioner. The report shall be filed by each producer on or before February 1. A remittance equal to 50 percent of the total tax required to be paid hereunder ~~in 2003 and 100 percent of the total tax required to be paid hereunder in 2004 and thereafter~~ shall be paid on or before February 24. A remittance equal to the remaining total tax required to be paid hereunder ~~in 2003~~ shall be paid on or before August 24. On or before February 25; and ~~in 2003~~, August 25, the county auditor shall make distribution of the payments previously received by the county in the manner provided by section 298.28. Reports shall be made and hearings held upon the determination of the tax in accordance with procedures established by the commissioner of revenue. The commissioner of revenue shall have authority to make reasonable

rules as to the form and manner of filing reports necessary for the determination of the tax hereunder, and by such rules may require the production of such information as may be reasonably necessary or convenient for the determination and apportionment of the tax. All the provisions of the occupation tax law with reference to the assessment and determination of the occupation tax, including all provisions for appeals from or review of the orders of the commissioner of revenue relative thereto, but not including provisions for refunds, are applicable to the taxes imposed by section 298.24 except in so far as inconsistent herewith. If any person subject to section 298.24 shall fail to make the report provided for in this section at the time and in the manner herein provided, the commissioner of revenue shall in such case, upon information possessed or obtained, ascertain the kind and amount of ore mined or produced and thereon find and determine the amount of the tax due from such person. There shall be added to the amount of tax due a penalty for failure to report on or before February 1, which penalty shall equal ten percent of the tax imposed and be treated as a part thereof.

If any person responsible for making a tax payment at the time and in the manner herein provided fails to do so, there shall be imposed a penalty equal to ten percent of the amount so due, which penalty shall be treated as part of the tax due.

In the case of any underpayment of the tax payment required herein, there may be added and be treated as part of the tax due a penalty equal to ten percent of the amount so underpaid.

A person having a liability of \$120,000 or more during a calendar year must remit all liabilities by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the tax is due. If the date the tax is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the tax is due.

[EFFECTIVE DATE.] This section is effective for taxes payable in 2004 and thereafter.

Sec. 8. Minnesota Statutes 2002, section 298.28, subdivision 4, is amended to read:

Subd. 4. [SCHOOL DISTRICTS.] (a) 17.15 cents per taxable ton plus the increase provided in paragraph (d) must be allocated to qualifying school districts to be distributed, based upon the certification of the commissioner of revenue, under paragraphs (b) and (c), except as otherwise provided in paragraph (f).

(b) 3.43 cents per taxable ton must be distributed to the school districts in which the lands from which taconite was mined or quarried were located or within which the concentrate was produced. The distribution must be based on the apportionment formula prescribed in subdivision 2.

(c)(i) 13.72 cents per taxable ton, less any amount distributed under paragraph (e), shall be distributed to a group of school districts comprised of those school districts ~~in which the taconite was mined or quarried or the concentrate produced~~ qualify as a tax relief area under section 273.134, paragraph (b), or in which there is a qualifying municipality as defined by section 273.134, paragraph ~~(b)~~ (a), in direct proportion to school district indexes as follows: for each school district, its pupil units determined under section 126C.05 for the prior school year shall be multiplied by the ratio of the average adjusted net tax capacity per pupil unit for school districts receiving aid under this clause as calculated pursuant to chapters 122A, 126C, and 127A for the school year ending prior to distribution to the adjusted net tax capacity per pupil unit of the district. Each district shall receive that portion of the distribution which its index bears to the sum of the indices for all school districts that receive the distributions.

(ii) Notwithstanding clause (i), each school district that receives a distribution under sections 298.018; 298.23 to 298.28, exclusive of any amount received under this clause; 298.34 to 298.39; 298.391 to 298.396; 298.405; or any law imposing a tax on severed mineral values after reduction for any portion distributed to cities and towns under section 126C.48, subdivision 8, paragraph (5), that is less than the amount of its levy reduction under

section 126C.48, subdivision 8, for the second year prior to the year of the distribution shall receive a distribution equal to the difference; the amount necessary to make this payment shall be derived from proportionate reductions in the initial distribution to other school districts under clause (i).

(d) Any school district described in paragraph (c) where a levy increase pursuant to section 126C.17, subdivision 9, was authorized by referendum for taxes payable in 2001, shall receive a distribution ~~from a fund that receives a distribution in 1998~~ of 21.3 cents per ton. ~~On July 15 of 1999, and each year thereafter, the increase over the amount established for the prior year shall be determined according to the increase in the implicit price deflator as provided in section 298.24, subdivision 1.~~ Each district shall receive \$175 times the pupil units identified in section 126C.05, subdivision 1, enrolled in the second previous year or the 1983-1984 school year, whichever is greater, less the product of 1.8 percent times the district's taxable net tax capacity in the second previous year.

If the total amount provided by paragraph (d) is insufficient to make the payments herein required then the entitlement of \$175 per pupil unit shall be reduced uniformly so as not to exceed the funds available. Any amounts received by a qualifying school district in any fiscal year pursuant to paragraph (d) shall not be applied to reduce general education aid which the district receives pursuant to section 126C.13 or the permissible levies of the district. Any amount remaining after the payments provided in this paragraph shall be paid to the commissioner of iron range resources and rehabilitation who shall deposit the same in the taconite environmental protection fund and the northeast Minnesota economic protection trust fund as provided in subdivision 11.

Each district receiving money according to this paragraph shall reserve \$25 times the number of pupil units in the district. It may use the money for early childhood programs or for outcome-based learning programs that enhance the academic quality of the district's curriculum. The outcome-based learning programs must be approved by the commissioner of children, families, and learning.

(e) There shall be distributed to any school district the amount which the school district was entitled to receive under section 298.32 in 1975.

(f) Effective for the distribution in 2003 only, five percent of the distributions to school districts under paragraphs (b), (c), and (e); subdivision 6, paragraph (c); subdivision 11; and section 298.225, shall be distributed to the general fund. The remainder less any portion distributed to cities and towns under section 126C.48, subdivision 8, paragraph (5), shall be distributed to the northeast Minnesota economic protection trust fund created in section 298.292. Fifty percent of the amount distributed to the ~~northeast Minnesota~~ Douglas J. Johnson economic protection trust fund shall be made available for expenditure under section 298.293 as governed by section 298.296. Effective in 2003 only, 100 percent of the distributions to school districts under section 477A.15 less any portion distributed to cities and towns under section 126C.48, subdivision 8, paragraph (5), shall be distributed to the general fund.

[EFFECTIVE DATE.] This section is effective for distributions in 2004 and thereafter.

Sec. 9. Minnesota Statutes 2002, section 298.292, subdivision 2, is amended to read:

Subd. 2. **[USE OF MONEY.]** Money in the northeast Minnesota economic protection trust fund may be used for the following purposes:

(1) to provide loans, loan guarantees, interest buy-downs and other forms of participation with private sources of financing, but a loan to a private enterprise shall be for a principal amount not to exceed one-half of the cost of the project for which financing is sought, and the rate of interest on a loan to a private enterprise shall be no less than the lesser of eight percent or an interest rate three percentage points less than a full faith and credit obligation of the United States government of comparable maturity, at the time that the loan is approved;

(2) to fund reserve accounts established to secure the payment when due of the principal of and interest on bonds issued pursuant to section 298.2211;

(3) to pay in periodic payments or in a lump sum payment any or all of the interest on bonds issued pursuant to chapter 474 for the purpose of constructing, converting, or retrofitting heating facilities in connection with district heating systems or systems utilizing alternative energy sources; and

(4) to invest in a venture capital fund or enterprise that will provide capital to other entities that are engaging in, or that will engage in, projects or programs that have the purposes set forth in subdivision 1. No investments may be made in a venture capital fund or enterprise unless at least two other unrelated investors make investments of at least \$500,000 in the venture capital fund or enterprise, and the investment by the northeast Minnesota economic protection trust fund may not exceed the amount of the largest investment by an unrelated investor in the venture capital fund or enterprise. For purposes of this subdivision, an "unrelated investor" is a person or entity that is not related to the entity in which the investment is made or to any individual who owns more than 40 percent of the value of the entity, in any of the following relationships: spouse, parent, child, sibling, employee, or owner of an interest in the entity that exceeds ten percent of the value of all interests in it. For purposes of determining the limitations under this clause, the amount of investments made by an investor other than the northeast Minnesota economic protection trust fund is the sum of all investments made in the venture capital fund or enterprise during the period beginning one year before the date of the investment by the northeast Minnesota economic protection trust fund.

Money from the trust fund shall be expended only in or for the benefit of the tax relief area defined in section 273.134, paragraph (b).

[EFFECTIVE DATE.] This section is effective for loans executed on or after the day following final enactment.

Sec. 10. Minnesota Statutes 2002, section 298.296, subdivision 4, is amended to read:

Subd. 4. [TEMPORARY LOAN AUTHORITY.] (a) The board may recommend that up to \$7,500,000 from the corpus of the trust may be used for loans, loan guarantees, grants, or equity investments as provided in this subdivision. The money would be available for loans for construction and equipping of facilities constituting (1) a value added iron products plant, which may be either a new plant or a facility incorporated into an existing plant that produces iron upgraded to a minimum of 75 percent iron content or any iron alloy with a total minimum metallic content of 90 percent; or (2) a new mine or minerals processing plant for any mineral subject to the net proceeds tax imposed under section 298.015. A loan or loan guarantee under this paragraph may not exceed \$5,000,000 for any facility.

(b) Additionally, the board must reserve the first \$2,000,000 of the net interest, dividends, and earnings arising from the investment of the trust after June 30, 1996, to be used for ~~additional grants, loans, loan guarantees, or equity investments~~ for the purposes set forth in paragraph (a). This amount must be reserved until it is used ~~for the grants~~ as described in this subdivision.

(c) Additionally, the board may recommend that up to \$5,500,000 from the corpus of the trust may be used for ~~additional grants, loans, loan guarantees, or equity investments~~ for the purposes set forth in paragraph (a).

(d) The board may require that it receive an equity percentage in any project to which it contributes under this section.

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

Sec. 11. Minnesota Statutes 2002, section 298.2961, is amended by adding a subdivision to read:

Subd. 3. [REDISTRIBUTION.] (a) If a taconite production facility is sold after operations at the facility had ceased, any money remaining in the taconite environmental fund for the former producer may be released to the purchaser of the facility on the terms otherwise applicable to the former producer under this section.

(b) Any portion of the taconite environmental fund that is not released by the commissioner within three years of its deposit in the taconite environmental fund shall be divided between the taconite environmental protection fund created in section 298.223 and the Douglas J. Johnson economic protection trust fund created in section 298.292 for placement in their respective special accounts. Two-thirds of the unreleased funds must be distributed to the taconite environmental protection fund and one-third to the Douglas J. Johnson economic protection trust fund.

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

Sec. 12. [REVISOR INSTRUCTION.]

The revisor of statutes shall change the phrase "Northeast Minnesota Economic Protection Trust Fund" or a similar phrase referring to the fund, to the "Douglas J. Johnson Economic Protection Trust Fund" wherever it appears in Minnesota Statutes.

Sec. 13. [REPEALER.]

Minnesota Statutes 2002, section 298.24, subdivision 3, is repealed effective for concentrates produced after January 1, 2003.

ARTICLE 12

PUBLIC FINANCE

Section 1. [37.31] [ISSUANCE OF BONDS.]

Subdivision 1. [BONDING AUTHORITY.] The society may issue negotiable bonds in a principal amount that the society determines necessary to provide sufficient money for achieving its purposes, including the payment of interest on bonds of the society, 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 society incident to and necessary or convenient to carry out its corporate purposes and powers. Bonds of the society 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 \$20,000,000, excluding bonds for which refunding bonds or crossover refunding bonds have been issued.

Subd. 2. [REFUNDING OF BONDS.] The society may issue bonds to refund outstanding bonds of the society, to pay any redemption premiums on those bonds, and to pay interest accrued or to accrue to the redemption date next succeeding the date of delivery of the refunding bonds. The society may apply the proceeds of any refunding bonds to the purchase or payment at maturity of the bonds to be refunded, or to the redemption of outstanding bonds on the redemption date next succeeding the date of delivery of the refunding bonds and may, pending the application, place the proceeds in escrow to be applied to the purchase, retirement, or redemption of the bonds. Pending use, escrowed proceeds may be invested and reinvested in obligations issued or guaranteed by the state or the United States or by any agency or instrumentality of the state or the United States, or in certificates of deposit or time deposits secured in a manner determined by the society, maturing at a time appropriate to assure the prompt payment of the principal and interest and redemption premiums, if any, on the bonds to be refunded. The income

realized on any investment may also be applied to the payment of the bonds to be refunded. After the terms of the escrow have been fully satisfied, any balance of the proceeds and any investment income may be returned to the society for use by it in any lawful manner. All refunding bonds issued under this subdivision must be issued and secured in the manner provided by resolution of the society.

Subd. 3. [KIND OF BONDS.] Bonds issued under this section must be negotiable investment securities within the meaning and for all purposes of the Uniform Commercial Code, subject only to the provisions of the bonds for registration. The bonds issued must be limited obligations of the society not secured by its full faith and credit and payable solely from specified sources or assets.

Subd. 4. [RESOLUTION AND TERMS OF SALE.] The bonds of the society must be authorized by a resolution or resolutions adopted by the society. The bonds must bear the date or dates, mature at the time or times, bear interest at a fixed or variable rate, including a rate varying periodically at the time or times and on the terms determined by the society, or any combination of fixed and variable rates, be in the denominations, be in the form, carry the registration privileges, be executed in the manner, be payable in lawful money of the United States, at the place or places within or without the state, and be subject to the terms of redemption or purchase before maturity as the resolutions or certificates provide. If, for any reason existing at the date of issue of the bonds or existing at the date of making or purchasing any loan or securities from the proceeds or after that date, the interest on the bonds is or becomes subject to federal income taxation, this fact does not affect the validity or the provisions made for the security of the bonds. The society may make covenants and take or have taken actions that are in its judgment necessary or desirable to comply with conditions established by federal law or regulations for the exemption of interest on its obligations. The society may refrain from compliance with those conditions if in its judgment this would serve the purposes and policies set forth in this chapter with respect to any particular issue of bonds, unless this would violate covenants made by the society. The maximum maturity of a bond, whether or not issued for the purpose of refunding, must be 30 years from its date. The bonds of the society may be sold at public or private sale, at a price or prices determined by the society; provided that:

(1) the aggregate price at which an issue of bonds is initially offered by underwriters to investors, as stated in the authority's official statement with respect to the offering, must not exceed by more than three percent the aggregate price paid by the underwriters to the society at the time of delivery;

(2) the commission paid by the society to an underwriter for placing an issue of bonds with investors must not exceed three percent of the aggregate price at which the issue is offered to investors as stated in the society's offering statement; and

(3) the spread or commission must be an amount determined by the society to be reasonable in light of the risk assumed and the expenses of issuance, if any, required to be paid by the underwriters.

Subd. 5. [EXEMPTION.] The notes and bonds of the society are not subject to sections 16C.03, subdivision 4, and 16C.05.

Subd. 6. [RESERVES; FUNDS; ACCOUNTS.] The society may establish reserves, funds, or accounts necessary to carry out the purposes of the society or to comply with any agreement made by or any resolution passed by the society.

Subd. 7. [APPROVAL; COMMISSIONER OF FINANCE.] Before issuing bonds under this section, the society must obtain the approval, in writing, of the commissioner of finance.

Subd. 8. [EXPIRATION.] The authority to issue bonds, other than bonds to refund outstanding bonds, under this section expires July 1, 2009.

Sec. 2. [37.32] [TENDER OPTION.]

An obligation may be issued giving its owner the right to tender or the society to demand tender of the obligation to the society or another person designated by it, for purchase at a specified time or times, if the society has first entered into an agreement with a suitable financial institution obligating the financial institution to provide funds on a timely basis for purchase of bonds tendered. The obligation is not considered to mature on any tender date and the purchase of a tendered obligation is not considered a payment or discharge of the obligation by the society. Obligations tendered for purchase may be remarketed by or on behalf of the society or another purchaser. The society may enter into agreements it considers appropriate to provide for the purchase and remarketing of tendered obligations, including:

(1) provisions under which undelivered obligations may be considered tendered for purchase and new obligations may be substituted for them;

(2) provisions for the payment of charges of tender agents, remarketing agents, and financial institutions extending lines of credit or letters of credit assuring repurchase; and

(3) provisions for reimbursement of advances under letters of credit that may be paid from the proceeds of the obligations or from tax and other revenues appropriated for the payment and security of the obligations and similar or related provisions.

Sec. 3. [37.33] [BOND FUND.]

Subdivision 1. [CREATION AND CONTENTS.] The society may establish a special fund or funds for the security of one or more or all series of its bonds. The funds must be known as debt service reserve funds. The society may pay into each debt service reserve fund:

(1) the proceeds of sale of bonds to the extent provided in the resolution or indenture authorizing the issuance of them;

(2) money directed to be transferred by the society to the debt service reserve fund; and

(3) other money made available to the society from any other source only for the purpose of the fund.

Subd. 2. [USE OF FUNDS.] Except as provided in this section, the money credited to each debt service reserve fund must be used only for the payment of the principal of bonds of the society as they mature, the purchase of the bonds, the payment of interest on them, or the payment of any premium required when the bonds are redeemed before maturity. Money in a debt service reserve fund must not be withdrawn at a time and in an amount that reduces the amount of the fund to less than the amount the society determines to be reasonably necessary for the purposes of the fund. However, money may be withdrawn to pay principal or interest due on bonds secured by the fund if other money of the society is not available.

Subd. 3. [INVESTMENT.] Money in a debt service reserve fund not required for immediate use may be invested in accordance with section 37.07.

Subd. 4. [MINIMUM AMOUNT OF RESERVE AT ISSUANCE.] If the society establishes a debt service reserve fund for the security of any series of bonds, it shall not issue additional bonds that are similarly secured if the amount of any of the debt service reserve funds at the time of issuance does not equal or exceed the minimum amount required by the resolution creating the fund, unless the society deposits in each fund at the time of issuance, from the proceeds of the bonds, or otherwise, an amount that when added together with the amount then in the fund will be at least the minimum amount required.

Subd. 5. [TRANSFER OF EXCESS.] To the extent consistent with the resolutions and indentures securing outstanding bonds, the society may at the close of a fiscal year transfer to any other fund or account from any debt service reserve fund any excess in that reserve fund over the amount determined by the society to be reasonably necessary for the purpose of the reserve fund.

Sec. 4. [37.34] [MONEY OF THE SOCIETY.]

The society may contract with the holders of any of its bonds as to the custody, collection, securing, investment, and payment of money of the society or money held in trust or otherwise for the payment of bonds, and to carry out the contract. Money held in trust or otherwise for the payment of bonds or in any way to secure bonds and deposits of the money may be secured in the same manner as money of the society, and all banks and trust companies are authorized to give security for the deposits.

Sec. 5. [37.35] [NONLIABILITY.]

Subdivision 1. [NONLIABILITY OF INDIVIDUALS.] No member of the society or other person executing the bonds is liable personally on the bonds or is subject to any personal liability or accountability by reason of their issuance.

Subd. 2. [NONLIABILITY OF STATE.] The state is not liable on bonds of the society issued under section 37.31 and those bonds are not a debt of the state. The bonds must contain on their face a statement to that effect.

Sec. 6. [37.36] [PURCHASE AND CANCELLATION BY SOCIETY.]

Subject to agreements with bondholders that may then exist, the society may purchase out of money available for the purpose, bonds of the society which shall then be canceled, at a price not exceeding the following amounts:

(1) if the bonds are then redeemable, the redemption price then applicable plus accrued interest to the next interest payment date of the bonds; 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.

Sec. 7. [37.37] [STATE PLEDGE AGAINST IMPAIRMENT OF CONTRACTS.]

The state pledges and agrees with the holders of bonds issued under section 37.31 that the state will not limit or alter the rights vested in the society 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 society may include this pledge and agreement of the state in any agreement with the holders of bonds issued under section 37.31.

Sec. 8. Minnesota Statutes 2002, section 373.01, subdivision 3, is amended to read:

Subd. 3. [CAPITAL NOTES.] A county board may, by resolution and without referendum, issue capital notes subject to the county debt limit to purchase capital equipment useful for county purposes that has an expected useful life at least equal to the term of the notes. The notes shall be payable in not more than five years and shall be issued on terms and in a manner the board determines. A tax levy shall be made for payment of the principal and interest

on the notes, in accordance with section 475.61, as in the case of bonds. For purposes of this subdivision, "capital equipment" means public safety, ambulance, road construction or maintenance, and medical, and data processing equipment, and computer hardware and original operating system software. The authority to issue capital notes for original operating systems software expires on July 1, 2005.

Sec. 9. Minnesota Statutes 2002, section 373.45, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] (a) As used in this section, the following terms have the meanings given.

(b) "Authority" means the Minnesota public facilities authority.

(c) "Commissioner" means the commissioner of finance.

(d) "Debt obligation" means a general obligation bond issued by a county, or a bond payable from a county lease obligation under section 641.24, to provide funds for the construction of:

- (1) jails;
- (2) correctional facilities;
- (3) law enforcement facilities;
- (4) social services and human services facilities; or
- (5) solid waste facilities.

Sec. 10. Minnesota Statutes 2002, section 373.47, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY TO INCUR DEBT.] (~~¶~~) Subject to prior approval by the public safety radio system planning committee under section 473.907, the governing body of a county may finance the cost of designing, constructing, and acquiring public safety communication system infrastructure and equipment for use on the statewide, shared public safety radio system by issuing:

(1) capital improvement bonds under section 373.40, as if the infrastructure and equipment qualified as a "capital improvement" within the meaning of section 373.40, subdivision 1, paragraph (b); and

(2) capital notes under the provisions of section 373.01, subdivision 3, as if the equipment qualified as "capital equipment" within the meaning of section 373.01, subdivision 3.

~~(b) For purposes of this section, "county" means the following counties: Anoka, Benton, Carver, Chisago, Dakota, Dodge, Fillmore, Freeborn, Goodhue, Hennepin, Houston, Isanti, Mower, Olmsted, Ramsey, Rice, Scott, Sherburne, Steele, Wabasha, Washington, Wright, and Winona.~~

~~(c) The authority to incur debt under this section is not effective until July 1, 2003, for the following counties: Benton, Dodge, Fillmore, Freeborn, Goodhue, Houston, Mower, Olmsted, Rice, Sherburne, Steele, Wabasha, Wright, and Winona.~~

Sec. 11. Minnesota Statutes 2002, section 376.009, is amended to read:

376.009 [COUNTY HOSPITAL DEFINED; MAY HAVE MANY BUILDINGS, SITES.]

For the purposes of sections 376.01 to 376.06, "county hospital" means any hospital owned or operated by a county which may consist of any number of buildings at one location or any number of buildings at different locations within the county. The county board of any county that has not established a county hospital may by resolution authorize a statutory or home rule charter city in the county and its city council to exercise the powers of a county and the county board under sections 376.01 to 376.07, in which case references in sections 376.01 to 376.07 to "county" and "county board" refer to the city so designated and its governing body, respectively.

Sec. 12. Minnesota Statutes 2002, section 376.55, subdivision 3, is amended to read:

Subd. 3. [FINANCING.] The county board may transfer surplus funds from any fund except the road and bridge, sinking or drainage ditch funds for the purpose of establishing, acquiring, maintaining, enlarging, or adding to a county nursing home. When surplus funds are not available for transfer, a county board may issue bonds to pay the cost of establishing, acquiring, equipping, furnishing, enlarging, or adding to a county nursing home, subject to section 376.56.

Sec. 13. Minnesota Statutes 2002, section 376.55, is amended by adding a subdivision to read:

Subd. 7. [CITY POWERS.] The county board of any county that has not established a nursing home may by resolution authorize a statutory or home rule charter city within the county to exercise the powers of a county under sections 376.55 to 376.60. A city so designated may exercise within its boundaries all the powers of a county under sections 376.55 to 376.60.

Sec. 14. Minnesota Statutes 2002, section 376.56, subdivision 3, is amended to read:

Subd. 3. [CHAPTER 475 BONDS.] Bonds issued under section 376.55, subdivision 3, may be general obligations of the county and may be issued and sold, and taxes levied for their payment as provided under chapter 475. No election shall be required to authorize the bond issue for acquiring, improving, remodeling, or replacing an existing nursing home without increasing the total number of accommodations for residents in all nursing homes in the county. The revenues of the nursing home shall also be pledged for the payment of the bonds and for any interest and premium. Part of the proceeds may be deposited in the debt service fund for the issue, to capitalize interest and create a reserve to reduce or eliminate the tax otherwise required by section 475.61 to be levied before issuing the bonds. The remaining proceeds from the sale of the bonds and any surplus funds transferred under section 376.55, subdivision 3 must be credited to and deposited in the county nursing home building fund of the county in which the nursing home is located.

Sec. 15. Minnesota Statutes 2002, section 410.32, is amended to read:

410.32 [CITIES MAY ISSUE CAPITAL NOTES TO BUY CAPITAL EQUIPMENT.]

Notwithstanding any contrary provision of other law or charter, a home rule charter city may, by resolution and without public referendum, issue capital notes subject to the city debt limit to purchase public safety equipment, ambulance and other medical equipment, road construction and maintenance equipment, and other capital equipment having and computer hardware and original operating system software, provided the equipment or software has an expected useful life at least as long as the term of the notes. The authority to issue capital notes for original operating system software expires on July 1, 2005. The notes shall be payable in not more than five years and be issued on terms and in the manner the city determines. The total principal amount of the capital notes issued in a fiscal year shall not exceed 0.03 percent of the market value of taxable property in the city for that year. A tax levy

shall be made for the payment of the principal and interest on the notes, in accordance with section 475.61, as in the case of bonds. Notes issued under this section shall require an affirmative vote of two-thirds of the governing body of the city. Notwithstanding a contrary provision of other law or charter, a home rule charter city may also issue capital notes subject to its debt limit in the manner and subject to the limitations applicable to statutory cities pursuant to section 412.301.

Sec. 16. [410.326] [CAPITAL IMPROVEMENT BONDS.]

Subdivision 1. [DEFINITIONS.] For purposes of this section, the following terms have the meanings given.

(a) "Bonds" mean an obligation defined under section 475.51.

(b) "Capital improvement" means acquisition or betterment of public lands, buildings or other improvements for the purpose of a city hall, public safety facility, and public works facility. An improvement must have an expected useful life of five years or more to qualify. Capital improvement does not include light rail transit or any activity related to it, or a park, library, road, bridge, administrative building other than a city hall, or land for any of those facilities.

(c) "City" means a home rule charter or statutory city.

Subd. 2. [ELECTION REQUIREMENT.] (a) Bonds issued by a city to finance capital improvements under an approved capital improvements plan are not subject to the election requirements of section 475.58. The bonds are subject to the net debt limits under section 475.53. The bonds must be approved by an affirmative vote of three-fifths of the members of a five-member city council. In the case of a city council having more than five members, the bonds must be approved by a vote of at least two-thirds of the city council.

(b) Before the issuance of bonds qualifying under this section, the city must publish a notice of its intention to issue the bonds and the date and time of the hearing to obtain public comment on the matter. The notice must be published in the official newspaper of the city or in a newspaper of general circulation in the city. Additionally, the notice may be posted on the official Web site, if any, of the city. The notice must be published at least 14 but not more than 28 days before the date of the hearing.

(c) A city may issue the bonds only after obtaining the approval of a majority of the voters voting on the question of issuing the obligations, if a petition requesting a vote on the issuance is signed by voters equal to five percent of the votes cast in the city in the last general election and is filed with the city clerk within 30 days after the public hearing. The commissioner of revenue shall prepare a suggested form of the question to be presented at the election.

Subd. 3. [CAPITAL IMPROVEMENT PLAN.] (a) A city may adopt a capital improvement plan. The plan must cover at least a five-year period beginning with the date of its adoption. The plan must set forth the estimated schedule, timing, and details of specific capital improvements by year, together with the estimated cost, the need for the improvement, and sources of revenue to pay for the improvement. In preparing the capital improvement plan, the city council must consider for each project and for the overall plan:

- (1) the condition of the city's existing infrastructure, including the projected need for repair or replacement;
- (2) the likely demand for the improvement;
- (3) the estimated cost of the improvement;
- (4) the available public resources;

(5) the level of overlapping debt in the city;

(6) the relative benefits and costs of alternative uses of the funds;

(7) operating costs of the proposed improvements; and

(8) alternatives for providing services most efficiently through shared facilities with other cities or local government units.

(b) The capital improvement plan and annual amendments to it must be approved by the city council after public hearing.

Subd. 4. [LIMITATIONS ON AMOUNT.] A city may not issue bonds under this section if the maximum amount of principal and interest to become due in any year on all the outstanding bonds issued under this section, including the bonds to be issued, will equal or exceed 0.05367 percent of taxable market value of property in the county. Calculation of the limit must be made using the taxable market value for the taxes payable year in which the obligations are issued and sold. This section does not limit the authority to issue bonds under any other special or general law.

Subd. 5. [APPLICATION OF CHAPTER 475.] Bonds to finance capital improvements qualifying under this section must be issued under the issuance authority in chapter 475 and the provisions of chapter 475 apply, except as otherwise specifically provided in this section.

Sec. 17. Minnesota Statutes 2002, section 412.301, is amended to read:

412.301 [FINANCING PURCHASE OF CERTAIN EQUIPMENT.]

The council may issue certificates of indebtedness or capital notes subject to the city debt limits to purchase public safety equipment, ambulance equipment, road construction or maintenance equipment, and other capital equipment having and computer hardware and original operating system software, provided the equipment or software has an expected useful life at least as long as the terms of the certificates or notes. The authority to issue capital notes for original operating system software expires on July 1, 2005. Such certificates or notes shall be payable in not more than five years and shall be issued on such terms and in such manner as the council may determine. If the amount of the certificates or notes to be issued to finance any such purchase exceeds 0.25 percent of the market value of taxable property in the city, they shall not be issued for at least ten days after publication in the official newspaper of a council resolution determining to issue them; and if before the end of that time, a petition asking for an election on the proposition signed by voters equal to ten percent of the number of voters at the last regular municipal election is filed with the clerk, such certificates or notes shall not be issued until the proposition of their issuance has been approved by a majority of the votes cast on the question at a regular or special election. A tax levy shall be made for the payment of the principal and interest on such certificates or notes, in accordance with section 475.61, as in the case of bonds.

Sec. 18. [469.0772] [KOOCHICHING COUNTY; PORT AUTHORITY.]

Subdivision 1. [AUTHORITY TO ESTABLISH.] The governing body of the county of Koochiching may establish a port authority that has the same powers as a port authority established under section 469.049. If the county establishes a port authority, the governing body of the county shall exercise all powers granted to a city by sections 469.048 to 469.068 or other law. Any city in Koochiching county may participate in the activities of the county port authority under terms jointly agreed to by the city and county.

Subd. 2. [FOREIGN TRADE ZONE.] Koochiching county or any city, town, or other political subdivision located in Koochiching county may apply to the board defined in United States Code, title 19, section 81a, for the right to use the powers provided in United States Code, title 19, sections 81a and 81u. If the right is granted the city, town, or other political subdivision may use the powers within or outside of a port district. The county, a city, town, or other political subdivision may apply jointly with any other city, town, or political subdivision located in Koochiching county.

Sec. 19. Minnesota Statutes 2002, section 469.1813, subdivision 8, is amended to read:

Subd. 8. [LIMITATION ON ABATEMENTS.] In any year, the total amount of property taxes abated by a political subdivision under this section may not exceed (1) ~~five~~ ten percent of the current levy, or (2) ~~\$100,000~~ \$200,000, whichever is greater.

Sec. 20. Minnesota Statutes 2002, section 473.39, is amended by adding a subdivision to read:

Subd. 1j. [OBLIGATIONS.] After July 1, 2003, in addition to the authority in subdivisions 1a, 1b, 1c, 1d, 1e, 1g, 1h, and 1i, the council may issue certificates of indebtedness, bonds, or other obligations under this section in an amount not exceeding \$45,000,000 for capital expenditures as prescribed in the council's regional transit master plan and transit capital improvement program and for related costs, including the costs of issuance and sale of the obligations.

[APPLICATION.] This section applies to the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 21. Minnesota Statutes 2002, section 473.898, subdivision 3, is amended to read:

Subd. 3. [LIMITATIONS.] (a) The principal amount of the bonds issued pursuant to subdivision 1, exclusive of any original issue discount, shall not exceed the amount of \$10,000,000 plus the amount the council determines necessary to pay the costs of issuance, fund reserves, debt service, and pay for any bond insurance or other credit enhancement.

(b) In addition to the amount authorized under paragraph (a), the council may issue bonds under subdivision 1 in a principal amount of \$3,306,300, plus the amount the council determines necessary to pay the cost of issuance, fund reserves, debt service, and any bond insurance or other credit enhancement. The proceeds of bonds issued under this paragraph may not be used to finance portable or subscriber radio sets.

(c) In addition to the amount authorized under paragraphs (a) and (b), the council may issue bonds under subdivision 1 in a principal amount of \$12,000,000, plus the amount the council determines necessary to pay the costs of issuance, fund reserves, debt service, and any bond insurance or other credit enhancement. The proceeds of bonds issued under this paragraph must be used to pay up to 30 percent of the cost to a local government unit of building a subsystem and may not be used to finance portable or subscriber radio sets. The bond proceeds may be used to make improvements to an existing 800 MHz radio system that will interoperate with the regionwide public safety radio communication system, provided that the improvements conform to the board's plan and technical standards. The council must time the sale and issuance of the bonds so that the debt service on the bonds can be covered by the additional revenue that will become available in the fiscal year ending June 30, 2005, generated under section 403.11 and appropriated under section 473.901.

Sec. 22. Minnesota Statutes 2002, section 474A.061, subdivision 1, is amended to read:

Subdivision 1. [ALLOCATION APPLICATION.] (a) An issuer may apply for an allocation under this section by submitting to the department an application on forms provided by the department, accompanied by (1) a

preliminary resolution, (2) a statement of bond counsel that the proposed issue of obligations requires an allocation under this chapter and the Internal Revenue Code, (3) the type of qualified bonds to be issued, (4) an application deposit in the amount of one percent of the requested allocation before the last Monday in July, or in the amount of two percent of the requested allocation on or after the last Monday in July, (5) a public purpose scoring worksheet for manufacturing project and enterprise zone facility project applications, and (6) for residential rental projects, a statement from the applicant or bond counsel as to whether the project preserves existing federally subsidized housing for residential rental project applications and whether the project is restricted to persons who are 55 years of age or older. The issuer must pay the application deposit by a check made payable to the department of finance. The Minnesota housing finance agency, the Minnesota rural finance authority, and the Minnesota higher education services office may apply for and receive an allocation under this section without submitting an application deposit.

(b) An entitlement issuer may not apply for an allocation from the ~~housing pool or from the~~ public facilities pool unless it has either permanently issued bonds equal to the amount of its entitlement allocation for the current year plus any amount of bonding authority carried forward from previous years or returned for reallocation all of its unused entitlement allocation. An entitlement issuer may not apply for an allocation from the housing pool unless it either has permanently issued bonds equal to any amount of bonding authority carried forward from a previous year or has returned for reallocation all of its unused entitlement allocation. For purposes of this subdivision, its entitlement allocation includes an amount obtained under section 474A.04, subdivision 6. This paragraph does not apply to an application from the Minnesota housing finance agency for an allocation under subdivision 2a for cities who choose to have the agency issue bonds on their behalf.

(c) If an application is rejected under this section, the commissioner must notify the applicant and return the application deposit to the applicant within 30 days unless the applicant requests in writing that the application be resubmitted. The granting of an allocation of bonding authority under this section must be evidenced by a certificate of allocation.

Sec. 23. Minnesota Statutes 2002, section 475.58, subdivision 3b, is amended to read:

Subd. 3b. [STREET RECONSTRUCTION.] (a) A municipality may, without regard to the election requirement under subdivision 1, issue and sell obligations for street reconstruction, if the following conditions are met:

(1) the streets are reconstructed under a street reconstruction plan that describes the streets to be reconstructed, the estimated costs, and any planned reconstruction of other streets in the municipality over the next five years, and the plan and issuance of the obligations has been approved by a vote of all of the members of the governing body following a public hearing for which notice has been published in the official newspaper at least ten days but not more than 28 days prior to the hearing; and

(2) if a petition requesting a vote on the issuance is signed by voters equal to five percent of the votes cast in the last municipal general election and is filed with the municipal clerk within 30 days of the public hearing, the municipality may issue the bonds only after obtaining the approval of a majority of the voters voting on the question of the issuance of the obligations.

(b) Obligations issued under this subdivision are subject to the debt limit of the municipality and are not excluded from net debt under section 475.51, subdivision 4.

For purposes of this subdivision, street reconstruction includes utility replacement and relocation and other activities incidental to the street reconstruction, but does not include the portion of project cost allocable to widening a street or adding curbs and gutters where none previously existed.

Sec. 24. Laws 1967, chapter 558, section 1, subdivision 5, as amended by Laws 1979, chapter 135, section 1, and Laws 1985, chapter 98, section 2, is amended to read:

Subd. 5. Promotion of tourist, agricultural and industrial developments. The amount to be spent annually for the purposes of this subdivision shall not exceed ~~one dollar~~ five dollars per capita of the county's population.

[EFFECTIVE DATE; LOCAL APPROVAL.] This section is effective the day after the governing body of Beltrami county and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 25. [BONDS ISSUANCE VALIDATED.]

The provisions of Minnesota Statutes, sections 373.47, subdivision 1, and 473.907, subdivision 3, requiring prior review and approval by the public radio safety planning committee do not apply to the general obligation bonds issued by Anoka county in a principal amount of \$10,500,000 on November 20, 2002.

[EFFECTIVE DATE.] This section is effective upon compliance by the governing body of Anoka county with the provisions of Minnesota Statutes, section 645.021.

Sec. 26. [BUFFALO; CITY BONDS FOR HIGHWAY 55.]

The city of Buffalo may issue up to \$1,300,000 of its general obligation bonds to pay for the city's share of costs of reconstruction and upgrading of that part of Minnesota trunk highway marked 55 that lies within the city of Buffalo.

The bonds must be issued and sold in accordance with Minnesota Statutes, chapter 475, except that the debt need not be included within any limit on net debt imposed by Minnesota Statutes, chapter 475, and no election is required to authorize the bond issue.

Notwithstanding any other law, including any law enacted during the 2003 legislative session whether enacted before or after the enactment of this act, the debt or debt service on bonds issued under this section is excluded from any levy or other taxing limits and is not spending or revenue for purposes of calculating local government aids or local government aids reductions.

[EFFECTIVE DATE.] This section is effective the day after the governing body of Buffalo and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 27. [CORPORATE STATUS FOR CERTAIN FEDERAL TAX LAW.]

For purposes of section 1.103-1 of the federal income tax regulations, Lewis and Clark Rural Water System, Inc. is hereby recognized as a corporation authorized to act on behalf of its members, including its Minnesota member governmental units, to provide drinking water to their communities and to issue debt obligations in its own name on behalf of some or all of its members, provided that Minnesota member governmental units are not liable for the payment of principal of or interest on such obligations.

Sec. 28. [NURSING HOME BONDS AUTHORIZED.]

Itasca county may issue bonds under Minnesota Statutes, sections 376.55 and 376.56, to finance the construction of a 35-bed nursing home facility to replace an existing 35-bed private facility located in the county. The bonds issued under this section must be payable solely from revenues and may not be general obligations of the county.

[EFFECTIVE DATE.] This section is effective the day after the governing body of Itasca county and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 29. [VALIDATION OF APPROVAL.]

Notwithstanding Minnesota Statutes, section 645.021, subdivision 3, Laws 1980, chapter 569, sections 2 through 8, approved by the board of directors of local government information systems by resolution adopted on July 30, 1980, are effective as of July 1, 1980, and apply to obligations issued by local government information systems after April 1, 2003.

Sec. 30. [KANDIYOHI COUNTY AND CITY OF WILLMAR.]

Subdivision 1. [POWERS.] Notwithstanding Minnesota Statutes, sections 469.090 and 469.1082, Kandiyohi county may exercise the powers of a city under Minnesota Statutes, sections 469.090 to 469.107. Kandiyohi county and the city of Willmar may enter into a joint powers agreement under Minnesota Statutes, section 471.59, to jointly or cooperatively exercise any of the powers common to both the county and the city under Minnesota Statutes, sections 469.090 to 469.107, in a manner to be determined by a majority of the Kandiyohi county board and the Willmar city council.

Subd. 2. [SPECIAL TAXING DISTRICT.] A joint powers entity created under subdivision 1 is a political subdivision of the state and a special taxing district as defined by Minnesota Statutes, section 275.066, clause (24), with the power to adopt and certify a property tax levy to the county auditor. The maximum allowable levy limit for this special taxing district is the same levy limit as provided under Minnesota Statutes, section 469.107, subdivision 1, and, to the extent levied, shall replace the levy authorized under subdivision 1 for Kandiyohi county and the city of Willmar.

Subd. 3. [EFFECTIVE DATE; NO LOCAL APPROVAL REQUIRED.] This section is effective the day after final enactment.

Sec. 31. [MINNEAPOLIS COMMUNITY PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT.]

Subdivision 1. Notwithstanding a contrary provision of law, the charter of the city of Minneapolis, or its civil service rules, the city council of the city of Minneapolis may, by ordinance:

(1) establish a department of the city to be designated as the community planning and economic development department, or another name as the city designates by ordinance. The term "the department" as used in sections 31 to 33 means the community planning and economic development department established under this subdivision;

(2) transfer to the department the community development and planning duties and functions of any other department or office of the city of Minneapolis, including the employees performing those duties and functions. If the duties and functions of the city planning department are transferred to the department, the department must perform the administrative duties that were formerly performed by the city's planning department on behalf of or at the request of the city's planning commission;

(3) transfer any positions of the Minneapolis community development agency to the city of Minneapolis. The ordinance may provide the process for establishing, classifying, and describing the duties for the transferred positions. Employees of the Minneapolis community development agency who are not in the classified service of the city of Minneapolis may be transferred to the city of Minneapolis, and the city council may transfer the employees into the classified service of the city of Minneapolis and into positions for which the employees are qualified, as determined by the city council;

(4) establish the position of director of the department in the unclassified service of the city, and establish other unclassified positions as necessary. Unclassified positions, other than the director, must meet the following criteria:

(i) the person occupying the position must report to the director or a deputy director;

(ii) the person occupying the position must be part of the director's management team;

(iii) the duties of the position must involve significant discretion and substantial involvement in the development, interpretation, or implementation of city or department policy;

(iv) the duties of the position must not primarily require technical expertise where continuity in the position would be significant; and

(v) the person occupying the position must be accountable to, loyal to, and compatible with the mayor, the city council, and the director; and

(5) establish the terms and conditions of employment for employees of the department.

Subd. 2. The employees of the department are employees of the city of Minneapolis for the purposes of membership in the public employees retirement association. An employee transferred from the Minneapolis community development agency to the city of Minneapolis must elect within six months of the effective date of the transfer to either continue as a member of the retirement program in which the employee participated on the date of the employee's transfer to the city of Minneapolis or to become a member of the public employees retirement association. This election is irrevocable. An employee who was a member of the Minneapolis employees retirement fund on the date of the employee's transfer to the city of Minneapolis may continue as a member of that fund retaining all vested rights, constructive time, and employee and employer contributions made on the employee's behalf to that fund. The city of Minneapolis must make the required employer contributions to the elected retirement program. An employee electing to become a member of the public employees retirement association may enroll in the association with vested rights based upon the employee's current tenure as an employee of the Minneapolis community development agency, but that tenure does not constitute allowable service for purposes of determining benefits.

Subd. 3. The terms of a collective bargaining agreement that is in effect between the Minneapolis community development agency and its employees, some or all of whom may be transferred to the city of Minneapolis, are binding upon the city of Minneapolis and the employees for the term of the contract.

Subd. 4. An employee electing under subdivision 2 to become a member of the public employees retirement association may purchase allowable service credit from the association by paying to the association an amount calculated under Minnesota Statutes, section 356.55. The service credit that is purchasable is a period or periods of employment by the Minneapolis community development agency that would have been eligible service for coverage by the general employees retirement plan of the public employees retirement association if the service had been rendered after the effective date of this article. A person electing to purchase service credit under this subdivision must provide any documentation of prior service required by the executive director of the public employees retirement association. Notwithstanding any provision of Minnesota Statutes, section 356.55, to the contrary, the prior service credit purchase payment may be made in whole or in part on an institution-to-institution basis from a plan qualified under the federal Internal Revenue Code, section 401(a), 401(k), or 414(h), or from an annuity qualified under the federal Internal Revenue Code, section 403, or from a deferred compensation plan under the federal Internal Revenue Code, section 457, to the extent permitted by federal law. In no event may a prior service credit purchase transfer be paid directly to the person purchasing the service.

Sec. 32. [AUTHORITY.]

Subdivision 1. Notwithstanding a contrary law or provision of the Minneapolis city charter, the city council may exercise the powers granted by Minnesota Statutes, sections 469.001 to 469.134, and 469.152 to 469.1799, and any other powers granted to a city of the first class, except for powers relating to public housing. In exercising the powers authorized by this section, the city of Minneapolis shall be the authority, agency, or redevelopment agency referred to in Minnesota Statutes, sections 469.001 to 469.134, and 469.152 to 469.1799, and the city council of the city of Minneapolis shall be the governing body or board of commissioners of the authority, agency, or redevelopment agency. The city council may exercise the powers authorized by this subdivision; by Laws 1980, chapter 595, as amended; by Laws 1990, chapter 604, article 7, section 29, as amended by Laws 1991, chapter 291, article 10, section 20; and may exercise any other development or redevelopment powers authorized by law, independently, or in conjunction with each other, as though all of the authorized powers had been granted to a single entity. But a program, project, or district authorized by the city under Minnesota Statutes, sections 469.001 to 469.134, and 469.152 to 469.1799, is subject to the limitations of the program, project, or district imposed by Minnesota Statutes, sections 469.001 to 469.134, and 469.152 to 469.1799.

Subd. 2. The city council may delegate to the department any of the powers granted to the city of Minneapolis under subdivision 1, except the power to tax and the power to issue bonds, notes, or other obligations of the city of Minneapolis.

Subd. 3. Notwithstanding a contrary law or provision of the Minneapolis city charter, money, investments, real property, personal property, assets, programs, projects, districts, developments, or obligations of the Minneapolis community development agency may be transferred by resolution of the city council to the city of Minneapolis and be made subject to the control, authority, and operation of the department. If a transfer is made, the city of Minneapolis is bound by the contractual obligations of the Minneapolis community development agency with respect to the money, investments, real estate, personal property, assets, programs, projects, districts, developments, or obligations, including the obligations of any bonds, notes, or other debt obligations of the Minneapolis community development agency. The pledge of the full faith and credit of the Minneapolis community development agency to any bonds, notes, or other debt obligations of the Minneapolis community development agency that are transferred to the city of Minneapolis shall not be secured by the full faith and credit of the city of Minneapolis and shall not be secured by the taxing powers of the city of Minneapolis but only by the assets pledged by the Minneapolis community development agency to the payment of the bonds, notes, or other debt obligations. The city council is granted the powers necessary to perform the contractual obligations transferred to the city of Minneapolis.

Subd. 4. The city council may pledge to the payment of bonds, notes, or other obligations of the city of Minneapolis revenues, assets, reserves, or other property transferred to the city of Minneapolis under this section.

Subd. 5. The city council may pledge to the payment of bonds, notes, or other obligations of the city of Minneapolis the full faith and credit of the city of Minneapolis, or the taxing power of the city of Minneapolis, to finance programs, projects, districts, developments, facilities, or activities undertaken by the department.

Subd. 6. Unless prohibited by other law or a contractual obligation including a pledge to the owners of bonds, notes, or other indebtedness, the money and investments of the Minneapolis community development agency transferred to the city of Minneapolis under this section may be deposited in any fund or account of the city of Minneapolis.

Subd. 7. If all money, investments, real property, personal property, assets, programs, projects, districts, developments, or obligations of the Minneapolis community development agency are transferred to the city of Minneapolis, the city council may, by resolution, dissolve the Minneapolis community development agency. Any rights, duties, claims, awards, grants, or liabilities that may arise after the dissolution of the Minneapolis community development agency shall constitute rights, duties, claims, awards, grants, or liabilities of the city of Minneapolis.

The pledge of the full faith and credit of the Minneapolis community development agency to any bonds, notes, or other debt obligations of the Minneapolis community development agency that are transferred to the city of Minneapolis shall not be secured by the full faith and credit or the taxing powers of the city of Minneapolis but shall be secured only by the assets pledged by the Minneapolis community development agency to the payment of the bonds, notes, or other debt obligations.

Subd. 8. If the city of Minneapolis exercises its powers for industrial development or establishes industrial development districts under Minnesota Statutes, sections 469.048 to 469.068, the term "industrial," when used in relation to industrial development, includes economic and economic development and housing and housing development.

Sec. 33. [LIMITATIONS.]

Subdivision 1. Bonds, notes, or other obligations issued to finance or refinance a program, project, district, development, facility, or activity of the department must be issued by the city council, or, at the request of the city council, by the board of estimate and taxation of the city of Minneapolis. The limitations of this section must not be applied in a manner that impairs the security of bonds, notes, or other obligations issued before the imposition of the limitations.

Subd. 2. Unless otherwise provided in sections 31 to 33, all actions of the city council under sections 31 to 33 are actions within chapter 3, section 1, of the charter of the city of Minneapolis.

Sec. 34. [EFFECTIVE DATE; LOCAL APPROVAL.]

Sections 31 to 33 are effective the day after the governing body of the city of Minneapolis and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 35. [DEFINITIONS.]

Subdivision 1. [DEFINITIONS.] For the purposes of sections 35 to 41, the terms defined in this section have the following meanings.

Subd. 2. [LAKES AREA ECONOMIC DEVELOPMENT AUTHORITY.] "Lakes area economic development authority" or "authority" means the lakes area economic authority established as provided in section 36.

Subd. 3. [PERSON.] "Person" means an individual, partnership, corporation, cooperative, or other organization or entity, public or private.

Subd. 4. [MEMBER.] "Member" means the city of Alexandria or Garfield or the township of Alexandria or La Grand, or any other municipality, the geographic area of which is included within the jurisdiction of the authority.

Subd. 5. [MUNICIPALITY.] "Municipality" means a statutory or home rule charter city or town located in Douglas county.

Sec. 36. [LAKES AREA ECONOMIC DEVELOPMENT AUTHORITY.]

Subdivision 1. [ESTABLISHMENT.] A lakes area economic development authority with jurisdiction over the geographic area of its members is established as a public corporation and political subdivision of the state with perpetual succession and all the rights, powers, privileges, immunities, and duties that may be validly granted to or imposed upon a municipal corporation, as provided in sections 35 to 41.

Subd. 2. [BOARD OF COMMISSIONERS.] The authority is governed by a board of commissioners to be selected as follows: the mayor of each member city, and the chair of the town board of each member town shall appoint one commissioner, subject to the approval of the respective city council or town board. The terms of the commissioner are as provided in subdivision 5.

Subd. 3. [TIME LIMITS FOR SELECTION, ALTERNATIVE APPOINTMENT BY DISTRICT JUDGE.] The initial appointment of commissioners must be made no later than 60 days after sections 35 to 41 become effective. Subsequent appointments must be made within 60 days before the expiration of a term in the same manner as the predecessor was selected. A vacancy on the board must be filled within 60 days after it occurs. If a selection is not made within the prescribed time, the chief judge of the seventh judicial district of the Minnesota district court on application by an interested person shall appoint an eligible person to the board.

Subd. 4. [VACANCIES.] If a vacancy occurs in the office of commissioner, the vacancy must be filled for the unexpired term in a like manner as provided for selection of the commissioner who vacated the office. The office must be considered vacant under the conditions specified in Minnesota Statutes, section 351.02.

Subd. 5. [TERMS OF OFFICE.] The terms of the initial appointees to the board of commissioners are for three, four, five, and six years and must be established by lot among the initial four commissioners. The mayor or town board chair of any new member added under section 39 shall designate the term, not to exceed six years, of the first commissioner selected to represent the member. Succeeding terms of all commissioners are six years, except that each commissioner serves until a successor has been duly selected and qualified.

Subd. 6. [REMOVAL.] A commissioner may be removed by the unanimous vote of the appointing governing body, with or without cause.

Subd. 7. [QUALIFICATIONS.] A commissioner may, but need not, be a resident of the territory of the member appointing that commissioner.

Subd. 8. [COMPENSATION.] A commissioner must be paid a per diem compensation for attending a regular or special meeting in an amount determined by the board. A commissioner must be reimbursed for all reasonable expenses incurred in the performance of the commissioner's duties as determined by the board.

Sec. 37. [POWERS; APPLICATION OF EDA LAW.]

Subdivision 1. [USE OF EDA POWERS.] Except as otherwise provided in sections 35 to 41, the authority may exercise any of the powers of an economic development authority (EDA) provided by Minnesota Statutes, sections 469.090 to 469.1082, and for this purpose the term "city" means a member. Minnesota Statutes, sections 469.096 to 469.101, 469.103 to 469.106, and 469.108 to 469.1081, apply to the authority, except that the authority's fiscal year is the calendar year.

Subd. 2. [LAW THAT IS NOT APPLICABLE.] The provisions in:

(1) Minnesota Statutes, section 469.091, subdivision 1, expressly relating to:

(i) the adoption of an enabling resolution;

(ii) Minnesota Statutes, section 469.092; or

(iii) housing and redevelopment authorities; and

(2) Minnesota Statutes, sections 469.093, 469.095, 469.102, and 469.107;

do not apply to the authority.

Sec. 38. [MEMBERS MUST LEVY TAXES FOR AUTHORITY.]

(a) A member shall, at the request of the authority, levy a tax in any year for the benefit of the authority. The tax is, for each member, a pro rata portion of the total amount of tax requested by the authority based on the taxable market value within a member's jurisdiction, but in no event may the tax in any year exceed 0.01813 percent of taxable market value. For purposes of this section, "taxable market value" has the meaning as given in Minnesota Statutes, section 273.032.

(b) The treasurer of each member city or town shall, within 15 days after receiving the property tax settlements from the county treasurer, pay to the treasurer of the authority the amount collected for this purpose. The money must be used by the authority for the purposes provided by sections 35 to 41.

Sec. 39. [ADDITION AND WITHDRAWAL OF MEMBERS.]

Subdivision 1. [ADDITIONS.] A municipality upon a resolution adopted by a four-fifths vote of all of its governing body may petition the authority to be included within the jurisdiction of the authority and, if approved by the authority, the geographic area of the municipality must be included within the jurisdiction of the authority and subject to the jurisdiction of the authority under sections 35 to 41.

Subd. 2. [WITHDRAWALS.] A municipality may withdraw from the authority by resolution of its governing body. The municipality must notify the board of commissioners of the authority of the withdrawal by providing a copy of the resolution at least two years in advance of the proposed withdrawal. Unless the authority and the withdrawing member agree otherwise by action of their governing bodies, the taxable property of the withdrawing member is subject to the property tax levy under section 38 for two taxes payable years following the notification of the withdrawal and the withdrawing member retains any rights, obligations, and liabilities obtained or incurred during its participation.

Sec. 40. [CONTRACTS WITH NONPROFIT CORPORATIONS.]

The authority may enter into contracts with one or more nonprofit corporations to make, from funds of and under guidelines set by the authority, loans or grants for projects the authority may undertake under sections 35 to 41. Minnesota Statutes, section 465.719, does not apply so long as the nonprofit corporation is not described in Minnesota Statutes, section 465.719, subdivision 1, paragraph (b), item (i), or (b), item (ii).

Sec. 41. [RELATION TO EXISTING LAWS.]

Sections 35 to 41 must be given full effect notwithstanding any law or charter that is inconsistent with them.

Sec. 42. [LOCAL APPROVAL; EFFECTIVE DATE.]

Sections 35 to 41 are only effective as to all affected governing bodies on the day after the last of the governing bodies or town boards of the cities of Alexandria and Garfield and the towns of Alexandria and La Grand in Douglas county and the chief clerical officer of each of them timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

ARTICLE 13

MOSQUITO CONTROL DISTRICT

Section 1. Minnesota Statutes 2002, section 18B.07, subdivision 2, is amended to read:

Subd. 2. [PROHIBITED PESTICIDE USE.] (a) A person may not use, store, handle, distribute, or dispose of a pesticide, rinsate, pesticide container, or pesticide application equipment in a manner:

- (1) that is inconsistent with a label or labeling as defined by FIFRA;
- (2) that endangers humans, damages agricultural products, food, livestock, fish, or wildlife; or
- (3) that will cause unreasonable adverse effects on the environment.

(b) A person may not direct a pesticide onto property beyond the boundaries of the target site. A person may not apply a pesticide resulting in damage to adjacent property.

(c) A person may not directly apply a pesticide on a human by overspray or target site spray, except when:

- (1) the pesticide is intended for use on a human;
- (2) the pesticide application is for mosquito control operations ~~conducted before June 30, 2003, in compliance with paragraph (d), clauses (1) and (2);~~

(3) the pesticide application is for control of gypsy moth, forest tent caterpillar, or other pest species, as determined by the commissioner, and the pesticide used is a biological agent; or

(4) the pesticide application is for a public health risk, as determined by the commissioner of health, and the commissioner of health, in consultation with the commissioner of agriculture, determines that the application is warranted based on the commissioner's balancing of the public health risk with the risk that the pesticide application poses to the health of the general population, with special attention to the health of children.

(d) For pesticide applications under paragraph (c), clause (2), the following conditions apply:

- (1) no practicable and effective alternative method of control exists;
- (2) the pesticide is among the least toxic available for control of the target pest; and
- (3) notification to residents in the area to be treated is provided at least 24 hours before application through direct notification, posting daily on the treating organization's Web site, and by sending a broadcast e-mail to those persons who request notification of such, of those areas to be treated by adult mosquito control techniques during the next calendar day. For control operations related to human disease, notice under this paragraph may be given less than 24 hours in advance.

(e) For pesticide applications under paragraph (c), clauses (3) and (4), the following conditions apply:

- (1) no practicable and effective alternative method of control exists;
- (2) the pesticide is among the least toxic available for control of the target pest; and
- (3) notification of residents in the area to be treated is provided by direct notification and through publication in a newspaper of general circulation within the affected area.

(e) (f) For purposes of this subdivision, "direct notification" may include mailings, public meetings, posted placards, neighborhood newsletters, or other means of contact designed to reach as many residents as possible.

(f) (g) A person may not apply a pesticide in a manner so as to expose a worker in an immediately adjacent, open field.

Sec. 2. Minnesota Statutes 2002, section 473.702, is amended to read:

473.702 [ESTABLISHMENT OF DISTRICT; PURPOSE; AREA; GOVERNING BODY.]

A metropolitan mosquito control district is created to control mosquitoes, disease vectoring ticks, and black gnats (Simuliidae) in the metropolitan area. The area of the district is the metropolitan area defined in section 473.121. ~~The area of the district is the metropolitan area excluding the part of Carver county west of the west line of township 116N, range 24W, township 115N, range 24W, and township 114N, range 24W.~~ The metropolitan mosquito control commission is created as the governing body of the district, composed and exercising the powers as prescribed in sections 473.701 to 473.716.

Sec. 3. Minnesota Statutes 2002, section 473.703, subdivision 1, is amended to read:

Subdivision 1. [METRO COUNTY COMMISSIONERS.] The district shall be operated by a commission which shall consist of three members from Anoka county, ~~one member~~ two members from Carver county, three members from Dakota county, three members from Hennepin county, three members from Ramsey county, two members from Scott county, and two members from Washington county. Commissioners shall be members of the board of county commissioners of their respective counties, and shall be appointed by their respective boards of county commissioners.

Sec. 4. Minnesota Statutes 2002, section 473.704, subdivision 17, is amended to read:

Subd. 17. [ENTRY TO PROPERTY.] (a) Members of the commission, its officers, and employees, while on the business of the commission, may enter upon any property within or outside the district at reasonable times to determine the need for control programs. They may take all necessary and proper steps for the control programs on property within the district as the director of the commission may designate. Subject to the paramount control of the county and state authorities, commission members and officers and employees of the commission may enter upon any property and clean up any stagnant pool of water, the shores of lakes and streams, and other breeding places for mosquitoes within the district. The commission may apply insecticides approved by the director to any area within or outside the district that is found to be a breeding place for mosquitoes. The commission shall give reasonable notification to the governing body of the local unit of government prior to applying insecticides outside of the district on land located within the jurisdiction of the local unit of government. The commission shall not enter upon private property if the owner objects except to monitor for disease-bearing mosquitoes, ticks, or black gnats or for control of disease-bearing mosquito species capable of carrying a human disease in the local area of a human disease outbreak regardless of whether there has been an occurrence of the disease in a human being.

(b) The commissioner of natural resources must approve mosquito control plans or make modifications as the commissioner of natural resources deems necessary for the protection of public water, wild animals, and natural resources before control operations are started on state lands administered by the commissioner of natural resources. ~~Until July 1, 2002, approval may, if the commissioner of natural resources considers it necessary, be denied, modified, or revoked by the commissioner of natural resources at any time upon written notice to the commission.~~

Sec. 5. Minnesota Statutes 2002, section 473.705, is amended to read:

473.705 [CONTRACTS FOR MATERIALS, SUPPLIES AND EQUIPMENT.]

~~No contract~~ Contracts for the purchase of materials, supplies, and equipment ~~costing more than \$5,000 shall be made~~ must comply with and be governed by the Minnesota uniform municipal contracting law, section 471.345. A sealed bid solicitation must not be done by the commission without publishing the notice once in the official newspaper of each of the counties in the district that bids or proposals will be received. The notice shall be published at least ten days before bids are opened. Such notice shall state the nature of the work or purchase and the terms and conditions upon which the contract is to be awarded, naming therein a time and place where such bids will be received, opened, and read publicly. After such bids have been duly received, opened, read publicly, and recorded, the commission shall award such contract to the lowest responsible bidder or it may reject all bids. Each contract shall be duly executed in writing and the party to whom the contract is awarded may be required to give sufficient bond to the commission for the faithful performance of the contract. If no satisfactory bid is received the commission may readvertise. The commission shall have the right to set qualifications and specifications and to require bids to meet such qualifications and specifications before bids are accepted. ~~If the commission by an affirmative vote of five sixths of the voting power of the commission shall declare that an emergency exists requiring the immediate purchase of materials or supplies at a cost in excess of \$5,000 but not to exceed \$10,000 in amount, or in making emergency repairs, it shall not be necessary to advertise for bids, but such material, equipment, and supplies may be purchased in the open market at the lowest price available without securing formal competitive bids. An emergency as used in this section shall be an unforeseen circumstance or condition which results in placing life or property in jeopardy.~~ All contracts involving employment of labor shall stipulate terms thereof and such conditions as the commission deems reasonable as to hours and wages.

Sec. 6. Minnesota Statutes 2002, section 473.711, subdivision 2a, is amended to read:

Subd. 2a. [TAX LEVY.] (a) The commission may levy a tax on all taxable property in the district as defined in section 473.702 to provide funds for the purposes of sections 473.701 to 473.716. The tax shall not exceed the property tax levy limitation determined in this subdivision. A participating county may agree to levy an additional tax to be used by the commission for the purposes of sections 473.701 to 473.716 but the sum of the county's and commission's taxes may not exceed the county's proportionate share of the property tax levy limitation determined under this subdivision based on the ratio of its total net tax capacity to the total net tax capacity of the entire district as adjusted by section 270.12, subdivision 3. The auditor of each county in the district shall add the amount of the levy made by the district to other taxes of the county for collection by the county treasurer with other taxes. When collected, the county treasurer shall make settlement of the tax with the district in the same manner as other taxes are distributed to political subdivisions. No county shall levy any tax for mosquito, disease vectoring tick, and black gnat (Simuliidae) control except under this section. The levy shall be in addition to other taxes authorized by law.

(b) The property tax levied by the metropolitan mosquito control commission shall not exceed ~~the following amount for the years specified:~~

~~(1) for taxes payable in 1996, the product of (i) the commission's property tax levy limitation for taxes payable in 1995 determined under this subdivision minus 50 percent of the amount actually levied for taxes payable in 1995, multiplied by (ii) an index for market valuation changes equal to the total market valuation of all taxable property located within the district for the current taxes payable year divided by the total market valuation of all taxable property located within the district for the previous taxes payable year;~~

~~(2) for taxes payable in 1997 and subsequent years, the product of (i) the commission's property tax levy limitation for the previous year determined under this subdivision multiplied by (ii) an index for market valuation changes equal to the total market valuation of all taxable property for the current tax payable year located within the district for the current taxes payable year plus any area that has been added to the district since the previous year, divided by the total market valuation of all taxable property located within the district for the previous taxes payable year; and~~

(3) (c) For the purpose of determining the commission's property tax levy limitation under this subdivision, "total market valuation" means the total market valuation of all taxable property within the district without valuation adjustments for fiscal disparities (chapter 473F), tax increment financing (sections 469.174 to 469.179), and high voltage transmission lines (section 273.425).

[EFFECTIVE DATE.] This section is effective for taxes payable in 2004 and thereafter.

Sec. 7. Minnesota Statutes 2002, section 473.714, subdivision 1, is amended to read:

Subdivision 1. [COMPENSATION.] ~~Except as provided in subdivision 2,~~ Each commissioner, including the officers of the commission ~~shall,~~ may be reimbursed for actual and necessary expenses incurred in the performance of duties. ~~The chair shall be paid a per diem for attending meetings, monthly, executive, and special, and each commissioner shall be paid a per diem for attending meetings, monthly, executive, and special, which per diem shall be established by the commission. A commissioner who receives a per diem from the commissioner's county shall not be paid a per diem for the same day by the commission for attending meetings of the commission. The annual budget of the commission shall provide as a separate account anticipated expenditures for per diem, travel and associated expenses for the chair and members, and compensation or reimbursement shall be made to the chair or members only when budgeted. No commissioner may be paid a per diem.~~

Sec. 8. [TRANSITIONAL AUTHORITY.]

The metropolitan mosquito control district and the Carver county board of commissioners may enter into an agreement for the district to provide its services to the part of Carver county added to the district by this article until the proceeds of the levy from that part of Carver county are available for those services. During this period the services may be provided on the terms and for fees that are mutually agreed to by the parties.

Sec. 9. [REPEALER.]

Minnesota Statutes 2002, sections 473.711, subdivision 2b, and 473.714, subdivision 2, are repealed.

Sec. 10. [EFFECTIVE DATE.]

Sections 1 to 9 are effective the day following final enactment."

Page 172, line 29, delete "10" and insert "14"

Pages 172 to 174, delete sections 1 and 2 and insert:

"Section 1. Minnesota Statutes 2002, section 8.30, is amended to read:

8.30 [COMPROMISE OF TAX AND FEE CLAIMS.]

Notwithstanding any other provisions of law to the contrary, the attorney general shall have authority to compromise taxes, fees, surcharges, assessments, penalties, and interest in ~~any case referred to the attorney general by the commissioner of revenue~~ all cases, whether reduced to judgment or not, where the debt is being reduced by an amount exceeding \$50,000 and, in the attorney general's opinion, it shall be in the best interests of the state to do so. Such a compromise must be in a form prescribed by the attorney general and shall be in writing signed by the attorney general, the taxpayer or taxpayer's representative, and the commissioner of revenue. Compromises of such debts in cases where the debt is being reduced by an amount of \$50,000 or less are governed by section 16D.15.

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

Sec. 2. Minnesota Statutes 2002, section 270.059, is amended to read:

270.059 [REVENUE DEPARTMENT SERVICE AND RECOVERY SPECIAL REVENUE FUND.]

A revenue department service and recovery special revenue fund is created for the purpose of recovering the costs of furnishing public government data and related services or products, as well as recovering costs associated with collecting local taxes on sales. All money collected under this section is deposited in the revenue department service and recovery special revenue fund. Money in the fund is appropriated to the commissioner of revenue to reimburse the department of revenue for the costs incurred in administering the tax law or providing the data, service, or product. Any monies paid to the department as a criminal fine for a tax law violation that are designated by the court to fund tax law enforcement are appropriated to this fund.

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

Sec. 3. Minnesota Statutes 2002, section 270.67, subdivision 4, is amended to read:

Subd. 4. [OFFER-IN-COMPROMISE AND INSTALLMENT PAYMENT PROGRAM.] (a) In implementing the authority provided in subdivision 2 or in ~~section~~ sections 8.30 and 16D.15 to accept offers of installment payments or offers-in-compromise of tax liabilities, the commissioner of revenue shall prescribe guidelines for employees of the department of revenue to determine whether an offer-in-compromise or an offer to make installment payments is adequate and should be accepted to resolve a dispute. In prescribing the guidelines, the commissioner shall develop and publish schedules of national and local allowances designed to provide that taxpayers entering into a compromise or payment agreement have an adequate means to provide for basic living expenses. The guidelines must provide that the taxpayer's ownership interest in a motor vehicle, to the extent of the value allowed in section 550.37, will not be considered as an asset; in the case of an offer related to a joint tax liability of spouses, that value of two motor vehicles must be excluded. The guidelines must provide that employees of the department shall determine, on the basis of the facts and circumstances of each taxpayer, whether the use of the schedules is appropriate and that employees must not use the schedules to the extent the use would result in the taxpayer not having adequate means to provide for basic living expenses. The guidelines must provide that:

(1) an employee of the department shall not reject an offer-in-compromise or an offer to make installment payments from a low-income taxpayer solely on the basis of the amount of the offer; and

(2) in the case of an offer-in-compromise which relates only to issues of liability of the taxpayer:

(i) the offer must not be rejected solely because the commissioner is unable to locate the taxpayer's return or return information for verification of the liability; and

(ii) the taxpayer shall not be required to provide an audited, reviewed, or compiled financial statement.

(b) The commissioner shall establish procedures:

(1) that require presentation of a counteroffer or a written rejection of the offer by the commissioner if the amount offered by the taxpayer in an offer-in-compromise or an offer to make installment payments is not accepted by the commissioner;

(2) for an administrative review of any written rejection of a proposed offer-in-compromise or installment agreement made by a taxpayer under this section before the rejection is communicated to the taxpayer;

(3) that allow a taxpayer to request reconsideration of any written rejection of the offer or agreement to the commissioner of revenue to determine whether the rejection is reasonable and appropriate under the circumstances; and

(4) that provide for notification to the taxpayer when an offer-in-compromise has been accepted, and issuance of certificates of release of any liens imposed under section 270.69 related to the liability which is the subject of the compromise.

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

Sec. 4. Minnesota Statutes 2002, section 290.06, subdivision 24, is amended to read:

Subd. 24. [CREDIT FOR JOB CREATION.] (a) A corporation that leases and operates a heavy maintenance base for aircraft that is owned by the state of Minnesota or one of its political subdivisions, or an engine repair facility described in section 116R.02, subdivision 6, or both, may take a credit against the tax due under this chapter.

(b) For the first taxable year when the facility has been in operation for at least three consecutive months, the credit is equal to \$5,000 multiplied by the number of persons employed by the corporation on a full-time basis at the facility on the last day of the taxable year, not to exceed the number of persons employed by the corporation on a full-time basis at the facility on the date 90 days before the last day of the taxable year. For each of the succeeding four taxable years, the credit is equal to \$5,000 multiplied by the number of persons employed by the corporation on a full-time basis at the facility on the last day of the taxable year, not to exceed the number of persons employed by the corporation on a full-time basis at the facility on the date 90 days before the last day of the taxable year.

(c) For the first taxable year in which the credit is allowed for the facility, the credit must not exceed 80 percent of the wages paid to or incurred for persons employed by the taxpayer at the facility during the taxable year. For the succeeding four taxable years, the credit must not exceed 20 percent of the wages paid to or incurred for persons employed by the taxpayer at the facility during the taxable year. For purposes of this section, "wages" has the meaning given under section 3121(b) of the Internal Revenue Code, except the limitation to the contribution and benefit base does not apply.

(d) If the credit provided under this subdivision exceeds the tax liability of the corporation for the taxable year, the excess amount of the credit may be carried over to each of the ~~ten~~ 20 taxable years succeeding the taxable year. The entire amount of the credit must be carried to the earliest taxable year to which the amount may be carried. The unused portion of the credit must be carried to the following taxable year. No credit may be carried to a taxable year more than ~~ten~~ 20 years after the taxable year in which the credit was earned.

(e) if an unused portion of the credit remains at the end of the carryover period under paragraph (d), the commissioner shall refund the unused portion to the taxpayer. The provisions of this paragraph do not apply if the corporation that earned the credit under this subdivision or a successor in interest to the corporation filed for bankruptcy protection.

[EFFECTIVE DATE.] This section is effective for taxable years beginning after December 31, 2003.

Sec. 5. Minnesota Statutes 2002, section 297F.05, subdivision 1, is amended to read:

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

(1) on cigarettes weighing not more than three pounds per thousand, 24 mills on each such cigarette; and

(2) on cigarettes weighing more than three pounds per thousand, 48 mills on each such cigarette.

[EFFECTIVE DATE.] This section is effective for sales of stamps made after June 30, 2003.

Sec. 6. Minnesota Statutes 2002, section 297F.08, subdivision 7, is amended to read:

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

[EFFECTIVE DATE.] This section is effective for sales of stamps made after June 30, 2003.

Sec. 7. Minnesota Statutes 2002, section 297F.08, is amended by adding a subdivision to read:

Subd. 12. [CIGARETTES IN INTERSTATE COMMERCE.] (a) A person may not transport or cause to be transported from this state cigarettes for sale in another state without first affixing to the cigarettes the stamp required by the state in which the cigarettes are to be sold or paying any other excise tax on the cigarettes imposed by the state in which the cigarettes are to be sold.

(b) A person may not affix to cigarettes the stamp required by another state or pay any other excise tax on the cigarettes imposed by another state if the other state prohibits stamps from being affixed to the cigarettes, prohibits the payment of any other excise tax on the cigarettes, or prohibits the sale of the cigarettes.

(c) Not later than 15 days after the end of each calendar quarter, a person who transports or causes to be transported from this state cigarettes for sale in another state shall submit to the commissioner a report identifying the quantity and style of each brand of the cigarettes transported or caused to be transported in the preceding calendar quarter, and the name and address of each recipient of the cigarettes.

(d) For purposes of this section, "person" has the meaning given in section 297F.01, subdivision 12. Person does not include any common or contract carrier, or public warehouse that is not owned, in whole or in part, directly or indirectly by such person.

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

Sec. 8. Minnesota Statutes 2002, section 297F.09, subdivision 2, is amended to read:

Subd. 2. [MONTHLY RETURN; TOBACCO PRODUCTS DISTRIBUTOR.] On or before the 18th day of each calendar month, a distributor with a place of business in this state shall file a return with the commissioner showing the quantity and wholesale sales price of each tobacco product:

(1) brought, or caused to be brought, into this state for sale; and

(2) made, manufactured, or fabricated in this state for sale in this state, during the preceding calendar month.

Every licensed distributor outside this state shall in like manner file a return showing the quantity and wholesale sales price of each tobacco product shipped or transported to retailers in this state to be sold by those retailers, during the preceding calendar month. Returns must be made in the form and manner prescribed by the

commissioner and must contain any other information required by the commissioner. The return must be accompanied by a remittance for the full tax liability shown, ~~less 1.5 percent of the liability as compensation to reimburse the distributor for expenses incurred in the administration of this chapter.~~

[EFFECTIVE DATE.] This section is effective for sales made after June 30, 2003.

Sec. 9. [297F.24] [FEE IN LIEU OF SETTLEMENT.]

Subdivision 1. [FEE IMPOSED.] (a) A fee is imposed upon the sale of nonsettlement cigarettes in this state, upon having nonsettlement cigarettes in possession in this state with intent to sell, upon any person engaged in business as a distributor, and upon the use or storage by consumers of nonsettlement cigarettes. The fee equals a rate of 1.75 cents per cigarette.

(b) The purpose of this fee is to:

(1) ensure that manufacturers of nonsettlement cigarettes pay fees to the state that are comparable to costs attributable to the use of the cigarettes;

(2) prevent manufacturers of nonsettlement cigarettes from undermining the state's policy of discouraging underage smoking by offering nonsettlement cigarettes at prices substantially below the cigarettes of other manufacturers; and

(3) fund such other purposes as the legislature determines appropriate.

Subd. 2. [NONSETTLEMENT CIGARETTES.] For purposes of this section, a "nonsettlement cigarette" means a cigarette manufactured by a person other than a manufacturer that:

(1) is making annual payments to the state of Minnesota under a settlement of the lawsuit styled as State v. Philip Morris Inc., No. C1-94-8565 (Minnesota District Court, Second Judicial District), if the style of cigarettes is included in computation of the payments under the agreement; or

(2) has voluntarily entered into an agreement with the state of Minnesota, approved by the attorney general, agreeing to terms similar to those contained in the settlement agreement, identified in clause (1) including making annual payments to the state, with respect to its national sales of the style of cigarettes, equal to at least 75 percent of the payments that would apply if the manufacturer was one of the four original parties to the settlement agreement required to make annual payments to the state.

Subd. 3. [COLLECTION AND ADMINISTRATION.] The commissioner shall administer the fee under this section in the same manner as the excise tax imposed under section 297F.05 and all of the provisions of this chapter apply as if the fee were a tax imposed under section 297F.05. The commissioner shall deposit the proceeds of the fee in the general fund.

[EFFECTIVE DATE.] This section is effective for sales of nonsettlement cigarettes made after June 30, 2003.

Sec. 10. Minnesota Statutes 2002, section 297H.06, subdivision 1, is amended to read:

Subdivision 1. [CERTAIN SURCHARGES OR FEES.] The amount of a surcharge, fee, or charge established pursuant to section 115A.919, 115A.921, 115A.923, 400.08, 473.811, or 473.843 is exempt from the solid waste management tax. ~~The amount shown on a property tax statement as a county charge for solid waste management service or as a surcharge, fee, or charge established pursuant to section 400.08, subdivision 3, or section 473.811,~~

~~subdivision 3a, is exempt from the solid waste management tax.~~ The exemption does not apply to the tax imposed on market price under section 297H.02, subdivision 1, paragraphs (b) and (c), or section 297H.03, subdivision 1, paragraphs (b) and (c).

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

Sec. 11. Minnesota Statutes 2002, section 298.75, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] Except as may otherwise be provided, the following words, when used in this section, shall have the meanings herein ascribed to them.

(1) "Aggregate material" shall mean nonmetallic natural mineral aggregate including, but not limited to sand, silica sand, gravel, crushed rock, limestone, granite, and borrow, but only if the borrow is transported on a public road, street, or highway. Aggregate material shall not include dimension stone and dimension granite. Aggregate material must be measured or weighed after it has been extracted from the pit, quarry, or deposit.

(2) "Person" shall mean any individual, firm, partnership, corporation, organization, trustee, association, or other entity.

(3) "Operator" shall mean any person engaged in the business of removing aggregate material from the surface or subsurface of the soil, for the purpose of sale, either directly or indirectly, through the use of the aggregate material in a marketable product or service.

(4) "Extraction site" shall mean a pit, quarry, or deposit containing aggregate material and any contiguous property to the pit, quarry, or deposit which is used by the operator for stockpiling the aggregate material.

(5) "Importer" shall mean any person who buys aggregate material produced from a county not listed in paragraph (6) or another state and causes the aggregate material to be imported into a county in this state which imposes a tax on aggregate material.

(6) "County" shall mean the counties of Pope, Stearns, Benton, Sherburne, Carver, Scott, Dakota, Le Sueur, Kittson, Marshall, Pennington, Red Lake, Polk, Norman, Mahnommen, Clay, Becker, Carlton, St. Louis, Rock, Murray, Wilkin, Big Stone, Sibley, Hennepin, Washington, Chisago, and Ramsey. County also means any other county whose board has voted after a public hearing to impose the tax under this section and has notified the commissioner of revenue of the imposition of the tax.

(7) "Borrow" shall mean granular borrow, consisting of durable particles of gravel and sand, crushed quarry or mine rock, crushed gravel or stone, or any combination thereof, the ratio of the portion passing the (#200) sieve divided by the portion passing the (1 inch) sieve may not exceed 20 percent by mass.

[EFFECTIVE DATE.] This section is effective for borrow removed and transported on a public road, street, or highway on or after July 1, 2003."

Page 174, after line 15, insert:

"Sec. 13. Laws 2002, chapter 377, article 12, section 17, is amended to read:

Sec. 17. [APPROPRIATION.]

(a) \$585,000 in fiscal year 2002 and \$7,015,000 in fiscal year 2003 are appropriated to the commissioner of revenue from the general fund for tax compliance activities, including identification and collection of tax liabilities from individuals and businesses that currently do not pay all taxes owed, and audit and collection activity in the income tax, sales tax, lawful gambling, insurance, and corporate areas. The base funding for these activities in fiscal years 2004 and 2005 is increased by \$4,750,000 each year.

(b) The commissioner must include these tax compliance activities in the report required by Laws 2001, First Special Session chapter 10, article 1, section 16, subdivision 2, paragraph (c).

(c) Laws 2002, chapter 220, article 10, section 38, does not apply to the positions necessary to carry out the compliance activities identified in this section.

~~(d) If the legislative auditor determines that:~~

~~(1) actual revenue collections generated from tax compliance activities funded by Laws 2001, First Special Session chapter 10, article 1, section 16, subdivision 2, paragraphs (a) and (b), will not generate at least \$52,000,000 in additional general fund revenue for the biennium ending June 30, 2003; or~~

~~(2) actual revenue collections generated from new tax compliance activities funded by the appropriation in this section will not generate at least \$7,600,000 in additional general fund revenue for the biennium ending June 30, 2003;~~

~~then the commissioner of finance must cancel from the budget reserve account to the general fund the difference between the \$52,000,000 or the \$7,600,000 and the actual additional general fund revenue. The legislative auditor's determination under this paragraph must be made in the February 1, 2003, report to the legislature required by Laws 2001, First Special Session chapter 10, article 1, section 16.~~

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

Sec. 14. [ADVANCE COLLECTION PROGRAM.]

Subdivision 1. [PROGRAM ESTABLISHED.] The commissioner of revenue shall establish an advance collection program to collect tax, interest, and penalty obligations that otherwise would not be collected.

Subd. 2. [POLICIES.] The commissioner of revenue shall implement and operate the program in a manner that:

(1) minimizes the impact of the program on the incentive for taxpayers to comply with Minnesota taxes; and

(2) emphasizes collecting as large a portion of the department's account receivables that are unlikely otherwise to be collected.

Subd. 3. [AUTHORITY.] (a) The authority under this section applies only to obligations on the department of revenue's accounts receivable system for which the original debt was more than two years old on the date of enactment of this section. The commissioner of revenue shall select the debts on the accounts receivable system to which this program applies and may exclude any debt or debts as the commissioner deems appropriate, because inclusion, in the sole opinion of the commissioner, may:

(1) adversely affect tax compliance;

(2) reduce the amount the state likely will collect in the future;

(3) delay resolution of an issue of the meaning or application of the tax or other law;

(4) be inconsistent with tax administration and collection policies;

(5) not be justified because of the taxpayer's conduct or past actions; or

(6) not be in the interest of the state for any reason the commissioner solely determines.

(b) To implement this program, the commissioner shall exercise authority under Minnesota Statutes, section 270.67, to accept as a partial or discounted payment of the obligation as full payment. The commissioner shall set the discount rate for each debt at the level the commissioner determines appropriate, given the provisions of this section. For obligations that are four or more years old on the date of enactment, the commissioner may offer a reduction or discount of up to 50 percent; for obligations that are more than two years old upon the date of enactment, the commissioner may offer a reduction or discount of up to 35 percent. The commissioner may apply the appropriate discount to all or part of an obligation, regardless of the age of the obligation, if the taxpayer has an obligation that meets the minimum age requirement on the date of enactment. The commissioner shall notify taxpayers or other debtors qualifying under the program established under this section in any way the commissioner determines appropriate.

(c) This section does not limit the commissioner's authority under Minnesota Statutes, section 270.67."

Renumber the sections in sequence and correct the internal references

Delete the title and insert:

"A bill for an act relating to financing and operation of government in this state; making changes to income, corporate franchise, estate, property, sales and use, motor vehicle sales, gross earnings, hazardous waste generator, solid waste management, aggregate materials, insurance premiums, taconite production, and cigarette and tobacco taxes, and tax provisions; changing, providing, or abolishing tax exemptions and credits; changing property tax valuation, appraisal, homestead, assessment, classification, levy, notice, review, appeal, apportionment, distribution, and aid provisions; conforming to certain changes in the internal revenue code; modifying sales tax provisions to comply with Streamlined Sales Tax Project Agreement; providing for tax administration, collection, compromise, compliance, liens, liability, and enforcement; changing tax return, refund, interest, and payment provisions; changing or imposing certain requirements on assessors; changing provisions relating to property tax refunds, tax increment financing, border city development zones, tax-forfeited land sales, recording or registration of documents, revenue recapture, and sustainable forest management incentives; clarifying commissioner of revenue's rulemaking authority; changing taconite production tax distribution provisions; authorizing certain certificates of motor vehicle title; authorizing certain sales by limited use vehicle dealers; providing for public finance instrumentalities and instruments; authorizing, validating, expanding, limiting, and clarifying public financing and economic development structures, instruments, and procedures for local public entities; imposing certain requirements for cigarettes shipped for sale in another state; imposing a fee on cigarettes produced by certain manufacturers; authorizing a Central Lakes Region Sanitary District; changing provisions relating to Cook county hospital district; giving certain powers to the Iron Range Resources and Rehabilitation Agency; giving certain authority and powers to certain cities, towns, and counties; authorizing actions by the metropolitan mosquito control district; authorizing disclosure of data and requiring access to certain records; changing, clarifying, and imposing penalties; amending Minnesota Statutes 2002, sections 8.30; 18B.07, subdivision 2; 115B.24, subdivision 8; 168.27, subdivision 4a; 168A.03; 168A.05, subdivision 1a; 216B.2424, subdivision 5; 270.059; 270.06; 270.10, subdivision 1a; 270.67, subdivision 4; 270.69, by adding a subdivision; 270.701, subdivision 2, by adding a subdivision; 270.72, subdivision 2; 270A.03, subdivision 2; 270B.12, by adding a subdivision; 272.02, subdivisions 31, 47, 53, by adding subdivisions; 272.12; 273.01; 273.05, subdivision 1; 273.061, by adding subdivisions; 273.08; 273.11, subdivision 1a; 273.124, subdivisions 1, 14; 273.13, subdivisions 22, 23, 25; 273.1315; 273.134; 273.135, subdivisions 1, 2; 273.1391, subdivision 2; 273.1398, subdivisions 4b, 4d; 273.372; 273.42, subdivision 2; 274.01, subdivision 1; 274.13, subdivision 1; 275.025, subdivisions 1, 3, 4; 276.10; 276.11, subdivision 1; 277.20, subdivision 2; 278.01, subdivision 4; 278.05, subdivision 6; 279.06, subdivision 1; 281.17; 282.01, subdivision 7a; 282.08; 289A.02, subdivision 7; 289A.10, subdivision 1; 289A.18, subdivision 4; 289A.19, subdivision 4; 289A.31, subdivisions 3, 4, by adding a subdivision; 289A.36, subdivision 7, by adding subdivisions; 289A.40, subdivision 2; 289A.50, subdivision 2a, by adding subdivisions; 289A.56, subdivisions 3, 4; 289A.60, subdivisions 7, 15, by adding a

subdivision; 290.01, subdivisions 19, 19a, 19b, 19c, 19d, 31; 290.06, subdivisions 2c, 24; 290.0671, subdivision 1; 290.0675, subdivisions 2, 3; 290.0679, subdivision 2; 290.0802, subdivision 1; 290A.03, subdivisions 8, 15; 290C.02, subdivisions 3, 7; 290C.03; 290C.07; 290C.09; 290C.10; 290C.11; 291.005, subdivision 1; 291.03, subdivision 1; 295.50, subdivision 9b; 295.53, subdivision 1; 297A.61, subdivisions 3, 7, 10, 12, 17, 30, 34, by adding subdivisions; 297A.66, by adding a subdivision; 297A.665; 297A.668; 297A.67, subdivisions 2, 8, by adding a subdivision; 297A.68, subdivisions 2, 5, 36, by adding a subdivision; 297A.69, subdivisions 2, 3, 4; 297A.75, subdivision 4; 297A.81; 297A.85; 297A.99, subdivisions 5, 10, 12; 297A.995, by adding a subdivision; 297B.025, subdivisions 1, 2; 297B.035, subdivision 1, by adding a subdivision; 297F.01, subdivisions 21a, 23; 297F.05, subdivision 1; 297F.06, subdivision 4; 297F.08, subdivision 7, by adding a subdivision; 297F.09, subdivision 2; 297F.20, subdivisions 1, 2, 3, 6, 9; 297H.06, subdivision 1; 297I.01, subdivision 9; 297I.20; 298.2211, subdivision 1; 298.27; 298.28, subdivision 4; 298.292, subdivision 2; 298.296, subdivision 4; 298.2961, by adding a subdivision; 298.75, subdivision 1; 352.15, subdivision 1; 353.15, subdivision 1; 354.10, subdivision 1; 354B.30; 354C.165; 373.01, subdivision 3; 373.45, subdivision 1; 373.47, subdivision 1; 376.009; 376.55, subdivision 3, by adding a subdivision; 376.56, subdivision 3; 410.32; 412.301; 469.1731, subdivision 3; 469.174, subdivisions 3, 6, 10, 25, by adding a subdivision; 469.175, subdivisions 1, 3, 4, 6; 469.176, subdivisions 1c, 2, 3, 7; 469.1763, subdivisions 1, 3, 6; 469.177, subdivisions 1, 12; 469.1771, subdivision 4, by adding a subdivision; 469.178, subdivision 7; 469.1791, subdivision 3; 469.1792, subdivisions 1, 2, 3; 469.1813, subdivision 8; 469.1815, subdivision 1; 473.39, by adding a subdivision; 473.702; 473.703, subdivision 1; 473.704, subdivision 17; 473.705; 473.711, subdivision 2a; 473.714, subdivision 1; 473.898, subdivision 3; 473F.07, subdivision 4; 474A.061, subdivision 1; 475.58, subdivision 3b; 515B.1-116; Laws 1967, chapter 558, section 1, subdivision 5, as amended; Laws 1989, chapter 211, section 8, subdivisions 2, as amended, 4, as amended; Laws 1997, chapter 231, article 10, section 25; Laws 2001, First Special Session chapter 5, article 3, section 61; Laws 2001, First Special Session chapter 5, article 3, section 63; Laws 2001, First Special Session chapter 5, article 9, section 12; Laws 2002, chapter 377, article 6, section 4; Laws 2002, chapter 377, article 7, section 3; Laws 2002, chapter 377, article 11, section 1; Laws 2002, chapter 377, article 12, section 17; proposing coding for new law in Minnesota Statutes, chapters 37; 123A; 270; 273; 274; 275; 276; 290C; 297A; 297F; 410; 469; repealing Minnesota Statutes 2002, sections 270.691, subdivision 8; 274.04; 290.0671, subdivision 3; 290.0675, subdivision 5; 294.01; 294.02; 294.021; 294.03; 294.06; 294.07; 294.08; 294.09; 294.10; 294.11; 294.12; 297A.61, subdivisions 14, 15; 297A.69, subdivision 5; 297A.72, subdivision 1; 297A.97; 298.24, subdivision 3; 473.711, subdivision 2b; 473.714, subdivision 2; 477A.065; 645.021, subdivisions 2, 2, 3, 3; Laws 1984, chapter 652, section 2; Laws 2002, chapter 377, article 9, section 12; Minnesota Rules, parts 8007.0300, subpart 3; 8009.7100; 8009.7200; 8009.7300; 8009.7400; 8092.1000; 8106.0100, subparts 11, 15, 16; 8106.0200; 8125.1000; 8125.1300, subpart 1; 8125.1400; 8130.0800, subparts 5, 12; 8130.1300; 8130.1600, subpart 5; 8130.1700, subparts 3, 4; 8130.4800, subpart 2; 8130.7500, subpart 5; 8130.8000; 8130.8300."

The motion prevailed and the amendment was adopted.

S. F. No. 1505, A bill for an act relating to taxation; making changes to income, estate, franchise, sales and use, property, motor vehicle sales tax and registration, cigarette and tobacco, liquor, aggregate and minerals taxes; creating and modifying certain sales tax exemptions; extending sunset dates for certain sales and property tax exemptions; providing for the disposition of local sales taxes for the cities of Duluth, St. Paul, Hermantown, Rochester, Mankato, and Proctor; authorizing local sales taxes in the cities of Beaver Bay, Bemidji, Clearwater, Cloquet, Hopkins, Medford, and Park Rapids; authorizing lodging taxes in the city of Newport and Itasca county; providing property tax exemptions and exclusions from property valuations; modifying truth-in-taxation provisions; providing for the creation of housing districts; authorizing or modifying the authority of tax increment financing districts in Detroit Lakes, Duluth, Monticello, New Hope, Richfield, Roseville, and St. Michael; extending sunset date for a tax levy in the city of Moorhead; authorizing the creation of and modifying the authority of local districts and economic development authorities; granting bonding authority to the state agricultural society and other political subdivisions; allowing bonding for computer systems and other purposes; authorizing cities to establish a program

for issuance of capital improvement bonds; limiting challenges to tax increment financing actions; establishing the corporate status of an entity; updating to federal provisions; modifying payment, penalty, interest, and enforcement provisions; distributing payments to counties; changing requirements for purchases of recycled materials; regulating tax preparers; making technical changes; imposing penalties; amending Minnesota Statutes 2002, sections 16B.121; 115B.24, subdivision 8; 168.012, subdivision 1; 168A.03; 216B.2424, subdivision 5; 270.06; 270.10, subdivision 1a; 270.60, subdivision 4; 270.69, by adding a subdivision; 270.701, subdivision 2, by adding a subdivision; 270.72, subdivision 2; 270A.03, subdivision 2; 270B.12, by adding a subdivision; 272.02, subdivisions 26, 31, 47, 53, by adding subdivisions; 272.12; 273.01; 273.05, subdivision 1; 273.061, by adding subdivisions; 273.08; 273.11, subdivision 1a, by adding subdivisions; 273.124, subdivision 1; 273.13, subdivisions 22, 25; 273.1315; 273.1398, subdivisions 4b, 4d; 273.372; 273.42, subdivision 2; 274.01, subdivision 1; 274.13, subdivision 1; 275.025, subdivisions 1, 3, 4; 275.065, subdivisions 1, 1a, 3; 276.04, subdivision 2; 276.10; 276.11, subdivision 1; 277.20, subdivision 2; 278.03, subdivision 1; 278.05, subdivision 6; 279.01, subdivision 1, by adding a subdivision; 279.06, subdivision 1; 281.17; 282.01, subdivisions 1b, 7a; 282.08; 287.12; 287.29, subdivision 1; 287.31, by adding a subdivision; 289A.02, subdivision 7; 289A.10, subdivision 1; 289A.19, subdivision 4; 289A.31, subdivisions 3, 4, by adding a subdivision; 289A.36, subdivision 7, by adding subdivisions; 289A.50, subdivision 2a; 289A.56, subdivision 3; 289A.60, subdivision 7, by adding a subdivision; 290.01, subdivisions 19, 19b, 19d, 31; 290.05, subdivision 1; 290.06, subdivision 2c; 290.0671, subdivision 1; 290.0675, subdivisions 2, 3; 290.0679, subdivision 2; 290.0802, subdivision 1; 290.17, subdivision 4; 290.191, subdivision 1; 290A.03, subdivisions 8, 15; 290C.02, subdivisions 3, 7; 290C.03; 290C.07; 290C.09; 290C.10; 290C.11; 291.005, subdivision 1; 291.03, subdivision 1; 295.50, subdivision 9b; 295.53, subdivision 1; 297A.61, subdivisions 3, 12, 34, by adding subdivisions; 297A.62, subdivision 3; 297A.665; 297A.67, subdivisions 2, 18, by adding subdivisions; 297A.68, subdivisions 4, 5, 36, by adding a subdivision; 297A.69, subdivisions 2, 3, 4; 297A.70, subdivisions 8, 16; 297A.71, subdivision 10, by adding subdivisions; 297A.85; 297B.025, subdivisions 1, 2; 297B.03; 297B.035, subdivision 1, by adding a subdivision; 297F.01, subdivisions 21a, 23; 297F.06, subdivision 4; 297F.08, by adding a subdivision; 297F.20, subdivisions 1, 2, 3, 6, 9; 297G.01, by adding a subdivision; 297G.03, subdivision 1; 297L.01, subdivision 9; 297L.20; 298.001, by adding a subdivision; 298.01, subdivisions 3, 3a; 298.015; 298.016, subdivisions 1, 2, 4; 298.018; 352.15, subdivision 1; 353.15, subdivision 1; 354.10, subdivision 1; 354B.30; 354C.165; 373.01, subdivision 3; 373.45, subdivision 1; 373.47, subdivision 1; 376.009; 376.55, subdivision 3, by adding a subdivision; 376.56, subdivision 3; 383B.77, subdivisions 1, 2; 410.32; 412.301; 469.169, by adding a subdivision; 469.1731, subdivision 3; 469.174, subdivision 10, by adding subdivisions; 469.175, subdivision 3, by adding a subdivision; 469.176, subdivision 7; 469.1761, by adding a subdivision; 469.1763, subdivision 2; 469.177, subdivision 1; 469.1792; 473.39, by adding a subdivision; 473F.07, subdivision 4; 473F.08, by adding a subdivision; 475.58, subdivision 3b; 477A.011, subdivision 30; 515B.1-116; Laws 1967, chapter 558, section 1, subdivision 5, as amended; Laws 1980, chapter 511, section 1, subdivision 2, as amended; Laws 1980, chapter 511, section 2, as amended; Laws 1989, chapter 211, section 8, subdivision 2, as amended; Laws 1989, chapter 211, section 8, subdivision 4, as amended; Laws 1991, chapter 291, article 8, section 27, subdivision 3, as amended; Laws 1991, chapter 291, article 8, section 27, subdivision 4; Laws 1993, chapter 375, article 9, section 46, subdivision 2, as amended; Laws 1996, chapter 471, article 2, section 29; Laws 1998, chapter 389, article 8, section 43, subdivision 3; Laws 1998, chapter 389, article 8, section 43, subdivision 4; Laws 1999, chapter 243, article 4, section 18, subdivision 1; Laws 1999, chapter 243, article 4, section 18, subdivision 3; Laws 1999, chapter 243, article 4, section 18, subdivision 4; Laws 1999, chapter 243, article 4, section 19, as amended; Laws 2001, First Special Session chapter 5, article 3, section 61, the effective date; Laws 2001 First Special Session chapter 5, article 3, section 63, the effective date; Laws 2001, First Special Session chapter 5, article 3, section 96; Laws 2001, First Special Session chapter 5, article 9, section 12, the effective date; Laws 2001, First Special Session chapter 5, article 12, section 67, the effective date; Laws 2002, chapter 377, article 3, section 15, the effective date; Laws 2002 chapter 377, article 6, section 4, the effective date; Laws 2002, chapter 377, article 11, section 1; proposing coding for new law in Minnesota Statutes, chapters 37; 270; 273; 275; 276; 290C; 298; 410; repealing Minnesota Statutes 2002, sections 270.691, subdivision 8; 274.04; 290.0671, subdivision 3; 290.0675, subdivision 5; 294.01; 294.02; 294.021; 294.03; 294.06; 294.07; 294.08; 294.09; 294.10; 294.11; 294.12; 297A.72, subdivision 1; 297A.97; 298.01, subdivisions 3c, 3d; 298.017; 477A.065; Laws 1984,

chapter 652, section 2; Laws 2002, chapter 377, article 9, section 12, the effective date; Minnesota Rules, parts 8007.0300, subpart 3; 8009.7100; 8009.7200; 8009.7300; 8009.7400; 8092.1000; 8106.0100, subparts 11, 15, 16; 8106.0200; 8125.1000; 8125.1300, subpart 1; 8125.1400; 8130.0800, subparts 5, 12; 8130.1300; 8130.1600, subpart 5; 8130.1700, subparts 3, 4; 8130.4800, subpart 2; 8130.7500, subpart 5; 8130.8000; 8130.8300.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 110 yeas and 19 nays as follows:

Those who voted in the affirmative were:

Abeler	Demmer	Hilty	Lieder	Penas	Strachan
Abrams	Dempsey	Hoppe	Lindgren	Peterson	Swenson
Anderson, I.	Dill	Hornstein	Magnus	Powell	Sykora
Anderson, J.	Dorn	Howes	Marquart	Pugh	Thissen
Atkins	Eastlund	Huntley	McNamara	Rhodes	Tingelstad
Beard	Eken	Jaros	Meslow	Rukavina	Urdahl
Bernardy	Ellison	Johnson, S.	Mullery	Ruth	Wagenius
Biernat	Entenza	Juhnke	Murphy	Samuelson	Walz
Blaine	Erhardt	Kahn	Nelson, C.	Seagren	Wardlow
Borrell	Finstad	Kelliher	Nelson, M.	Seifert	Wasiluk
Boudreau	Fuller	Knoblach	Nelson, P.	Sertich	Westerberg
Bradley	Goodwin	Koenen	Nornes	Severson	Westrom
Brod	Greiling	Kohls	Olsen, S.	Sieben	Wilkin
Carlson	Gunther	Kuisle	Opatz	Simpson	Zellers
Clark	Haas	Lanning	Osterman	Slawik	Spk. Sviggum
Cornish	Hackbarth	Larson	Otremba	Smith	
Cox	Harder	Latz	Otto	Soderstrom	
Davids	Hausman	Lenczewski	Ozment	Solberg	
Davnie	Hilstrom	Lesch	Pelowski	Stang	

Those who voted in the negative were:

Adolphson	Gerlach	Johnson, J.	Lindner	Paymar
Buesgens	Heidgerken	Kielkucki	Lipman	Thao
DeLaForest	Holberg	Klinzing	Olson, M.	Vandev eer
Erickson	Jacobson	Krinkie	Paulsen	

The bill was passed, as amended, and its title agreed to.

Speaker pro tempore Seifert called Abrams to the Chair.

TAKEN FROM THE TABLE

Westrom moved that S. F. No. 794, as amended, be taken from the table. The motion prevailed.

S. F. No. 794, as amended, was reported to the House.

MOTION FOR RECONSIDERATION

Westrom moved that the action whereby S. F. No. 794, as amended, was given its third reading be now reconsidered. The motion prevailed.

Pursuant to rule 2.05, the Speaker excused Davids from voting on the Westrom et al delete everything amendment and on final passage of S. F. No. 794, as amended, as it relates to page 8, lines 27 to 30, provision (e).

Westrom, Rukavina, Juhnke and Beard moved to amend S. F. No. 794, as amended, as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

NUCLEAR AND RENEWABLE ENERGY PROVISIONS

Section 1. Minnesota Statutes 2002, section 116C.71, subdivision 7, is amended to read:

Subd. 7. [RADIOACTIVE WASTE MANAGEMENT FACILITY.] "Radioactive waste management facility" means a geographic site, including buildings, structures, and equipment in or upon which radioactive waste is retrievably or irretrievably disposed by burial in soil or permanently stored. An independent spent fuel storage installation located on the site of a Minnesota nuclear generation facility for dry cask storage of spent nuclear fuel generated solely by that facility is not a radioactive waste management facility.

Sec. 2. Minnesota Statutes 2002, section 116C.779, is amended to read:

116C.779 [FUNDING FOR RENEWABLE DEVELOPMENT.]

Subdivision 1. [RENEWABLE DEVELOPMENT ACCOUNT.] (a) The public utility that operates owns the Prairie Island nuclear generating plant must transfer to a renewable development account \$500,000 each year for each dry cask containing spent fuel that is located at the independent spent fuel storage installation at Prairie Island after January 1, 1999 \$16,000,000 annually each year the plant is in operation, and \$7,500,000 each year the plant is not in operation if ordered by the commissioner pursuant to paragraph (c). The fund transfer must be made if nuclear waste is stored in a dry cask at the independent spent fuel storage facility at Prairie Island for any part of a year. Funds in the account may be expended only for development of renewable energy sources. Preference must be given to development of renewable energy source projects located within the state.

(b) Expenditures from the account may only be made after approval by order of the public utilities commission upon a petition by the public utility.

(c) After discontinuation of operation of the Prairie Island nuclear plant and each year spent nuclear fuel is stored in dry cask at the Prairie Island facility, the commission shall require the public utility to pay \$7,500,000 for any year in which the commission finds, by the preponderance of the evidence, that the public utility did not make a good faith effort to remove the spent nuclear fuel stored at Prairie Island to a permanent or interim storage site out of the state. This determination shall be made at least every two years.

Subd. 2. [RENEWABLE ENERGY PRODUCTION INCENTIVE.] (a) Until January 1, 2018, up to \$6,000,000 annually must be allocated from available funds in the account to fund renewable energy production incentives. \$4,500,000 of this annual amount is for incentives up to 100 megawatts of electricity generated by wind energy

conversion systems larger than 40 kilowatts in size that are eligible for the incentives under section 216C.41. The balance of this amount, up to \$1,500,000 annually, may be used for production incentives for on-farm biogas recovery facilities that are eligible for the incentive under section 216C.41 or for production incentives for other renewables, to be provided in the same manner as under section 216C.41. Any portion of the \$6,000,000 not expended in any calendar year for the incentive is available for other spending purposes under this section. This subdivision does not create an obligation to contribute funds to the account.

(b) The department of commerce shall determine eligibility of projects under section 216C.41 for the purposes of this subdivision. At least quarterly, the department of commerce shall notify the public utility of the name and address of each eligible project owner and the amount due to each project under section 216C.41. The public utility shall make payments within 15 working days after receipt of notification of payments due.

Subd. 3. [CAPITAL ASSISTANCE.] To the extent applications for such assistance are received, \$3,000,000 annually must be allocated to provide capital assistance in the form of low- or no-interest loans, grants, or other financial means to reduce the capital costs for the construction of wind energy conversion systems of two megawatts or less of nameplate capacity, on-farm biogas recovery facilities as that term is defined in section 216C.41, or other renewable energy facilities. Capital assistance awards under this subdivision may be coordinated through nonprofit entities that provide financial assistance to rural areas such as designated federal economic development districts.

Sec. 3. [116C.83] [AUTHORIZATION FOR ADDITIONAL DRY CASK STORAGE.]

Subdivision 1. [AUTHORIZATION TO END OF CURRENT PRAIRIE ISLAND LICENSE.] Subject to the dry cask storage limits of the federal license for the independent spent fuel storage installation at Prairie Island, the public utility that owns the Prairie Island nuclear generation plant has authorization for sufficient dry cask storage capacity at that installation to allow:

(1) the unit 1 reactor at Prairie Island to operate until the end of its current license in 2013; and

(2) the unit 2 reactor at Prairie Island to operate until the end of its current license in 2014.

Subd. 2. [COMMISSION PROCESS FOR FUTURE ADDITIONAL AUTHORIZATION.] Authorization of any additional dry cask storage other than that provided for in subdivision 1, or expansion or establishment of an independent spent fuel storage facility at a nuclear generation facility in this state, is subject to approval of a certificate of need by the public utilities commission pursuant to section 216B.243. In any proceeding under this subdivision, the commission may make a decision that could result in a shutdown of a nuclear generating facility. In considering an application for a certificate of need pursuant to this subdivision, the commission may consider whether the public utility that owns the nuclear generation facility in the state is in compliance with section 216B.1691 and the utility's past performance under that section.

Subd. 3. [LEGISLATIVE REVIEW.] (a) To allow opportunity for review by the legislature, a decision by the commission on an application for a certificate of need pursuant to subdivision 2 is stayed until the June 1 following the next regular annual session of the legislature that begins after the date of the commission decision. By January 15 of the year of that legislative session, the commission shall issue a report to the chairs of the house and senate committees with jurisdiction over energy and environmental policy issues, providing a summary of the commission's decision and the grounds for that decision, the alternatives considered and rejected by the commission, and the reasons for rejecting those alternatives. If the legislature does not modify or reject the commission's decision by law enacted during that regular legislative session, the commission's decision shall become effective on the expiration of the stay.

(b) The stay of a commission decision to approve an application for a certificate of need for additional dry cask storage under subdivision 2 does not apply to the fabrication of the spent fuel storage casks. However, if the utility proceeds with the fabrication of casks, it does so bearing the risk of an adverse legislative decision.

Subd. 4. [OTHER CONDITIONS.] (a) The storage of spent nuclear fuel in the pool and in dry casks at a nuclear generating plant must be managed to facilitate the shipment of waste out of state to a permanent or interim storage facility as soon as feasible in a manner that allows the continued operation of the plant consistent with sections 116C.71 to 116C.83 and 216B.1645, subdivision 4.

(b) The authorization for storage capacity pursuant to this section is limited to the storage of spent nuclear fuel generated by a Minnesota nuclear generation facility and stored on the site of that facility.

Subd. 5. [WATER STANDARDS.] The standards established in section 116C.76, subdivision 1, clauses (1) to (3), apply to an independent spent fuel installation. Such an installation must be operated in accordance with those standards.

Subd. 6. [ENVIRONMENTAL REVIEW AND PROTECTION.] (a) The siting, construction, and operation of an independent spent fuel storage installation located on the site of a Minnesota generation facility for dry cask storage of spent nuclear fuel generated solely by that facility is subject to all environmental review and protection provisions of this chapter and chapters 115, 115B, 116, 116B, 116D, and 216B, and rules associated with those chapters, except those statutes and rules that apply specifically to a radioactive waste management facility as defined in section 116C.71, subdivision 7.

(b) An environmental impact statement is required under chapter 116D for a proposal to construct and operate a new or expanded independent spent fuel storage installation. The environmental quality board shall be the responsible governmental unit for the environmental impact statement. Prior to finding the statement adequate, the board must find that the applicant has demonstrated that the facility is designed to provide a reasonable expectation that the operation of the facility will not result in groundwater contamination in excess of the standards established in section 116C.76, subdivision 1, clauses (1) to (3).

Sec. 4. [216B.013] [HYDROGEN ENERGY ECONOMY GOAL.]

It is a goal of this state that Minnesota move to hydrogen as an increasing source of energy for its electrical power, heating, and transportation needs.

Sec. 5. Minnesota Statutes 2002, section 216B.1645, is amended by adding a subdivision to read:

Subd. 4. [SETTLEMENT WITH MDEWAKANTON DAKOTA TRIBAL COUNCIL AT PRAIRIE ISLAND.] The commission shall approve a rate schedule providing for the automatic adjustment of charges to recover the costs or expenses of a settlement between the public utility that owns the Prairie Island nuclear generation facility and the Mdewakanton Dakota Tribal Council at Prairie Island, resolving outstanding disputes regarding the provisions of Laws 1994, chapter 641, article 1, section 4. The settlement must provide for annual payments, not to exceed \$2,500,000 annually, by the public utility to the Prairie Island Indian Community, to be used for, among other purposes, acquiring up to 1,500 contiguous or noncontiguous acres of land in Minnesota within 50 miles of the tribal community's reservation at Prairie Island to be taken into trust by the federal government for the benefit of the tribal community for housing and other residential purposes. The legislature acknowledges that the intent to purchase land by the tribe for relocation purposes is part of the settlement agreement and this act. However, the state, through the governor, reserves the right to support or oppose any particular application to place land in trust status.

Sec. 6. Minnesota Statutes 2002, section 216B.1691, is amended to read:

216B.1691 [RENEWABLE ENERGY OBJECTIVES.]

Subdivision 1. [DEFINITIONS.] (a) Unless otherwise specified in law, "eligible energy technology" means an energy technology that:

(1) generates electricity from the following renewable energy sources: solar; wind; hydroelectric with a capacity of less than 60 megawatts; hydrogen, provided that after January 1, 2010, the hydrogen must be generated from the resources listed in this clause; or biomass, which includes an energy recovery facility used to capture the heat value of mixed municipal solid waste or refuse-derived fuel from mixed municipal solid waste as a primary fuel; and

(2) was not mandated by ~~state law~~ Laws 1994, chapter 641, or by commission order enacted or issued pursuant to that chapter 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.

(c) "Total retail electric sales" means the kilowatt-hours of electricity sold in a year by an electric utility to retail customers of the electric utility or to a distribution utility for distribution to the retail customers of the distribution utility.

Subd. 2. [ELIGIBLE ENERGY OBJECTIVES.] (a) Each electric utility shall make a good faith effort to generate or procure sufficient electricity generated by an eligible energy technology to provide its retail consumers, or the retail ~~members~~ customers of a distribution utility to which the electric utility provides wholesale electric service, so that:

(1) commencing in 2005, at least one percent of the electric ~~energy provided to those retail customers~~ utility's total retail electric sales is generated by eligible energy technologies;

(2) the amount provided under clause (1) is increased by one percent of the utility's total retail electric sales each year until 2015; and

(3) ten percent of the electric energy provided to retail customers in Minnesota is generated by eligible energy technologies; ~~and.~~

~~(4) (b) Of the eligible energy technology generation required under paragraph (a), clauses (1) and (2), at least not less than 0.5 percent of the energy must be generated by biomass energy technologies, including an energy recovery facility used to capture the heat value of mixed municipal solid waste or refuse-derived fuel from mixed municipal solid waste as a primary fuel, by 2010 and one percent by 2015 2005. By 2010, one percent of the eligible technology generation required under paragraph (a), clauses (1) and (2), shall be generated by biomass energy technologies. An energy recovery facility used to capture the heat value of mixed municipal solid waste or refuse-derived fuel from mixed municipal solid waste, with a power sales agreement in effect as of the date of final enactment of this act that terminates after December 31, 2010, does not qualify as an eligible energy technology unless the agreement provides for rate adjustment in the event the facility qualifies as a renewable energy source.~~

~~(c) By June 1, 2004, and as needed thereafter, the commission shall issue an order detailing the criteria and standards by which it will measure an electric utility's efforts to meet the renewable energy objectives of this section to determine whether the utility is making the required good faith effort. In this order, the commission shall include criteria and standards that protect against undesirable impacts on the reliability of the utility's system and economic impacts on the utility's ratepayers and that consider technical feasibility.~~

(d) In its order under paragraph (c), the commission shall provide for a weighted scale of how energy produced by various eligible energy technologies shall count toward a utility's objective. In establishing this scale, the commission shall consider the attributes of various technologies and fuels, and shall establish a system that grants multiple credits toward the objectives for those technologies and fuels the commission determines is in the public interest to encourage.

(e) Subject to other provisions of this section, a cogeneration facility in Minnesota of between 15 and 25 megawatts using waste tires as a primary fuel source and operational by December 2006 is an eligible energy technology.

Subd. 3. [UTILITY PLANS FILED WITH THE COMMISSION.] (a) Each electric utility shall report on its plans, activities, and progress with regard to these objectives in ~~their~~ its filings under section 216B.2422 or in a separate report submitted to the commission every two years, whichever is more frequent, demonstrating to the commission that the utility is making the required good faith effort. In its resource plan or a separate report, each electric utility shall provide a description of:

(1) the status of the utility's renewable energy mix relative to the good faith objective;

(2) efforts taken to meet the objective;

(3) any obstacles encountered or anticipated in meeting the objective; and

(4) potential solutions to the obstacles.

(e) (b) The ~~commission, in consultation with the~~ commissioner of ~~commerce~~, shall compile the information provided to the commission under paragraph ~~(b)~~ (a), and report to the chairs of the house of representatives and senate committees with jurisdiction over energy and environment policy issues as to the progress of utilities in the state in increasing the amount of renewable energy provided to retail customers, with any recommendations for regulatory or legislative action, by January 15, ~~2002~~ of each odd-numbered year.

Subd. 4. [GREEN-PRICING PROGRAMS.] An electric utility may count energy provided to a retail customer under a renewable rate option or "green-pricing" program under section 216B.169 towards the utility's renewable energy objectives under this section, provided the energy meets the criteria under subdivision 1, paragraph (a), and the energy is generated or procured by the electric utility. However, the existence of such a program under section 216B.169 by an electric utility, or by a distribution utility to which the electric utility provides wholesale service, is not by itself evidence of a good faith effort for the purposes of this section.

Subd. 5. [RENEWABLE ENERGY CREDITS.] (a) To facilitate compliance with this section and the cost of compliance, the commission, by rule or order, may establish a program for tradable credits for electricity generated by an eligible energy technology. In doing so, the commission shall implement a system that constrains or limits the cost of credits, taking care to ensure that such a system does not undermine the market for those credits.

(b) In lieu of generating or procuring energy directly to satisfy the renewable energy objective of this section, an electric utility may purchase sufficient renewable energy credits, issued pursuant to this subdivision, to meet its objective.

(c) Upon the passage of a renewable energy standard, portfolio, or objective in a bordering state that includes a similar definition of eligible energy technology or renewable energy, the commission may facilitate the trading of renewable energy credits between states.

Subd. 6. [TECHNOLOGY BASED ON FUEL COMBUSTION.] (a) Electricity produced by fuel combustion may only count towards a utility's objectives if the generation facility:

(1) was constructed in compliance with new source performance standards promulgated under the federal Clean Air Act for a generation facility of that type; or

(2) employs the maximum achievable or best available control technology available for a generation facility of that type.

(b) An eligible energy technology may blend or co-fire a fuel listed in subdivision 1, paragraph (a), clause (1), with other fuels in the generation facility, but only the percentage of electricity that is attributable to a fuel listed in that clause can be counted towards an electric utility's renewable energy objectives.

Subd. 7. [ELECTRIC UTILITY THAT OWNS A NUCLEAR GENERATION FACILITY.] (a) An electric utility that owns a nuclear generation facility shall make a good faith effort, as part of its good faith effort under this subdivision and subdivision 2, to deploy an additional 300 megawatts of nameplate capacity of wind energy conversion systems by 2010, beyond the amount of wind energy capacity to which the utility is committed as of May 1, 2003. At least 100 megawatts of this capacity is to be wind energy conversion systems of two megawatts or less, which shall not be eligible for the production incentive under section 216C.41. To the greatest extent technically feasible and economic, these 300 megawatts of wind energy capacity are to be distributed geographically throughout the state in class 3, 4, and 5 wind resource areas. The utility may opt to own, construct, and operate up to 100 megawatts of this wind energy capacity, except that the utility may not own, construct, or operate any of the facilities that are under two megawatts of nameplate capacity. The deployment of the wind energy capacity under this subdivision must be consistent with the outcome of the engineering study required under section 25.

(b) The good faith objective set forth in subdivision 2 shall be a requirement for the public utility that owns the Prairie Island nuclear generation plant. The objective is a requirement to the extent that the eligible resources are the utility's least cost resource, including the costs of ancillary services and other generation and transmission upgrades necessary to manage the intermittent nature of certain renewable resources, or unless implementation of the objective can reasonably be shown to jeopardize the reliability of the electric system.

(c) Also as part of its good faith effort under this section, the utility that owns a nuclear generation facility is to enter into a power purchase agreement by January 1, 2004, for ten to 20 megawatts of biomass energy and capacity at an all-inclusive price not to exceed \$55 per megawatt-hour, for a project described in section 216B.2424, subdivision 5, paragraph (e), clause (2). The project must be operational and producing energy by June 30, 2005. Up to \$2,000,000 from the renewable development account established in section 116C.779, from the unobligated balance in the account as of June 30, 2003, shall be allocated to this project to reduce the overall cost of the project, as needed to meet the maximum contract price in this paragraph.

Sec. 7. Minnesota Statutes 2002, section 216B.241, is amended by adding a subdivision to read:

Subd. 6. [RENEWABLE ENERGY RESEARCH.] (a) A public utility that owns a nuclear generation facility in the state shall spend five percent of the total amount that utility is required to spend under this section to support basic and applied research and demonstration activities at the University of Minnesota Initiative for Renewable Energy and the Environment for the development of renewable energy sources and technologies. The utility shall transfer the required amount to the University of Minnesota on or before July 1 of each year and that annual amount shall be deducted from the amount of money the utility is required to spend under this section. The University of Minnesota shall transfer at least ten percent of these funds to at least one rural campus or experiment station.

(b) Research funded under this subdivision shall include:

(1) development of environmentally sound production, distribution, and use of energy, chemicals, and materials from renewable sources;

(2) processing and utilization of agricultural and forestry plant products and other bio-based, renewable sources as a substitute for fossil-fuel-based energy, chemicals, and materials using a variety of means including biocatalysis, biorefining, and fermentation;

(3) conversion of state wind resources to hydrogen for energy storage and transportation to areas of energy demand;

(4) improvements in scalable hydrogen fuel cell technologies; and

(5) production of hydrogen from bio-based, renewable sources; and sequestration of carbon.

(c) Notwithstanding other law to the contrary, the utility may, but is not required to, spend more than two percent of its gross operating revenues from service provided in this state under this section or section 216B.2411.

Sec. 8. Minnesota Statutes 2002, section 216B.2411, is amended to read:

216B.2411 [DISTRIBUTED ENERGY RESOURCES.]

Subdivision 1. [GENERATION PROJECTS.] (a) To the extent that cost-effective projects are available in the service territory of a ~~Each public utility or association providing conservation services under section 216B.241, the utility or association, municipality, or rural electric association subject to section 216B.241 that is not meeting the objectives under section 216B.1691~~ shall use five percent of the total amount to be spent on energy conservation improvements under section 216B.241, on:

(1) projects in Minnesota to construct an electric generating facility that utilizes eligible renewable fuels energy sources as defined in ~~section 216B.2422, subdivision 1~~ 2, such as methane or other combustible gases derived from the processing of plant or animal wastes, biomass fuels such as short-rotation woody or fibrous agricultural crops, or other renewable fuel, as its primary fuel source; or

(2) projects in Minnesota to install a distributed generation facility of ten megawatts or less of interconnected capacity that is fueled by natural gas, renewable fuels, or another similarly clean fuel.

(b) For public utilities, as defined under section 216B.02, subdivision 4, projects under this section must be considered energy conservation improvements as defined in section 216B.241. For cooperative electric associations and municipal utilities, projects under this section must be considered load-management activities described in section 216B.241, subdivision 1, paragraph (i).

~~(d) This section expires May 30, 2006.~~

Subd. 2. [DEFINITIONS.] (a) For the purposes of this section, the terms defined in this subdivision and section 216B.241, subdivision 1, have the meanings given them.

(b) "Eligible renewable energy sources" means fuels and technologies to generate electricity through the use of any of the resources listed in section 216B.1691, subdivision 1, paragraph (a), clause (1), except that the term "biomass" has the meaning provided under paragraph (c).

(c) "Biomass" includes:

- (1) methane or other combustible gases derived from the processing of plant or animal material;
- (2) alternative fuels derived from soybean and other agricultural plant oils or animal fats;
- (3) combustion of barley hulls, corn, soy-based products, or other agricultural products;
- (4) wood residue from the wood products industry in Minnesota or other wood products such as short-rotation woody or fibrous agricultural crops; and
- (5) landfill gas, mixed municipal solid waste, refuse-derived fuel from mixed municipal solid waste, and waste tires.

Subd. 3. [OTHER PROVISIONS.] (a) Electricity generated by a facility constructed with funds provided under this section and using an eligible renewable energy source may be counted towards the renewable energy objectives in section 216B.1691, subject to the provisions of that section.

(b) Two or more entities may pool resources under this section to provide assistance jointly to proposed eligible renewable energy projects. The entities shall negotiate and agree among themselves for allocation of benefits associated with a project, such as the ability to count energy generated by a project toward a utility's renewable energy objectives under section 216B.1691. The entities shall provide a summary of the allocation of benefits to the commissioner. A utility may spend funds under this section for projects in Minnesota that are outside the service territory of the utility.

Sec. 9. Minnesota Statutes 2002, section 216B.2424, is amended by adding a subdivision to read:

Subd. 9. [STATUS REVIEW.] (a) By June 1, 2003, the public utilities commission must initiate a review of all projects selected to satisfy a portion of the biomass mandate pursuant to this section to make a preliminary determination of each project's status and viability. On or after January 1, 2004, the commission shall deny any new requests for contract extensions, for any project that:

- (1) is not yet producing electricity;
- (2) has not yet begun a continuous program of physical on-site construction; or
- (3) has not demonstrated continuous verified progress in development of the project, including implementation of a development budget and verifiable access to continued funding.

(b) If a biomass project fails after the date of enactment of this subdivision:

(1) the amount of the biomass mandate shall be reduced by the capacity of that project less the amount contracted for under clause (3);

(2) the commission shall estimate the annual amount the utility subject to this section would have paid under the power purchase agreement for that project, and direct the utility to add that annual amount to the amount the utility is to spend annually from the renewable development fund under section 116C.779; and

(3) the utility shall seek competitive bids for up to ten megawatts of biomass capacity, giving preference to the remaining biomass projects under contract to satisfy the biomass mandate.

Sec. 10. Minnesota Statutes 2002, section 216B.2425, is amended by adding a subdivision to read:

Subd. 7. [TRANSMISSION NEEDED TO SUPPORT RENEWABLE RESOURCES.] Each entity subject to this section shall determine necessary transmission upgrades to support development of renewable energy resources required to meet objectives under section 216B.1691 and shall include those upgrades in its report under subdivision 2.

Sec. 11. Minnesota Statutes 2002, section 216B.243, subdivision 3b, is amended to read:

Subd. 3b. [NUCLEAR POWER PLANT; NEW CONSTRUCTION PROHIBITED; RELICENSING.] (a) The commission may not issue a certificate of need for the construction of a new nuclear-powered electric generating plant.

(b) Any certificate of need for additional storage of spent nuclear fuel for a facility seeking a license extension shall address the impacts of continued operations over the period for which approval is sought.

Sec. 12. Minnesota Statutes 2002, section 216C.051, subdivision 3, is amended to read:

Subd. 3. [FUTURE ENERGY SOLUTIONS; TECHNICAL AND ECONOMIC ANALYSIS.] (a) In light of the electric energy guidelines established in subdivision 7 and ~~in light of existing conservation improvement programs and plans, utility resource plans, and other existing energy plans and analyses, the legislative task force on energy shall undertake an analysis of the technical and economic feasibility of an electric energy future for the state that relies on environmentally and economically sustainable and advantageous electric energy supply~~ utility resource plans and competitive bidding docket before the commission, the task force shall gather information and make recommendations to the legislature regarding potential electric energy resources. The task force ~~shall~~ may contract with one or more energy policy experts and energy economists to assist it in its analysis. The task force may not contract for service nor employ any person who was involved in any capacity in any portion of any proceeding before the public utilities commission, the administrative law judge, the state court of appeals, or the United States Nuclear Regulatory Commission related to the dry cask storage proposal on Prairie Island. The task force must gather information on at least the following electric energy resources, but may expand its inquiry as warranted by the information collected:

(1) wind energy;

(2) hydrogen as a fuel carrier produced from renewable and fossil fuel resources;

(3) biomass;

(4) decomposition gases produced by solid waste management facilities;

(5) solid waste as a direct fuel or refuse-derived fuel; and

(6) clean coal technology.

~~(b) The analysis must address~~ In evaluating these electric energy resources, the task force must consider at least the following:

(1) to the best of forecasting abilities, how much electric generation capacity and demand for electric energy is necessary to maintain a strong economy and a high quality of life in the state over the next 15 to 20 years; how is this demand level affected by achievement of the maximum reasonably feasible and cost-effective demand side management and generation and distribution efficiencies;

(2) what alternative forms of energy can provide a stable supply of energy and are producible and sustainable in the state and at what cost;

(3) what are the costs to the state and ratepayers to ensure that new electric energy generation utilizes less environmentally damaging sources; how do those costs change as the time frame for development and implementation of new generation sources is compressed;

(4) what are the implications for delivery systems for energy produced in areas of the state that do not now have high-volume transmission capability; are new transmission technologies being developed that can address some of the concerns with transmission; can a more dispersed electric generation system lessen the need for long-distance transmission;

(5) what are the actual costs and benefits of purchasing electricity and fuel to generate electricity from outside the state; what are the present costs to the state's economy of exporting a large percentage of the state's energy dollars and what is the future economic impact of continuing to do so;

(6) are there benefits to be had from a large immediate investment in quickly implementing alternative electric energy sources in terms of developing an exportable technology and/or commodity; is it feasible to turn around the flow of dollars for energy so that the state imports dollars and exports energy and energy technology; what is a reasonable time frame for the shift if it is possible;

(7) are there taxation or regulatory barriers to developing more sustainable and less problematic electric energy generation; what are they specifically and how can they be specifically addressed;

(8) can an approach be developed that moves quickly to development and implementation of alternative energy sources that can be forgiving of interim failures but that is also sufficiently deliberate to ensure ultimate success on a large scale; and

(9) in what specific ways can the state assist regional energy suppliers to accelerate phasing out energy production processes that produce wastes or emissions that must necessarily be carefully controlled and monitored to minimize adverse effects on the environment and human health and to assist in developing and implementing base load energy production that both prevents or minimizes by its nature adverse environmental and human health effects and utilizes resources that are available or producible in the state;

~~(10) whether there is a need to establish additional dislocated worker assistance for workers at the Prairie Island nuclear power plant; if so, how that assistance should be structured;~~

~~(11) can the state monitor, evaluate, and affect federal actions relating to permanent storage of high level radioactive waste; what actions by the state over what period of time would expedite federal action to take responsibility for the waste;~~

~~(12) should the state establish a legislative oversight commission on energy issues; should the responsibilities of an oversight commission be coordinated with the activities of the public utilities commission and the department of public service and if so, how; and~~

~~(13) is it feasible to convert existing nuclear power and coal fired electric generating plants to utilization of energy sources that result in significantly less environmental damage; if so, what are the short term and long term costs and benefits of doing so; how do shorter or longer time periods for conversion affect the cost/benefit analysis.~~

(c) The task force must study issues related to the transportation of spent nuclear fuel from this state to interim or permanent repositories outside this state.

(d) The public utility that owns the Prairie Island and Monticello nuclear generation facilities shall update the reports required under section 116C.772, subdivisions 3 to 5, and shall submit those updates periodically to the public utilities commission with the utility's resource plan filing under section 216B.2422 and to the task force.

Sec. 13. Minnesota Statutes 2002, section 216C.051, is amended by adding a subdivision to read:

Subd. 4a. [REPORT AND RECOMMENDATIONS.] By January 15, 2005, and every two years thereafter, the task force shall submit a report to the chairs of the committees in the house of representatives and the senate that have responsibility for energy and for environmental and natural resources issues that contains an overview of information gathered and analyses that have been prepared, and specific recommendations, if any, for legislative action that will ensure development and implementation of electric energy policy that will provide the state with adequate, renewable, and economic electric power for the long term.

Sec. 14. Minnesota Statutes 2002, section 216C.051, subdivision 6, is amended to read:

Subd. 6. [ASSESSMENT; APPROPRIATION.] On request by the cochairs of the legislative task force and after approval of the legislative coordinating commission, the commissioner of commerce shall assess from all public utilities, generation and transmission cooperative electric associations, and municipal power agencies providing electric or natural gas services in Minnesota, in addition to assessments made under section 216B.62, the amount requested for the operation of the task force not to exceed ~~\$150,000~~ \$250,000 in a fiscal year. The amount assessed under this section is appropriated to the director of the legislative coordinating commission for those purposes, and is available until expended. The department shall apportion those costs among all energy utilities in proportion to their respective gross operating revenues from the sale of gas or electric service within the state during the last calendar year. For the 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.

Sec. 15. Minnesota Statutes 2002, section 216C.051, subdivision 9, is amended to read:

Subd. 9. [EXPIRATION.] This section is repealed June 30, ~~2005~~ 2007.

Sec. 16. [REDUCTION OF BIOMASS MANDATE.]

Notwithstanding Minnesota Statutes, section 216B.2424, the biomass electric energy mandate shall be reduced from 125 megawatts to 110 megawatts. The public utilities commission shall approve a request pending before the public utilities commission as of May 15, 2003, for an amendment and assignment of a contract for power from a facility that uses short-rotation, woody crops as its primary fuel previously approved to satisfy a portion of the biomass mandate if the developer of the project agrees to reduce the size of its project from 50 megawatts to 35 megawatts, while maintaining a price for energy at or below the current contract price.

Sec. 17. [REFURBISHMENT OF METROPOLITAN GENERATING PLANTS.]

Notwithstanding Minnesota Statutes, section 216B.1692, subdivision 1, clause (2), and subdivision 5, paragraphs (c) and (d), all investments in repowering, emissions reduction technologies and equipment, and power plant rehabilitation and life extension described in the primary metropolitan emission reduction proposal filed with the public utilities commission in July 2002 by the public utility that owns the Prairie Island nuclear generation facility and currently pending before the commission are deemed qualifying projects under Minnesota Statutes, section 216B.1692, and all costs related to all such investments are eligible for rider recovery under Minnesota Statutes, section 216B.1692, subdivision 5. Upon receiving approval by the commission, the utility shall implement the approved proposal or justify to the commission its decision not to do so.

Sec. 18. [INNOVATIVE ENERGY PROJECT.]

Subdivision 1. [DEFINITION.] For the purposes of this section, the term "innovative energy project" means a proposed energy generation facility or group of facilities which may be located on up to three sites:

(1) that makes use of an innovative generation technology utilizing coal as a primary fuel in a highly efficient combined-cycle configuration with significantly reduced sulfur dioxide, nitrogen oxide, particulate, and mercury emissions from those of traditional technologies;

(2) that the project developer or owner certifies is a project capable of offering a long-term supply contract at a hedged, predictable cost; and

(3) that is designated by the commissioner of the iron range resources and rehabilitation board as a project that is located in the taconite tax relief area on a site that has substantial real property with adequate infrastructure to support new or expanded development and that has received prior financial and other support from the board.

Subd. 2. [REGULATORY INCENTIVES.] (a) An innovative energy project:

(1) is exempted from the requirements for a certificate of need under Minnesota Statutes, section 216B.243, for the generation facilities, and transmission infrastructure associated with the generation facilities, but is subject to all applicable environmental review and permitting procedures of Minnesota Statutes, sections 116C.51 to 116C.69;

(2) once permitted and constructed, is eligible to increase the capacity of the associated transmission facilities without additional state review upon filing notice with the commission;

(3) has the power of eminent domain, which shall be limited to the sites and routes approved by the environmental quality board for the project facilities. The project shall be considered a utility as defined in Minnesota Statutes, section 116C.52, subdivision 10, for the limited purpose of Minnesota Statutes, section 116C.63. The project shall report any intent to exercise eminent domain authority to the board;

(4) shall qualify as an "eligible energy technology" for purposes of Minnesota Statutes, section 216B.1691. Electricity from the project shall count one kilowatt-hour toward an electric utility's objectives under Minnesota Statutes, section 216B.1691, for every two kilowatt-hours produced by the project and purchased by the utility for distribution to retail customers in the state;

(5) shall, prior to the approval by the commission of any arrangement to build or expand a fossil-fuel-fired generation facility, or to enter into an agreement to purchase capacity or energy from such a facility for a term exceeding five years, be considered as a supply option for the generation facility, and the commission shall ensure such consideration and take any action with respect to such supply proposal that it deems to be in the best interest of ratepayers;

(6) shall make a good faith effort to secure funding from the United States Department of Energy and the United States Department of Agriculture to conduct a demonstration project at the facility for either geologic or terrestrial carbon sequestration projects to achieve reductions in facility emissions or carbon dioxide;

(7) shall be entitled to enter into a contract with a public utility that owns a nuclear generation facility in the state to provide 450 megawatts of baseload capacity and energy under a long-term contract, subject to the approval of the terms and conditions of the contract by the commission. The commission may approve, disapprove, amend, or modify the contract in making its public interest determination, taking into consideration the project's economic development benefits to the state; the use of abundant domestic fuel sources; the stability of the price of the output from the project; the project's potential to contribute to a transition to hydrogen as a fuel resource; and the emission reductions achieved compared to other solid fuel baseload technologies; and

(8) shall be eligible for a grant from the renewable development account, subject to the approval of the entity administering that account, of \$2,000,000 a year for five years for development and engineering costs, including those costs related to mercury removal technology; thermal efficiency optimization and emission minimization; environmental impact statement preparation and licensing; development of hydrogen production capabilities; and fuel cell development and utilization.

(b) This subdivision does not apply to nor affect a proposal to add utility-owned resources that is pending on the date of enactment of this act before the public utilities commission or to competitive bid solicitations to provide capacity or energy that is scheduled to be online by December 31, 2006.

Sec. 19. [RENEWABLE DEVELOPMENT FUND ADMINISTRATION.]

The public utilities commission may review the appropriateness of the transfer of the administration of the renewable development account under Minnesota Statutes, section 116C.779, to an independent administrator initially selected by the commissioner of commerce and answerable to a board of directors that includes representatives from the public utility currently administering the fund, environmental organizations, legislators, representatives of residential and business consumers, the Mdewakanton Dakota community, and other affected communities. Upon petition, the commission may approve the transfer if, upon completion of the review, the transfer is consistent with the public interest.

Sec. 20. [CONSERVATION IMPROVEMENT PROGRAM; EVALUATION.]

Subdivision 1. [CONSERVATION IMPROVEMENT PROGRAM; GENERAL EVALUATION.] (a) The commissioner of commerce shall contract with the legislative auditor or other independent third party for a review of:

(1) the relevant state statutes, to determine if conservation requirements could be eliminated or modified to ensure that conservation dollars are directed toward the most cost-effective conservation investments;

(2) the relevant state rules, to determine if current rules allow or facilitate optimum conservation practices and procedures; and

(3) the department of commerce's conservation regulatory processes, to determine if the regulatory review process currently employed results in optimum conservation investments.

(b) The costs of the review under paragraph (a) may be recovered by the department as a general administrative expense under Minnesota Statutes, section 216C.052, subdivision 2.

Sec. 21. [PERSONS LIVING NEAR A NUCLEAR FACILITY; HEALTH STUDY.]

The commissioner of health shall review data collected by the department, and in the context of other relevant information developed by the National Institutes of Health and other entities, report to the legislature by January 1, 2004, on whether a further health study funded by the owner of the Prairie Island nuclear facility is necessary.

Sec. 22. [LEGISLATIVE APPROVAL OF CONSUMPTIVE USE OF WATER; PROPOSED FACILITY ROSEMOUNT.]

Pursuant to Minnesota Statutes, section 103G.265, subdivision 3, the legislature approves the consumptive use under a permit of more than 2,000,000 gallons per day average in a 30-day period in Rosemount, in connection with a gas-fueled combined-cycle electric generating facility, subject to the commissioner of natural resources making a determination that the water remaining in the basin of origin will be adequate to meet the basin's need for water and approval by the commissioner of natural resources of all applicable permits.

Sec. 23. [LEGISLATIVE APPROVAL OF CONSUMPTIVE USE OF WATER; PROPOSED FACILITY MANKATO.]

Pursuant to Minnesota Statutes, section 103G.265, subdivision 3, the legislature approves the consumptive use under a permit of more than 2,000,000 gallons per day average in a 30-day period in Mankato, in connection with a gas-fueled combined-cycle electric generating facility, subject to the commissioner of natural resources making a determination that the water remaining in the basin of origin will be adequate to meet the basin's need for water and approval by the commissioner of natural resources of all applicable permits.

Sec. 24. [HYDROGEN ECONOMY RESEARCH.]

(a) Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (b), \$10,000,000 from the renewable development account established in section 116C.779 from unobligated funds in the account as of June 30, 2003, shall be distributed to the University of Minnesota Initiative for Renewable Energy and the Environment to support basic and applied research and demonstration activities at the university. These funds shall be transferred to the University of Minnesota on or before July 1, 2003. The university shall ensure that at least \$3,000,000 of these funds are available for basic and applied research, for construction and deployment of research technologies, or for other purposes in support of this research, at one rural campus or experiment station.

(b) Research funded under this section must focus on:

(1) development of environmentally sound production, distribution, and use of energy, chemicals, and materials from renewable resources;

(2) processing and utilization of agricultural and forestry plant products and other bio-based, renewable sources as a substitute for fossil-fuel-based energy, chemicals, and materials using a variety of means including biocatalysis, biorefining, and fermentation;

(3) conversion of state wind resources to hydrogen for energy storage and transportation to areas of energy demand;

(4) improvements in scalable hydrogen fuel cell technologies; and

(5) production of hydrogen from bio-based, renewable sources; and sequestration of carbon.

Sec. 25. [INDEPENDENT STUDY ON INTERMITTENT RESOURCES.]

The commission shall order the electric utility subject to Minnesota Statutes, section 216B.1691, subdivision 7, to contract with a firm selected by the commissioner of commerce for an independent engineering study of the impacts of increasing wind capacity on its system above the 825 megawatts of nameplate wind energy capacity to which the utility is already committed, to evaluate options available to manage the intermittent nature of this renewable resource. The study shall be completed by June 1, 2004, and incorporated into the utility's next resource plan filing. The costs of the study, options pursued by the utility to manage the intermittent nature of wind energy, and the costs of complying with Minnesota Statutes, section 216B.1691, subdivision 7, shall be recoverable under Minnesota Statutes, section 216B.1645.

Sec. 26. [DEPARTMENT OF TRADE AND ECONOMIC DEVELOPMENT; PROGRAM DEVELOPMENT.]

Subdivision 1. [DEVELOPMENT OF BUSINESSES ENGAGED IN HYDROGEN PRODUCTION.] The department of trade and economic development must develop a targeted program to promote and encourage the development and attraction of businesses engaged in the biocatalysis of agricultural and forestry plant products for

the production of hydrogen, the manufacture of hydrogen fuel cells, and hydrogen electrolysis from renewable energy sources. The program may make use of existing departmental programs, either alone or in combination. The department shall report to the legislature by January 15, 2004, on legislative changes or additional funding needed, if any, to accomplish the purposes of this section.

Subd. 2. [ENERGY INNOVATION ZONES.] (a) The commissioner of trade and economic development, in consultation with the commissioners of commerce and revenue, shall develop a plan to designate not more than three energy innovation zones to spur the development of fuel cells, fuel cell components, hydrogen infrastructure, and other energy efficiency and renewable energy technologies in the state. In developing the criteria for the designations, the commissioner shall consider:

(1) the availability of business, academic, and government partners;

(2) the likelihood of establishing a distributed, renewable energy microgrid to power the zone, providing below-market electricity and heat to businesses from within the zone;

(3) the prospect of tenants for the zone that will represent net new jobs to the state; and

(4) the likelihood of the production, storage, distribution, and use of hydrogen, including its use in fuel cells, for electricity and heat.

(b) Energy under paragraph (a), clause (2), must come from one or more of the following renewable sources: wind, water, sun, biomass, not including municipal solid waste, or hydrogen reformed from natural gas up to 2010.

(c) The plan must allow for interested parties to form energy innovation cooperatives. In addition, the commissioner must consider the feasibility of the sale of energy innovation bonds for the construction of qualifying facilities.

(d) In drafting the plan, the commissioner must consider incentives for investment in the zone, including:

(1) subsidization of construction of qualifying facilities;

(2) long-term contracts for market-rate heat and power;

(3) streamlined interconnection to the existing power grid;

(4) exemptions from property tax;

(5) expedited permitting;

(6) methods for providing technical assistance; and

(7) other methods of encouraging the development and use of fuel cell and hydrogen generation technologies.

(e) The commissioner shall report to the legislature by January 15, 2004, on legislative changes and necessary funding to accomplish the purposes of this subdivision.

Sec. 27. [DEMONSTRATION PROJECT.]

(a) The department of commerce, in cooperation with the department of trade and economic development, must develop and issue a request for proposal for the construction of a hydrogen-to-electricity demonstration project with the following components:

(1) commercial-scale windmill-powered electrolysis of water to hydrogen;

(2) on-site storage of hydrogen and fuel cells for hydrogen-to-electricity conversion to maintain the supply of electricity in the absence of wind;

(3) a hydrogen pipeline of less than ten miles to a public facility demonstration site; and

(4) a public facility with on-site hydrogen fuel cells providing hydrogen to electricity and, if practicable, heating/cooling function.

(b) For purposes of this section, a "public facility" is a municipal building, public school, state college or university, or other public building.

Sec. 28. [REPEALER.]

Minnesota Statutes 2002, sections 116C.80 and 216C.051, subdivisions 1, 4, and 5, are repealed.

Sec. 29. [EFFECTIVE DATE.]

This article is effective the day following final enactment.

ARTICLE 2

OTHER PROVISIONS

Section 1. Minnesota Statutes 2002, section 216B.095, is amended to read:

216B.095 [DISCONNECTION DURING COLD WEATHER.]

The commission shall amend its rules governing disconnection of residential utility customers who are unable to pay for utility service during cold weather to include the following:

(1) coverage of customers whose household income is less than 50 percent of the state median income;

(2) a requirement that a customer who pays the utility at least ten percent of the customer's income or the full amount of the utility bill, whichever is less, in a cold weather month cannot be disconnected during that month. The customer's income means the actual monthly income of the customer or the average monthly income of the customer computed on an annual calendar year, whichever is less, and does not include any amount received for energy assistance;

(3) that the ten percent figure in clause (2) must be prorated between energy providers proportionate to each provider's share of the customer's total energy costs where the customer receives service from more than one provider;

(4) verification of income by the local energy assistance provider or the utility, unless the customer is automatically eligible for protection against disconnection as a recipient of any form of public assistance, including energy assistance, that uses income eligibility in an amount at or below the income eligibility in clause (1);

(5) a requirement that the customer receive referrals to energy assistance, weatherization, conservation, or other programs likely to reduce the customer's energy bills; and

(6) a requirement that customers who have demonstrated an inability to pay on forms provided for that purpose by the utility, and who make reasonably timely payments to the utility under a payment plan that considers the financial resources of the household, cannot be disconnected from utility service from October 15 through April 15. A customer who is receiving energy assistance is deemed to have demonstrated an inability to pay.

For the purposes of this section, "disconnection" includes a service or load limiter or any device that limits or interrupts electric service in any way.

Sec. 2. Minnesota Statutes 2002, section 216B.097, is amended by adding a subdivision to read:

Subd. 4. [APPLICATION TO SERVICE LIMITERS.] For the purposes of this section, "disconnection" includes a service or load limiter or any device that limits or interrupts electric service in any way.

Sec. 3. [216B.0975] [DISCONNECTION DURING EXTREME HEAT CONDITIONS; RECONNECTION.]

A utility may not effect an involuntary disconnection of residential services in affected counties when an excessive heat watch, heat advisory, or excessive heat warning issued by the National Weather Service is in effect. For purposes of this section, "utility" means a public utility providing electric service, municipal utility, or cooperative electric association.

Sec. 4. Minnesota Statutes 2002, section 216B.241, subdivision 1b, is amended to read:

Subd. 1b. [CONSERVATION IMPROVEMENT BY COOPERATIVE ASSOCIATION OR MUNICIPALITY.] (a) This subdivision applies to:

(1) a cooperative electric association that provides retail service to its members;

(2) a municipality that provides electric service to retail customers; and

(3) a municipality with gross operating revenues in excess of \$5,000,000 from sales of natural gas to retail customers.

(b) Each cooperative electric association and municipality subject to this subdivision shall spend and invest for energy conservation improvements under this subdivision the following amounts:

(1) for a municipality, 0.5 percent of its gross operating revenues from the sale of gas and 1.5 percent of its gross operating revenues from the sale of electricity, excluding gross operating revenues from electric and gas service provided in the state to large electric customer facilities; and

(2) for a cooperative electric association, 1.5 percent of its gross operating revenues from service provided in the state, excluding gross operating revenues from service provided in the state to large electric customer facilities indirectly through a distribution cooperative electric association.

(c) Each municipality and cooperative electric association subject to this subdivision shall identify and implement energy conservation improvement spending and investments that are appropriate for the municipality or association, except that a municipality or association may not spend or invest for energy conservation improvements that directly benefit a large electric customer facility for which the commissioner has issued an exemption under subdivision 1a, paragraph (b).

(d) Each municipality and cooperative electric association subject to this subdivision may spend and invest annually up to ten percent of the total amount required to be spent and invested on energy conservation improvements under this subdivision on research and development projects that meet the definition of energy conservation improvement in subdivision 1 and that are funded directly by the municipality or cooperative electric association.

(e) Load-management activities that do not reduce energy use but that increase the efficiency of the electric system may be used to meet the following percentage of the conservation investment and spending requirements of this subdivision:

- (1) 2002 - 90 percent;
- (2) 2003 - 80 percent;
- (3) 2004 - 65 percent; and
- (4) 2005 and thereafter - 50 percent.

(f) A generation and transmission cooperative electric association that provides energy services to cooperative electric associations that provide electric service at retail to consumers may invest in energy conservation improvements on behalf of the associations it serves and may fulfill the conservation, spending, reporting, and energy savings goals on an aggregate basis. A municipal power agency or other not-for-profit entity that provides energy service to municipal utilities that provide electric service at retail may invest in energy conservation improvements on behalf of the municipal utilities it serves and may fulfill the conservation, spending, reporting, and energy savings goals on an aggregate basis, under an agreement between the municipal power agency or not-for-profit entity and each municipal utility for funding the investments.

(g) By June 1, 2002, and every two years thereafter, each municipality or cooperative shall file an overview of its conservation improvement plan with the commissioner. With this overview, the municipality or cooperative shall also provide an evaluation to the commissioner detailing its energy conservation improvement spending and investments for the previous period. The evaluation must briefly describe each conservation program and must specify the energy savings or increased efficiency in the use of energy within the service territory of the utility or association that is the result of the spending and investments. The evaluation must analyze the cost effectiveness of the utility's or association's conservation programs, using a list of baseline energy and capacity savings assumptions developed in consultation with the department.

The commissioner shall review each evaluation and make recommendations, where appropriate, to the municipality or association to increase the effectiveness of conservation improvement activities. Up to three percent of a utility's conservation spending obligation under this section may be used for program pre-evaluation, testing, and monitoring and program evaluation. The overview filed by a municipality with less than \$2,500,000 in annual gross revenues from the retail sale of electric service may consist of a letter from the governing board of the municipal utility to the department providing the amount of annual conservation spending required of that municipality and certifying that the required amount has been spent on conservation programs pursuant to this subdivision.

(h) The commissioner shall also review each evaluation for whether a portion of the money spent on residential conservation improvement programs is devoted to programs that directly address the needs of renters and low-income persons unless an insufficient number of appropriate programs are available. For the purposes of this subdivision and subdivision 2, "low-income" means an income at or below 50 percent of the state median income.

(i) As part of its spending for conservation improvement, a municipality or association may contribute to the energy and conservation account. A municipality or association may propose to the commissioner to designate that all or a portion of funds contributed to the account be used for research and development projects that can best be implemented on a statewide basis. Any amount contributed must be remitted to the commissioner by February 1 of each year.

(j) A municipality may spend up to 50 percent of its required spending under this section to refurbish an existing district heating or cooling system. This paragraph expires July 1, 2007.

Sec. 5. Minnesota Statutes 2002, section 216B.2424, subdivision 5, is amended to read:

Subd. 5. [MANDATE.] (a) A public utility, as defined in section 216B.02, subdivision 4, that operates a nuclear-powered electric generating plant within this state must construct and operate, purchase, or contract to construct and operate (1) by December 31, 1998, 50 megawatts of electric energy installed capacity generated by farm-grown closed-loop biomass scheduled to be operational by December 31, 2001; and (2) by December 31, 1998, an additional 75 megawatts of installed capacity so generated scheduled to be operational by December 31, 2002.

(b) Of the 125 megawatts of biomass electricity installed capacity required under this subdivision, no more than ~~50~~ 55 megawatts of this capacity may be provided by a facility that uses poultry litter as its primary fuel source and any such facility:

(1) need not use biomass that complies with the definition in subdivision 1;

(2) must enter into a contract with the public utility for such capacity, that has an average purchase price per megawatt hour over the life of the contract that is equal to or less than the average purchase price per megawatt hour over the life of the contract in contracts approved by the public utilities commission before April 1, 2000, to satisfy the mandate of this section, and file that contract with the public utilities commission prior to September 1, 2000; and

(3) must schedule such capacity to be operational by December 31, 2002.

(c) Of the total 125 megawatts of biomass electric energy installed capacity required under this section, no more than 75 megawatts may be provided by a single project.

(d) Of the 75 megawatts of biomass electric energy installed capacity required under paragraph (a), clause (2), no more than ~~25~~ 33 megawatts of this capacity may be provided by a St. Paul district heating and cooling system cogeneration facility utilizing waste wood as a primary fuel source. The St. Paul district heating and cooling system cogeneration facility need not use biomass that complies with the definition in subdivision 1.

(e) The public utility must accept and consider on an equal basis with other biomass proposals:

(1) a proposal to satisfy the requirements of this section that includes a project that exceeds the megawatt capacity requirements of either paragraph (a), clause (1) or (2), and that proposes to sell the excess capacity to the public utility or to other purchasers; and

(2) a proposal for a new facility to satisfy more than ten but not more than 20 megawatts of the electrical generation requirements by a small business-sponsored independent power producer facility to be located within the northern quarter of the state, which means the area located north of Constitutional Route No. 8 as described in section 161.114, subdivision 2, and that utilizes biomass residue wood, sawdust, bark, chipped wood, or brush to generate electricity. A facility described in this clause is not required to utilize biomass complying with the definition in subdivision 1, but must have the capacity required by this clause operational by December 31, 2002.

(f) If a public utility files a contract with the commission for electric energy installed capacity that uses poultry litter as its primary fuel source, the commission must do a preliminary review of the contract to determine if it meets the purchase price criteria provided in paragraph (b), clause (2), of this subdivision. The commission shall perform its review and advise the parties of its determination within 30 days of filing of such a contract by a public utility. A public utility may submit by September 1, 2000, a revised contract to address the commission's preliminary determination.

(g) The commission shall finally approve, modify, or disapprove no later than July 1, 2001, all contracts submitted by a public utility as of September 1, 2000, to meet the mandate set forth in this subdivision.

(h) If a public utility subject to this section exercises an option to increase the generating capacity of a project in a contract approved by the commission prior to April 25, 2000, to satisfy the mandate in this subdivision, the public utility must notify the commission by September 1, 2000, that it has exercised the option and include in the notice the amount of additional megawatts to be generated under the option exercised. Any review by the commission of the project after exercise of such an option shall be based on the same criteria used to review the existing contract.

(i) A facility specified in this subdivision qualifies for exemption from property taxation under section 272.02, subdivision 43.

Sec. 6. [216B.361] [TOWNSHIP AGREEMENT WITH NATURAL GAS UTILITY.]

A township may enter into an agreement with a public utility providing natural gas services to provide services within a designated portion or all of the township. If a city annexes township land for which a utility has an agreement with a township to serve, the utility shall continue to have a nonexclusive right to offer and provide service in the area identified by the agreement with the township for the term of that agreement, subject to the authority of the annexing city to manage public rights-of-way within the city as provided in sections 216B.36, 237.162, and 237.163.

Nothing in this section precludes a city from acquiring the property of a public utility under sections 216B.45 to 216B.47 for the purpose of allowing the city to own and operate a natural gas utility, or to extend natural gas and other utility services into newly annexed areas.

Sec. 7. Minnesota Statutes 2002, 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~~ \$1,000,000 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. 8. Minnesota Statutes 2002, section 216C.052, subdivision 3, is amended to read:

Subd. 3. [ASSESSMENT AND APPROPRIATION.] In addition to the amount noted in subdivision 2, the commissioner of commerce shall transfer may assess utilities, using the mechanism specified in that subdivision, up to an additional \$500,000 annually of the amounts provided for in subdivision 2 to the commissioner of administration through June 30, 2006. The amounts assessed under this subdivision are appropriated to the commissioner, and some or all of the amounts assessed may be transferred to the commissioner of administration, for the purposes provided specified in section 16B.325 and Laws 2001, chapter 212, article 1, section 3, as needed to implement that section those sections.

Sec. 9. Minnesota Statutes 2002, section 216C.41, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] (a) The definitions in this subdivision apply to this section.

(b) "Qualified hydroelectric facility" means a hydroelectric generating facility in this state that:

(1) is located at the site of a dam, if the dam was in existence as of March 31, 1994; and

(2) begins generating electricity after July 1, 1994, or generates electricity after substantial refurbishing of a facility that begins after July 1, 2001.

(c) "Qualified wind energy conversion facility" means a wind energy conversion system in this state that:

(1) produces two megawatts or less of electricity as measured by nameplate rating and begins generating electricity after December 31, 1996, and before July 1, 1999;

(2) begins generating electricity after June 30, 1999, produces two megawatts or less of electricity as measured by nameplate rating, and is:

(i) ~~located within one county and owned by a natural person who~~ an entity that is not prohibited from owning agricultural land under section 500.24 that owns the land where the facility is sited;

(ii) owned by a Minnesota small business as defined in section 645.445;

(iii) owned by a Minnesota nonprofit organization; ~~or~~

(iv) owned by a tribal council if the facility is located within the boundaries of the reservation; ~~or~~

(v) owned by a Minnesota municipal utility or a Minnesota cooperative electric association; or

(vi) owned by a Minnesota political subdivision or local government, including, but not limited to, a county, statutory or home rule charter city, town, school district, or any other local or regional governmental organization such as a board, commission, or association; or

(3) begins generating electricity after June 30, 1999, produces seven megawatts or less of electricity as measured by nameplate rating, and:

(i) is owned by a cooperative organized under chapter 308A other than a Minnesota cooperative electric association; and

(ii) all shares and membership in the cooperative are held by ~~natural persons or estates, at least 51 percent of whom reside in a county or contiguous to a county where the wind energy production facilities of the cooperative are located~~ an entity that is not prohibited from owning agricultural land under section 500.24.

(d) "Qualified on-farm biogas recovery facility" means an anaerobic digester system that:

(1) is located at the site of an agricultural operation;

(2) is owned by ~~a natural person who~~ an entity that is not prohibited from owning agricultural land under section 500.24 that owns or rents the land where the facility is located; and

(3) begins generating electricity after July 1, 2001.

(e) "Anaerobic digester system" means a system of components that processes animal waste based on the absence of oxygen and produces gas used to generate electricity.

Sec. 10. Minnesota Statutes 2002, section 216C.41, subdivision 2, is amended to read:

Subd. 2. [INCENTIVE PAYMENT; APPROPRIATION.] (a) Incentive payments must be made according to this section to (1) a qualified on-farm biogas recovery facility, (2) the owner or operator of a qualified hydropower facility or qualified wind energy conversion facility for electric energy generated and sold by the facility, (3) a publicly owned hydropower facility for electric energy that is generated by the facility and used by the owner of the

facility outside the facility, or (4) the owner of a publicly owned dam that is in need of substantial repair, for electric energy that is generated by a hydropower facility at the dam and the annual incentive payments will be used to fund the structural repairs and replacement of structural components of the dam, or to retire debt incurred to fund those repairs.

(b) Payment may only be made upon receipt by the commissioner of finance of an incentive payment application that establishes that the applicant is eligible to receive an incentive payment and that satisfies other requirements the commissioner deems necessary. The application must be in a form and submitted at a time the commissioner establishes.

(c) There is annually appropriated from the general fund to the commissioner of commerce sums sufficient to make the payments required under this section, other than the amounts funded by the renewable development account as specified in subdivision 5a.

Sec. 11. Minnesota Statutes 2002, section 216C.41, subdivision 3, is amended to read:

Subd. 3. [ELIGIBILITY WINDOW.] Payments may be made under this section only for electricity generated:

(1) from a qualified hydroelectric facility that is operational and generating electricity before December 31, 2005;

(2) from a qualified wind energy conversion facility that is operational and generating electricity before January 1, ~~2005~~ 2007; or

(3) from a qualified on-farm biogas recovery facility from July 1, 2001, through December 31, ~~2015~~ 2017.

Sec. 12. Minnesota Statutes 2002, section 216C.41, subdivision 4, is amended to read:

Subd. 4. [PAYMENT PERIOD.] (a) A facility may receive payments under this section for a ten-year period. No payment under this section may be made for electricity generated:

(1) by a qualified hydroelectric facility after December 31, ~~2015~~ 2017;

(2) by a qualified wind energy conversion facility after December 31, ~~2015~~ 2017; or

(3) by a qualified on-farm biogas recovery facility after December 31, 2015.

(b) The payment period begins and runs consecutively from ~~the first year in which electricity generated from the facility is eligible for incentive payment~~ the date the facility begins generating electricity or, in the case of refurbishment of a hydropower facility, after substantial repairs to the hydropower facility dam funded by the incentive payments are initiated.

Sec. 13. Minnesota Statutes 2002, section 216C.41, subdivision 5, is amended to read:

Subd. 5. [AMOUNT OF PAYMENT; WIND FACILITIES LIMIT.] (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 cent 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) 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. 14. Minnesota Statutes 2002, section 216C.41, is amended by adding a subdivision to read:

Subd. 5a. [RENEWABLE DEVELOPMENT ACCOUNT.] The department of commerce shall authorize payment of the renewable energy production incentive to wind energy conversion systems larger than 40 kilowatts in size for 100 megawatts of nameplate capacity in addition to the capacity authorized under subdivision 5 and to on-farm biogas recovery facilities. Payment of the incentive shall be made from the renewable energy development account as provided under section 116C.779, subdivision 2.

Sec. 15. Minnesota Statutes 2002, section 216C.41, is amended by adding a subdivision to read:

Subd. 7. [ELIGIBILITY PROCESS.] (a) A qualifying project is eligible for the incentive on the date the commissioner receives:

- (1) an application for payment of the incentive;
- (2) one of the following:
 - (i) a copy of a signed power purchase agreement;
 - (ii) a copy of a binding agreement other than a power purchase agreement to sell electricity generated by the project to a third person; or
 - (iii) if the project developer or owner will sell electricity to its own members or customers, a copy of the purchase order for equipment to construct the project with a delivery date and a copy of a signed receipt for a nonrefundable deposit; and

(3) any other information the commissioner deems necessary to determine whether the proposed project qualifies for the incentive under this section.

(b) The commissioner shall determine whether a project qualifies for the incentive and respond in writing to the applicant approving or denying the application within 15 working days of receipt of the information required in paragraph (a). A project that is not operational within 18 months of receipt of a letter of approval is no longer approved for the incentive. The commissioner shall notify an applicant of potential loss of approval not less than 60 days prior to the end of the 18-month period. Eligibility for a project that loses approval may be reestablished as of the date the commissioner receives a new completed application.

Sec. 16. [EFFECTIVE DATE.]

This article is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to energy; modifying provisions relating to radioactive waste storage; modifying incentives and objectives for alternative energy development; requiring studies; approving consumptive use of water; amending Minnesota Statutes 2002, sections 116C.71, subdivision 7; 116C.779; 216B.095; 216B.097, by adding a subdivision; 216B.1645, by adding a subdivision; 216B.1691; 216B.241, subdivision 1b, by adding a subdivision; 216B.2411; 216B.2424, subdivision 5, by adding a subdivision; 216B.2425, by adding a subdivision; 216B.243, subdivision 3b; 216C.051, subdivisions 3, 6, 9, by adding a subdivision; 216C.052, subdivisions 2, 3; 216C.41, subdivisions 1, 2, 3, 4, 5, by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapters 116C; 216B; repealing Minnesota Statutes 2002, sections 116C.80; 216C.051, subdivisions 1, 4, 5."

The motion prevailed and the amendment was adopted.

Kahn moved to amend S. F. No. 794, as amended, as follows:

Page 28, after line 12, insert:

"Sec. 28. [SECURING NUCLEAR FACILITIES.]

The public utilities commission shall ensure that a public utility that owns a nuclear generating facility takes all reasonable steps to secure that generating facility and associated storage installations in order to harden the facility against possible attacks. Such measures may include barriers of concrete or other materials around and over storage installations; reinforcement of walls around significant areas; and changes in security procedures. Expenditures by the public utility pursuant to this section may be recovered under the procedures provided under section 216B.1645."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Kahn amendment and the roll was called. There were 61 yeas and 69 nays as follows:

Those who voted in the affirmative were:

Abeler	Dill	Hornstein	Lesch	Ozment	Solberg
Abrams	Dorn	Huntley	Lieder	Paymar	Thao
Anderson, I.	Eken	Jaros	Mariani	Pelowski	Thissen
Atkins	Ellison	Johnson, S.	Marquart	Peterson	Wagenius
Bernardy	Entenza	Juhnke	Mullery	Pugh	Walker
Biernat	Goodwin	Kahn	Murphy	Rhodes	Wasiluk
Carlson	Greiling	Kelliher	Nelson, M.	Rukavina	
Clark	Hausman	Koenen	Nelson, P.	Sertich	
Cornish	Hilstrom	Larson	Opatz	Severson	
Cox	Hilty	Latz	Otremba	Sieben	
Davnie	Hoppe	Lenczewski	Otto	Slawik	

Those who voted in the negative were:

Adolphson	Dempsey	Holberg	Lipman	Ruth	Urdahl
Anderson, J.	Eastlund	Howes	Magnus	Samuelson	Vandever
Beard	Erhardt	Jacobson	McNamara	Seagren	Walz
Blaine	Erickson	Johnson, J.	Meslow	Seifert	Wardlow
Borrell	Finstad	Kielkucki	Nelson, C.	Simpson	Westerberg
Boudreau	Fuller	Knoblach	Nornes	Smith	Westrom
Bradley	Gerlach	Kohls	Olsen, S.	Soderstrom	Wilkin
Brod	Gunther	Krinkie	Olson, M.	Stang	Zellers
Buesgens	Haas	Kuisle	Osterman	Strachan	Spk. Sviggum
Davids	Hackbarth	Lanning	Paulsen	Swenson	
DeLaForest	Harder	Lindgren	Penas	Sykora	
Demmer	Heidgerken	Lindner	Powell	Tingelstad	

The motion did not prevail and the amendment was not adopted.

S. F. No. 794, as amended, was read for the third time.

Pursuant to rule 2.30, Speaker pro tempore Abrams called Peterson to order.

S. F. No. 794, A bill for an act relating to energy; amending the definition of a radioactive waste management facility; increasing funding for renewable development; specifying the applicability of the renewable development fund; clarifying disconnection of residential utility; authorizing sufficient dry cask storage capacity to allow the nuclear reactors at the Prairie Island nuclear generation facility to operate until the end of their current licenses; modifying transmission upgrade requirements; providing for environmental review; modifying relicensing provisions; creating a hydrogen production development program; providing for township agreements; modifying duties of the legislative energy task force; appropriating money; amending Minnesota Statutes 2002, sections 116C.71, subdivision 7; 116C.779; 216B.095; 216B.097, by adding a subdivision; 216B.1645, by adding a subdivision; 216B.1691, subdivisions 1, 2, by adding subdivisions; 216B.241, subdivision 1b; 216B.2424, subdivision 5; 216B.243, subdivision 3b; 216C.051, subdivisions 2, 3, 6, 9, by adding a subdivision; 216C.052, subdivisions 2, 3; 216C.41, subdivisions 1, 2, 3, 4, 5, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 116C; 216B; repealing Minnesota Statutes 2002, section 216C.051, subdivisions 1, 4, 5.

The bill, as amended, was placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 81 yeas and 51 nays as follows:

Those who voted in the affirmative were:

Abrams	Demmer	Hoppe	Magnus	Ruth	Sykora
Adolphson	Dempsey	Howes	Mahoney	Samuelson	Tingelstad
Anderson, I.	Dill	Jacobson	Marquart	Seagren	Urdahl
Anderson, J.	Eastlund	Johnson, J.	McNamara	Seifert	Vandever
Beard	Erhardt	Kielkucki	Nelson, M.	Sertich	Walz
Blaine	Erickson	Klinzing	Nornes	Severson	Wardlow
Borrell	Finstad	Knoblach	Olsen, S.	Simpson	Westerberg
Boudreau	Fuller	Kohls	Olson, M.	Slawik	Westrom
Bradley	Gerlach	Krinkie	Osterman	Smith	Wilkin
Brod	Gunther	Kuisle	Ozment	Soderstrom	Zellers
Buesgens	Haas	Lanning	Paulsen	Solberg	Spk. Sviggum
Cornish	Hackbarth	Lindgren	Penas	Stang	
Davids	Harder	Lindner	Powell	Strachan	
DeLaForest	Heidgerken	Lipman	Rukavina	Swenson	

Those who voted in the negative were:

Abeler	Eken	Hornstein	Latz	Nelson, P.	Sieben
Atkins	Ellison	Huntley	Lenczewski	Opatz	Thao
Bernardy	Entenza	Jaros	Lesch	Otremba	Thissen
Biernat	Goodwin	Johnson, S.	Lieder	Otto	Wagenius
Carlson	Greiling	Juhnke	Mariani	Paymar	Walker
Clark	Hausman	Kahn	Meslow	Pelowski	Wasiluk
Cox	Hilstrom	Kelliher	Mullery	Peterson	
Davnie	Hilty	Koenen	Murphy	Pugh	
Dorn	Holberg	Larson	Nelson, C.	Rhodes	

The bill was passed, as amended, and its title agreed to.

MESSAGES FROM THE SENATE, Continued

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendments the concurrence of the House is respectfully requested:

H. F. No. 754, A bill for an act relating to eminent domain; changing the definition of displaced person to correspond to federal law; amending Minnesota Statutes 2002, section 117.50, subdivision 3.

PATRICE DWORAK, First Assistant Secretary of the Senate

CONCURRENCE AND REPASSAGE

Osterman moved that the House concur in the Senate amendments to H. F. No. 754 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 754, A bill for an act relating to eminent domain; changing the definition of displaced person to correspond to federal law; amending Minnesota Statutes 2002, section 117.50, 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. There were 131 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Abeler	Demmer	Hilty	Latz	Osterman	Smith
Abrams	Dempsey	Holberg	Lenczewski	Otremba	Soderstrom
Adolphson	Dill	Hoppe	Lesch	Otto	Solberg
Anderson, I.	Dorn	Hornstein	Lieder	Ozment	Stang
Anderson, J.	Eastlund	Howes	Lindgren	Paulsen	Strachan
Atkins	Eken	Huntley	Lindner	Paymar	Swenson
Beard	Ellison	Jacobson	Lipman	Pelowski	Sykora
Bernardy	Entenza	Jaros	Magnus	Penas	Thao
Biernat	Erhardt	Johnson, J.	Mahoney	Peterson	Thissen
Blaine	Erickson	Johnson, S.	Mariani	Powell	Tingelstad
Borrell	Finstad	Juhnke	Marquart	Pugh	Urdahl
Boudreau	Fuller	Kahn	McNamara	Rhodes	Wagenius
Bradley	Gerlach	Kelliher	Meslow	Rukavina	Walker
Brod	Goodwin	Kielkucki	Mullery	Ruth	Walz
Buesgens	Greiling	Klinzing	Murphy	Samuelson	Wardlow
Carlson	Gunther	Knoblach	Nelson, C.	Seagren	Wasiluk
Clark	Haas	Koenen	Nelson, M.	Seifert	Westerberg
Cornish	Hackbarth	Kohls	Nelson, P.	Sertich	Westrom
Cox	Harder	Krinkie	Nornes	Severson	Wilkin
Davids	Hausman	Kuisle	Olsen, S.	Sieben	Zellers
Davnie	Heidgerken	Lanning	Olson, M.	Simpson	Spk. Sviggum
DeLaForest	Hilstrom	Larson	Opatz	Slawik	

Those who voted in the negative were:

Vandev eer

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

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendments the concurrence of the House is respectfully requested:

H. F. No. 692, A bill for an act relating to health occupations; modifying the scope of practice for pharmacists; amending Minnesota Statutes 2002, section 151.01, subdivision 27.

PATRICE DWORAK, First Assistant Secretary of the Senate

CONCURRENCE AND REPASSAGE

Abeler moved that the House concur in the Senate amendments to H. F. No. 692 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 692, A bill for an act relating to health occupations; modifying the scope of practice for occupational therapists, licensed professional counselors, alcohol and drug counselors, unlicensed mental health practitioners, and pharmacists; appropriating money; amending Minnesota Statutes 2002, sections 116J.70, subdivision 2a; 148.6425, subdivision 3; 148A.01, subdivision 5; 148B.60, subdivision 3; 148C.01, by adding a subdivision; 151.01, subdivision 27; 214.01, subdivision 2; 214.04, subdivision 3; 214.10, subdivision 9; 609.341, subdivision 17; proposing coding for new law in Minnesota Statutes, chapter 148B; repealing Minnesota Statutes 2002, sections 148B.60; 148B.61; 148B.63; 148B.64; 148B.65; 148B.66; 148B.67; 148B.68; 148B.69; 148B.70; 148B.71; 148C.01, subdivision 6.

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 129 yeas and 3 nays as follows:

Those who voted in the affirmative were:

Abeler	Demmer	Hilty	Lenczewski	Otto	Stang
Abrams	Dempsey	Holberg	Lesch	Ozment	Strachan
Adolphson	Dill	Hoppe	Lieder	Paulsen	Swenson
Anderson, I.	Dorn	Hornstein	Lindgren	Paymar	Sykora
Anderson, J.	Eastlund	Howes	Lindner	Pelowski	Thao
Atkins	Eken	Huntley	Lipman	Penas	Thissen
Beard	Ellison	Jacobson	Magnus	Peterson	Tingelstad
Bernardy	Entenza	Jaros	Mahoney	Powell	Urdahl
Biernat	Erhardt	Johnson, J.	Mariani	Pugh	Vandever
Blaine	Erickson	Johnson, S.	Marquart	Rhodes	Wagenius
Borrell	Finstad	Juhnke	McNamara	Rukavina	Walker
Boudreau	Fuller	Kahn	Meslow	Ruth	Walz
Bradley	Gerlach	Kelliher	Mullery	Samuelson	Wardlow
Brod	Goodwin	Kielkucki	Murphy	Seagren	Wasiluk
Buesgens	Greiling	Klinzing	Nelson, C.	Seifert	Westerberg
Carlson	Gunther	Knoblach	Nelson, M.	Sertich	Westrom
Clark	Haas	Koenen	Nelson, P.	Severson	Wilkin
Cornish	Hackbarth	Kohls	Nornes	Sieben	Zellers
Cox	Harder	Kuisle	Olsen, S.	Simpson	Spk. Sviggum
Davids	Hausman	Lanning	Opatz	Slawik	
Davnie	Heidgerken	Larson	Osterman	Smith	
DeLaForest	Hilstrom	Latz	Otremba	Soderstrom	

Those who voted in the negative were:

Krinkie	Olson, M.	Solberg
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The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendments the concurrence of the House is respectfully requested:

H. F. No. 923, A bill for an act relating to local government; providing an exception to the conflict of interest law for township officers; amending Minnesota Statutes 2002, section 471.88, by adding a subdivision.

PATRICE DWORAK, First Assistant Secretary of the Senate

CONCURRENCE AND REPASSAGE

Westrom moved that the House concur in the Senate amendments to H. F. No. 923 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 923, A bill for an act relating to local government; providing an exception to the conflict of interest law for township officers; authorizing the town of White to be reimbursed by the city of Biwabik according to their orderly annexation agreement; amending Minnesota Statutes 2002, section 471.88, by adding a subdivision.

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 130 yeas and 2 nays as follows:

Those who voted in the affirmative were:

Abeler	Dempsey	Holberg	Lesch	Otto	Solberg
Abrams	Dill	Hoppe	Lieder	Ozment	Stang
Adolphson	Dorn	Hornstein	Lindgren	Paulsen	Strachan
Anderson, I.	Eastlund	Howes	Lindner	Paymar	Swenson
Anderson, J.	Eken	Huntley	Lipman	Pelowski	Sykora
Atkins	Ellison	Jacobson	Magnus	Penas	Thao
Beard	Entenza	Jaros	Mahoney	Peterson	Thissen
Bernardy	Erhardt	Johnson, J.	Mariani	Powell	Tingelstad
Biernat	Erickson	Johnson, S.	Marquart	Pugh	Urdahl
Blaine	Finstad	Juhnke	McNamara	Rhodes	Vandever
Borrell	Fuller	Kahn	Meslow	Rukavina	Wagenius
Boudreau	Gerlach	Kelliher	Mullery	Ruth	Walker
Bradley	Goodwin	Kielkucki	Murphy	Samuelson	Walz
Brod	Greiling	Klinzing	Nelson, C.	Seagren	Wardlow
Carlson	Gunther	Knoblach	Nelson, M.	Seifert	Wasiluk
Clark	Haas	Koenen	Nelson, P.	Sertich	Westerberg
Cornish	Hackbarth	Kohls	Nornes	Severson	Westrom
Cox	Harder	Kuisle	Olsen, S.	Sieben	Wilkin
Davids	Hausman	Lanning	Olson, M.	Simpson	Zellers
Davnie	Heidgerken	Larson	Opatz	Slawik	Spk. Sviggum
DeLaForest	Hilstrom	Latz	Osterman	Smith	
Demmer	Hilty	Lenczewski	Otremba	Soderstrom	

Those who voted in the negative were:

Buesgens Krinkie

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

REPORT FROM THE COMMITTEE ON RULES AND
LEGISLATIVE ADMINISTRATION

Paulsen from the Committee on Rules and Legislative Administration, pursuant to rule 1.21, designated the following additional bills to be placed on the Calendar for the Day for Monday, May 19, 2003:

S. F. Nos. 420, 1090, 272 and 905; H. F. No. 1027; S. F. No. 1176; and H. F. No. 807.

CALENDAR FOR THE DAY

S. F. No. 675 was reported to the House.

Swenson moved that his name be stricken and the name of Stang be added as chief author on H. F. No. 772, the companion to S. F. No. 675. The motion prevailed.

Stang moved to amend S. F. No. 675 as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

APPROPRIATIONS

Section 1. [HIGHER EDUCATION APPROPRIATIONS.]

The sums in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or other named fund, to the agencies and for the purposes specified in this article. The listing of an amount under the figure "2004" or "2005" in this article indicates that the amount is appropriated to be available for the fiscal year ending June 30, 2004, or June 30, 2005, respectively. "The first year" is fiscal year 2004. "The second year" is fiscal year 2005. "The biennium" is fiscal years 2004 and 2005.

SUMMARY BY FUND

	2004	2005	TOTAL
General	\$1,284,558,000	\$1,274,154,000	\$2,558,712,000
Health Care Access	2,157,000	2,157,000	4,314,000

SUMMARY BY AGENCY - ALL FUNDS

	2004	2005	TOTAL
Higher Education Services Office	175,002,000	175,002,000	350,004,000
Board of Trustees of the Minnesota State Colleges and Universities	560,881,000	547,694,000	1,108,575,000
Board of Regents of the University of Minnesota	549,441,000	552,224,000	1,101,665,000
Mayo Medical Foundation	1,391,000	1,391,000	2,782,000

APPROPRIATIONS

Available for the Year

Ending June 30

2004	2005
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Sec. 2. HIGHER EDUCATION SERVICES OFFICE

Subdivision 1. Total Appropriation	\$175,002,000	\$175,002,000
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The amounts that may be spent from this appropriation for each purpose are specified in the following subdivisions.

Subd. 2. State Grants

140,575,000	140,575,000
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For the biennium, the private institution tuition maximum shall be \$8,983 in the first year and \$8,983 in the second year for four-year institutions and \$6,913 in the first year and \$6,913 in the second year for two-year institutions.

This appropriation contains money to provide educational benefits to dependent children under age 23 and the spouses of public safety officers killed in the line of duty pursuant to Minnesota Statutes 2002, section 299A.45.

This appropriation contains money to set the living and miscellaneous expense allowance at \$5,205 in each year.

APPROPRIATIONS
Available for the Year
Ending June 30
2004 2005

Subd. 3. Interstate Tuition Reciprocity

	3,600,000	3,600,000
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If the appropriation in this subdivision for either year is insufficient, the appropriation for the other year is available to meet reciprocity contract obligations.

Subd. 4. State Work Study

	12,444,000	12,444,000
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Subd. 5. Child Care Grants

	4,743,000	4,743,000
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Subd. 6. Minitex

	4,381,000	4,381,000
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Subd. 7. MnLINK

	450,000	450,000
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The base appropriation for MnLINK operations is \$400,000 each year in fiscal years 2006 and 2007.

Any unexpended funds from the appropriation in Laws 1997, chapter 183, article 1, section 2, subdivision 8, shall cancel on June 30, 2005.

Subd. 8. Learning Network of Minnesota

	4,829,000	4,829,000
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Subd. 9. Income Contingent Loans

The higher education services office shall administer an income-contingent loan repayment program to assist graduates of Minnesota schools in medicine, dentistry, pharmacy, chiropractic medicine, public health, and veterinary medicine, and Minnesota residents graduating from optometry and osteopathy programs. Applicant data collected by the office for this program may be disclosed to a consumer credit reporting agency under the same conditions as those that apply to the supplemental loan program under Minnesota Statutes, section 136A.162. No new applicants may be accepted after June 30, 1995.

APPROPRIATIONS
 Available for the Year
 Ending June 30
 2004 2005

Subd. 10. Minnesota College Savings Plan

1,120,000	1,120,000
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Subd. 11. Agency Administration

2,860,000	2,860,000
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This appropriation includes \$125,000 each year for the student and parent information program under Minnesota Statutes, section 136A.87; \$184,000 each year for the Get Ready program; and \$255,000 each year for the college intervention program to foster postsecondary attendance by providing outreach services to historically underserved groups of Minnesota elementary and secondary students. The office may contract with other agencies or nonprofit organizations for specific services specifically funded by this paragraph.

This appropriation contains \$100,000 each year for grants to increase campus-community collaboration and service learning statewide. For every \$1 in state funding, grant recipients must contribute \$2 in campus or community-based support.

Subd. 12. Balances Forward

A balance in the first year under this section does not cancel, but is available for the second year.

Subd. 13. Transfers

The higher education services office may transfer unencumbered balances from the appropriations in this section to the state grant appropriation and the interstate tuition reciprocity appropriation.

Subd. 14. Reporting

The higher education services office shall collect data monthly from institutions disbursing state financial aid. The data collected shall include, but is not limited to, expenditures by type to date and unexpended balances.

The higher education services office shall evaluate and report monthly on state financial aid expenditures and unexpended balances to the chairs of the higher education finance committees of the senate and house of representatives and the commissioner of

APPROPRIATIONS
 Available for the Year
 Ending June 30
 2004 2005

finance. By July 15, December 1, February 15, and April 15, the services office shall provide updated state grant spending projections taking into account the most current and projected enrollment and tuition and fee information, economic conditions, and other relevant factors. Before submitting state grant spending projections, the office shall meet and consult with representatives of public and private postsecondary education, the department of finance, governor's office, legislative staff, and financial aid administrators. The board of regents of the University of Minnesota, the board of trustees of the Minnesota state colleges and universities, and private institutions that participate in the state grant program shall submit tuition and fee information to the higher education services office no later than July 1 of each year.

The higher education services office shall by January 15, 2004, and by November 30, 2004, report on the impact on students of the changes in financial aid policies made by this act.

Sec. 3. BOARD OF TRUSTEES OF THE MINNESOTA STATE COLLEGES AND UNIVERSITIES

Subdivision 1. Total Appropriation

560,881,000

547,694,000

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

Subd. 2. Estimated Expenditures and Appropriations

The legislature estimates that instructional expenditures will be \$750,105,000 in the first year and \$730,324,000 in the second year. The legislature estimates that noninstructional expenditures will be \$60,811,000 in the first year and \$60,811,000 in the second year.

This appropriation includes money for a grant to Minnesota State University, Mankato, for the talented youth mathematics program.

During the biennium, neither the board nor campuses shall plan or develop doctoral level programs or degrees until after they have received the recommendation of the house and senate committees on education, finance, and ways and means.

During the biennium, technical and consolidated colleges shall make use of instructional advisory committees consisting of employers, students, and instructors. The instructional advisory

APPROPRIATIONS
 Available for the Year
 Ending June 30
 2004 2005

committee shall be consulted when a technical program is proposed to be created, modified, or eliminated. If a decision is made to eliminate a program, a college shall adequately notify students and make plans to assist students affected by the closure.

In each year, the board of trustees shall increase the percentage of the total general fund expenditures for direct instruction and academic support, as reported in the federal Integrated Postsecondary Education Data System (IPEDS).

Subd. 3. Accountability

The board shall continue to submit the data and information enumerated in Laws 2001, First Special Session chapter 1, article 1, section 3, subdivision 3, in the accountability report currently under development. For the purpose of those reports, a first generation student is a student neither of whose parents received any postsecondary education.

Sec. 4. BOARD OF REGENTS OF THE UNIVERSITY OF MINNESOTA

Subdivision 1. Total Appropriation

549,441,000 552,224,000

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

Subd. 2. Operations and Maintenance

483,917,000 486,700,000

Estimated Expenditures and Appropriations

The legislature estimates that instructional expenditures will be \$368,020,000 in the first year and \$371,860,000 in the second year. The legislature estimates that noninstructional expenditures will be \$238,571,000 the first year and \$238,793,000 in the second year.

Subd. 3. Health Care Access Fund

2,157,000 2,157,000

This appropriation is from the health care access fund for primary care education initiatives.

APPROPRIATIONS
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Ending June 30
2004 2005

Subd. 4. Special Appropriation

63,367,000	63,367,000
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(a) Agriculture and Extension Service

50,625,000	50,625,000
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This appropriation is for the Agricultural Experiment Station, Minnesota Extension Service.

Any salary increases granted by the University to personnel paid from the Minnesota Extension appropriation must not result in a reduction of the county responsibility for the salary payments.

During the biennium, the University shall maintain an advisory council system for each experiment station. The advisory councils must be broadly representative of the range in size and income distribution of farms and agribusinesses and must not disproportionately represent those from the upper half of the size and income distributions.

The university must continue to provide support for the rapid agricultural response fund, and sustainable and organic agriculture initiatives including, but not limited to, the alternative swine systems program.

(b) Health Sciences

4,929,000	4,929,000
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This appropriation is for the rural physicians associates program, the Veterinary Diagnostic Laboratory, health sciences research, dental care, and the Biomedical Engineering Center.

(c) Institute of Technology

1,387,000	1,387,000
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This appropriation is for the Geological Survey and the Talented Youth Mathematics Program.

APPROPRIATIONS
Available for the Year
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2004 2005

(d) System Specials

	6,426,000	6,426,000
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This appropriation is for general research, student loans matching money, industrial relations education, Natural Resources Research Institute, Center for Urban and Regional Affairs, Bell Museum of Natural History, and the Humphrey exhibit.

Subd. 5. Academic Health Center

The appropriation to the academic health center under Minnesota Statutes, chapter 297F, if enacted, is anticipated to be \$22,515,000 in the first year and \$22,403,000 in the second year.

Subd. 6. Accountability

The board shall continue to submit the data and information enumerated in Laws 2001, First Special Session chapter 1, article 1, section 4, subdivision 5, in the board's university plan, performance, and accountability report. For the purpose of those reports, a first generation student is a student neither of whose parents received any postsecondary education.

Sec. 5. MAYO MEDICAL FOUNDATION

Subdivision 1. Total Appropriation	1,391,000	1,391,000
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The amounts that may be spent from this appropriation for each purpose are specified in the following subdivisions.

Subd. 2. Medical School

	514,000	514,000
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The state of Minnesota must pay a capitation each year for each student who is a resident of Minnesota. The appropriation may be transferred between years of the biennium to accommodate enrollment fluctuations.

The legislature intends that during the biennium the Mayo foundation use the capitation money to increase the number of doctors practicing in rural areas in need of doctors.

APPROPRIATIONS
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Subd. 3. Family Practice and Graduate Residency Program

531,000	531,000
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The state of Minnesota must pay a capitation of 27 residents each year.

Subd. 4. St. Cloud Hospital-Mayo Family Practice Residency Program

346,000	346,000
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This appropriation is to the Mayo foundation to support 12 resident physicians each year in the St. Cloud Hospital-Mayo Family Practice Residency program. The program shall prepare doctors to practice primary care medicine in the rural areas of the state. It is intended that this program will improve health care in rural communities, provide affordable access to appropriate medical care, and manage the treatment of patients in a more cost-effective manner.

Sec. 6. SELF LOAN RESERVE FUND TRANSFER

Notwithstanding any law to the contrary, by June 30, 2003, the commissioner of finance shall transfer \$30,000,000 of uncommitted balances in the SELF loan reserve fund, under Minnesota Statutes, section 136A.1701, to the budget reserve account in the general fund. By June 30, 2007, the commissioner of finance shall return this amount to the SELF loan reserve fund. The amount necessary to make the return transfer is appropriated from the general fund to the commissioner of finance for the fiscal year ending June 30, 2007.

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

Sec. 7. POSTSECONDARY SYSTEMS

As part of the boards' biennial budget requests, the board of trustees of the Minnesota state colleges and universities and the board of regents of the University of Minnesota shall report to the legislature on progress under the master academic plan for the metropolitan area. The report must include a discussion of coordination and duplication of program offerings, developmental and remedial education, credit transfers within and between the

APPROPRIATIONS
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2004 2005

postsecondary systems, and planning and delivery of coordinated programs. In order to better achieve the goal of a more integrated, effective, and seamless postsecondary education system in Minnesota, the report must also identify statewide efforts at integration and cooperation between the postsecondary systems.

Sec. 8. K-12 TEACHER INSTRUCTION AND LICENSURE SURVEY

The Minnesota Association of Colleges of Teacher Education is requested to collect data from each of its member institutions that measure the involvement of teacher education programs and their faculty with Minnesota K-12 schools. The data shall include at least: current Minnesota licensure status of faculty, K-12 teaching experience of college faculty under that licensure within the last five years, descriptions of college and faculty collaborations with K-12 teachers and students, and information on other projects involving higher education in K-12 schools. The data shall be presented to the education policy and finance committees of the legislature by February 15, 2004.

ARTICLE 2

POLICY CHANGES

Section 1. Minnesota Statutes 2002, section 41D.01, subdivision 4, is amended to read:

Subd. 4. [EXPIRATION.] This section expires on June 30, ~~2003~~ 2008.

Sec. 2. Minnesota Statutes 2002, section 135A.14, is amended by adding a subdivision to read:

Subd. 6a. [MENINGITIS INFORMATION.] Each public and private postsecondary institution shall provide information on the risks of meningococcal disease and on the availability and effectiveness of any vaccine to each individual who is a first-time enrollee and who resides in on-campus student housing. The institution may provide the information in an electronic format. The institution must consult with the department of health on the preparation of the informational materials provided under this subdivision.

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

Sec. 3. Minnesota Statutes 2002, section 136A.01, subdivision 1, is amended to read:

Subdivision 1. [CREATION.] An office for higher education in the state of Minnesota, to be known as the Minnesota higher education services office or HESO, is created with a director appointed by the governor with the advice and consent of the senate and serving at the pleasure of the governor.

[EFFECTIVE DATE.] This section is effective when a vacancy occurs in the position of director or December 30, 2003, whichever is first.

Sec. 4. Minnesota Statutes 2002, section 136A.011, subdivision 2, is amended to read:

Subd. 2. [DUTIES.] The council shall:

- (1) ~~appoint the director of the higher education services office, as provided in section 136A.03;~~
- (2) provide advice and review regarding the performance of the higher education services office in its duties and in any policies, procedures, or rules the office prescribes to perform its duties; and
- (3) (2) communicate with and make recommendations to the governor and the legislature.

Sec. 5. Minnesota Statutes 2002, section 136A.03, is amended to read:

136A.03 [EXECUTIVE OFFICERS; EMPLOYEES.]

The ~~director of the higher education services office shall possess the powers and perform the duties as prescribed by the higher education services council and be under the administrative control of the director.~~ The director shall serve in the unclassified service of the state civil service. The director, or the director's designated representative, on behalf of the office is authorized to sign contracts and execute all instruments necessary or appropriate to carry out the purposes of sections 136A.01 to 136A.178 for the office. The salary of the director shall be established by the higher education services council according to section 15A.0815. ~~The director shall be a person qualified by training or experience in the field of higher education or in financial aid administration.~~ The director may appoint other professional employees who shall serve in the unclassified service of the state civil service. All other employees shall be in the classified civil service.

An ~~officer or professional~~ employee appointed by the director to serve in the unclassified service as provided in this section, is a person who has studied higher education or a related field at the graduate level or has similar experience and who is qualified for a career in financial aid and other aspects of higher education and for activities in keeping with the planning and administrative responsibilities of the office and who is appointed to assume responsibility for administration of educational programs or research in matters of higher education.

Sec. 6. Minnesota Statutes 2002, section 136A.031, subdivision 2, is amended to read:

Subd. 2. [HIGHER EDUCATION ADVISORY COUNCIL.] A higher education advisory council (HEAC) is established. The HEAC is composed of the president ~~and the senior vice president for academic affairs~~ of the University of Minnesota or designee; the chancellor of the Minnesota state colleges and universities or designee; ~~the associate vice chancellors of the state universities, community colleges, and technical colleges~~; the commissioner of children, families, and learning; the president of the private college council; ~~and~~ a representative from the Minnesota association of private post-secondary schools; and a member appointed by the governor. The HEAC shall (1) bring to the attention of the higher education services council any matters that the HEAC deems necessary, and (2) review and comment upon matters before the council. The council shall refer all proposals to the HEAC before submitting recommendations to the governor and the legislature. The council shall provide time for a report from the HEAC at each meeting of the council.

Sec. 7. Minnesota Statutes 2002, section 136A.031, subdivision 5, is amended to read:

Subd. 5. [EXPIRATION.] Notwithstanding section 15.059, subdivision 5a ~~5~~, the advisory groups established in this section expire on June 30, ~~2003~~ 2005.

Sec. 8. Minnesota Statutes 2002, section 136A.101, subdivision 5a, is amended to read:

Subd. 5a. [ASSIGNED FAMILY RESPONSIBILITY.] "Assigned family responsibility" means the amount of a family contribution to a student's cost of attendance, as determined by a federal need analysis, ~~except that, beginning for the 1998-1999 academic year, up to \$25,000 in savings and other assets shall be subtracted from the federal calculation of net worth before determining the contribution.~~ For dependent students, the assigned family responsibility is the parental contribution. For independent students with dependents other than a spouse, the assigned family responsibility is the student contribution. For independent students without dependents other than a spouse, the assigned family responsibility is ~~80~~ 72 percent of the student contribution. ~~Beginning in fiscal year 2002,~~ The assigned family responsibility for all other independent students is ~~reduced an additional ten~~ 90 percent of the student contribution.

Sec. 9. Minnesota Statutes 2002, section 136A.121, subdivision 6, is amended to read:

Subd. 6. [COST OF ATTENDANCE.] (a) The recognized cost of attendance consists of allowances specified in law for living and miscellaneous expenses, and an allowance for tuition and fees equal to the lesser of the ~~actual~~ average tuition and fees charged by the institution, or the ~~private institution~~ tuition and fee maximums established in law.

(b) ~~For the purpose of paragraph (a), the private institution tuition and fee maximum for two- and four-year, private, residential, liberal arts, degree granting colleges and universities must be the same.~~

(c) ~~For a student registering for less than full time, the office shall prorate the living and miscellaneous expense allowance~~ cost of attendance to the actual number of credits for which the student is enrolled.

The recognized cost of attendance for a student who is confined to a Minnesota correctional institution shall consist of the tuition and fee component in paragraph (a), with no allowance for living and miscellaneous expenses.

For the purpose of this subdivision, "fees" include only those fees that are mandatory and charged to full-time resident students attending the institution.

Sec. 10. Minnesota Statutes 2002, section 136A.121, subdivision 7, is amended to read:

Subd. 7. [INSUFFICIENT APPROPRIATION.] If the amount appropriated is determined by the office to be insufficient to make full awards to applicants under subdivision 5, ~~before any award for that year has been disbursed,~~ awards must be reduced by:

(1) adding a surcharge to the applicant's assigned family responsibility, as defined in section 136A.101, subdivision 5a; and

(2) a percentage increase in the applicant's assigned student responsibility, as defined in subdivision 5.

The reduction under clauses (1) and (2) must be equal dollar amounts.

Sec. 11. Minnesota Statutes 2002, section 136A.121, subdivision 9, is amended to read:

Subd. 9. [AWARDS.] An undergraduate student who meets the office's requirements is eligible to apply for and receive a grant in any year of undergraduate study unless the student has obtained a baccalaureate degree or previously has been enrolled full time or the equivalent for ~~ten~~ eight semesters or the equivalent, excluding courses taken from a Minnesota school or post-secondary institution which is not participating in the state grant program and from which a student transferred no credit. A student enrolled in a two-year program at a four-year institution is only eligible for the tuition and fee maximums established by law for two-year institutions.

Sec. 12. Minnesota Statutes 2002, section 136A.121, subdivision 9a, is amended to read:

Subd. 9a. [FULL-YEAR GRANTS.] Students may receive state grants for four consecutive quarters or three consecutive semesters during the course of a single fiscal year. In calculating a state grant for the fourth quarter or third semester, the office must use the same calculation as it would for any other term, except that the calculation must subtract any federal Pell grant for which a student would be eligible even if the student has exhausted the Pell grant for that fiscal year.

Sec. 13. Minnesota Statutes 2002, section 136A.121, subdivision 13, is amended to read:

Subd. 13. [DEADLINE.] ~~The office shall accept applications for state grants until February 15 and may establish a deadline for the acceptance of applications that is later than February 15~~ deadline for the office to accept applications for state grants for a term, is 14 days after the start of that term.

Sec. 14. Minnesota Statutes 2002, section 136A.125, subdivision 2, is amended to read:

Subd. 2. [ELIGIBLE STUDENTS.] An applicant is eligible for a child care grant if the applicant:

- (1) is a resident of the state of Minnesota;
- (2) has a child 12 years of age or younger, or 14 years of age or younger who is handicapped as defined in section 125A.02, and who is receiving or will receive care on a regular basis from a licensed or legal, nonlicensed caregiver;
- (3) is income eligible as determined by the office's policies and rules, but is not a recipient of assistance from the Minnesota family investment program;
- (4) has not earned a baccalaureate degree and has been enrolled full time less than ~~ten~~ eight semesters or the equivalent;
- (5) is pursuing a nonsectarian program or course of study that applies to an undergraduate degree, diploma, or certificate;
- (6) is enrolled at least half time in an eligible institution; and
- (7) is in good academic standing and making satisfactory academic progress.

Sec. 15. Minnesota Statutes 2002, section 136A.125, subdivision 4, is amended to read:

Subd. 4. [AMOUNT AND LENGTH OF GRANTS.] The amount of a child care grant must be based on:

- (1) the income of the applicant and the applicant's spouse;
- (2) the number in the applicant's family, as defined by the office; and
- (3) the number of eligible children in the applicant's family.

The maximum award to the applicant shall be ~~\$2,600~~ \$2,200 for each eligible child per academic year, except that the campus financial aid officer may apply to the office for approval to increase grants by up to ten percent to compensate for higher market charges for infant care in a community. The office shall develop policies to determine community market costs and review institutional requests for compensatory grant increases to ensure need and equal treatment. The office shall prepare a chart to show the amount of a grant that will be awarded per child based on the factors in this subdivision. The chart shall include a range of income and family size.

Sec. 16. Minnesota Statutes 2002, section 136A.29, subdivision 9, is amended to read:

Subd. 9. The authority is authorized and empowered to issue revenue bonds whose aggregate principal amount at any time shall not exceed ~~\$650,000,000~~ \$800,000,000 and to issue notes, bond anticipation notes, and revenue refunding bonds of the authority under the provisions of sections 136A.25 to 136A.42, to provide funds for acquiring, constructing, reconstructing, enlarging, remodeling, renovating, improving, furnishing, or equipping one or more projects or parts thereof.

Sec. 17. Minnesota Statutes 2002, section 136A.69, is amended to read:

136A.69 [FEES.]

The office shall collect reasonable registration fees that are sufficient to recover, but do not exceed, its costs of administering the registration program. The office shall charge \$1,100 for initial registration fees and \$950 for annual renewal fees.

Sec. 18. Minnesota Statutes 2002, section 136F.12, is amended to read:

136F.12 [FOND DU LAC CAMPUS.]

Subdivision 1. [UNIQUE MISSIONS.] The Fond du Lac campus has a unique mission among two-year colleges to serve the lower division general education needs in Carlton and south St. Louis counties, and the education needs of American Indians throughout the state and especially in northern Minnesota. The campus has a further unique mission to provide programs in support of its federal land grant status. Accordingly, while the college is governed by the board of trustees, its governance is accomplished in conjunction with the board of directors of Fond du Lac tribal college.

Subd. 2. [SELECTED PROGRAMS.] Notwithstanding section 135A.052, subdivision 1, to better meet the education needs of Minnesota's American Indian students, and in furtherance of the unique missions provided in subdivision 1, Fond du Lac tribal and community college may offer a baccalaureate program in elementary education, as approved by the board of trustees of the Minnesota state colleges and universities, and the board of directors of Fond du Lac tribal and community college.

Subd. 3. [BARGAINING UNIT ASSIGNMENT.] Notwithstanding section 179A.10, subdivision 2, the state university instructional unit shall include faculty who teach upper division courses at the Fond du Lac tribal and community college.

Sec. 19. Minnesota Statutes 2002, section 137.022, subdivision 3, is amended to read:

Subd. 3. [ENDOWED CHAIR ACCOUNT.] (a) For purposes of this section, the permanent university fund has three accounts. The sources of the money in the endowed mineral research and scholarship accounts are set out in paragraph (b) and subdivision 4. All money in the fund that is not otherwise allocated is in the endowed chair account. The income from the endowed chair account must be used, and capital gains allocated to that account may be used, to provide endowment support for professorial chairs in academic disciplines. The endowment support for the chairs from the income and the capital gains must not total more than six percent per year of the 36-month trailing average market value of the endowed chair account of the fund, as computed quarterly or otherwise as directed by the regents. The endowment support from the income and the capital gains must not provide more than half the sum of the endowment support for all university chairs and professorships endowed, with nonstate sources providing the remainder. The endowment support from the income and the capital gains may provide more than half the endowment support of an individual chair.

(b) If any portion of the annual appropriation of the income is not used for the purposes specified in paragraph (a) or subdivision 4, that portion lapses and must be added to the principal of the three accounts of the permanent university fund in proportion to the market value of each account.

Sec. 20. Minnesota Statutes 2002, section 137.44, is amended to read:

137.44 [HEALTH PROFESSIONAL EDUCATION BUDGET PLAN.]

The board of regents is requested to adopt a biennial budget plan for making expenditures from the ~~medical education endowment fund~~ funds dedicated for the instructional costs of health professional programs at publicly funded academic health centers and affiliated teaching institutions. The budget plan may be submitted as part of the University of Minnesota's biennial budget request.

Sec. 21. [REPEALER.]

Minnesota Statutes 2002, sections 15A.081, subdivision 7b; 124D.95; 136A.1211; 136A.122; and 136A.124, are repealed.

ARTICLE 3

HESO HOUSEKEEPING

Section 1. Minnesota Statutes 2002, section 124D.42, subdivision 3, is amended to read:

Subd. 3. [POSTSERVICE BENEFIT.] (a) Each eligible organization must agree to provide to every participant who fulfills the terms of a contract under subdivision 2, a nontransferable postservice benefit. The benefit must be not less than \$4,725 per year of full-time service or prorated for part-time service or for partial service of at least 900 hours. Upon signing a contract under subdivision 2, each eligible organization must deposit funds to cover the full amount of postservice benefits obligated, except for national education awards that are deposited in the national service trust fund. Funds encumbered in fiscal years 1994 and 1995 for postservice benefits must be available until the participants for whom the funds were encumbered are no longer eligible to draw benefits.

(b) Nothing in this subdivision prevents a grantee organization from using funds from nonfederal or nonstate sources to increase the value of postservice benefits above the value described in paragraph (a).

~~(c) The higher education services office must establish an account for depositing funds for postservice benefits received from eligible organizations. If a participant does not complete the term of service or, upon successful completion of the program, does not use a postservice benefit according to subdivision 4 within seven years, the amount of the postservice benefit must be refunded to the eligible organization or, at the organization's discretion, dedicated to another eligible participant. Interest earned on funds deposited in the postservice benefit account is appropriated to the higher education services office for the costs of administering the postservice benefits accounts.~~

~~(d)~~ The state must provide an additional postservice benefit to any participant who successfully completes the program. The benefit must be a credit of five points to be added to the competitive open rating of a participant who obtains a passing grade on a civil service examination under chapter 43A. The benefit is available for five years after completing the community service.

Sec. 2. Minnesota Statutes 2002, section 136A.08, subdivision 3, is amended to read:

Subd. 3. [WISCONSIN.] A higher education reciprocity agreement with the state of Wisconsin may include provision for the transfer of funds between Minnesota and Wisconsin ~~provided that an income tax reciprocity agreement between Minnesota and Wisconsin is in effect for the period of time included under the higher education~~

~~reciprocity agreement.~~ If this provision is included, the amount of funds to be transferred shall be determined according to a formula which is mutually acceptable to the office and a duly designated agency representing Wisconsin. The formula shall recognize differences in tuition rates between the two states and the number of students attending institutions in each state under the agreement. Any payments to Minnesota by Wisconsin shall be deposited by the office in the general fund of the state treasury. The amount required for the payments shall be certified by the director of the office to the commissioner of finance annually.

Sec. 3. Minnesota Statutes 2002, section 136A.171, is amended to read:

136A.171 [REVENUE BONDS; ISSUANCE; PROCEEDS.]

The higher education services office may issue revenue bonds to obtain funds for loans made in accordance with the provisions of this chapter. The aggregate amount of revenue bonds, issued directly by the office, outstanding at any one time, not including refunded bonds or otherwise defeased or discharged bonds, shall not exceed ~~\$550,000,000~~ \$850,000,000. Proceeds from the issuance of bonds may be held and invested by the office pending disbursement in the form of loans. All interest and profits from the investments shall inure to the benefit of the office and shall be available to the office for the same purposes as the proceeds from the sale of revenue bonds including, but not limited to, costs incurred in administering loans under this chapter and loan reserve funds.

Sec. 4. Minnesota Statutes 2002, section 136G.01, is amended to read:

136G.01 [PLAN ESTABLISHED.]

A college savings plan known as the Minnesota college savings plan is established. In establishing this plan, the legislature seeks to encourage individuals to save for post-secondary education by:

- (1) providing a qualified ~~state~~ tuition plan under federal tax law;
- (2) providing matching grants for contributions to the program by low- and middle-income families; and
- (3) by encouraging individuals, foundations, and businesses to provide additional grants to participating students.

Sec. 5. Minnesota Statutes 2002, section 136G.03, is amended by adding a subdivision to read:

Subd. 4a. [APPLICATION.] "Application" means the form executed by a prospective account owner to enter into a participation agreement and open an account in the plan. The application incorporates by reference the participation agreement.

Sec. 6. Minnesota Statutes 2002, section 136G.03, is amended by adding a subdivision to read:

Subd. 21a. [MINOR TRUST ACCOUNT.] "Minor trust account" means a Uniform Gift to Minors Act account, a Uniform Transfers to Minors Act account, or a trust instrument naming a minor person as beneficiary, created and operating under the laws of Minnesota or another state.

Sec. 7. Minnesota Statutes 2002, section 136G.03, subdivision 31, is amended to read:

Subd. 31. [ROLLOVER DISTRIBUTION.] "Rollover distribution" means a transfer of funds made:

- (1) from one account to another account within 60 days of a distribution;
- (2) from another qualified state tuition program to an account within 60 days of the distribution; or
- (3) to another qualified state tuition program from an account within 60 days of a distribution.

~~Each~~ When there is a change of beneficiary in a rollover distribution, the transfer of funds must be made for the benefit of a new beneficiary who is a member of the family of the prior beneficiary. A rollover distribution from one qualified tuition plan to another once every 12 months without a change of beneficiary is permitted.

Sec. 8. Minnesota Statutes 2002, section 136G.05, subdivision 4, is amended to read:

Subd. 4. [PLAN TO COMPLY WITH FEDERAL LAW.] The director shall ensure that the plan meets the requirements for a qualified ~~state~~ tuition program under section 529(b)(1)(A)(ii) of the Internal Revenue Code. The director may request a private letter ruling or rulings from the Internal Revenue Service or take any other steps to ensure that the plan qualifies under section 529 of the Internal Revenue Code or other relevant provisions of federal law.

Sec. 9. Minnesota Statutes 2002, section 136G.05, subdivision 5, is amended to read:

Subd. 5. [~~MINIMUM PENALTY NONQUALIFIED DISTRIBUTIONS AND MATCHING GRANTS.~~] ~~In establishing the terms of the program, the office must provide that refunds of amounts in an account are subject to a minimum penalty, as required by section 529(b)(3) of the Internal Revenue Code. If the refunds or payments are not used for qualified higher education expenses of the designated beneficiary, this penalty must equal, at least, the proportionate amount of any matching grants deposited in the account under section 136G.11 and the investment return on the grants, plus an additional penalty that meets the requirement of federal law. There cannot be a nonqualified withdrawal of matching grant funds and any refund of matching grants must be returned to the plan.~~

Sec. 10. Minnesota Statutes 2002, section 136G.05, subdivision 10, is amended to read:

Subd. 10. [DATA.] Account owner data, account data, and data on beneficiaries of accounts are private data on individuals or nonpublic data as defined in section 13.02, except that the names and addresses of the beneficiaries of accounts that receive matching grants are public.

Sec. 11. Minnesota Statutes 2002, section 136G.09, subdivision 1, is amended to read:

Subdivision 1. [CONTRIBUTIONS TO AN ACCOUNT.] A person may make contributions to an account on behalf of a beneficiary. Contributions to an account made by persons other than the account owner become the property of the account owner. A person does not acquire an interest in an account by making contributions to an account. Contributions to an account must be made by check, ~~money order~~, or other commercially acceptable means as permitted by the United States Internal Revenue Service and other applicable federal and state law and ~~authorized~~ approved by the plan administrator in cooperation with the office and the board.

Sec. 12. Minnesota Statutes 2002, section 136G.09, subdivision 2, is amended to read:

Subd. 2. [AUTHORITY OF ACCOUNT OWNER.] Except as provided for minor trust accounts in section 136G.14, an account owner is the only person entitled to:

- (1) select or change a beneficiary or a contingent account owner; or
- (2) request distributions or rollover distributions from an account.

Sec. 13. Minnesota Statutes 2002, section 136G.09, subdivision 6, is amended to read:

Subd. 6. [CHANGE OF BENEFICIARY.] Except as provided for minor trust accounts in section 136G.14, an account owner may change the beneficiary of an account to a member of the family of the current beneficiary, at any time without penalty, if the change will not cause the total account balance of all accounts held for the new

beneficiary to exceed the maximum account balance limit as provided in subdivision 8. A change of beneficiary other than as permitted in this subdivision is treated as a nonqualified distribution under section 136G.13, subdivision 3.

Sec. 14. Minnesota Statutes 2002, section 136G.09, subdivision 7, is amended to read:

Subd. 7. [CHANGE OF ACCOUNT OWNERSHIP.] Except as provided for minor trust accounts in section 136G.14, an account owner may transfer ownership of an account to another person eligible to be an account owner. All transfers of ownership are absolute and irrevocable.

Sec. 15. Minnesota Statutes 2002, section 136G.09, subdivision 8, is amended to read:

Subd. 8. [MAXIMUM ACCOUNT BALANCE LIMIT.] (a) When a contribution is made, the total account balance of all accounts held for the same beneficiary, including matching grant accounts, must not exceed the maximum account balance limit as determined under this subdivision.

~~(b) The maximum account balance limit is reduced for withdrawals from any account for the same beneficiary that are qualified distributions, distributions due to the death or disability of the beneficiary, or distributions due to the beneficiary receiving a scholarship. Subsequent contributions must not be made to replenish an account if the contribution results in the total account balance of all accounts held for the beneficiary to exceed the reduced maximum account balance limit. Any subsequent contributions must be rejected. A subsequent contribution accepted in error must be returned to the account owner plus any earnings on the contribution less any applicable penalties.~~

~~(c) The maximum account balance limit is not reduced for a nonqualified distribution or a rollover distribution. When such distributions are taken, subsequent contributions may be made to replenish an account up to the maximum account balance limit.~~

~~(d) The office must establish a maximum account balance limit. The office must adjust the maximum account balance limit, as necessary, or on January 1 of each year. The maximum account balance limit must not exceed the amount permitted for the plan to qualify as a qualified state tuition program under section 529 of the Internal Revenue Code. For calendar years 2002 2004 and 2003 2005, the maximum account balance limit is \$235,000.~~

~~(e) (c) If the total account balance of all accounts held for a single beneficiary reaches the maximum account balance limit prior to the end of that calendar year, the beneficiary may receive an applicable matching grant for that calendar year.~~

Sec. 16. Minnesota Statutes 2002, section 136G.09, subdivision 9, is amended to read:

Subd. 9. [EXCESS CONTRIBUTIONS AND BALANCES.] A contribution to any account for a beneficiary must be rejected if the contribution would cause the total account balance of all accounts held for the same beneficiary, including the matching grant account, to exceed the maximum account balance limit under section 529 of the Internal Revenue Code as established by the office. ~~If a contribution under this subdivision is accepted in error, the contribution must be returned to the account owner plus any earnings thereon, less applicable penalties. A payment of an excess contribution to the account owner may be a nonqualified distribution subject to a penalty.~~

Sec. 17. Minnesota Statutes 2002, section 136G.11, subdivision 1, is amended to read:

Subdivision 1. [MATCHING GRANT QUALIFICATION.] By ~~March 1~~ June 30 of each year, a state matching grant must be added to each account established under the program if the following conditions are met:

(1) the contributor applies, in writing in a form prescribed by the director, for a matching grant;

(2) a minimum contribution of \$200 was made during the preceding calendar year; and

(3) the family income of the beneficiary did not exceed \$80,000.

Sec. 18. Minnesota Statutes 2002, section 136G.11, subdivision 2, is amended to read:

Subd. 2. [FAMILY INCOME.] (a) For purposes of this section, "family income" means:

(1) if the beneficiary is under age 25, the combined adjusted gross income of the beneficiary's parents or legal guardians as reported on the federal tax return or returns for the ~~most recently available tax~~ calendar year in which contributions were made. If the beneficiary's parents are divorced, the income of the parent claiming the beneficiary as a dependent on the federal individual income tax return and the income of that parent's spouse, if any, is used to determine family income; or

(2) if the beneficiary is age 25 or older, the combined adjusted gross income of the beneficiary and spouse, if any.

(b) For a parent or legal guardian of beneficiaries under age 25 and for beneficiaries age 25 or older who resided in Minnesota and filed a federal individual income tax return ~~two years prior to the year in which the matching grant is awarded, the matching grant must be based on family income from Internal Revenue Service tax data on file with the Minnesota department of revenue.~~

~~(c) Parents or legal guardians of beneficiaries under age 25 and beneficiaries age 25 or older who did not reside in Minnesota two years prior to the year in which the matching grant is awarded must provide a signed copy of their federal individual income tax return to the office, regardless of who the account owner is, in order to be considered for a matching grant, the matching grant must be based on family income from the calendar year in which contributions were made.~~

Sec. 19. Minnesota Statutes 2002, section 136G.11, subdivision 3, is amended to read:

Subd. 3. [RESIDENCY REQUIREMENT.] (a) If the beneficiary is under age 25, the beneficiary's parents or legal guardians must be Minnesota residents to qualify for a matching grant. If the beneficiary is age 25 or older, the beneficiary must be a Minnesota resident to qualify for a matching grant.

(b) To meet the residency requirements, the parent or legal guardian of beneficiaries under age 25 must have filed a Minnesota individual income tax return as a Minnesota resident, ~~claiming and claimed~~ the beneficiary as a dependent, two years prior to the year in which the matching grant is awarded on their federal tax return for the calendar year in which contributions were made. For beneficiaries age 25 or older, the beneficiary, and a spouse, if any, must have filed a Minnesota and a federal individual income tax return as a Minnesota resident ~~two years prior to the year in which the matching grant is awarded~~ for the calendar year in which contributions were made.

~~(c) A parent of beneficiaries under age 25 and beneficiaries age 25 or older who did not reside in Minnesota two years prior to the year in which the matching grant is awarded must establish Minnesota residency through the issuance of a Minnesota driver's license or identification card in the calendar year in which contributions were made are not eligible for a matching grant.~~

Sec. 20. Minnesota Statutes 2002, section 136G.11, subdivision 9, is amended to read:

Subd. 9. [ANNUAL APPLICATION.] An account owner must submit an application form for a matching grant on an annual basis. The application must be postmarked by ~~December 31~~ May 1 of the year ~~preceding the awarding of the~~ in which the matching grant would be awarded if the applicant qualifies for a matching grant.

Sec. 21. Minnesota Statutes 2002, section 136G.11, subdivision 13, is amended to read:

Subd. 13. [FORFEITURE OF MATCHING GRANTS.] (a) Matching grants are forfeited if:

(1) the account owner transfers the total account balance of an account to another account or to another qualified ~~state~~ tuition program;

(2) the beneficiary receives a full tuition scholarship or admission to a United States service academy;

(3) the beneficiary dies or becomes disabled;

(4) the account owner changes the beneficiary of the account; or

(5) the account owner closes the account with a nonqualified withdrawal.

(b) Matching grants must be proportionally forfeited if:

(1) the account owner transfers a portion of an account to another account or to another qualified ~~state~~ tuition program;

(2) the beneficiary receives a scholarship covering a portion of qualified higher education expenses; or

(3) the account owner makes a partial nonqualified withdrawal.

(c) If the account owner makes a misrepresentation in a participation agreement or an application for a matching grant that results in a matching grant, the matching grant associated with the misrepresentation is forfeited. The office and the board must instruct the plan administrator as to the amount to be forfeited from the matching grant account. The office and the board must withdraw the matching grant or the proportion of the matching grant that is related to the misrepresentation.

Sec. 22. Minnesota Statutes 2002, section 136G.13, subdivision 1, is amended to read:

Subdivision 1. [QUALIFIED DISTRIBUTION METHODS.] (a) Qualified distributions may be made:

(1) directly to participating eligible educational institutions on behalf of the beneficiary; or

(2) in the form of a check payable to both the beneficiary and the eligible educational institution; ~~or~~

~~(3) to an account owner with a receipt verifying the payment of qualified higher education expenses.~~

~~(b) When administratively feasible, distributions may be made when the account owner and beneficiary certify prior to the distribution that the distribution will be expended for qualified higher education expenses a reasonable time after the distribution. The plan administrator may retain a penalty on the earnings portion of the nonqualified distribution until payment of qualified higher education expenses are substantiated. A payment receipt showing payment for qualified higher education expenses must be submitted to the program administrator within 30 days of distribution.~~

~~(c)~~ Qualified distributions must be withdrawn proportionally from contributions and earnings in an account owner's account on the date of distribution as provided in section 529 of the Internal Revenue Code.

Sec. 23. Minnesota Statutes 2002, section 136G.13, subdivision 3, is amended to read:

Subd. 3. [NONQUALIFIED DISTRIBUTION.] An account owner may request a nonqualified distribution from an account at any time. Nonqualified distributions are based on the total account balances in an account owner's account and must be withdrawn proportionally from contributions and earnings as provided in section 529 of the Internal Revenue Code. The earnings portion of a nonqualified distribution is subject to a ~~penalty~~ federal additional tax pursuant to section 529 of the Internal Revenue Code. For purposes of this subdivision, "earnings portion" means the ratio of the earnings in the account to the total account balance, immediately prior to the distribution, multiplied by the distribution. ~~The penalty must be withheld from the total amount of any distribution.~~

Sec. 24. [136G.14] [MINOR TRUST ACCOUNTS.]

(a) This section applies to a plan account in which funds of a minor trust account are invested.

(b) The account owner may not be changed to any person other than a successor custodian or the beneficiary unless a court order directing the change of ownership is provided to the plan administrator. The custodian must sign all forms and requests submitted to the plan administrator in the custodian's representative capacity. The custodian must notify the plan administrator in writing when the beneficiary becomes legally entitled to be the account owner. An account owner under this section may not select a contingent account owner.

(c) The beneficiary of an account under this section may not be changed. If the beneficiary dies, assets in a plan account become the property of the beneficiary's estate. Funds in an account must not be transferred or rolled over to another account owner or to an account for another beneficiary. A nonqualified distribution from an account, or a distribution due to the disability or scholarship award to the beneficiary, must be used for the benefit of the beneficiary.

Sec. 25. Minnesota Statutes 2002, section 137.0245, subdivision 2, is amended to read:

Subd. 2. [MEMBERSHIP.] The regent candidate advisory council shall consist of 24 members. Twelve members shall be appointed by the subcommittee on committees of the committee on rules and administration of the senate. Twelve members shall be appointed by the speaker of the house of representatives. Each appointing authority must appoint one member who is a student enrolled in a degree program at the University of Minnesota at the time of appointment. No more than one-third of the members appointed by each appointing authority may be current or former legislators. No more than two-thirds of the members appointed by each appointing authority may belong to the same political party; however, political activity or affiliation is not required for the appointment of any member. Geographical representation must be taken into consideration when making appointments. Section 15.0575 shall govern the advisory council, except that:

(1) the members shall be appointed to six-year terms with one-third appointed each even-numbered year; and

(2) student members are appointed to two-year terms with two students appointed each even-numbered year.

Sec. 26. Minnesota Statutes 2002, section 299A.45, subdivision 2, is amended to read:

Subd. 2. [AWARD AMOUNT.] (a) The amount of the award is the lesser of:

(1) for public institutions, the actual tuition and fees charged by the institution; or

(2) for private institutions the lesser of (i) the actual average tuition and fees charged by the institution; or (ii) the highest tuition and fees charged by a public institution in Minnesota

(2) the tuition maximums established by law for the state grant program under section 136A.121.

(b) An award under this subdivision must not affect a recipient's eligibility for a state grant under section 136A.121.

(c) For the purposes of this subdivision, "fees" include only those fees that are mandatory and charged to all students attending the institution.

Sec. 27. [LEARN AND EARN PROGRAM; POSTSECONDARY OPPORTUNITIES ACCOUNT.]

The higher education services office shall maintain a postsecondary opportunities account for students who earned stipends and bonuses that were deposited in the account through the learn and earn graduation achievement program under Minnesota Statutes 2000, section 124D.32. A participating student may, upon graduation from high school, use the funds accumulated for the student toward the costs of attending a Minnesota postsecondary institution or a career-training program, including the costs of tuition, books, and lab fees. Funds accumulated for a student must be available to the student from the time a student graduates from high school until ten years after the date the student entered the learn and earn graduation achievement program. After ten years, the office shall close the account and any remaining money in the account must cancel to the general fund.

Sec. 28. [REPEALER.]

Minnesota Statutes 2002, section 136G.03, subdivision 25, is repealed.

ARTICLE 4

MNSCU ADMINISTRATIVE CHANGES

Section 1. Minnesota Statutes 2002, section 136F.40, subdivision 2, is amended to read:

Subd. 2. [CONTRACTS.] (a) The board may enter into a contract with the chancellor, a vice-chancellor, or a president, containing terms and conditions of employment. The terms of the contract must be authorized under a plan approved under section 43A.18, subdivision 3a.

(b) Notwithstanding section 43A.17, subdivision 11, or other law to the contrary, a contract under this section may provide a liquidated salary amount or other compensation if a contract is terminated by the board prior to its expiration.

(c) Notwithstanding section 356.24 or other law to the contrary, a contract under this section may contain a deferred compensation plan made in conformance with section 457(f) of the Internal Revenue Code.

Sec. 2. Minnesota Statutes 2002, section 136F.45, subdivision 1, is amended to read:

Subdivision 1. [PURCHASE.] (a) At the request of an employee, the board may negotiate and purchase an individual ~~annuity contract~~ custodial account under section 403(b)(7) of the Internal Revenue Code, for an employee for retirement or other purposes from a company licensed to do business in Minnesota, and may allocate a portion of the compensation otherwise payable to the employee as salary for the purpose of paying the entire ~~premium contribution~~ due or to become due under the contract account. The allocation shall be made in a manner that will qualify the ~~annuity premiums custodial account contributions, or a portion portions~~ thereof, for the benefit afforded under section 403(b)(7) of the current federal Internal Revenue Code or any equivalent provision of subsequent federal income tax law. The employee shall own the ~~contract account~~ and the employee's rights thereunder shall be nonforfeitable except for failure to pay premiums contributions.

(b) At its discretion, and in the same manner provided in paragraph (a), the board may negotiate and purchase individual custodial accounts under section 403(b)(7) of the Internal Revenue Code, for employees of the higher education services office as defined in section 136A.03. Participation under this paragraph must be in accordance with any applicable federal law.

Sec. 3. Minnesota Statutes 2002, section 136F.45, subdivision 2, is amended to read:

Subd. 2. [DEPOSITS; PAYMENT.] All amounts so allocated shall be deposited in an ~~annuity~~ account established by the board. Payment of ~~annuity premiums~~ custodial account contributions shall be made when due or in accordance with the salary agreement entered into between the employee and the board. The money in the ~~annuity~~ account is not subject to the budget, allotment, and incumbrance system provided for in chapter 16A.

Sec. 4. Minnesota Statutes 2002, section 136F.581, subdivision 1, is amended to read:

Subdivision 1. [~~CONDITIONS~~ AUTHORITY FOR PURCHASES AND CONTRACTS.] The board and the colleges and universities are subject to the provisions of section 471.345. In addition to the contracting authority under this chapter, the board of trustees may utilize any contracting options available to the commissioner of administration under chapter 16A, 16B, or 16C.

Sec. 5. Minnesota Statutes 2002, section 136F.581, subdivision 2, is amended to read:

Subd. 2. [POLICIES AND PROCEDURES.] The board shall develop policies, ~~and each college and university shall develop procedures,~~ for purchases and contracts that are consistent with the authority granted in subdivision 1. The policies and procedures shall be developed through the system and campus labor management committees and shall include provisions requiring the system and campuses to determine that they cannot use available staff before contracting with additional outside consultants or services. In addition, each college and university, in consultation with the ~~system~~ office of the chancellor, shall develop procedures for those purchases and contracts that can be accomplished by a college and university without board approval. The board policies must allow each college and university the local authority to enter into contracts for construction projects of up to \$250,000 and to make other purchases of up to \$50,000, without receiving board approval. The board may allow a college or university local authority to make purchases over \$50,000 without receiving board approval.

Sec. 6. Minnesota Statutes 2002, section 136F.59, subdivision 3, is amended to read:

Subd. 3. [OFFICE OF TECHNOLOGY.] The ~~system~~ office of the chancellor and the campuses shall cooperate with the office of technology in its responsibility to coordinate information and communications technology development throughout the state. ~~The system and campuses shall consult with the office of technology throughout any efforts to plan or implement information and communication systems to ensure that the systems are effective, efficient, and, where appropriate, compatible with other state systems.~~

Sec. 7. Minnesota Statutes 2002, section 136F.60, subdivision 3, is amended to read:

Subd. 3. [EASEMENTS.] (a) The board may grant permanent or temporary easements over, under, or across any land under its jurisdiction for reasonable purposes determined by the board as provided in paragraphs (b) and (c).

(b) The board may grant a revocable easement or permit under this paragraph. An easement or permit is revocable by written notice given by the board if at any time its continuance will conflict with a public use of the land over, under, or upon which it is granted, or for any other reason. The notice must be in writing and is effective 90 days after the notice is sent by certified mail to the last known address of the holder of record of the easement. If the address of the holder of the easement or permit is not known, it expires 90 days after the notice is recorded in the office of the county recorder of the county in which the land is located. Upon revocation of an easement or permit, the board may allow a reasonable time to vacate the premises affected.

(c) State land subject to an easement or permit granted by the board remains subject to sale or lease, and the sale or lease does not revoke the permit or easement granted.

Sec. 8. [136F.65] [ACCEPTANCE OF FEDERAL MONEY.]

The board of trustees is hereby designated the state agency empowered to accept any and all money provided for or made available to this state by the United States of America or any department or agency thereof for the construction and equipping of any building under the control of the board of trustees in accordance with the provisions of federal law and any rules or regulations promulgated thereunder and are further authorized to do any and all things required of this state by such federal law and the rules and regulations promulgated thereunder in order to obtain such federal money.

Sec. 9. [REPEALER.]

Minnesota Statutes 2002, sections 136F.13; 136F.56; 136F.582; and 136F.59, subdivision 2, are repealed."

Delete the title and insert:

"A bill for an act relating to higher education; appropriating money for educational and related purposes to the higher education services office, board of trustees of the Minnesota state colleges and universities, board of regents of the university of Minnesota, and Mayo Medical Foundation, with certain conditions; making various changes to the state grant program and the college savings plan; providing for organizational, administrative, and other changes at the higher education services office and the Minnesota state colleges and universities; authorizing revenue bonds; amending Minnesota Statutes 2002, sections 41D.01, subdivision 4; 124D.42, subdivision 3; 135A.14, by adding a subdivision; 136A.01, subdivision 1; 136A.011, subdivision 2; 136A.03; 136A.031, subdivisions 2, 5; 136A.08, subdivision 3; 136A.101, subdivision 5a; 136A.121, subdivisions 6, 7, 9, 9a, 13; 136A.125, subdivisions 2, 4; 136A.171; 136A.29, subdivision 9; 136A.69; 136F.12; 136F.40, subdivision 2; 136F.45, subdivisions 1, 2; 136F.581, subdivisions 1, 2; 136F.59, subdivision 3; 136F.60, subdivision 3; 136G.01; 136G.03, subdivision 31, by adding subdivisions; 136G.05, subdivisions 4, 5, 10; 136G.09, subdivisions 1, 2, 6, 7, 8, 9; 136G.11, subdivisions 1, 2, 3, 9, 13; 136G.13, subdivisions 1, 3; 137.022, subdivision 3; 137.0245, subdivision 2; 137.44; 299A.45, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 136F; 136G; repealing Minnesota Statutes 2002, sections 15A.081, subdivision 7b; 124D.95; 136A.1211; 136A.122; 136A.124; 136F.13; 136F.56; 136F.582; 136F.59, subdivision 2; 136G.03, subdivision 25."

The motion prevailed and the amendment was adopted.

Pursuant to rule 2.05, Speaker pro tempore Abrams excused Mariani from voting on the adoption of the Stang amendment and on the final passage of S. F. No. 675, as amended.

S. F. No. 675, A bill for an act relating to agriculture; eliminating the expiration date for the Minnesota agriculture education leadership council; repealing Minnesota Statutes 2002, section 41D.01, subdivision 4.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 69 yeas and 62 nays as follows:

Those who voted in the affirmative were:

Abeler	Beard	Boudreau	Buesgens	DeLaForest	Eastlund
Abrams	Blaine	Bradley	Cornish	Demmer	Erhardt
Adolphson	Borrell	Brod	Davids	Dempsey	Erickson

Finstad	Howes	Lindner	Paulsen	Simpson	Wardlow
Gerlach	Jacobson	Lipman	Penas	Smith	Westerberg
Gunther	Johnson, J.	McNamara	Powell	Stang	Westrom
Haas	Kielkucki	Meslow	Rhodes	Strachan	Wilkin
Hackbarth	Klinzing	Nelson, P.	Ruth	Sykora	Zellers
Harder	Kohls	Nornes	Samuelson	Tingelstad	Spk. Sviggum
Heidgerken	Krinkie	Olson, M.	Seagren	Urdahl	
Holberg	Kuisle	Osterman	Seifert	Vanderveer	
Hoppe	Lindgren	Ozment	Severson	Walz	

Those who voted in the negative were:

Anderson, I.	Eken	Jaros	Lesch	Otremba	Solberg
Anderson, J.	Ellison	Johnson, S.	Lieder	Otto	Swenson
Atkins	Entenza	Juhnke	Magnus	Paymar	Thao
Bernardy	Fuller	Kahn	Mahoney	Pelowski	Thissen
Biernat	Goodwin	Kelliher	Marquart	Peterson	Wagenius
Carlson	Greiling	Knobloch	Mullery	Pugh	Walker
Clark	Hausman	Koenen	Murphy	Rukavina	Wasiluk
Cox	Hilstrom	Lanning	Nelson, C.	Sertich	
Davnie	Hilty	Larson	Nelson, M.	Sieben	
Dill	Hornstein	Latz	Olsen, S.	Slawik	
Dorn	Huntley	Lenczewski	Opatz	Soderstrom	

The bill was passed, as amended, 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 message was received from the Senate:

Mr. Speaker:

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

S. F. No. 287.

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.

PATRICE DWORAK, First Assistant Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. NO. 287

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 2002, sections 121A.11, by adding subdivisions; 124D.10, subdivision 8.

May 16, 2003

The Honorable James P. Metzen
President of the Senate

The Honorable Steve Sviggum
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 287, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S. F. No. 287 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2002, section 121A.11, is amended by adding a subdivision to read:

Subd. 3. [PLEDGE OF ALLEGIANCE.] (a) All public and charter school students shall recite the pledge of allegiance to the flag of the United States of America one or more times each week. The recitation shall be conducted:

(1) by each individual classroom teacher or the teacher's surrogate; or

(2) over a school intercom system by a person designated by the school principal or other person having administrative control over the school.

A local school board or a charter school board of directors may annually, by majority vote, waive this requirement.

(b) Any student or teacher may decline to participate in recitation of the pledge.

(c) A school district or charter school that has a student handbook or school policy guide must include a statement that anyone who does not wish to participate in reciting the pledge of allegiance for any personal reasons may elect not to do so and that students must respect another person's right to make that choice.

(d) A local school board or a charter school board of directors that waives the requirement to recite the pledge of allegiance under paragraph (a) may adopt a district or school policy regarding the reciting of the pledge of allegiance.

[EFFECTIVE DATE.] Paragraphs (a), (b), and (d) are effective for the 2003-2004 school year and later. Paragraph (c) is effective for the 2004-2005 school year and later.

Sec. 2. Minnesota Statutes 2002, section 121A.11, is amended by adding a subdivision to read:

Subd. 4. [INSTRUCTION.] Unless the requirement in subdivision 3 is waived by a majority vote of the school board, a school district must instruct students in the proper etiquette toward, correct display of, and respect for the flag, and in patriotic exercises.

[EFFECTIVE DATE.] This section is effective for instruction beginning in the 2003-2004 school year and later.

Sec. 3. Minnesota Statutes 2002, section 124D.10, subdivision 8, is amended to read:

Subd. 8. [STATE AND LOCAL REQUIREMENTS.] (a) A charter school shall meet all applicable state and local health and safety requirements.

(b) A school sponsored by a school board may be located in any district, unless the school board of the district of the proposed location disapproves by written resolution.

(c) A charter school must be nonsectarian in its programs, admission policies, employment practices, and all other operations. A sponsor may not authorize a charter school or program that is affiliated with a nonpublic sectarian school or a religious institution.

(d) Charter schools must not be used as a method of providing education or generating revenue for students who are being home-schooled.

(e) The primary focus of a charter school must be to provide a comprehensive program of instruction for at least one grade or age group from five through 18 years of age. Instruction may be provided to people younger than five years and older than 18 years of age.

(f) A charter school may not charge tuition.

(g) A charter school is subject to and must comply with chapter 363 and section 121A.04.

(h) A charter school is subject to and must comply with the Pupil Fair Dismissal Act, sections 121A.40 to 121A.56, and the Minnesota Public School Fee Law, sections 123B.34 to 123B.39.

(i) A charter school is subject to the same financial audits, audit procedures, and audit requirements as a district. Audits must be conducted in compliance with generally accepted governmental auditing standards, the Federal Single Audit Act, if applicable, and section 6.65. A charter school is subject to and must comply with sections 15.054; 118A.01; 118A.02; 118A.03; 118A.04; 118A.05; 118A.06; 123B.52, subdivision 5; 471.38; 471.391; 471.392; 471.425; 471.87; 471.88, subdivisions 1, 2, 3, 4, 5, 6, 12, 13, and 15; 471.881; and 471.89. The audit must comply with the requirements of sections 123B.75 to 123B.83, except to the extent deviations are necessary because of the program at the school. Deviations must be approved by the commissioner. The department of children, families, and learning, state auditor, or legislative auditor may conduct financial, program, or compliance audits. A charter school determined to be in statutory operating debt under sections 123B.81 to 123B.83 must submit a plan under section 123B.81, subdivision 4.

(j) A charter school is a district for the purposes of tort liability under chapter 466.

(k) A charter school must comply with sections 13.32; 120A.22, subdivision 7; 121A.75; and 260B.171, subdivisions 3 and 5.

(l) A charter school is subject to the pledge of allegiance requirement under section 121A.11, subdivision 3.

[EFFECTIVE DATE.] This section is effective for the 2003-2004 school year and later."

Delete the title and insert:

"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 2002, sections 121A.11, by adding subdivisions; 124D.10, subdivision 8."

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

Senate Conferees: STEVE MURPHY, DAVID J. TOMASSONI AND GEN OLSON.

House Conferees: MARTY SEIFERT AND GENE PELOWSKI, JR.

Seifert moved that the report of the Conference Committee on S. F. No. 287 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 287, 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 2002, sections 121A.11, by adding subdivisions; 124D.10, subdivision 8.

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

The question was taken on the repassage of the bill and the roll was called. There were 117 yeas and 12 nays as follows:

Those who voted in the affirmative were:

Abeler	Davids	Haas	Koenen	Meslow	Peterson
Abrams	DeLaForest	Hackbarth	Kohls	Mullery	Powell
Adolphson	Demmer	Harder	Krinkie	Murphy	Pugh
Anderson, I.	Dempsey	Heidgerken	Kuisle	Nelson, C.	Rhodes
Anderson, J.	Dill	Hilstrom	Lanning	Nelson, M.	Ruth
Atkins	Dorn	Holberg	Larson	Nelson, P.	Samuelson
Beard	Eastlund	Hoppe	Latz	Nornes	Seagren
Bernardy	Eken	Howes	Lenczewski	Olsen, S.	Seifert
Blaine	Ellison	Huntley	Lesch	Olson, M.	Sertich
Borrell	Entenza	Jacobson	Lieder	Opatz	Severson
Boudreau	Erhardt	Johnson, J.	Lindgren	Osterman	Sieben
Bradley	Erickson	Juhnke	Lindner	Otremba	Simpson
Brod	Finstad	Kahn	Lipman	Otto	Slawik
Buesgens	Fuller	Kelliher	Magnus	Ozment	Smith
Carlson	Gerlach	Kielkucki	Mahoney	Paulsen	Soderstrom
Cornish	Goodwin	Klinzing	Marquart	Pelowski	Solberg
Cox	Gunther	Knoblach	McNamara	Penas	Stang

Strachan	Thissen	Vandever	Wasiluk	Wilkin
Swenson	Tingelstad	Walz	Westerberg	Zellers
Sykora	Urdahl	Wardlow	Westrom	Spk. Sviggum

Those who voted in the negative were:

Clark	Hausman	Hornstein	Johnson, S.	Rukavina	Wagenius
Greiling	Hilty	Jaros	Mariani	Thao	Walker

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

CALENDAR FOR THE DAY

H. F. No. 730 was reported to the House.

Howes, Atkins, Davids, Bernardy, Zellers, Lipman, Hoppe and Meslow moved to amend H. F. No. 730, the second engrossment, as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2002, section 327A.02, subdivision 1, is amended to read:

Subdivision 1. [WARRANTIES BY VENDORS.] In every sale of a completed dwelling, and in every contract for the sale of a dwelling to be completed, the vendor shall warrant to the vendee that:

(a) during the one-year period from and after the warranty date the dwelling shall be free from defects caused by faulty workmanship and defective materials due to noncompliance with building standards;

(b) during the two-year period from and after the warranty date, the dwelling shall be free from defects caused by faulty installation of plumbing, electrical, heating, and cooling systems due to noncompliance with building standards; and

(c) during the ten-year period from and after the warranty date, the dwelling shall be free from major construction defects due to noncompliance with building standards or defective materials.

Sec. 2. Minnesota Statutes 2002, section 327A.02, is amended by adding a subdivision to read:

Subd. 4. [ACTION ALLOWED; LIMITATION.] An owner or vendee has two years following the expiration of each of the warranty periods provided in subdivisions 1 and 3, to discover a defect which has occurred within the warranty period. An action under this section must be brought within one year of the discovery of the defect. Notwithstanding any law to the contrary, no action under this section may be brought more than three years after the expiration of each of the warranty periods provided in subdivisions 1 and 3.

Sec. 3. Minnesota Statutes 2002, section 327A.06, is amended to read:

327A.06 [OTHER WARRANTIES.]

The statutory warranties provided for in section 327A.02 shall be in addition to all other warranties imposed by law or agreement. Statutory warranties provided for in section 327A.02 must not be construed to exclude incidental, consequential, or indirect property damages. The remedies provided in section 327A.05 shall not be construed as limiting the remedies in any action not predicated upon breach of the statutory warranties imposed by section 327A.02.

Sec. 4. Minnesota Statutes 2002, section 541.051, subdivision 4, is amended to read:

Subd. 4. [APPLICABILITY.] This section shall not apply to actions based on breach of the statutory warranties set forth in section 327A.02, or to actions based on breach of an express written warranty, provided such actions shall be brought within two years of the discovery of the breach or as otherwise provided in section 327A.02."

Delete the title and insert:

"A bill for an act relating to real property; specifying certain additional warranties; specifying limitation of actions based on breach; amending Minnesota Statutes 2002, sections 327A.02, subdivision 1, by adding a subdivision; 327A.06; 541.051, subdivision 4."

The motion prevailed and the amendment was adopted.

H. F. No. 730, A bill for an act relating to real property; specifying certain additional warranties; specifying limitation of actions based on breach; amending Minnesota Statutes 2002, sections 327A.02, subdivision 1, by adding a subdivision; 327A.06; 541.051, subdivision 4.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 106 yeas and 24 nays as follows:

Those who voted in the affirmative were:

Abeler	Cornish	Gerlach	Knoblach	Marquart	Peterson
Abrams	Cox	Gunther	Koenen	Meslow	Powell
Adolphson	Davids	Haas	Kohls	Murphy	Pugh
Anderson, I.	DeLaForest	Hackbarth	Krinkie	Nelson, C.	Rhodes
Anderson, J.	Demmer	Harder	Kuisle	Nelson, M.	Rukavina
Atkins	Dempsey	Heidgerken	Lanning	Nornes	Ruth
Beard	Dill	Hilstrom	Larson	Olson, M.	Samuelson
Bernardy	Dorn	Holberg	Latz	Opatz	Seagren
Blaine	Eastlund	Howes	Lenczewski	Osterman	Seifert
Borrell	Eken	Huntley	Lesch	Otremba	Sertich
Boudreau	Entenza	Johnson, J.	Lieder	Otto	Severson
Bradley	Erhardt	Juhnke	Lindgren	Ozment	Sieben
Brod	Erickson	Kahn	Lindner	Paulsen	Simpson
Buesgens	Finstad	Kelliher	Magnus	Pelowski	Smith
Carlson	Fuller	Kielkucki	Mahoney	Penas	Soderstrom

Solberg	Sykora	Urdahl	Wardlow	Westrom	Spk. Sviggum
Stang	Thissen	Vandever	Wasiluk	Wilkin	
Swenson	Tingelstad	Walz	Westerberg	Zellers	

Those who voted in the negative were:

Biernat	Greiling	Hornstein	Klinzing	Nelson, P.	Strachan
Clark	Hausman	Jacobson	Mariani	Olsen, S.	Thao
Davnie	Hilty	Jaros	McNamara	Paymar	Wagenius
Goodwin	Hoppe	Johnson, S.	Mullery	Slawik	Walker

The bill was passed, as amended, and its title agreed to.

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 Speaker pro tempore Seifert.

The following Conference Committee Reports were received:

CONFERENCE COMMITTEE REPORT ON H. F. NO. 719

A bill for an act relating to liquor; modifying a posting provision; authorizing cities to issue licenses in addition to the number allowed by law; amending Minnesota Statutes 2002, section 340A.318, subdivision 3.

May 15, 2003

The Honorable Steve Sviggum
Speaker of the House of Representatives

The Honorable James P. Metzen
President of the Senate

We, the undersigned conferees for H. F. No. 719, 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. 719 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2002, section 340A.101, is amended by adding a subdivision to read:

Subd. 27a. [THEATER.] "Theater" means a building containing an auditorium in which live dramatic, musical, dance, or literary performances are regularly presented to holders of tickets for those performances.

Sec. 2. Minnesota Statutes 2002, section 340A.301, subdivision 6, is amended to read:

Subd. 6. [FEES.] The annual fees for licenses under this section are as follows:

(a) Manufacturers (except as provided in clauses (b) and (c))	\$15,000
Duplicates	\$3,000
(b) Manufacturers of wines of not more than 25 percent alcohol by volume	\$500
(c) Brewers other than those described in clauses (d) and (i)	\$2,500
(d) Brewers who also hold one or more retail on-sale licenses and who manufacture fewer than 3,500 barrels of malt liquor in a year, at any one licensed premises, <u>using only wort produced in Minnesota, the entire production of which is solely for consumption on tap on the licensed premises or for off-sale from that licensed premises.</u>	
A brewer licensed under this clause must obtain a separate license for each licensed premises where the brewer brews malt liquor. A brewer licensed under this clause may not be licensed as an importer under this chapter	\$500
(e) Wholesalers (except as provided in clauses (f), (g), and (h))	\$15,000
Duplicates	\$3,000
(f) Wholesalers of wines of not more than 25 percent alcohol by volume	\$2,000
(g) Wholesalers of intoxicating malt liquor	\$600
Duplicates	\$25
(h) Wholesalers of 3.2 percent malt liquor	\$10
(i) Brewers who manufacture fewer than 2,000 barrels of malt liquor in a year	\$150

If a business licensed under this section is destroyed, or damaged to the extent that it cannot be carried on, or if it ceases because of the death or illness of the licensee, the commissioner may refund the license fee for the balance of the license period to the licensee or to the licensee's estate.

Sec. 3. Minnesota Statutes 2002, section 340A.301, subdivision 7, is amended to read:

Subd. 7. [INTEREST IN OTHER BUSINESS.] (a) Except as provided in this subdivision, a holder of a license as a manufacturer, brewer, importer, or wholesaler may not have any ownership, in whole or in part, in a business holding a retail intoxicating liquor or 3.2 percent malt liquor license. The commissioner may not issue a license under this section to a manufacturer, brewer, importer, or wholesaler if a retailer of intoxicating liquor has a direct or indirect interest in the manufacturer, brewer, importer, or wholesaler. A manufacturer or wholesaler of intoxicating

liquor may use or have property rented for retail intoxicating liquor sales only if the manufacturer or wholesaler has owned the property continuously since November 1, 1933. A retailer of intoxicating liquor may not use or have property rented for the manufacture or wholesaling of intoxicating liquor.

(b) A brewer licensed under subdivision 6, clause (d), may be issued an on-sale intoxicating liquor or 3.2 percent malt liquor license by a municipality for a restaurant operated in the place of manufacture. ~~Malt liquor brewed by such a licensee may not be removed from the licensed premises unless the malt liquor is entered in a tasting competition where none of the malt liquor so removed is sold.~~ Notwithstanding section 340A.405, a brewer who holds an on-sale license issued pursuant to this paragraph may, with the approval of the commissioner, be issued a license by a municipality for off-sale of malt liquor produced and packaged on the licensed premises. Off-sale of malt liquor shall be limited to the legal hours for off-sale at exclusive liquor stores in the jurisdiction in which the brewer is located, and the malt liquor sold off-sale must be removed from the premises before the applicable off-sale closing time at exclusive liquor stores. The malt liquor shall be packaged in 64-ounce containers commonly known as "growlers." The containers shall bear a twist type closure, cork, stopper, or plug. At the time of the sale, a paper or plastic adhesive band, strip, or sleeve shall be applied to the container and extend over the top of the twist type closure, cork, stopper, or plug forming a seal that must be broken upon opening of the container. The adhesive band, strip, or sleeve shall bear the name and address of the brewer. The containers shall be identified as malt liquor, contain the name of the malt liquor, bear the name and address of the brewer selling the malt liquor, and shall be considered intoxicating liquor unless the alcoholic content is labeled as otherwise in accordance with the provisions of Minnesota Rules, part 7515.1100. A brewer's total retail sales at on- or off-sale under this paragraph may not exceed 3,500 barrels per year, provided that off-sales may not total more than 50 percent of the brewer's production or 500 barrels, whichever is less. A brewer licensed under subdivision 6, clause (d), may hold or have an interest in other retail on-sale licenses, but may not have an ownership interest in whole or in part, or be an officer, director, agent, or employee of, any other manufacturer, brewer, importer, or wholesaler, or be an affiliate thereof whether the affiliation is corporate or by management, direction, or control. Notwithstanding this prohibition, a brewer licensed under subdivision 6, clause (d), may be an affiliate or subsidiary company of a brewer licensed in Minnesota or elsewhere if that brewer's only manufacture of malt liquor is:

- (i) manufacture licensed under subdivision 6, clause (d);
 - (ii) manufacture in another state for consumption exclusively in a restaurant located in the place of manufacture; or
 - (iii) manufacture in another state for consumption primarily in a restaurant located in or immediately adjacent to the place of manufacture if the brewer was licensed under subdivision 6, clause (d), on January 1, 1995.
- (c) Except as provided in subdivision 7a, no brewer as defined in subdivision 7a or importer may have any interest, in whole or in part, directly or indirectly, in the license, business, assets, or corporate stock of a licensed malt liquor wholesaler.

Sec. 4. Minnesota Statutes 2002, section 340A.308, is amended to read:

340A.308 [PROHIBITED TRANSACTIONS.]

- (a) Except as otherwise provided in section 340A.301, no brewer or malt liquor wholesaler may directly or indirectly, or through an affiliate or subsidiary company, or through an officer, director, stockholder, or partner:
- (1) give, or lend money, credit, or other thing of value to a retailer;
 - (2) give, lend, lease, or sell furnishing or equipment to a retailer;

(3) have an interest in a retail license; or

(4) be bound for the repayment of a loan to a retailer.

(b) No retailer may solicit any equipment, fixture, supplies, money, or other thing of value from a brewer or malt liquor wholesaler if furnishing of these items by the brewer or wholesaler is prohibited by law and the retailer knew or had reason to know that the furnishing is prohibited by law.

(c) This section does not prohibit a manufacturer or wholesaler from:

(1) furnishing, lending, or renting to a retailer outside signs, of a cost of up to \$400 excluding installation and repair costs;

(2) furnishing, lending, or renting to a retailer inside signs and other promotional material, of a cost of up to \$300 in a year;

(3) furnishing to or maintaining for a retailer equipment for dispensing malt liquor, including tap trailers, cold plates and other dispensing equipment, of a cost of up to \$100 per tap in a year;

(4) using or renting property owned continually since November 1, 1933, for the purpose of selling intoxicating or 3.2 percent malt liquor at retail;

(5) extending customary commercial credit to a retailer in connection with a sale of nonalcoholic beverages only, or engaging in cooperative advertising agreements with a retailer in connection with the sale of nonalcoholic beverages only; or

(6) in the case of a wholesaler, with the prior written consent of the commissioner, selling beer on consignment to a holder of a temporary license under section 340A.403, subdivision 2, or 340A.404, subdivision 10.

Sec. 5. Minnesota Statutes 2002, section 340A.318, subdivision 3, is amended to read:

Subd. 3. [POSTING; NOTICE.] Verified lists or statements required by subdivision 2 shall be posted by the commissioner in offices of the department in places available for public inspection not later than the ~~day~~ Monday following receipt. Documents posted shall constitute notice to every distiller, manufacturer, or wholesaler of the information posted. Actual notice, however received, also constitutes notice.

Sec. 6. Minnesota Statutes 2002, section 340A.404, subdivision 1, is amended to read:

Subdivision 1. [CITIES.] (a) A city may issue an on-sale intoxicating liquor license to the following establishments located within its jurisdiction:

(1) hotels;

(2) restaurants;

(3) bowling centers;

(4) clubs or congressionally chartered veterans organizations with the approval of the commissioner, provided that the organization has been in existence for at least three years and liquor sales will only be to members and bona fide guests;

(5) sports facilities located on land owned by the metropolitan sports commission; and

(6) exclusive liquor stores.

(b) A city may issue an on-sale intoxicating liquor license, an on-sale wine license, or an on-sale malt liquor license to a theater within the city, notwithstanding any law, local ordinance, or charter provision. A license issued under this paragraph authorizes sales on all days of the week to persons attending events at the theater.

Sec. 7. Minnesota Statutes 2002, section 340A.404, subdivision 2, is amended to read:

Subd. 2. [SPECIAL PROVISION; CITY OF MINNEAPOLIS.] (a) The city of Minneapolis may issue an on-sale intoxicating liquor license to the Guthrie Theater, the Cricket Theatre, the Orpheum Theatre, ~~and~~ the State Theatre, and the Historic Pantages Theatre, notwithstanding the limitations of law, or local ordinance, or charter provision relating to zoning or school or church distances. The licenses authorize sales on all days of the week to holders of tickets for performances presented by the theaters and to members of the nonprofit corporations holding the licenses and to their guests.

(b) The city of Minneapolis may issue an intoxicating liquor license to 510 Groveland Associates, a Minnesota cooperative, for use by a restaurant on the premises owned by 510 Groveland Associates, notwithstanding limitations of law, or local ordinance, or charter provision.

(c) The city of Minneapolis may issue an on-sale intoxicating liquor license to Zuhrah Shrine Temple for use on the premises owned by Zuhrah Shrine Temple at 2540 Park Avenue South in Minneapolis, and to the American Swedish Institute for use on the premises owned by the American Swedish Institute at 2600 Park Avenue South, notwithstanding limitations of law, or local ordinances, or charter provision relating to zoning or school or church distances.

(d) The city of Minneapolis may issue an on-sale intoxicating liquor license to the American Association of University Women, Minneapolis branch, for use on the premises owned by the American Association of University Women, Minneapolis branch, at 2115 Stevens Avenue South in Minneapolis, notwithstanding limitations of law, or local ordinances, or charter provisions relating to zoning or school or church distances.

(e) The city of Minneapolis may issue an on-sale wine license and an on-sale 3.2 percent malt liquor license to a restaurant located at 5000 Penn Avenue South, and an on-sale wine license and an on-sale malt liquor license to a restaurant located at 1931 Nicollet Avenue South, notwithstanding any law or local ordinance or charter provision.

(f) The city of Minneapolis may issue an on-sale wine license and an on-sale malt liquor license to the Brave New Workshop Theatre located at 3001 Hennepin Avenue South, the Theatre de la Jeune Lune, the Illusion Theatre located at 528 Hennepin Avenue South, the Hollywood Theatre located at 2815 Johnson Street Northeast, the Loring Playhouse located at 1633 Hennepin Avenue South, ~~and~~ the Jungle Theater located at 2951 Lyndale Avenue South, Brave New Institute located at 2605 Hennepin Avenue South, the Guthrie Lab located at 700 North First Street, and the Southern Theatre located at 1420 Washington Avenue South, notwithstanding any law or local ordinance or charter provision. The license authorizes sales on all days of the week.

(g) The city of Minneapolis may issue an on-sale intoxicating liquor license to University Gateway Corporation, a Minnesota nonprofit corporation, for use by a restaurant or catering operator at the building owned and operated by the University Gateway Corporation on the University of Minnesota campus, notwithstanding limitations of law, or local ordinance or charter provision. The license authorizes sales on all days of the week.

Sec. 8. Minnesota Statutes 2002, section 340A.411, subdivision 1, is amended to read:

Subdivision 1. [ON-SALE LICENSES.] On-sale 3.2 percent malt liquor licenses may only be issued to drugstores, restaurants, hotels, clubs, bowling centers, golf courses, and establishments used exclusively for the sale of 3.2 percent malt liquor with the incidental sale of tobacco and soft drinks.

Sec. 9. Minnesota Statutes 2002, section 340A.413, subdivision 4, is amended to read:

Subd. 4. [EXCLUSIONS FROM LICENSE LIMITS.] On-sale intoxicating liquor licenses may be issued to the following entities by a city, in addition to the number authorized by this section:

- (1) clubs, or congressionally chartered veterans organizations;
- (2) restaurants ~~located at a racetrack licensed under chapter 240;~~
- (3) establishments that are issued licenses to sell wine under section 340A.404, subdivision 5; ~~and~~
- (4) theaters that are issued licenses under section 340A.404, ~~subdivision 2;~~
- (5) hotels; and
- (6) bowling centers.

Sec. 10. Minnesota Statutes 2002, section 340A.504, subdivision 1, is amended to read:

Subdivision 1. [3.2 PERCENT MALT LIQUOR.] No sale of 3.2 percent malt liquor may be made between ~~4:00~~ 2:00 a.m. and 8:00 a.m. on the days of Monday through Saturday, nor between ~~4:00~~ 2:00 a.m. and 12:00 noon on Sunday, provided that an establishment located on land owned by the metropolitan sports commission, or the sports arena for which one or more licenses have been issued under section 340A.404, subdivision 2, paragraph (c), may sell 3.2 percent malt liquor between 10:00 a.m. and 12:00 noon on a Sunday on which a sports or other event is scheduled to begin at that location on or before 1:00 p.m. of that day.

Sec. 11. Minnesota Statutes 2002, section 340A.504, subdivision 2, is amended to read:

Subd. 2. [INTOXICATING LIQUOR; ON-SALE.] No sale of intoxicating liquor for consumption on the licensed premises may be made:

- (1) between ~~4:00~~ 2:00 a.m. and 8:00 a.m. on the days of Monday through Saturday;
- (2) after ~~4:00~~ 2:00 a.m. on Sundays, except as provided by subdivision 3.

Sec. 12. Minnesota Statutes 2002, section 340A.504, subdivision 3, is amended to read:

Subd. 3. [INTOXICATING LIQUOR; SUNDAY SALES; ON-SALE.] (a) A restaurant, club, bowling center, or hotel with a seating capacity for at least 30 persons and which holds an on-sale intoxicating liquor license may sell intoxicating liquor for consumption on the premises in conjunction with the sale of food between the hours of 12:00 noon on Sundays and ~~4:00~~ 2:00 a.m. on Mondays.

(b) The governing body of a municipality may after one public hearing by ordinance permit a restaurant, hotel, bowling center, or club to sell alcoholic beverages for consumption on the premises in conjunction with the sale of food between the hours of 10:00 a.m. on Sundays and ~~4:00~~ 2:00 a.m. on Mondays, provided that the licensee is in conformance with the Minnesota Clean Air Act.

(c) An establishment serving intoxicating liquor on Sundays must obtain a Sunday license. The license must be issued by the governing body of the municipality for a period of one year, and the fee for the license may not exceed \$200.

(d) A city may issue a Sunday intoxicating liquor license only if authorized to do so by the voters of the city voting on the question at a general or special election. A county may issue a Sunday intoxicating liquor license in a town only if authorized to do so by the voters of the town as provided in paragraph (e). A county may issue a Sunday intoxicating liquor license in unorganized territory only if authorized to do so by the voters of the election precinct that contains the licensed premises, voting on the question at a general or special election.

(e) An election conducted in a town on the question of the issuance by the county of Sunday sales licenses to establishments located in the town must be held on the day of the annual election of town officers.

(f) Voter approval is not required for licenses issued by the metropolitan airports commission or common carrier licenses issued by the commissioner. Common carriers serving intoxicating liquor on Sunday must obtain a Sunday license from the commissioner at an annual fee of \$50, plus \$20 for each duplicate.

Sec. 13. Minnesota Statutes 2002, section 340A.510, subdivision 1, is amended to read:

Subdivision 1. [~~SAMPLES FOR OTHER THAN MALT LIQUOR AUTHORIZED.~~] ~~On- or off-sale licenses~~ retail licensees and municipal liquor stores may provide, ~~or permit a licensed manufacturer or a wholesaler or its agents to provide on the premises of the retail licensee or municipal liquor store,~~ samples of ~~malt liquor,~~ wine, liqueurs, cordials, and distilled spirits which the retail licensee or municipal liquor store currently has in stock and is offering for sale to the general public without obtaining an additional license, provided the wine, liqueur, cordial, and distilled spirits samples are dispensed at no charge and consumed on the licensed premises during the permitted hours of ~~off-sale sale~~ sale in a quantity less than ~~100 milliliters of malt liquor per variety per customer,~~ 50 milliliters of wine per variety per customer, 25 milliliters of liqueur or cordial, and 15 milliliters of distilled spirits per variety per customer.

Sec. 14. Minnesota Statutes 2002, section 340A.510, subdivision 2, is amended to read:

Subd. 2. [~~MALT LIQUOR FURNISHED FOR SAMPLING SAMPLES AUTHORIZED.~~] (a) Notwithstanding section 340A.308, ~~with respect only to sampling authorized under subdivision 1,~~ a brewer may purchase from or furnish at no cost to an off-sale a licensed retailer malt liquor the brewer manufactures if:

(1) the malt liquor is dispensed by the retailer only for ~~tastings authorized under subdivision 1~~ samples in a quantity of less than 100 milliliters of malt liquor per variety per customer;

(2) where the brewer furnishes the malt liquor, the retailer makes available for return to the brewer any unused malt liquor and empty containers;

(3) the samples are dispensed by an employee of the retailer or brewer or by a sampling service retained by the retailer or brewer and not affiliated directly or indirectly with a malt liquor wholesaler;

(4) ~~the brewer furnishes~~ not more than three cases of malt liquor are purchased from or furnished to the retailer by the brewer for each sampling;

(5) each sampling continues for not more than eight hours;

(6) the brewer has furnished malt liquor for not more than five samplings for any retailer in any calendar year;

(7) where the brewer furnishes the malt liquor, the brewer delivers the malt liquor for the sampling to its exclusive wholesaler for that malt liquor;

(8) the brewer has at least seven days before the sampling filed with the commissioner, on a form the commissioner prescribes, written notice of intent to furnish malt liquor for the sampling, which contains (i) the name and address of the retailer conducting the sampling, (ii) the maximum amount of malt liquor being to be furnished or purchased by the brewer, (iii) the number of times the brewer has furnished malt liquor to the retailer in the calendar year in which the notice is filed, (iv) the date and time of the sampling, (v) where the brewer furnishes the malt liquor, the exclusive wholesaler to whom the brewer will deliver the malt liquor, and (vi) a statement by the brewer to the effect that to the brewer's knowledge all requirements of this section have been or will be complied with; and

(9) the commissioner has not notified the brewer filing the notice under clause (8) that the commissioner disapproves the notice.

(b) For purposes of this subdivision, "licensed retailer" means a licensed on-sale or off-sale retailer of alcoholic beverages and a municipal liquor store ~~that sells at off sale~~.

Sec. 15. Minnesota Statutes 2002, section 340A.511, is amended to read:

340A.511 [CERTAIN SIZES MAY BE SOLD.]

(a) An off-sale retailer of intoxicating liquor may sell distilled spirits in bottles of 50 milliliters.

(b) An on-sale intoxicating liquor licensee whose licensed premises includes a golf course or who is a common carrier may dispense distilled spirits from 50-milliliter bottles.

Sec. 16. [CITY OF BLAINE; ON-SALE LICENSES.]

The city of Blaine may issue 15 on-sale intoxicating liquor licenses in addition to the number authorized by law. All provisions of Minnesota Statutes, chapter 340A, not inconsistent with this section, apply to the licenses authorized by this section.

Sec. 17. [CITY OF DULUTH; ON-SALE LICENSE.]

The city of Duluth may issue one on-sale intoxicating liquor license in addition to the number authorized by law for the St. Louis County Heritage and Arts Center, commonly known as the Duluth Depot. All provisions of Minnesota Statutes, chapter 340A, not inconsistent with this section, apply to the license authorized by this section.

Sec. 18. [CITY OF HASTINGS; ON-SALE LICENSES.]

The city of Hastings may issue three on-sale intoxicating liquor licenses in addition to the number authorized by law. All provisions of Minnesota Statutes, chapter 340A, not inconsistent with this section, apply to the licenses authorized by this section.

Sec. 19. [CITY OF MAPLE GROVE; ON-SALE LICENSES.]

The city of Maple Grove may issue 12 on-sale intoxicating liquor licenses in addition to the number authorized by law. All provisions of Minnesota Statutes, chapter 340A, not inconsistent with this section, apply to the licenses authorized under this section.

Sec. 20. [CITY OF ST. JOSEPH; ON-SALE LICENSES.]

The city of St. Joseph may issue three on-sale intoxicating liquor licenses in addition to the number authorized by law. All provisions of Minnesota Statutes, chapter 340A, not inconsistent with this section, apply to the licenses authorized by this section.

Sec. 21. [CITY OF ST. MICHAEL; ON-SALE LICENSES.]

The city of St. Michael may issue five on-sale liquor licenses in addition to the number authorized by law. All provisions of Minnesota Statutes, chapter 340A, not inconsistent with this section, apply to the licenses authorized under this section.

Sec. 22. [CITY OF SARTELL; ON-SALE LICENSES.]

The city of Sartell may issue five on-sale intoxicating liquor licenses in addition to the number authorized by law. All provisions of Minnesota Statutes, chapter 340A, not inconsistent with this section, apply to the licenses authorized by this section.

Sec. 23. [CITY OF STILLWATER; ON-SALE LICENSES.]

The city of Stillwater may issue two on-sale intoxicating liquor licenses in addition to the number authorized by law. All provisions of Minnesota Statutes, chapter 340A, not inconsistent with this section, apply to the licenses authorized under this section.

Sec. 24. [CITY OF THIEF RIVER FALLS; ON-SALE LICENSE.]

The city of Thief River Falls may issue one on-sale intoxicating liquor license in addition to the number authorized by law. All provisions of Minnesota Statutes, chapter 340A, not inconsistent with this section apply to the licenses authorized by this section.

Sec. 25. [CITY OF WACONIA; ON-SALE LICENSES.]

The city of Waconia may issue three on-sale intoxicating liquor licenses in addition to the number authorized by law. All provisions of Minnesota Statutes, chapter 340A, not inconsistent with this section, apply to the licenses authorized under this section.

Sec. 26. [CITY OF WOODBURY; ON-SALE LICENSES.]

The city of Woodbury may issue 12 on-sale intoxicating liquor licenses in addition to the number authorized by law. All provisions of Minnesota Statutes, chapter 340A, not inconsistent with this section, apply to the licenses authorized by this section.

Sec. 27. [MINNESOTA CENTENNIAL SHOWBOAT.]

The city of St. Paul may issue an on-sale intoxicating liquor license for the Minnesota Centennial Showboat, moored at 110 Yacht Club Road, Harriet Island, notwithstanding any law, local ordinance, or charter provision. The license must be issued to a holder of a river tour boat license under Minnesota Statutes, section 340A.404, subdivision 8. The license authorizes sales on all days of the week.

Sec. 28. [ELKO SPEEDWAY; ON-SALE LICENSE.]

Notwithstanding Minnesota Statutes, section 340A.404, subdivision 1, the city of Elko may issue an on-sale intoxicating liquor license to the Elko Speedway in addition to the number authorized by law. The license may authorize sales only to persons attending racing events at the speedway. All provisions of Minnesota Statutes, chapter 340A, not inconsistent with this provision, apply to the license authorized under this section. The license may be issued for a space that is not compact and contiguous, provided that the licensed premises may include only the space within the fenced grandstand area as described in the approved license application.

Sec. 29. [WINE LICENSES; STATE FAIR.]

(a) Notwithstanding Minnesota Statutes, sections 37.21 and 340A.412, subdivision 4, paragraph (a), clause (3), the city of St. Paul may issue a license to the holder of a state fair concessions contract with the state agricultural society which authorizes the licensee to sell Minnesota-produced wine by the glass at the state fair in connection with the sale of food by the concessionaire. All provisions of Minnesota Statutes, chapter 340A, not inconsistent herewith, apply to licenses issued under this section.

(b) For purposes of this section "Minnesota-produced wine" means wine produced by a farm winery licensed under Minnesota Statutes, section 340A.315, and made from at least 75 percent Minnesota-grown grapes, grape juice, other fruit bases, other juices, and honey.

Sec. 30. [EFFECTIVE DATE.]

Sections 1 to 9 and 13 to 29 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to liquor; allowing brewpubs to make off-sales of the brewpub's own product under certain circumstances; modifying a posting requirement; modifying licensing provisions; expanding sale hours; modifying sampling provisions; authorizing certain local on-sale licenses; amending Minnesota Statutes 2002, sections 340A.101, by adding a subdivision; 340A.301, subdivisions 6, 7; 340A.308; 340A.318, subdivision 3; 340A.404, subdivisions 1, 2; 340A.411, subdivision 1; 340A.413, subdivision 4; 340A.504, subdivisions 1, 2, 3; 340A.510, subdivisions 1, 2; 340A.511."

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

House Conferees: MICHAEL BEARD, ANDREW WESTERBERG AND AL JUHNKE.

Senate Conferees: SANDRA L. PAPPAS, LINDA HIGGINS AND MARK OURADA.

Beard moved that the report of the Conference Committee on H. F. No. 719 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 719, A bill for an act relating to liquor; modifying a posting provision; authorizing cities to issue licenses in addition to the number allowed by law; amending Minnesota Statutes 2002, section 340A.318, subdivision 3.

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

The question was taken on the repassage of the bill and the roll was called. There were 93 yeas and 40 nays as follows:

Those who voted in the affirmative were:

Adolphson	Dempsey	Hoppe	Lieder	Paulsen	Solberg
Anderson, I.	Dill	Hornstein	Lindgren	Penas	Stang
Anderson, J.	Eken	Howes	Lipman	Peterson	Sykora
Atkins	Ellison	Jacobson	Magnus	Powell	Thao
Beard	Entenza	Jaros	Mahoney	Pugh	Thissen
Biernat	Erhardt	Johnson, J.	Mariani	Rhodes	Tingelstad
Blaine	Erickson	Johnson, S.	McNamara	Rukavina	Walker
Borrell	Finstad	Juhnke	Mullery	Samuelson	Walz
Boudreau	Fuller	Kahn	Murphy	Seagren	Wardlow
Bradley	Gerlach	Kelliher	Nelson, M.	Seifert	Wasiluk
Buesgens	Goodwin	Klinzing	Nornes	Sertich	Westerberg
Carlson	Hackbarth	Koenen	Olsen, S.	Severson	Westrom
Cox	Hausman	Kohls	Opatz	Sieben	Zellers
Davnie	Heidgerken	Larson	Osterman	Simpson	
DeLaForest	Hilstrom	Latz	Otremba	Smith	
Demmer	Hilty	Lesch	Ozment	Soderstrom	

Those who voted in the negative were:

Abeler	Dauids	Holberg	Lenczewski	Otto	Urdahl
Abrams	Dorn	Huntley	Lindner	Paymar	Vandever
Anderson, B.	Eastlund	Kielkucki	Marquart	Pelowski	Wagenius
Bernardy	Greiling	Knoblach	Meslow	Ruth	Wilkin
Brod	Gunther	Krinkie	Nelson, C.	Slawik	Spk. Sviggum
Clark	Haas	Kuisle	Nelson, P.	Strachan	
Cornish	Harder	Lanning	Olson, M.	Swenson	

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

CONFERENCE COMMITTEE REPORT ON H. F. NO. 294

A bill for an act relating to the military; requiring payment of a salary differential and continuation of certain benefits to certain state employees who are members of the national guard or other military reserve units and who reported for active military duty; permitting local governments to pay a similar salary differential for their employees who are members of the national guard or other military reserve units and who have reported for active military service; amending Minnesota Statutes 2002, section 471.975; proposing coding for new law in Minnesota Statutes, chapter 43A.

May 19, 2003

The Honorable Steve Sviggum
Speaker of the House of Representatives

The Honorable James P. Metzen
President of the Senate

We, the undersigned conferees for H. F. No. 294, 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. 294 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [43A.183] [PAYMENT OF SALARY DIFFERENTIAL FOR RESERVE FORCES WHO REPORTED FOR ACTIVE SERVICE.]

(a) Each agency head shall pay to each eligible member of the national guard or other reserve component of the armed forces of the United States an amount equal to the difference between the member's basic active duty military salary and the salary the member would be paid as an active state employee, including any adjustments the member would have received if not on leave of absence. This payment may be made only to a person whose basic active duty military salary is less than the salary the person would be paid as an active state employee. Payments must be made at the intervals at which the member received pay as a state employee. Payment under this section must not extend beyond four years from the date the employee reported for active service, plus any additional time the employee may be legally required to serve.

(b) An eligible member of the reserve components of the armed forces of the United States is a reservist or national guard member who was an employee of the state of Minnesota at the time the member reported for active service.

(c) For the purposes of this section, an employee of the state is an employee of the executive, judicial, or legislative branch of state government or an employee of the Minnesota state retirement system, the public employee retirement association, or the teachers retirement association.

(d) For purposes of this section, the term "active service" has the meaning given in section 190.05, subdivision 5, but excludes service performed exclusively for purposes of:

(1) basic combat training, advanced individual training, annual training, and periodic inactive duty training;

(2) special training periodically made available to reserve members; and

(3) service performed in accordance with section 190.08, subdivision 3.

(e) The agency head must continue the employee's enrollment in health and dental coverage, and the employer contribution toward that coverage, until the employee is covered by health and dental coverage provided by the armed forces. If the employee had elected dependent coverage for health or dental coverage as of the time that the employee reported for active service, the agency head must offer the employee the option to continue the dependent coverage at the employee's own expense. The agency head must permit the employee to continue participating in any pre-tax account in which the employee participated when the employee reported for active service, to the extent of employee pay available for that purpose.

(f) The commissioner of employee relations and the commissioner of finance shall adopt procedures required to implement this section. The procedures are exempt from chapter 14.

(g) This section does not apply to a judge, legislator, or constitutional officer of the executive branch.

Sec. 2. Minnesota Statutes 2002, section 471.975, is amended to read:

471.975 [MAY PAY SALARY DIFFERENTIAL OF RESERVE ON ACTIVE DUTY.]

(a) A statutory or home rule charter city, county, town, school district, or other political subdivision may pay to each eligible member of the national guard or other reserve components component of the armed forces of the United States an amount equal to the difference between the member's basic active duty military salary and the salary the member would be paid as an active political subdivision employee, including any adjustments the member would have received if not on leave of absence. This payment may be made only to a person whose basic active duty military salary is less than the salary the person would be paid as an active political subdivision employee. ~~Payments must be made at the intervals at which the member received pay as a political subdivision employee.~~ Back pay authorized by this section may be paid in a lump sum. ~~Such pay shall~~ Payment under this section must not extend beyond four years from the date the employee was called to reported for active duty service, plus such any additional time in each case as such the employee may be legally required to serve pursuant to law.

(b) An eligible member of the reserve components of the armed forces of the United States is a reservist or national guard member who was an employee of a political subdivision at the time the member ~~was called to reported for active duty and who was or is called to active duty service on or after August 1, 1990, because of Operation Desert Shield, Operation Desert Storm, or any other action taken by the armed forces relating to hostilities between the United States and the Republic of Iraq the effective date of this act or who is on active service on the effective date of this act.~~

(c) Notwithstanding other obligations under law, a political subdivision has total discretion regarding employee benefit continuation for a member who reports for active service and the terms and conditions of any benefit.

(d) For purposes of this section, "active service" has the meaning given in section 190.05, subdivision 5, but excludes service performed exclusively for purposes of:

- (1) basic combat training, advanced individual training, annual training, and periodic inactive duty training;
- (2) special training periodically made available to reserve members; and
- (3) service performed in accordance with section 190.08, subdivision 3.

Sec. 3. [EFFECTIVE DATE.]

Sections 1 and 2 are effective the day following final enactment and apply to salary differential for active service on or after that date."

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

House Conferees: ROB EASTLUND, BRUCE ANDERSON AND DAN LARSON.

Senate Conferees: DON BETZOLD, JAMES P. METZEN AND DENNIS R. FREDERICKSON.

Eastlund moved that the report of the Conference Committee on H. F. No. 294 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 294, A bill for an act relating to the military; requiring payment of a salary differential and continuation of certain benefits to certain state employees who are members of the national guard or other military reserve units and who reported for active military duty; permitting local governments to pay a similar salary differential for their employees who are members of the national guard or other military reserve units and who have reported for active military service; amending Minnesota Statutes 2002, section 471.975; proposing coding for new law in Minnesota Statutes, chapter 43A.

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 133 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Demmer	Holberg	Lesch	Ozment	Strachan
Abrams	Dempsey	Hoppe	Lieder	Paulsen	Swenson
Adolphson	Dill	Hornstein	Lindgren	Paymar	Sykora
Anderson, B.	Dorn	Howes	Lindner	Pelowski	Thao
Anderson, I.	Eastlund	Huntley	Lipman	Penas	Thissen
Anderson, J.	Eken	Jacobson	Magnus	Peterson	Tingelstad
Atkins	Ellison	Jaros	Mahoney	Powell	Urdahl
Beard	Entenza	Johnson, J.	Mariani	Pugh	Vandever
Bernardy	Erhardt	Johnson, S.	Marquart	Rhodes	Wagenius
Biernat	Erickson	Juhnke	McNamara	Rukavina	Walker
Blaine	Finstad	Kahn	Meslow	Ruth	Walz
Borrell	Fuller	Kelliher	Mullery	Samuelson	Wardlow
Boudreau	Gerlach	Kielkucki	Murphy	Seagren	Wasiluk
Bradley	Goodwin	Klinzing	Nelson, C.	Seifert	Westerberg
Brod	Greiling	Knoblach	Nelson, M.	Sertich	Westrom
Buesgens	Gunther	Koenen	Nelson, P.	Severson	Wilkin
Carlson	Haas	Kohls	Nornes	Sieben	Zellers
Clark	Hackbarth	Krinkie	Olsen, S.	Simpson	Spk. Sviggum
Cornish	Harder	Kuisle	Olson, M.	Slawik	
Cox	Hausman	Lanning	Opatz	Smith	
Dauids	Heidgerken	Larson	Osterman	Soderstrom	
Davnie	Hilstrom	Latz	Otremba	Solberg	
DeLaForest	Hilty	Lenczewski	Otto	Stang	

The bill was repassed, as amended by Conference, 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 that the Senate has concurred in and adopted the report of the Conference Committee on:

S. F. No. 328.

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.

PATRICE DWORAK, First Assistant Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. NO. 328

A bill for an act relating to health; authorizing the board of psychology to require an independent examination of a practitioner; classifying such information; amending Minnesota Statutes 2002, sections 13.383, subdivision 8; 148.941, by adding a subdivision.

May 16, 2003

The Honorable James P. Metzen
President of the Senate

The Honorable Steve Sviggum
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 328, 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. 328 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2002, section 13.383, subdivision 8, is amended to read:

Subd. 8. [PSYCHOLOGISTS AND PSYCHOLOGICAL PRACTITIONERS.] Client records of a patient cared for by a psychologist or psychological practitioner who is under review by the board of psychology are classified under section 148.941, subdivision 4. Data obtained by the board of psychology when requiring a mental, physical, or chemical dependency examination or evaluation of a regulated individual or when accessing the medical records of a regulated individual are classified under section 148.941, subdivision 8.

Sec. 2. Minnesota Statutes 2002, section 148.89, subdivision 5, is amended to read:

Subd. 5. [PRACTICE OF PSYCHOLOGY.] "Practice of psychology" means the observation, description, evaluation, interpretation, ~~and~~ or modification of human behavior by the application of psychological principles, methods, ~~and~~ or procedures, to prevent ~~or~~ eliminate, or manage symptomatic, maladaptive, or undesired behavior and to enhance interpersonal relationships, work ~~and~~ life and developmental adjustment, personal and organizational effectiveness, behavioral health, and mental health. The practice of psychology includes, but is not limited to, the following services, regardless of whether the provider receives payment for the services:

(1) ~~psychological research, psychological testing, and teaching of psychology, and the evaluation or assessment of personal characteristics such as intelligence, personality, abilities, interests, aptitudes, and neuropsychological functioning;~~

(2) assessment, including psychological testing and other means of evaluating personal characteristics such as intelligence, personality, abilities, interests, aptitudes, and neuropsychological functioning;

(3) a psychological report, whether written or oral, including testimony of a provider as an expert witness, concerning the characteristics of an individual or entity;

(4) psychotherapy, including but not limited to, categories such as behavioral, cognitive, emotive, systems, psychophysiological, or insight-oriented therapies; counseling; psychoanalysis, ~~psychotherapy,~~ hypnosis, biofeedback; and diagnosis and treatment of:

(i) mental and emotional disorder or disability;

(ii) ~~alcoholism~~ alcohol and substance dependence or abuse;

(iii) disorders of habit or conduct;

(iv) the psychological aspects of physical illness or condition, accident, injury, or disability;

(v) life adjustment issues, including work-related and bereavement issues; and

(vi) child, family, or relationship issues; and

~~(vii) work-related issues; and~~

~~(3) (5) psychoeducational evaluation, therapy, remediation, consultation, and supervision services and treatment; and~~

~~(6) consultation and supervision.~~

Sec. 3. [148.9105] [EMERITUS REGISTRATION.]

Subdivision 1. [APPLICATION.] Retired providers who are licensed or were formerly licensed to practice psychology in the state according to the Minnesota Psychology Practice Act may apply to the board for psychologist emeritus registration or psychological practitioner emeritus registration if they declare that they are retired from the practice of psychology in Minnesota, have not been the subject of disciplinary action in any jurisdiction, and have no unresolved complaints in any jurisdiction. Retired providers shall complete the necessary forms provided by the board and pay a onetime, nonrefundable fee of \$150 at the time of application.

Subd. 2. [STATUS OF REGISTRANT.] Emeritus registration is not a license to provide psychological services as defined in the Minnesota Psychology Practice Act. The registrant shall not engage in the practice of psychology.

Subd. 3. [CHANGE TO ACTIVE STATUS.] Emeritus registrants who request a change to active licensure status shall meet the requirements for relicensure following termination in the Minnesota Psychology Practice Act. Master's level emeritus registrants who request licensure at the doctoral level shall comply with current licensure requirements.

Subd. 4. [DOCUMENTATION OF STATUS.] A provider granted emeritus registration shall receive a document certifying that emeritus status has been granted by the board and that the registrant has completed the registrant's active career as a psychologist or psychological practitioner licensed in good standing with the board.

Subd. 5. [REPRESENTATION TO THE PUBLIC.] In addition to the descriptions allowed in section 148.96, subdivision 3, paragraph (e), former licensees who have been granted emeritus registration may represent themselves as "psychologist emeritus" or "psychological practitioner emeritus," but shall not represent themselves or allow themselves to be represented to the public as "licensed" or otherwise as current licensees of the board.

Subd. 6. [CONTINUING EDUCATION REQUIREMENTS.] The continuing education requirements of the Minnesota Psychology Practice Act do not apply to emeritus registrants.

Subd. 7. [RENEWAL OR SPECIAL FEES.] An emeritus registrant is not subject to license renewal or special fees.

Sec. 4. Minnesota Statutes 2002, section 148.925, subdivision 1, is amended to read:

Subdivision 1. [SUPERVISION.] For the purpose of meeting the requirements of this section, supervision means documented in-person consultation, which may include interactive, visual electronic communication, between either: (1) a primary supervisor and a licensed psychological practitioner; or (2) a primary or designated supervisor and an applicant for licensure as a licensed psychologist. The supervision shall be adequate to assure the quality and competence of the activities supervised. Supervisory consultation shall include discussions on the nature and content of the practice of the supervisee, including, but not limited to, a review of a representative sample of psychological services in the supervisee's practice.

Sec. 5. Minnesota Statutes 2002, section 148.941, is amended by adding a subdivision to read:

Subd. 8. [MENTAL, PHYSICAL, OR CHEMICAL DEPENDENCY EXAMINATION OR EVALUATION.]
(a) If the board has probable cause to believe that an individual who is regulated by the board has demonstrated an inability to practice psychology with reasonable skill and safety to clients due to any mental or physical illness or condition, the board may direct the individual to submit to an independent mental, physical, or chemical dependency examination or evaluation. For the purpose of this subdivision, an individual regulated by the board is deemed to have consented to submit to the examination or evaluation when directed to do so by written notice by the board and to have waived all objections to the admissibility of the examiner's or evaluator's testimony or reports on the grounds that the same constitutes a privileged communication. Failure to submit to an examination or evaluation without just cause, as determined by the board, shall authorize the board to consider the allegations as true for the purposes of further action by the board. Such action may include an application being denied, a license being suspended, or a default and final order being entered without the taking of testimony or presentation of evidence, other than evidence that may be submitted by affidavit that explains why the individual did not submit to the examination or evaluation.

(b) An individual regulated by the board who is affected under this subdivision shall, at reasonable intervals, be given an opportunity to demonstrate that the individual is fit to resume the competent practice of psychology with reasonable skill and safety to the public.

(c) In a proceeding under this subdivision, neither the record of the proceedings nor the orders entered by the board is admissible, is subject to subpoena, or may be used against the individual regulated by the board in any proceeding not commenced by the board.

(d) Information obtained under this subdivision is classified as private under section 13.02, subdivision 12.

Sec. 6. [APPROPRIATION.]

\$1,000 is appropriated for each fiscal year of the biennium ending June 30, 2005, from the state government special revenue fund to the board of psychology for the purpose of administering section 3."

Delete the title and insert:

"A bill for an act relating to health; authorizing the board of psychology to require an independent examination of a practitioner; classifying such information; clarifying the definition of the practice of psychology; modifying provisions relating to supervised practice by a psychologist; providing for psychologist emeritus registration;

appropriating money; amending Minnesota Statutes 2002, sections 13.383, subdivision 8; 148.89, subdivision 5; 148.925, subdivision 1; 148.941, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 148."

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

Senate Conferees: YVONNE PRETTNER SOLON, LINDA HIGGINS AND SHEILA M. KISCADEN.

House Conferees: DUKE POWELL, TIM WILKIN AND CY THAO.

Powell moved that the report of the Conference Committee on S. F. No. 328 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 328, A bill for an act relating to health; authorizing the board of psychology to require an independent examination of a practitioner; classifying such information; amending Minnesota Statutes 2002, sections 13.383, subdivision 8; 148.941, by adding a subdivision.

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

The question was taken on the repassage of the bill and the roll was called. There were 133 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Demmer	Holberg	Lesch	Ozment	Strachan
Abrams	Dempsey	Hoppe	Lieder	Paulsen	Swenson
Adolphson	Dill	Hornstein	Lindgren	Paymar	Sykora
Anderson, B.	Dorn	Howes	Lindner	Pelowski	Thao
Anderson, I.	Eastlund	Huntley	Lipman	Penas	Thissen
Anderson, J.	Eken	Jacobson	Magnus	Peterson	Tingelstad
Atkins	Ellison	Jaros	Mahoney	Powell	Urdahl
Beard	Entenza	Johnson, J.	Mariani	Pugh	Vandever
Bernardy	Erhardt	Johnson, S.	Marquart	Rhodes	Wagenius
Biernat	Erickson	Juhnke	McNamara	Rukavina	Walker
Blaine	Finstad	Kahn	Meslow	Ruth	Walz
Borrell	Fuller	Kelliher	Mullery	Samuelson	Wardlow
Boudreau	Gerlach	Kielkucki	Murphy	Seagren	Wasiluk
Bradley	Goodwin	Klinzing	Nelson, C.	Seifert	Westerberg
Brod	Greiling	Knoblach	Nelson, M.	Sertich	Westrom
Buesgens	Gunther	Koenen	Nelson, P.	Severson	Wilkin
Carlson	Haas	Kohls	Nornes	Sieben	Zellers
Clark	Hackbarth	Krinkie	Olsen, S.	Simpson	Spk. Sviggum
Cornish	Harder	Kuisle	Olson, M.	Slawik	
Cox	Hausman	Lanning	Opatz	Smith	
Davids	Heidgerken	Larson	Osterman	Soderstrom	
Davnie	Hilstrom	Latz	Otremba	Solberg	
DeLaForest	Hilty	Lenzewski	Otto	Stang	

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

Mr. Speaker:

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

S. F. No. 351.

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.

PATRICE DWORAK, First Assistant Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. NO. 351

A bill for an act relating to crime prevention; providing that in certain cases authorized representatives of entities possessing a permit to use radio equipment capable of receiving police emergency transmissions may use and possess the equipment without a permit; amending Minnesota Statutes 2002, section 299C.37, subdivisions 1, 3.

May 14, 2003

The Honorable James P. Metzen
President of the Senate

The Honorable Steve Sviggum
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 351, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment.

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

Senate Conferees: THOMAS M. BAKK, DAVID L. KNUTSON AND TOM SAXHAUG.

House Conferees: DAVID DILL, JIM RHODES AND DUKE POWELL.

Dill moved that the report of the Conference Committee on S. F. No. 351 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 351, A bill for an act relating to crime prevention; providing that in certain cases authorized representatives of entities possessing a permit to use radio equipment capable of receiving police emergency transmissions may use and possess the equipment without a permit; amending Minnesota Statutes 2002, section 299C.37, subdivisions 1, 3.

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

The question was taken on the repassage of the bill and the roll was called. There were 132 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Abeler	DeLaForest	Hilstrom	Latz	Osterman	Smith
Abrams	Demmer	Hilty	Lenczewski	Otremba	Soderstrom
Adolphson	Dempsey	Hoppe	Lesch	Otto	Solberg
Anderson, B.	Dill	Hornstein	Lieder	Ozment	Stang
Anderson, I.	Dorn	Howes	Lindgren	Paulsen	Strachan
Anderson, J.	Eastlund	Huntley	Lindner	Paymar	Swenson
Atkins	Eken	Jacobson	Lipman	Pelowski	Sykora
Beard	Ellison	Jaros	Magnus	Penas	Thao
Bernardy	Entenza	Johnson, J.	Mahoney	Peterson	Thissen
Biernat	Erhardt	Johnson, S.	Mariani	Powell	Tingelstad
Blaine	Erickson	Juhnke	Marquart	Pugh	Urdahl
Borrell	Finstad	Kahn	McNamara	Rhodes	Vandever
Boudreau	Fuller	Kelliher	Meslow	Rukavina	Wagenius
Bradley	Gerlach	Kielkucki	Mullery	Ruth	Walker
Brod	Goodwin	Klinzing	Murphy	Samuelson	Walz
Buesgens	Greiling	Knoblach	Nelson, C.	Seagren	Wardlow
Carlson	Gunther	Koenen	Nelson, M.	Seifert	Wasiluk
Clark	Haas	Kohls	Nelson, P.	Sertich	Westerberg
Cornish	Hackbarth	Krinkie	Nornes	Severson	Westrom
Cox	Harder	Kuisle	Olsen, S.	Sieben	Wilkin
Davids	Hausman	Lanning	Olson, M.	Simpson	Zellers
Davnie	Heidgerken	Larson	Opatz	Slawik	Spk. Sviggum

Those who voted in the negative were:

Holberg

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

Speaker pro tempore Seifert called Abrams to the Chair.

CALENDAR FOR THE DAY

S. F. No. 40 was reported to the House.

Davnie moved to amend S. F. No. 40 as follows:

Delete everything after the enacting clause and insert the following language of H. F. No. 339, the first engrossment:

"Section 1. [617.90] [GRAFFITI DAMAGE ACTION.]

Subdivision 1. [DEFINITION.] For purposes of this section "graffiti" means unauthorized markings of paint, dye, or other similar substance that have been placed on real or personal property such as buildings, fences, transportation equipment, or other structures, or the unauthorized etching or scratching of the surfaces of such real or personal property, any of which markings, scratchings, or etchings are visible from premises open to the public.

Subd. 2. [CAUSE OF ACTION.] An action for damage to property caused by graffiti may be brought by the owner of public or private property on which graffiti has been placed. Damages may be recovered for three times the cost of restoring the property, or the court may order a defendant to perform the work of restoring the property. Damages may be recovered from an individual who placed graffiti on public or private real or personal property or from the parent of a minor individual. The liability of the parent is limited to the amount specified in section 540.18. The court may award attorney fees and costs to a prevailing plaintiff.

Sec. 2. [EFFECTIVE DATE; APPLICATION.]

Section 1 is effective August 1, 2003, and applies to causes of action arising on or after that date."

Delete the title and insert:

"A bill for an act relating to civil actions; graffiti; allowing the recovery of damages for graffiti; proposing coding for new law in Minnesota Statutes, chapter 617."

The motion prevailed and the amendment was adopted.

S. F. No. 40, A bill for an act relating to civil actions; increasing the limit for parental liability for certain damage caused by a minor; providing for the recovery of damages resulting from graffiti; amending Minnesota Statutes 2002, section 540.18, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 617.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 106 yeas and 25 nays as follows:

Those who voted in the affirmative were:

Abrams	DeLaForest	Hoppe	Lieder	Otto	Smith
Anderson, B.	Demmer	Hornstein	Lindgren	Ozment	Soderstrom
Anderson, I.	Dempsey	Huntley	Lindner	Paulsen	Solberg
Anderson, J.	Dill	Jacobson	Magnus	Paymar	Strachan
Atkins	Dorn	Jaros	Mahoney	Pelowski	Sykora
Beard	Eken	Johnson, J.	Marquart	Penas	Thao
Bernardy	Entenza	Johnson, S.	McNamara	Peterson	Thissen
Biernat	Erhardt	Juhnke	Meslow	Powell	Tingelstad
Blaine	Fuller	Kahn	Mullery	Pugh	Urdahl
Bradley	Goodwin	Kelliher	Murphy	Rhodes	Wagenius
Brod	Greiling	Kielkucki	Nelson, C.	Ruth	Walker
Buesgens	Gunther	Klinzing	Nelson, M.	Samuelson	Wardlow
Carlson	Haas	Kuisle	Nelson, P.	Seagren	Wasiluk
Clark	Harder	Lanning	Nornes	Sertich	Westerberg
Cornish	Hausman	Larson	Olsen, S.	Severson	Wilkin
Cox	Heidgerken	Latz	Olson, M.	Sieben	Spk. Sviggum
Davids	Hilstrom	Lenczewski	Opatz	Simpson	
Davnie	Holberg	Lesch	Osterman	Slawik	

Those who voted in the negative were:

Abeler	Ellison	Howes	Mariani	Swenson
Adolphson	Erickson	Koenen	Otremba	Vandever
Borrell	Finstad	Kohls	Rukavina	Walz
Boudreau	Gerlach	Krinkie	Seifert	Westrom
Eastlund	Hackbarth	Lipman	Stang	Zellers

The bill was passed, as amended, and its title agreed to.

S. F. No. 906 was reported to the House.

Eastlund; Soderstrom; Anderson, J.; Severson; Johnson, J.; Erickson; Powell; Olson, M., and Seifert moved to amend S. F. No. 906 as follows:

Page 1, after line 15, insert:

"Sec. 2. Minnesota Statutes 2002, section 246B.04, is amended to read:

246B.04 [RULES; EVALUATION.]

Subdivision 1. [PROGRAM RULES AND EVALUATION.] The commissioner of human services shall adopt rules to govern the operation, maintenance, and licensure of the program established at the Minnesota Sexual Psychopathic Personality Treatment Center, or at any other facility operated by the commissioner, for persons committed as a psychopathic personality. The commissioner shall establish an evaluation process to measure outcomes and behavioral changes as a result of treatment compared with incarceration without treatment, to determine the value, if any, of treatment in protecting the public.

Subd. 2. [BAN ON OBSCENE MATERIAL OR PORNOGRAPHIC WORK.] The commissioner shall prohibit persons civilly committed as sexual psychopathic personalities or sexually dangerous persons under sections 246.43 and 253B.185 from having or receiving material that is obscene as defined under section 617.241, subdivision 1, material that depicts sexual conduct as defined under section 617.241, subdivision 1, or pornographic work as defined under section 617.246, subdivision 1, while receiving services in any secure treatment facilities operated by the Minnesota sex offender program or any other facilities operated by the commissioner."

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Eastlund et al amendment and the roll was called. There were 132 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Anderson, I.	Bernardy	Boudreau	Carlson	Davids
Abrams	Anderson, J.	Biernat	Bradley	Clark	Davnie
Adolphson	Atkins	Blaine	Brod	Cornish	DeLaForest
Anderson, B.	Beard	Borrell	Buesgens	Cox	Demmer

Dempsey	Hausman	Knoblach	McNamara	Penas	Strachan
Dill	Heidgerken	Koenen	Meslow	Peterson	Swenson
Dorn	Hilstrom	Kohls	Mullery	Powell	Sykora
Eastlund	Hilty	Krinkie	Murphy	Pugh	Thao
Eken	Holberg	Kuisle	Nelson, C.	Rhodes	Thissen
Ellison	Hoppe	Lanning	Nelson, M.	Ruth	Tingelstad
Entenza	Hornstein	Larson	Nelson, P.	Samuelson	Urdahl
Erhardt	Howes	Latz	Nornes	Seagren	Vandever
Erickson	Huntley	Lenczewski	Olsen, S.	Seifert	Wagenius
Finstad	Jacobson	Lesch	Olson, M.	Sertich	Walker
Fuller	Jaros	Lieder	Opatz	Severson	Walz
Gerlach	Johnson, J.	Lindgren	Osterman	Sieben	Wardlow
Goodwin	Johnson, S.	Lindner	Otremba	Simpson	Wasiluk
Greiling	Juhnke	Lipman	Otto	Slawik	Westerberg
Gunther	Kahn	Magnus	Ozment	Smith	Westrom
Haas	Kelliher	Mahoney	Paulsen	Soderstrom	Wilkin
Hackbarth	Kielkucki	Mariani	Paymar	Solberg	Zellers
Harder	Klinzing	Marquart	Pelowski	Stang	Spk. Sviggum

The motion prevailed and the amendment was adopted.

S. F. No. 906, A bill for an act relating to corrections; authorizing collection of treatment co-pays from offenders; amending Minnesota Statutes 2002, section 241.272, by adding a subdivision.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 133 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Demmer	Holberg	Lesch	Ozment	Strachan
Abrams	Dempsey	Hoppe	Lieder	Paulsen	Swenson
Adolphson	Dill	Hornstein	Lindgren	Paymar	Sykora
Anderson, B.	Dorn	Howes	Lindner	Pelowski	Thao
Anderson, I.	Eastlund	Huntley	Lipman	Penas	Thissen
Anderson, J.	Eken	Jacobson	Magnus	Peterson	Tingelstad
Atkins	Ellison	Jaros	Mahoney	Powell	Urdahl
Beard	Entenza	Johnson, J.	Mariani	Pugh	Vandever
Bernardy	Erhardt	Johnson, S.	Marquart	Rhodes	Wagenius
Biernat	Erickson	Juhnke	McNamara	Rukavina	Walker
Blaine	Finstad	Kahn	Meslow	Ruth	Walz
Borrell	Fuller	Kelliher	Mullery	Samuelson	Wardlow
Boudreau	Gerlach	Kielkucki	Murphy	Seagren	Wasiluk
Bradley	Goodwin	Klinzing	Nelson, C.	Seifert	Westerberg
Brod	Greiling	Knoblach	Nelson, M.	Sertich	Westrom
Buesgens	Gunther	Koenen	Nelson, P.	Severson	Wilkin
Carlson	Haas	Kohls	Nornes	Sieben	Zellers
Clark	Hackbarth	Krinkie	Olsen, S.	Simpson	Spk. Sviggum
Cornish	Harder	Kuisle	Olson, M.	Slawik	
Cox	Hausman	Lanning	Opatz	Smith	
Davids	Heidgerken	Larson	Osterman	Soderstrom	
Davnie	Hilstrom	Latz	Otremba	Solberg	
DeLaForest	Hilty	Lenczewski	Otto	Stang	

The bill was passed, as amended, and its title agreed to.

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 Speaker pro tempore Abrams.

There being no objection, the order of business reverted to Messages from the Senate.

MESSAGES FROM THE SENATE

The following message was received from the Senate:

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendments the concurrence of the House is respectfully requested:

H. F. No. 768, A bill for an act relating to veterans; classifying military certificates of discharge as private data on individuals; providing procedures for their release; amending Minnesota Statutes 2002, sections 13.785, subdivision 2; 196.08; 386.20, subdivision 1.

PATRICE DWORAK, First Assistant Secretary of the Senate

CONCURRENCE AND REPASSAGE

Anderson, J., moved that the House concur in the Senate amendments to H. F. No. 768 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 768, A bill for an act relating to veterans; classifying military certificates of discharge as private data on individuals; providing procedures for their release; amending Minnesota Statutes 2002, sections 13.785, subdivision 2; 196.08; 386.20, subdivision 1.

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 133 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Anderson, I.	Bernardy	Boudreau	Carlson	Davids
Abrams	Anderson, J.	Biernat	Bradley	Clark	Davnie
Adolphson	Atkins	Blaine	Brod	Cornish	DeLaForest
Anderson, B.	Beard	Borrell	Buesgens	Cox	Demmer

Dempsey	Heidgerken	Kohls	Murphy	Rhodes	Thissen
Dill	Hilstrom	Krinkie	Nelson, C.	Rukavina	Tingelstad
Dorn	Hilty	Kuisle	Nelson, M.	Ruth	Urdahl
Eastlund	Holberg	Lanning	Nelson, P.	Samuelson	Vandever
Eken	Hoppe	Larson	Nornes	Seagren	Wagenius
Ellison	Hornstein	Latz	Olsen, S.	Seifert	Walker
Entenza	Howes	Lenczewski	Olson, M.	Sertich	Walz
Erhardt	Huntley	Lesch	Opatz	Severson	Wardlow
Erickson	Jacobson	Lieder	Osterman	Sieben	Wasiluk
Finstad	Jaros	Lindgren	Otremba	Simpson	Westerberg
Fuller	Johnson, J.	Lindner	Otto	Slawik	Westrom
Gerlach	Johnson, S.	Lipman	Ozment	Smith	Wilkin
Goodwin	Juhnke	Magnus	Paulsen	Soderstrom	Zellers
Greiling	Kahn	Mahoney	Paymar	Solberg	Spk. Sviggum
Gunther	Kelliher	Mariani	Pelowski	Stang	
Haas	Kielkucki	Marquart	Penas	Strachan	
Hackbarth	Klinzing	McNamara	Peterson	Swenson	
Harder	Knoblach	Meslow	Powell	Sykora	
Hausman	Koenen	Mullery	Pugh	Thao	

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

CALENDAR FOR THE DAY

S. F. No. 905 was reported to the House.

Swenson moved that the name of Ozment be added as chief author and that his name be shown as second author on H. F. No. 967, the companion to S. F. No. 905. The motion prevailed.

Ozment moved to amend S. F. No. 905 as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

ENVIRONMENT AND NATURAL RESOURCES

Section 1. [ENVIRONMENT AND NATURAL RESOURCES APPROPRIATIONS.]

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or another named fund, to the agencies and for the purposes specified in this act, to be available for the fiscal years indicated for each purpose. The figures "2004" and "2005," where used in this act, mean that the appropriation or appropriations listed under them are available for the year ending June 30, 2004, or June 30, 2005, respectively. The term "the first year" means the year ending June 30, 2004, and the term "the second year" means the year ending June 30, 2005.

SUMMARY BY FUND

	2004	2005	TOTAL
General	\$141,347,000	\$141,116,000	\$282,463,000
State Government Special Revenue	48,000	48,000	96,000
Environmental	38,806,000	38,806,000	77,612,000
Natural Resources	52,501,000	50,161,000	102,662,000
Game and Fish	82,350,000	82,292,000	164,642,000
Remediation	11,504,000	11,504,000	23,008,000
Land and Water Conservation Account	2,000,000	-0-	2,000,000
Great Lakes Protection Account	56,000	-0-	56,000
Environment and Natural Resources Trust Fund	15,050,000	15,050,000	30,100,000
Oil Overcharge	519,000	-0-	519,000
Total	344,181,000	338,977,000	683,158,000

APPROPRIATIONS

Available for the Year
Ending June 30

2004 2005

Sec. 2. POLLUTION CONTROL AGENCY

Subdivision 1. Total Appropriation \$52,979,000 \$52,979,000

Summary by Fund

General	14,715,000	14,715,000
State Government Special Revenue	48,000	48,000
Environmental	26,812,000	26,812,000
Remediation	11,404,000	11,404,000

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

APPROPRIATIONS
Available for the Year
Ending June 30
2004 2005

Subd. 2. Water	19,456,000	19,456,000
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Summary by Fund

General	10,467,000	10,467,000
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State Government Special Revenue	48,000	48,000
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Environmental	8,941,000	8,941,000
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\$2,348,000 the first year and \$2,348,000 the second year are for the clean water partnership program. Any balance remaining in the first year does not cancel and is available for the second year of the biennium.

\$2,324,000 the first year and \$2,324,000 the second year are for grants for county administration of the feedlot permit program. Grants must be matched with a combination of local cash and/or in-kind contributions. Counties receiving these grants shall submit an annual report to the pollution control agency regarding activities conducted under the grant, expenditures made, and local match contributions. Funding shall be given to counties that have requested and received delegation from the pollution control agency for processing of animal feedlot permit applications under Minnesota Statutes, section 116.07, subdivision 7. The first year, delegated counties shall be eligible to receive an amount of either:

(1) \$50 multiplied by the number of feedlots with greater than ten animal units as reported by the county in their annual report for registration data developed in accordance to Minnesota Rules, part 7020.0350, or Minnesota Statutes, section 116.072; or

(2) \$80 multiplied by the number of feedlots with greater than ten animal units as reported by the county in their annual report and determined by a level 2 or level 3 feedlot inventory conducted in accordance with the "Feedlot Inventory Guidebook" published by the board of water and soil resources, dated June 1991.

The second year, delegated counties shall be eligible to receive an amount of either:

(1) \$50 multiplied by the number of feedlots with greater than ten animal units as reported to the agency under the terms of aggregate reporting as defined in Minnesota Statutes, section 116.0712; or

APPROPRIATIONS
 Available for the Year
 Ending June 30
 2004 2005

(2) \$80 multiplied by the number of feedlots with greater than ten animal units based on the agency's statewide database for registration in accordance with Minnesota Rules, part 7020.0350. By June 30, 2004, the agency, in consultation with delegated counties, shall develop a new funding formula incorporating the following criteria at a minimum:

(i) fee multiplier per feedlot as defined by the state registration program (greater than 50 animal units in nonshoreland areas, and ten to 50 animal units in shoreland areas);

(ii) use of the state database for determination of the feedlots in item (i); and

(iii) incentive-based payments for counties exceeding minimum program requirements based on program priorities.

To be eligible for a grant, a county must be delegated by December 31 of the year prior to the year in which awards are distributed. At a minimum, delegated counties are eligible to receive a grant of \$7,500 per year. To receive the award, the county must receive approval by the pollution control agency of the county feedlot work plan and annual county feedlot officer report. Feedlots that have been inactive for five or more years may not be counted in determining the amount of the grant.

Any money remaining after the first year is available for the second year. Any money remaining in either year is available for distribution to all counties on a competitive basis through the challenge grant process for the development of delegated county feedlot programs or to enhance existing delegated county feedlot programs, information and education, or technical assistance efforts to reduce feedlot-related pollution hazards.

\$335,000 the first year and \$335,000 the second year are for community technical assistance and education, including grants and technical assistance to communities for local and basinwide water quality protection.

\$405,000 the first year and \$405,000 the second year are for individual sewage treatment system (ISTS) administration and/or grants. Of this amount, \$86,000 in each year is for assistance to local units of government through competitive grant programs for ISTS program development. Any unexpended balance in the first year does not cancel but is available in the second year.

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\$480,000 the first year and \$480,000 the second year are from the environmental fund to address the need for increased activity in the areas of new technology review, technical assistance for local governments, and enforcement under Minnesota Statutes, sections 115.55 to 115.58, and to complete the requirements of sections 164 and 165. Of this amount, \$48,000 each year is for administration of individual septic tank fees, as provided in section 124.

By February 1, 2004, the commissioner shall report to the environment and natural resources finance committees of the house and senate on the status of discussions with stakeholders on strategies to implement the impaired waters program and any specific recommendations on funding options to address the needs documented in the agency's report to the legislature, "Minnesota's Impaired Waters," dated March 2003.

Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered under contract on or before June 30, 2005, for clean water partnership, ISTS, Minnesota River, and local and basinwide water quality protection grants in this subdivision are available until June 30, 2007.

Subd. 3. Air	8,770,000	8,765,000
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Summary by Fund

Environmental	8,770,000	8,765,000
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Up to \$150,000 the first year and \$150,000 the second year may be transferred to the environmental fund for the small business environmental improvement loan program established in Minnesota Statutes, section 116.993.

\$200,000 the first year and \$200,000 the second year are from the environmental fund for a monitoring program under Minnesota Statutes, section 116.454.

\$125,000 the first year and \$125,000 the second year are from the environmental fund for monitoring ambient air for hazardous pollutants in the metropolitan area.

Subd. 4. Land	18,469,000	18,469,000
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Summary by Fund

Environmental	7,065,000	7,065,000
Remediation	11,404,000	11,404,000

All money for environmental response, compensation, and compliance in the remediation fund not otherwise appropriated is appropriated to the commissioners of the pollution control agency and the department of agriculture for purposes of Minnesota Statutes, section 115B.20, subdivision 2, clauses (1), (2), (3), (6), and (7). At the beginning of each fiscal year, the two commissioners shall jointly submit an annual spending plan to the commissioner of finance that maximizes the utilization of resources and appropriately allocates the money between the two agencies. This appropriation is available until June 30, 2005.

\$574,000 the first year and \$574,000 the second year are from the petroleum tank fund to be transferred to the remediation fund for purposes of the leaking underground storage tank program to protect the land.

\$200,000 the first year and \$200,000 the second year are from the remediation fund to be transferred to the department of health for private water supply monitoring and health assessment costs in areas contaminated by unpermitted mixed municipal solid waste disposal facilities.

Subd. 5. Multimedia

	4,301,000	4,306,000
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Summary by Fund

General	2,265,000	2,265,000
Environmental	2,036,000	2,041,000

Subd. 6. Administrative Support

	1,983,000	1,983,000
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Sec. 3. OFFICE OF ENVIRONMENTAL ASSISTANCE	23,754,000	23,754,000
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Summary by Fund

General	11,760,000	11,760,000
Environmental	11,994,000	11,994,000

\$12,500,000 each year is for SCORE block grants to counties. Of that amount, \$7,060,000 is from the general fund and \$5,440,000 is from the environmental fund.

Any unencumbered grant and loan balances in the first year do not cancel but are available for grants and loans in the second year.

All money deposited in the environmental fund for the metropolitan solid waste landfill fee in accordance with Minnesota Statutes, section 473.843, and not otherwise appropriated, is appropriated to the office of environmental assistance for the purposes of Minnesota Statutes, section 473.844.

\$119,000 the first year and \$119,000 the second year are for environmental assistance grants or loans under Minnesota Statutes, section 115A.0716.

Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered under contract on or before June 30, 2005, for environmental assistance grants awarded under Minnesota Statutes, section 115A.0716, and for technical and research assistance under Minnesota Statutes, section 115A.152, technical assistance under Minnesota Statutes, section 115A.52, and pollution prevention assistance under Minnesota Statutes, section 115D.04, are available until June 30, 2006.

\$4,000,000 each year is from the environmental fund for mixed municipal solid waste processing payments under Minnesota Statutes, section 115A.545.

The office of environmental assistance shall, in consultation with stakeholders, develop and report to the legislative finance and policy committees with jurisdiction over the environment on an incentive-based distribution approach for SCORE funding to replace the allocation formula in Minnesota Statutes, section 115A.557, subdivision 2. The office must submit preliminary recommendations by January 15, 2004, and final recommendations by January 15, 2005.

APPROPRIATIONS Available for the Year Ending June 30		
2004	2005	
Sec. 4. ZOOLOGICAL BOARD	6,681,000	6,681,000

Summary by Fund

General	6,557,000	6,557,000
Natural Resources	124,000	124,000

\$124,000 the first year and \$124,000 the second year are from the natural resources fund from the revenue deposited under Minnesota Statutes, section 297A.94, paragraph (e), clause (5). This is a onetime appropriation.

Sec. 5. NATURAL RESOURCES

Subdivision 1. Total Appropriation	226,120,000	223,492,000
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Summary by Fund

General	91,783,000	91,553,000
Natural Resources	51,887,000	49,547,000
Game and Fish	82,350,000	82,292,000
Remediation	100,000	100,000

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

Subd. 2. Land and Mineral Resources Management

	7,494,000	7,494,000
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Summary by Fund

General	6,451,000	6,451,000
Natural Resources	156,000	156,000
Game and Fish	887,000	887,000

\$275,000 the first year and \$275,000 the second year are for iron ore cooperative research, of which \$137,500 the first year and \$137,500 the second year are available only as matched by \$1 of

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nonstate money for each \$1 of state money. The match may be cash or in-kind. Any unencumbered balance remaining in the first year does not cancel but is available for the second year.

\$172,000 the first year and \$172,000 the second year are for mineral diversification.

\$86,000 the first year and \$86,000 the second year are for minerals cooperative environmental research, of which \$43,000 the first year and \$43,000 the second year are available only as matched by \$1 of nonstate money for each \$1 of state money. The match may be cash or in-kind. Any unencumbered balance remaining in the first year does not cancel but is available for the second year.

Subd. 3. Water Resources Management

11,446,000	10,736,000
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Summary by Fund

General	11,186,000	10,456,000
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Natural Resources	280,000	280,000
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\$108,000 the first year is 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, and to pay additional project development costs that are approved for federal cost-share payment by the United States Bureau of Reclamation, and is available until spent. This appropriation is available when matched by \$8 of federal money and \$1 of local money for each \$1 of state money.

\$210,000 the first year and \$210,000 the second year are for grants associated with the implementation of the Red River mediation agreement.

\$50,000 the first year is for analysis of groundwater flows and aquifer recharge in the state in order to understand whether the appropriation of groundwater is sustainable.

\$625,000 the first year is a onetime appropriation from the general fund for grants to local units of government in the area included in DR-1419 for the state share of flood hazard mitigation grants for

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flood damage reduction studies, planning, engineering, and publicly owned capital improvements to prevent or alleviate flood damage under Minnesota Statutes, section 103F.161. This appropriation is available until expended.

\$65,000 the first year and \$65,000 the second year are for a grant to the Mississippi headwaters board for up to 50 percent of the cost of implementing the comprehensive plan for the upper Mississippi within areas under its jurisdiction.

\$5,000 the first year and \$5,000 the second year are for payment to the Leech Lake Band of Chippewa Indians to implement its portion of the comprehensive plan for the upper Mississippi.

\$125,000 the first year and \$125,000 the second year are for the construction of ring dikes under Minnesota Statutes, section 103F.161. The ring dikes may be publicly or privately owned. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

Subd. 4. Forest Management

33,066,000	33,066,000
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Summary by Fund

General	32,824,000	32,824,000
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Game and Fish	242,000	242,000
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\$7,650,000 the first year and \$7,650,000 the second year are for prevention, presuppression, and suppression costs of emergency firefighting and other costs incurred under Minnesota Statutes, section 88.12. If the appropriation for either year is insufficient to cover all costs of presuppression and suppression, the amount necessary to pay for these costs during the biennium is appropriated from the general fund. By November 15 of each year, the commissioner of natural resources shall submit a report to the chairs of the house of representatives ways and means committee, the senate finance committee, the environment and agriculture budget division of the senate finance committee, and the house of representatives environment and natural resources finance committee, identifying all firefighting costs incurred and reimbursements received in the prior fiscal year. The report must be in a format agreed to by the house environment finance

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committee chair, the senate environment budget division chair, the department, and the department of finance. These appropriations may not be transferred. Any reimbursement of firefighting expenditures made to the commissioner from any source other than federal mobilizations shall be deposited into the general fund.

\$730,000 the first year and \$730,000 the second year are for the forest resources council for implementation of the Sustainable Forest Resources Act.

\$350,000 the first year and \$350,000 the second year are for the FORIST timber management information system and for increased forestry management.

\$242,000 the first year and \$242,000 the second year are from the game and fish fund to implement ecological classification systems (ECS) standards on forested landscapes. This is a onetime appropriation from revenue deposited to the game and fish fund under Minnesota Statutes, section 297A.94, paragraph (e), clause (1).

Subd. 5. Parks and Recreation Management

	36,736,000	36,736,000
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Summary by Fund

General	19,511,000	19,511,000
Natural Resources	17,225,000	17,225,000

\$640,000 the first year and \$640,000 the second year are from the water recreation account in the natural resources fund for state park development projects.

\$3,300,000 the first year and \$3,300,000 the second year are for a grant to the metropolitan council for metropolitan area regional parks maintenance and operations.

\$3,462,000 the first year and \$3,462,000 the second year are from the natural resources fund for state park and recreation area operations. This appropriation is from the revenue deposited to the natural resources fund under Minnesota Statutes, section 297A.94, paragraph (e), clause (2).

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\$4,152,000 the first year and \$4,152,000 the second year are from the natural resources fund for a grant to the metropolitan council for metropolitan area regional parks and trails maintenance and operations. This appropriation is from the revenue deposited to the natural resources fund under Minnesota Statutes, section 297A.94, paragraph (e), clause (3).

\$8,971,000 the first year and \$8,971,000 the second year are from the state parks account in the natural resources fund for state park and recreation area operations.

\$25,000 the first year and \$25,000 the second year are for a grant to the city of Taylors Falls for fire and rescue operations in support of Interstate state park.

Subd. 6. Trails and Waterways Management

24,060,000	21,173,000
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Summary by Fund

General	1,234,000	1,234,000
Natural Resources	20,655,000	18,255,000
Game and Fish	2,171,000	1,684,000

\$5,724,000 the first year and \$5,724,000 the second year are from the snowmobile trails and enforcement account in the natural resources fund for snowmobile grants-in-aid.

\$261,000 the first year and \$261,000 the second year are from the water recreation account in the natural resources fund for a safe harbor program on Lake Superior.

\$690,000 the first year and \$690,000 the second year are from the natural resources fund for state trail operations. This appropriation is from the revenue deposited to the natural resources fund under Minnesota Statutes, section 297A.94, paragraph (e), clause (2). This is a onetime appropriation.

\$553,000 the first year and \$553,000 the second year are from the natural resources fund for trail grants to local units of government on land to be maintained for at least 20 years for the purposes of the grant. This appropriation is from the revenue deposited to the natural resources fund under Minnesota Statutes, section 297A.94, paragraph (e), clause (4). This is a onetime appropriation.

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The appropriation in Laws 2001, First Special Session chapter 2, section 5, subdivision 6, from the water recreation account in the natural resources fund for preconstruction, acquisition, and staffing needs for the Mississippi Whitewater trail authorized by Minnesota Statutes, section 85.0156, is available until June 30, 2005.

Upon a showing of need, the commissioner of natural resources may use up to 50 percent of a snowmobile maintenance and grooming grant under Minnesota Statutes, section 84.83, that was available as of December 31, 2002, to reimburse the intended recipient for expenses incurred in the purchase or lease of snowmobile trail grooming equipment to be used for grant-in-aid trails. The costs must be incurred between July 1, 2002, and June 30, 2003, and recipients must provide acceptable documentation of the costs to the commissioner. All applications for reimbursement under this section must be received no later than September 1, 2003.

\$1,000,000 the first year and \$600,000 the second year are from the natural resources fund for off-highway vehicle trail designation, development, maintenance, and repair. Of this amount, \$600,000 the first year and \$360,000 the second year are from the all-terrain vehicle account, \$50,000 the first year and \$30,000 the second year are from the off-highway motorcycle account, and \$350,000 the first year and \$210,000 the second year are from the off-road vehicle account.

\$1,000,000 the first year is from the natural resources fund for the Iron Range off-highway vehicle recreation area. Of this amount, \$600,000 is from the all-terrain vehicle account, \$350,000 is from the off-road vehicle account, and \$50,000 is from the off-highway motorcycle account. This appropriation is available until expended.

By August 1, 2003, the commissioner of finance shall transfer \$475,000 from the all-terrain vehicle account, \$20,000 from the off-highway motorcycle account, and \$5,000 from the off-road vehicle account to the off-highway vehicle damage account in Minnesota Statutes, section 84.780.

\$300,000 is from the snowmobile trails and enforcement account in the natural resources fund to acquire permanent easements for a snowmobile trail to connect the Willard Munger State Trail in Hermantown to the North Shore State Trail in Duluth. This is a onetime appropriation and is available until expended.

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\$700,000 the first year is from the water recreation account in the natural resources fund for a cooperative project with the U.S. Army Corps of Engineers to develop the Mississippi Whitewater Park. Of this amount, \$525,000 is available to provide a match for \$975,000 of federal funds, in a ratio of 65 percent federal to 35 percent state, for construction design development. \$175,000 is available for use by the department for project management, including costs for the project review team, real estate acquisition, staff coordination of the project, and legal services.

Subd. 7. Fish Management

	28,979,000	29,010,000
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Summary by Fund

General	455,000	455,000
Natural Resources	197,000	197,000
Game and Fish	28,327,000	28,358,000

\$402,000 the first year and \$402,000 the second year are for resource population surveys in the 1837 treaty area. Of this amount, \$260,000 the first year and \$260,000 the second year are from the game and fish fund.

\$177,000 the first year and \$177,000 the second year are for the reinvest in Minnesota programs of game and fish, critical habitat, and wetlands established under Minnesota Statutes, section 84.95, subdivision 2.

\$1,030,000 the first year and \$1,030,000 the second year are from the trout and salmon management account for only the purposes specified in Minnesota Statutes, section 97A.075, subdivision 3.

\$136,000 the first year and \$136,000 the second year are available for aquatic plant restoration.

\$3,998,000 the first year and \$3,998,000 the second year are from the heritage enhancement account in the game and fish fund for only the purposes specified in Minnesota Statutes, section 297A.94, paragraph (e), clause (1). This appropriation is from the revenue deposited to the game and fish fund under Minnesota Statutes, section 297A.94, paragraph (e), clause (1).

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Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered under contract on or before June 30, 2005, for aquatic restoration grants in this subdivision are available until June 30, 2006.

Subd. 8. Wildlife Management

23,865,000 24,180,000

Summary by Fund

General 1,416,000 1,416,000

Game and Fish 22,449,000 22,764,000

\$565,000 the first year and \$565,000 the second year are for the reinvest in Minnesota programs of game and fish, critical habitat, and wetlands established under Minnesota Statutes, section 84.95, subdivision 2.

\$1,830,000 the first year and \$2,030,000 the second year are from the wildlife acquisition surcharge account for only the purposes specified in Minnesota Statutes, section 97A.071, subdivision 2a.

\$1,269,000 the first year and \$1,269,000 the second year are from the deer habitat improvement account for only the purposes specified in Minnesota Statutes, section 97A.075, subdivision 1, paragraph (b).

\$148,000 the first year and \$148,000 the second year are from the deer and bear management account for only the purposes specified in Minnesota Statutes, section 97A.075, subdivision 1, paragraph (c).

\$808,000 the first year and \$808,000 the second year are from the waterfowl habitat improvement account for only the purposes specified in Minnesota Statutes, section 97A.075, subdivision 2.

\$546,000 the first year and \$546,000 the second year are from the pheasant habitat improvement account for only the purposes specified in Minnesota Statutes, section 97A.075, subdivision 4.

\$120,000 the first year and \$120,000 the second year are from the wild turkey management account for only the purposes specified in Minnesota Statutes, section 97A.075, subdivision 5. Of this

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amount, \$8,000 the first year and \$8,000 the second year are appropriated from the game and fish fund for transfer to the wild turkey management account for purposes specified in Minnesota Statutes, section 97A.075, subdivision 5.

\$2,560,000 the first year and \$2,560,000 the second year are from the heritage enhancement account in the game and fish fund for only the purposes specified in Minnesota Statutes, section 297A.94, paragraph (e), clause (1). If chronic wasting disease (CWD) is found in the wild deer herd, these appropriations may be used for wildlife health management costs related to fighting the spread of CWD. This appropriation is from the revenue deposited to the game and fish fund under Minnesota Statutes, section 297A.94, paragraph (e), clause (1).

\$13,000 the first year and \$13,000 the second year are to publicize the critical habitat license plate match program.

Notwithstanding Minnesota Statutes, section 297A.94, this appropriation may be used for hunter recruitment and retention and public land user facilities.

Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered under contract on or before June 30, 2005, for wildlife habitat grants in this subdivision are available until June 30, 2006.

Subd. 9. Ecological Services

	8,677,000	8,745,000
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Summary by Fund

General	3,085,000	3,085,000
Natural Resources	2,572,000	2,632,000
Game and Fish	3,020,000	3,028,000

\$1,028,000 the first year and \$1,028,000 the second year are from the nongame wildlife management account in the natural resources fund for the purpose of nongame wildlife management.

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\$224,000 the first year and \$224,000 the second year are for population and habitat objectives of the nongame wildlife management program.

\$477,000 the first year and \$477,000 the second year are for the reinvest in Minnesota programs of game and fish, critical habitat, and wetlands established under Minnesota Statutes, section 84.95, subdivision 2.

\$1,263,000 the first year and \$1,263,000 the second year are from the heritage enhancement account in the game and fish fund for only the purposes specified in Minnesota Statutes, section 297A.94, paragraph (e), clause (1). This appropriation is from the revenue deposited to the game and fish fund under Minnesota Statutes, section 297A.94, paragraph (e), clause (1).

Subd. 10. Enforcement

	27,543,000	28,111,000
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Summary by Fund

General	3,487,000	3,987,000
Natural Resources	6,786,000	6,786,000
Game and Fish	17,170,000	17,238,000
Remediation	100,000	100,000

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

\$100,000 the first year and \$100,000 the second year are from the remediation fund for solid waste enforcement activities under Minnesota Statutes, section 116.073.

\$315,000 the first year and \$315,000 the second year are from the snowmobile trails and enforcement account in the natural resources fund for grants to local law enforcement agencies for snowmobile enforcement activities.

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\$1,164,000 the first year and \$1,164,000 the second year are from the heritage enhancement account in the game and fish fund for only the purposes specified in Minnesota Statutes, section 297A.94, paragraph (e), clause (1). This appropriation is from the revenue deposited to the game and fish fund under Minnesota Statutes, section 297A.94, paragraph (e), clause (1).

Overtime shall be distributed to conservation officers at historical levels; however, a reasonable reduction or addition may be made to the officer's allocation, if justified, based on an individual officer's workload. If funding for enforcement is reduced because of an unallotment, the overtime bank may be reduced in proportion to reductions made in other areas of the budget.

\$700,000 the first year and \$700,000 the second year are from the natural resources fund for off-highway vehicle enforcement. Of this amount, \$665,000 the first year and \$665,000 the second year are from the all-terrain vehicle account, \$28,000 the first year and \$28,000 the second year are from the off-highway motorcycle account, and \$7,000 the first year and \$7,000 the second year are from the off-road vehicle account.

\$130,000 the first year and \$130,000 the second year are from the all-terrain vehicle account in the natural resources fund for administration of the all-terrain vehicle environmental and safety education and training program under Minnesota Statutes, section 84.925.

\$225,000 the first year and \$225,000 the second year are from the natural resources fund for grants to county law enforcement agencies for off-highway vehicle enforcement and public education activities based on off-highway vehicle use in the county. Of this amount, \$213,000 each year is from the all-terrain vehicle account; \$11,000 each year is from the off-highway motorcycle account; and \$1,000 each year is from the off-road vehicle account. The county enforcement agencies may use money received under this appropriation to make grants to other local enforcement agencies within the county that have a high concentration of off-highway vehicle use. Of this appropriation, \$25,000 each year is for administration of these grants.

Subd. 11. Operations Support

24,234,000

24,241,000

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Summary by Fund

General	12,134,000	12,134,000	
Natural Resources	4,016,000	4,016,000	
Game and Fish	8,084,000	8,091,000	

\$189,000 the first year and \$189,000 the second year are for technical assistance and grants to assist local government units and organizations in the metropolitan area to acquire and develop natural areas and greenways.

\$375,000 the first year and \$375,000 the second year are for the community assistance program to provide for technical assistance and regional resource enhancement grants.

\$246,000 the first year and \$246,000 the second year are from the natural resources fund for grants to be divided equally between the city of St. Paul for the Como Zoo and Conservatory and the city of Duluth Zoo. This appropriation is from the revenue deposited to the natural resources fund under Minnesota Statutes, section 297A.94, paragraph (e), clause (5). This is a onetime appropriation.

The commissioner may allow payments to be made by credit or debit cards, at the customer's discretion, with a charge of a reasonable fee. Money received from the fees is appropriated to the commissioner to cover the costs of processing payments from credit and debit cards.

Any unencumbered balance for state project reimbursements received in fiscal year 2003 from the federal Land and Water Conservation Fund Act and deposited in the state land and water conservation account in the future resources fund shall be transferred to the account in the natural resources fund. This provision is effective the day following final enactment.

Sec. 6. MINNESOTA CONSERVATION CORPS 840,000 840,000

Summary by Fund

General	350,000	350,000	
Natural Resources	490,000	490,000	

APPROPRIATIONS		
Available for the Year		
Ending June 30		
2004	2005	
Sec. 7. BOARD OF WATER AND SOIL RESOURCES	15,432,000	15,431,000

\$4,102,000 the first year and \$4,102,000 the second year are for natural resources block grants to local governments.

The board may reduce the amount of the natural resources block grant to a county by an amount equal to any reduction in the county's general services allocation to a soil and water conservation district from the county's previous year allocation when the board determines that the reduction was disproportionate.

Grants must be matched with a combination of local cash or in-kind contributions. The base grant portion related to water planning must be matched by an amount that would be raised by a levy under Minnesota Statutes, section 103B.3369.

\$3,566,000 the first year and \$3,566,000 the second year are for grants to soil and water conservation districts for general purposes, nonpoint engineering, and implementation of the Reinvest in Minnesota conservation reserve program. Upon approval of the board, expenditures may be made from these appropriations for supplies and services benefiting soil and water conservation districts.

\$3,285,000 the first year and \$3,285,000 the second year are for grants to soil and water conservation districts for cost-sharing contracts for erosion control and water quality management. Of this amount, at least \$1,500,000 the first year and \$1,500,000 the second year are for grants for cost-sharing contracts for water quality management on feedlots.

Any unencumbered balance in the board's program of grants does not cancel at the end of the first year and is available for the second year for the same grant program. This appropriation is available until expended. If the appropriation in either year is insufficient, the appropriation in the other year is available for it.

\$105,000 the first year and \$105,000 the second year are for grants to watershed districts and other local units of government in the southern Minnesota River basin study area 2 for floodplain management. If the appropriation in either year is insufficient, the appropriation in the other year is available for it.

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\$100,000 the first year and \$100,000 the second year are for a grant to the Red River basin commission to develop a Red River basin plan and to coordinate water management activities in the states and provinces bordering the Red River. The unencumbered balance in the first year does not cancel but is available for the second year.

Sec. 8. SCIENCE MUSEUM OF MINNESOTA	750,000	750,000
Sec. 9. MINNESOTA RESOURCES		
Subdivision 1. Total Appropriation	17,625,000	15,050,000

Summary by Fund

State Land and Water Conservation Account (LAWCON)	2,000,000	-0-
Environment and Natural Resources Trust Fund	15,050,000	15,050,000
Oil Overcharge Money in the Special Revenue Fund	519,000	-0-
Great Lakes Protection Account	56,000	-0-

Appropriations from the oil overcharge money in the special revenue fund and Great Lakes protection account are available for either year of the biennium.

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

Unless otherwise provided, the amounts in this section are available until June 30, 2005, when projects must be completed and final products delivered.

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Subd. 2. Definitions

(a) "State Land and Water Conservation Account (LAWCON)" means the state land and water conservation account in the natural resources fund.

(b) "Great Lakes protection account" means the Great Lakes protection account referred to in Minnesota Statutes, section 116Q.02, subdivision 1.

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

(d) "Oil overcharge money" means the money referred to in Minnesota Statutes, section 4.071, subdivision 2.

Subd. 3. Administration

412,000

406,000

Summary by Fund

Trust Fund	412,000	406,000
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(a) Legislative Commission on Minnesota Resources

\$326,000 the first year and \$346,000 the second year are from the trust fund for administration as provided in Minnesota Statutes, section 116P.09, subdivision 5.

(b) LCMR Study Commission on Park Systems

\$26,000 the first year is from the trust fund to the legislative commission on Minnesota resources to evaluate the use of fees to assist the financial stability and the potential of fees to provide for self-sufficiency in Minnesota's park systems, including state parks metropolitan regional parks, and rural regional parks in greater Minnesota. The study commission will report to the chairs of the senate and house environment finance committees by February 16, 2004.

(c) Contract Administration

\$60,000 the first year and \$60,000 the second year are from the trust fund to the commissioner of natural resources for contract administration activities assigned to the commissioner in this section. This appropriation is available until June 30, 2006.

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Ending June 30

	2004	2005
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Subd. 4. Advisory Committee	23,000	22,000
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\$23,000 the first year and \$22,000 the second year are from the trust fund to the legislative commission on Minnesota resources for expenses of the citizen advisory committee as provided in Minnesota Statutes, section 116P.06.

Subd. 5. Fish and Wildlife Habitat	6,223,000	6,223,000
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Summary by Fund

Trust Fund	6,223,000	6,223,000
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(a) Restoring Minnesota's Fish and Wildlife Habitat Corridors - Phase II

\$2,425,000 the first year and \$2,425,000 the second year are from the trust fund to the commissioner of natural resources for the second biennium for acceleration of agency programs and cooperative agreements with Minnesota Deer Hunters Association, Ducks Unlimited, Inc., National Wild Turkey Federation, Pheasants Forever, the Nature Conservancy, Minnesota Land Trust, the Trust for Public Land, Minnesota Valley National Wildlife Refuge Trust, Inc., U.S. Fish and Wildlife Service, U.S. Bureau of Indian Affairs, Red Lake Band of Chippewa, Leech Lake Band of Chippewa, Fond du Lac Band of Chippewa, USDA-Natural Resources Conservation Service, and the board of water and soil resources to plan, restore, and acquire fragmented landscape corridors that connect areas of quality habitat to sustain fish, wildlife, and plants. As part of the required work program, criteria and priorities for planned acquisition and restoration activities must be submitted to the legislative commission on Minnesota resources for review and approval before expenditure. Expenditures are limited to the 11 project areas as defined in the work program. Land acquired with this appropriation must be sufficiently improved to meet at least minimum habitat and facility management standards as determined by the commissioner of natural resources. This appropriation may not be used for the purchase of residential structures unless expressly approved in the work program. Any land acquired in fee title by the commissioner of natural resources with money from this appropriation must be designated: (1) as an outdoor recreation unit under Minnesota Statutes, section 86A.07; or (2) as provided in Minnesota Statutes, sections 89.018, subdivision 2, paragraph (a); 97A.101; 97A.125; 97C.001; and 97C.011. The commissioner may so designate any

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lands acquired in less than fee title. This appropriation is available until June 30, 2006, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(b) Metropolitan Area Wildlife Corridors

\$2,425,000 the first year and \$2,425,000 the second year are from the trust fund to the commissioner of natural resources. \$3,700,000 of this appropriation is for acceleration of agency programs and cooperative agreements with the Trust for Public Land, Ducks Unlimited, Inc., Friends of the Mississippi River, Great River Greening, Minnesota Land Trust, and Minnesota Valley National Wildlife Refuge Trust, Inc., for the purposes of planning, improving, and protecting important natural areas in the metropolitan region, as defined by Minnesota Statutes, section 473.121, subdivision 2, through grants, contracted services, conservation easements, and fee acquisition. \$500,000 of this appropriation is for an agreement with the city of Ramsey for the Trott Brook Corridor acquisition. \$800,000 of this appropriation is for an agreement with the Rice Creek Watershed District for Hardwood Creek acquisition and restoration. Land acquired with this appropriation must be sufficiently improved to meet at least minimum management standards as determined by the commissioner of natural resources. As part of the required work program, criteria and priorities for planned acquisition and restoration activities must be submitted to the legislative commission on Minnesota resources for review and approval before expenditure. Expenditures are limited to the identified project areas as defined in the work program. This appropriation may not be used for the purchase of residential structures unless expressly approved in the work program. Any land acquired in fee title by the commissioner of natural resources with money from this appropriation must be designated: (1) as an outdoor recreation unit under Minnesota Statutes, section 86A.07; or (2) as provided in Minnesota Statutes, sections 89.018, subdivision 2, paragraph (a); 97A.101; 97A.125; 97C.001; and 97C.011. The commissioner may so designate any lands acquired in less than fee title. This appropriation is available until June 30, 2006, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

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(c) Restoring RIM Match

\$200,000 the first year and \$200,000 the second year are from the trust fund to the commissioner of natural resources for the RIM critical habitat matching program to acquire and enhance fish, wildlife, and native plant habitat. Land acquired with this appropriation must be sufficiently improved to meet at least minimum management standards as determined by the commissioner of natural resources. Up to \$27,000 of this appropriation is for matching nongame program activities.

(d) Acquisition and Development of Scientific and Natural Areas

\$240,000 the first year and \$240,000 the second year are from the trust fund to the commissioner of natural resources to acquire and develop lands with natural features of state ecological or geological significance in accordance with the scientific and natural area program long-range plan. Land acquired with this appropriation must be sufficiently improved to meet at least minimum management standards as determined by the commissioner of natural resources.

(e) Forest and Prairie Stewardship of Public and Private Lands

\$196,000 the first year and \$196,000 the second year are from the trust fund to the commissioner of natural resources. \$147,000 of this appropriation is to develop stewardship plans for private forested lands and implement stewardship plans on a cost-share basis. \$245,000 of this appropriation is to develop stewardship plans on private prairie lands and implement prairie management on public and private lands. This appropriation is available until June 30, 2006, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(f) Local Initiative Grants-Conservation Partners and Environmental Partnerships

\$256,000 the first year and \$256,000 the second year are from the trust fund to the commissioner of natural resources for matching grants of up to \$20,000 to local government and private organizations for enhancement, research, and education associated with natural habitat and environmental service projects. This appropriation is available until June 30, 2006, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

APPROPRIATIONS
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(g) Minnesota ReLeaf Community Forest Development and Protection

\$257,000 the first year and \$257,000 the second year are from the trust fund to the commissioner of natural resources for acceleration of the agency program and a cooperative agreement with Tree Trust to protect forest resources, develop inventory-based management plans, and provide matching grants to communities to plant native trees. At least \$350,000 of this appropriation must be used for grants to communities. For the purposes of this paragraph, the match must be a nonstate contribution, but may be either cash or qualifying in-kind. This appropriation is available until June 30, 2006, at which time the project must be completed and final projects delivered, unless an earlier date is specified in the work program.

(h) Developing Pheromones for Use in Carp Control

\$50,000 the first year and \$50,000 the second year are from the trust fund to the University of Minnesota for research on new options for controlling carp. This appropriation is available until June 30, 2006, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(i) Biological Control of European Buckthorn and Spotted Knapweed

\$99,000 the first year and \$99,000 the second year are from the trust fund. Of this amount, \$54,000 the first year and \$55,000 the second year are to the commissioner of natural resources for research to evaluate potential insects for biological control of invasive European buckthorn species. \$45,000 the first year and \$44,000 the second year are to the commissioner of agriculture to assess the effectiveness of spotted knapweed biological control agents. This appropriation is available until June 30, 2006, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(j) Resources for Redevelopment of Brownfields to Greenspaces

\$75,000 the first year and \$75,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with Minnesota Environmental Initiatives to identify and assess redevelopment of brownfields for recreation, habitat, and natural resource reuse.

APPROPRIATIONS		
Available for the Year		
Ending June 30		
2004	2005	
Subd. 6. Recreation	7,622,000	5,870,000

Summary by Fund

Trust Fund	5,622,000	5,870,000
State Land and Conservation Account (LAWCON)	2,000,000	

(a) State Park and Recreation Area Land Acquisition

\$750,000 the first year and \$750,000 the second year are from the trust fund to the commissioner of natural resources to acquire in-holdings for state park and recreation areas. Land acquired with this appropriation must be sufficiently improved to meet at least minimum management standards as determined by the commissioner of natural resources. This appropriation is available until June 30, 2006, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(b) LAWCON Federal Reimbursements

\$2,000,000 is from the state land and water conservation account (LAWCON) in the natural resources fund to the commissioner of natural resources for eligible state projects and administrative and planning activities consistent with Minnesota Statutes, section 116P.14, and the federal Land and Water Conservation Fund Act. This appropriation is contingent upon receipt of the federal obligation and remains available until June 30, 2006, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(c) Local Initiative Grants-Parks and Natural Areas

\$1,290,000 the first year and \$1,289,000 the second year are from the trust fund to the commissioner of natural resources for matching grants to local governments for acquisition and development of natural and scenic areas and local parks as provided in Minnesota Statutes, section 85.019, subdivisions 2 and 4a, and regional parks outside of the metropolitan area. Grants may provide up to 50 percent of the nonfederal share of the project cost, except nonmetropolitan regional park grants may provide up to 60 percent of the nonfederal share of the project cost. The

APPROPRIATIONS
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2004 2005

commission will monitor the grants for approximate balance over extended periods of time between the metropolitan area, under Minnesota Statutes, section 473.121, subdivision 2, and the nonmetropolitan area through work program oversight and periodic allocation decisions. For the purposes of this paragraph, the match must be a nonstate contribution, but may be either cash or qualifying in-kind. Recipients may receive funding for more than one project in any given grant period. This appropriation is available until June 30, 2006, at which time the project must be completed and final products delivered.

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

\$1,670,000 the first year and \$1,669,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with the metropolitan council for subgrants for the acquisition, development, and rehabilitation in the metropolitan regional park system, consistent with the metropolitan council regional recreation open space capital improvement plan. This appropriation may not be used for the purchase of residential structures. This appropriation may be used to reimburse implementing agencies for acquisition of nonresidential property as expressly approved in the work program. This appropriation is available until June 30, 2006, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program. In addition, if a project financed under this program receives a federal grant, the availability of the financing from this paragraph for that project is extended to equal the period of the federal grant.

(e) Local and Regional Trail Grant Initiative Program

\$160,000 the first year and \$160,000 the second year are from the trust fund to the commissioner of natural resources to provide matching grants to local units of government for the cost of acquisition, development, engineering services, and enhancement of existing and new trail facilities. This appropriation is available until June 30, 2006, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program. In addition, if a project financed under this program receives a federal grant, the availability of the financing from this paragraph for that project is extended to equal the period of the federal grant.

APPROPRIATIONS
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(f) Gitchi-Gami State Trail

\$650,000 the first year and \$650,000 the second year are from the trust fund to the commissioner of natural resources, in cooperation with the Gitchi-Gami Trail Association, for the third biennium, to design and construct approximately five miles of Gitchi-Gami state trail segments. This appropriation must be matched by at least \$400,000 of nonstate money. The availability of the financing from this paragraph is extended to equal the period of any federal money received.

(g) Water Recreation: Boat Access, Fishing Piers, and Shore-fishing

\$450,000 the first year and \$700,000 the second year are from the trust fund to the commissioner of natural resources to acquire and develop public water access sites statewide, construct shore-fishing and pier sites, and restore shorelands at public accesses. This appropriation is available until June 30, 2006, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(h) Mesabi Trail

\$190,000 the first year and \$190,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with St. Louis and Lake Counties Regional Rail Authority for the sixth biennium to acquire and develop segments of the Mesabi trail. If a federal grant is received, the availability of the financing from this paragraph is extended to equal the period of the federal grant.

(i) Linking Communities Design, Technology, and DNR Trail Resources

\$92,000 the first year and \$92,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with the University of Minnesota to provide designs for up to three state trails incorporating recreation, natural, and cultural features.

(j) Ft. Ridgley Historic Site Interpretive Trail

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\$75,000 the first year and \$75,000 the second year are from the trust fund to the Minnesota historical society to construct a trail through the original fort site and install interpretive markers. This appropriation is available until June 30, 2006, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(k) Development and Rehabilitation of Minnesota Shooting Ranges

\$120,000 the first year and \$120,000 the second year are from the trust fund to the commissioner of natural resources to provide technical assistance and matching cost-share grants to local recreational shooting and archery clubs for the purpose of developing or rehabilitating shooting and archery facilities for public use. Recipient facilities must be open to the general public at reasonable times and for a reasonable fee on a walk-in basis. This appropriation is available until June 30, 2006, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(l) Land Acquisition, Minnesota Landscape Arboretum

\$175,000 the first year and \$175,000 the second year are from the trust fund to the University of Minnesota for an agreement with the University of Minnesota Landscape Arboretum Foundation for the fifth biennium to acquire in-holdings within the arboretum's boundary. This appropriation must be matched by an equal amount of nonstate money. This appropriation is available until June 30, 2006, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

Subd. 7. Water Resources	1,198,000	899,000
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Summary by Fund

Trust Fund	1,142,000	899,000
Great Lakes Protection Account	56,000	

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(a) Local Water Planning Matching Challenge Grants

\$222,000 the first year and \$222,000 the second year are from the trust fund and \$56,000 is from the Great Lakes protection account to the board of water and soil resources to accelerate the local water planning challenge grant program under Minnesota Statutes, sections 103B.3361 to 103B.3369, through matching grants to implement high-priority activities in comprehensive water management plans, plan development guidance, and regional resource assessments. For the purposes of this paragraph, the match must be a nonstate contribution, but may be either cash or qualifying in-kind. This appropriation is available until June 30, 2006, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(b) Accelerating and Enhancing Surface Water Monitoring for Lakes and Streams

\$370,000 the first year and \$370,000 the second year are from the trust fund to the commissioner of the pollution control agency for acceleration of agency programs and cooperative agreements with the Minnesota Lakes Association, Rivers Council of Minnesota, the Minnesota Initiative Foundation, and the University of Minnesota to accelerate monitoring efforts through assessments, citizen training, and implementation grants. This appropriation is available until June 30, 2006, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(c) Intercommunity Groundwater Protection

\$62,000 the first year and \$63,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with Washington county for groundwater monitoring, modeling, and implementation of management strategies.

(d) TAPwaters: Technical Assistance Program for Watersheds

\$80,000 the first year and \$80,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with the Science Museum of Minnesota to assess the St. Croix river and its tributaries to identify solutions to pollution threats. This appropriation is available until June 30, 2006, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

APPROPRIATIONS
Available for the Year
Ending June 30

2004	2005
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(e) Wastewater Phosphorus Control and Reduction Initiative

\$392,000 the first year and \$148,000 the second year are from the trust fund to the commissioner of the pollution control agency to study human causes of excess phosphorus and for cooperation and an agreement with the Minnesota environmental science and economic review board to assess phosphorus reduction techniques at wastewater treatment plants.

(f) Maintaining Zooplankton (Daphnia) for Water Quality: Square Lake

\$16,000 the first year and \$16,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with Marine On St. Croix water management organization to determine whether trout predation on Daphnia significantly affects Daphnia abundance and water quality of Square lake, Washington county. This appropriation is available until June 30, 2006, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

Subd. 8. Land Use and Natural Resource Information

691,000

691,000

Summary by Fund

Trust Fund	691,000	691,000
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(a) Minnesota County Biological Survey

\$450,000 the first year and \$450,000 the second year are from the trust fund to the commissioner of natural resources for the ninth biennium to accelerate the survey that identifies significant natural areas and systematically collects and interprets data on the distribution and ecology of native plant communities, rare plants, and rare animals.

(b) Updating Outmoded Soil Survey

\$118,000 the first year and \$118,000 the second year are from the trust fund to the board of water and soil to continue updating and digitizing outmoded soil surveys in Fillmore, Goodhue, Dodge, and Wabasha counties in southeast Minnesota. Participating counties must provide a cost share as reflected in the work program. This appropriation is available until June 30, 2006, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

APPROPRIATIONS
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(c) Mesabi Iron Range Geologic and Hydrologic Map and Databases

\$123,000 the first year and \$123,000 the second year are from the trust fund. \$58,000 the first year and \$57,000 the second year of this appropriation are to the commissioner of natural resources to develop a database of hydrogeologic data across the Mesabi iron range. \$65,000 the first year and \$66,000 the second year are to the Minnesota geological survey at the University of Minnesota for geologic and hydrogeologic maps of the Mesabi iron range.

Subd. 9. Agriculture and Natural Resource Industries	311,000	311,000
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Native Plants and Alternative Crops for Water Quality

\$311,000 the first year and \$311,000 the second year are from the trust fund to the board of water and soil resources for agreements with the Blue Earth river basin initiative and the University of Minnesota to accelerate the use of native plants and alternative crops through easements, demonstration, research, and education. This appropriation is available until June 30, 2006, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

Subd. 10. Energy	630,000	110,000
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Summary by Fund

Trust Fund	111,000	110,000
Oil Overcharge	519,000	-0-

(a) Community Energy Development Program

\$519,000 is from the oil overcharge money to the commissioner of administration for transfer to the commissioner of commerce to assist communities in identifying cost-effective energy projects and developing locally owned wind energy projects through local wind resource assessment and financial assistance.

(b) Advancing Utilization of Manure Methane Digester Electrical Generation

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\$111,000 the first year and \$110,000 the second year are from the trust fund to the commissioner of agriculture to maximize use of manure methane digesters by identifying compatible waste streams and the feasibility of microturbine and fuel cell technologies.

Subd. 11. Environmental Education

234,000

236,000

(a) Dodge Nature Center - Restoration Plan

\$41,000 the first year and \$42,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with Dodge Nature Center to restore up to 155 acres in Mendota Heights.

(b) Bucks and Buckthorn: Engaging Young Hunters in Restoration

\$127,000 the first year and \$128,000 the second year are from the trust fund to the commissioner of natural resources for agreements with Great River Greening, Minnesota Deer Hunters Association, and the St. Croix Watershed Research Station for a pilot program linking hunting and habitat restoration opportunities for youth.

(c) Putting Green Environmental Adventure Park: Sustainability Education

\$66,000 the first year and \$66,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with Putting Green, Inc. to construct educational exhibits for up to nine putting green learning stations in New Ulm.

Subd. 12. Children's Environmental Health

281,000

282,000

(a) Healthy Schools: Indoor Air Quality and Asthma Management

\$84,000 the first year and \$84,000 the second year are from the trust fund to the commissioner of health to assist school districts with developing and implementing effective indoor air quality and asthma management plans.

(b) Economic-based Analysis of Children's Environmental Health Risks

\$47,000 the first year and \$48,000 the second year are from the trust fund to the commissioner of health to assess economic strategies for children's environmental health risks.

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(c) Continuous Indoor Air Quality Monitoring in Minnesota Schools

\$150,000 the first year and \$150,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with Schulte Associates, LLC to provide continuous, real-time indoor air quality monitoring in at least six selected schools.

Subd. 13. Data Availability Requirements

(a) During the biennium ending June 30, 2005, data collected by the projects funded under this section that have value for planning and management of natural resource, emergency preparedness, and infrastructure investments must conform to the enterprise information architecture developed by the office of technology. Spatial data must conform to geographic information system guidelines and standards outlined in that architecture and adopted by the Minnesota geographic data clearinghouse at the land management information center. A description of these data must be made available on-line through the clearinghouse, and the data themselves must be accessible and free to the public unless made private under the Data Practices Act, Minnesota Statutes, chapter 13.

(b) To the extent practicable, summary data and results of projects funded under this section should be readily accessible on the Internet.

(c) As part of project expenditures, recipients of land acquisition appropriations must provide the information necessary to update public recreation information maps to the department of natural resources in the specified form.

Subd. 14. Project Requirements

It is a condition of acceptance of the appropriations in this section that any agency or entity receiving the appropriation must comply with Minnesota Statutes, chapter 116P, and vegetation planted must be native to Minnesota and preferably of the local ecotype unless the work program approved by the commission expressly allows the planting of species that are not native to Minnesota.

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Subd. 15. Match Requirements

Unless specifically authorized, appropriations in this section that must be matched and for which the match has not been committed by December 31, 2003, are canceled, and in-kind contributions may not be counted as matching funds.

Subd. 16. Payment Conditions and Capital Equipment Expenditures

All agreements, grants, or contracts referred to in this section must be administered on a reimbursement basis. Notwithstanding Minnesota Statutes, section 16A.41, expenditures made on or after July 1, 2003, or the date the work program is approved, whichever is later, are eligible for reimbursement unless otherwise provided in this section. Payment must be made upon receiving documentation that project-eligible reimbursable amounts have been expended, except that reasonable amounts may be advanced to projects in order to accommodate cash flow needs. The advances must be approved as part of the work program. No expenditures for capital equipment are allowed unless expressly authorized in the project work program.

Subd. 17. Purchase of Recycled and Recyclable Materials

A political subdivision, public or private corporation, or other entity that receives an appropriation in this section must use the appropriation in compliance with Minnesota Statutes, sections 16B.121 and 16B.122, requiring the purchase of recycled, repairable, and durable materials; the purchase of uncoated paper stock; and the use of soy-based ink, the same as if it were a state agency.

Subd. 18. Energy Conservation

A recipient to whom an appropriation is made in this section for a capital improvement project shall ensure that the project complies with the applicable energy conservation standards contained in law, including Minnesota Statutes, sections 216C.19 and 216C.20, and rules adopted thereunder. The recipient may use the energy planning, advocacy, and state energy office units of the department of commerce to obtain information and technical assistance on energy conservation and alternative energy development relating to the planning and construction of the capital improvement project.

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Subd. 19. Accessibility

Structural and nonstructural facilities must meet the design standards in the Americans with Disability Act (ADA) accessibility guidelines.

Subd. 20. Carryforward

(a) The availability of the appropriations for the following projects is extended to June 30, 2004: Laws 2001, First Special Session chapter 2, section 14, subdivision 4, paragraph (b), state fish hatchery rehabilitation, paragraph (c), enhancing Canada goose hunting and management; subdivision 5, paragraph (g), McQuade small craft harbor, paragraph (i), Gateway trail bridge, paragraph (p), state park and recreation area acquisition, paragraph (q), LAWCON; subdivision 6, paragraph (d), determination of fecal pollution sources in Minnesota; subdivision 7, paragraph (e), Lake Superior Lakewide Management Plan (LaMP); subdivision 8, paragraph (b), agricultural land preservation, paragraph (d), accelerated technology transfer for starch-based plastics; and subdivision 9, improving air quality by using biodiesel in generators.

(b) The availability of the appropriation from the trust fund for the following project is extended to June 30, 2004: Laws 2001, First Special Session chapter 2, section 14, subdivision 3, paragraph (a), legislative commission on Minnesota resources. During the 2004-2005 biennium the legislative commission on Minnesota resources is not subject to the limitation in uses of funds provided under Minnesota Statutes, section 16A.281.

(c) The availability of the appropriation for the following project is extended to June 30, 2005: Laws 2001, First Special Session chapter 2, section 14, subdivision 5, paragraph (k), Gitchi-Gami state trail; and subdivision 7, paragraph (a), hydraulic impacts of quarries and gravel pits.

Subd. 21. Future Resources Funds

Minnesota future resources fund appropriations remaining from appropriations in Laws 1999, chapter 231, section 16; and Laws 2001, First Special Session chapter 2, section 14, as amended in subdivision 19 are continued to the date of their availability in law.

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Any projects with dollars appropriated from the Minnesota future resources fund prior to July 1, 2003, continue to be subject to the requirements of Minnesota Statutes, chapter 116P.

Sec. 10. [FUND TRANSFER.]

(a) By June 30, 2003, the commissioner of the pollution control agency shall transfer \$11,000,000 from the unreserved balance of the solid waste fund to the commissioner of finance for cancellation to the general fund.

(b) The commissioner of the pollution control agency shall transfer \$5,000,000 before July 30, 2003, and \$5,000,000 before July 30, 2004, from the unreserved balance of the environmental fund to the commissioner of finance for cancellation to the general fund.

(c) By June 30, 2005, the commissioner of the pollution control agency shall transfer \$1,370,000 from the environmental fund to the commissioner of finance for cancellation to the general fund.

(d) By June 30, 2007, the commissioner of the pollution control agency shall transfer \$1,370,000 from the environmental fund to the commissioner of finance for cancellation to the general fund.

(e) By June 30, 2004, the commissioner of the pollution control agency shall transfer \$9,905,000 from the metropolitan landfill contingency action trust fund to the commissioner of finance for cancellation to the general fund. This is a onetime transfer from the metropolitan landfill contingency action trust fund to the general fund. It is the intent of the legislature to restore these funds to the metropolitan landfill contingency action trust fund as revenues become available in the future to ensure the state meets future financial obligations under Minnesota Statutes, section 473.845.

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

Sec. 11. Minnesota Statutes 2002, section 17.4988, is amended to read:

17.4988 [LICENSE AND INSPECTION FEES.]

Subdivision 1. [REQUIREMENTS FOR ISSUANCE.] A permit or license must be issued by the commissioner if the requirements of law are met and the license and permit fees specified in this section are paid.

Subd. 2. [AQUATIC FARMING LICENSE.] (a) The annual fee for an aquatic farming license is ~~\$70~~ \$210.

(b) The aquatic farming license may contain endorsements for the rights and privileges of the following licenses under the game and fish laws. The endorsement must be made upon payment of the license fee prescribed in section 97A.475 for the following licenses:

(1) minnow dealer license;

(2) minnow retailer license for sale of minnows as bait;

(3) minnow exporting license;

(4) aquatic farm vehicle endorsement, which includes a minnow dealer vehicle license, a minnow retailer vehicle license, an exporting minnow vehicle license, and a fish vendor license;

(5) sucker egg taking license; and

(6) game fish packers license.

Subd. 3. [INSPECTION FEES.] The fees for the following inspections are:

(1) initial inspection of each water to be licensed, \$50;

(2) fish health inspection and certification, ~~\$20~~ \$60 plus ~~\$100~~ \$150 per lot thereafter; and

(3) initial inspection for containment and quarantine facility inspections, ~~\$50~~ \$100.

Subd. 4. [AQUARIUM FACILITY.] (a) A person operating a commercial aquarium facility must have a commercial aquarium facility license issued by the commissioner if the facility contains species of aquatic life that are for sale and that are present in waters of the state. The commissioner may require an aquarium facility license for aquarium facilities importing or holding species of aquatic life that are for sale and that are not present in Minnesota if those species can survive in waters of the state. The fee for an aquarium facility license is ~~\$19~~ \$90.

(b) Game fish transferred by an aquarium facility must be accompanied by a receipt containing the information required on a shipping document by section 17.4985, subdivision 3, paragraph (b).

[EFFECTIVE DATE.] This section is effective March 1, 2004.

Sec. 12. Minnesota Statutes 2002, section 84.027, subdivision 13, is amended to read:

Subd. 13. [GAME AND FISH RULES.] (a) The commissioner of natural resources may adopt rules under sections 97A.0451 to 97A.0459 and this subdivision that are authorized under:

(1) chapters 97A, 97B, and 97C to set open seasons and areas, to close seasons and areas, to select hunters for areas, to provide for tagging and registration of game, to prohibit or allow taking of wild animals to protect a species, to prevent or control wildlife disease, and to prohibit or allow importation, transportation, or possession of a wild animal;

(2) sections 84.093, 84.15, and 84.152 to set seasons for harvesting wild ginseng roots and wild rice and to restrict or prohibit harvesting in designated areas; and

(3) section 84D.12 to designate prohibited exotic species, regulated exotic species, unregulated exotic species, and infested waters.

(b) If conditions exist that do not allow the commissioner to comply with sections 97A.0451 to 97A.0459, the commissioner may adopt a rule under this subdivision by submitting the rule to the attorney general for review under section 97A.0455, publishing a notice in the State Register and filing the rule with the secretary of state and the legislative coordinating commission, and complying with section 97A.0459, and including a statement of the emergency conditions and a copy of the rule in the notice. The notice may be published after it is received from the attorney general or five business days after it is submitted to the attorney general, whichever is earlier.

(c) Rules adopted under paragraph (b) are effective upon publishing in the State Register and may be effective up to seven days before publishing and filing under paragraph (b), if:

(1) the commissioner of natural resources determines that an emergency exists;

(2) the attorney general approves the rule; and

(3) for a rule that affects more than three counties the commissioner publishes the rule once in a legal newspaper published in Minneapolis, St. Paul, and Duluth, or for a rule that affects three or fewer counties the commissioner publishes the rule once in a legal newspaper in each of the affected counties.

(d) Except as provided in paragraph (e), a rule published under paragraph (c), clause (3), may not be effective earlier than seven days after publication.

(e) A rule published under paragraph (c), clause (3), may be effective the day the rule is published if the commissioner gives notice and holds a public hearing on the rule within 15 days before publication.

(f) The commissioner shall attempt to notify persons or groups of persons affected by rules adopted under paragraphs (b) and (c) by public announcements, posting, and other appropriate means as determined by the commissioner.

(g) Notwithstanding section 97A.0458, a rule adopted under this subdivision is effective for the period stated in the notice but not longer than 18 months after the rule is adopted.

Sec. 13. Minnesota Statutes 2002, section 84.029, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT, DEVELOPMENT, MAINTENANCE AND OPERATION.] In addition to other lawful authority, the commissioner of natural resources may establish, develop, maintain, and operate recreational areas, including but not limited to trails and canoe routes, for the use and enjoyment of the public on any state-owned or leased land under the commissioner's jurisdiction. ~~Each employee of the department of natural resources, while engaged in employment in connection with such recreational areas, has and possesses the authority and power of a peace officer when so designated by the commissioner.~~ The commissioner may employ and designate individuals according to section 85.04 to enforce laws governing the use of recreational areas.

Sec. 14. Minnesota Statutes 2002, section 84.085, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY.] (a) The commissioner of natural resources may accept for and on behalf of the state any gift, bequest, devise, or grants of lands or interest in lands or personal property of any kind or of money tendered to the state for any purpose pertaining to the activities of the department or any of its divisions. Any money so received is hereby appropriated and dedicated for the purpose for which it is granted. Lands and interests in lands so received may be sold or exchanged as provided in chapter 94.

(b) The commissioner of natural resources, on behalf of the state, may accept and use grants of money or property from the United States or other grantors for conservation purposes not inconsistent with the laws of this state. Any money or property so received is hereby appropriated and dedicated for the purposes for which it is granted, and shall be expended or used solely for such purposes in accordance with the federal laws and regulations pertaining thereto, subject to applicable state laws and rules as to manner of expenditure or use providing that the commissioner may make subgrants of any money received to other agencies, units of local government, private individuals, private organizations, and private nonprofit corporations. Appropriate funds and accounts shall be maintained by the commissioner of finance to secure compliance with this section.

(c) The commissioner may accept for and on behalf of the permanent school fund a donation of lands, interest in lands, or improvements on lands. A donation so received shall become state property, be classified as school trust land as defined in section 92.025, and be managed consistent with section 127A.31.

Sec. 15. Minnesota Statutes 2002, section 84.091, subdivision 2, is amended to read:

Subd. 2. [LICENSE REQUIRED; EXCEPTION.] (a) Except as provided in paragraph (b), a person may not harvest, buy, sell, transport, or possess aquatic plants without a license required under this chapter. A license shall be issued in the same manner as provided under the game and fish laws.

(b) A resident under the age of ~~16~~ 18 years may harvest wild rice without a license, if accompanied by a person with a wild rice license.

[EFFECTIVE DATE.] This section is effective March 1, 2004.

Sec. 16. Minnesota Statutes 2002, section 84.091, subdivision 3, is amended to read:

Subd. 3. [LICENSE FEES.] (a) The fees for the following licenses, to be issued to residents only, are:

(1) for harvesting wild rice, ~~\$12.50;~~

(i) for a season, \$25; and

(ii) for one day, \$15;

(2) for buying and selling wild ginseng, \$5;

(3) for a wild rice dealer's license to buy and sell 50,000 pounds or less, \$70; and

(4) for a wild rice dealer's license to buy and sell more than 50,000 pounds, \$250.

(b) The fee for a nonresident one-day license to harvest wild rice is \$30.

(c) The weight of the wild rice shall be determined in its raw state.

[EFFECTIVE DATE.] This section is effective March 1, 2004.

Sec. 17. Minnesota Statutes 2002, section 84.0911, is amended to read:

84.0911 [WILD RICE MANAGEMENT ACCOUNT.]

Subdivision 1. [~~ESTABLISHMENT ACCOUNT ESTABLISHED.~~] The wild rice management account is established as an account in the ~~state treasury game and fish fund.~~

Subd. 2. [RECEIPTS.] Money received from the sale of wild rice licenses issued by the commissioner under section 84.091, subdivision 3, ~~paragraph (a), clauses (1) and (3), and (4), and subdivision 3, paragraph (b),~~ shall be credited to the wild rice management account.

Subd. 3. [USE OF MONEY IN ACCOUNT.] ~~(a) Money in the wild rice management account shall be used by~~ is annually appropriated to the commissioner and shall be used for management of designated public waters to improve natural wild rice production.

~~(b) Money that is not appropriated from the wild rice management account does not cancel but shall remain in the wild rice management account until appropriated.~~

[EFFECTIVE DATE.] This section is effective March 1, 2004.

Sec. 18. [84.771] [OFF-HIGHWAY VEHICLE DEFINITION.]

For the purposes of sections 84.771 to 84.930, "off-highway vehicle" means an off-highway motorcycle, as defined under section 84.787, subdivision 7; an off-road vehicle, as defined under section 84.797, subdivision 7; or an all-terrain vehicle, as defined under section 84.92, subdivision 8.

Sec. 19. [84.773] [RESTRICTIONS ON OPERATION.]

A person may not intentionally operate an off-highway vehicle:

(1) on a trail on public land that is designated for nonmotorized use only;

(2) on restricted areas within public lands that are posted or where gates or other clearly visible structures are placed to prevent unauthorized motorized vehicle access; or

(3) except as specifically authorized by law or rule adopted by the commissioner, in: type 3, 4, 5, and 8 wetlands or unfrozen public waters, as defined in section 103G.005; in a state park; in a scientific and natural area; or in a wildlife management area.

Sec. 20. [84.775] [OFF-HIGHWAY VEHICLE CIVIL CITATIONS.]

Subdivision 1. [CIVIL CITATION; AUTHORITY TO ISSUE.] (a) A conservation officer or other licensed peace officer may issue a civil citation to a person who operates:

(1) an off-highway motorcycle in violation of sections 84.773; 84.777; 84.788 to 84.795; or 84.90;

(2) an off-road vehicle in violation of sections 84.773; 84.777; 84.798 to 84.804; or 84.90; or

(3) an all-terrain vehicle in violation of sections 84.773; 84.777; 84.90; or 84.922 to 84.928.

(b) A civil citation shall require restitution for public and private property damage and impose a penalty of no more than \$100 for the first offense, no more than \$200 for the second offense, and no more than \$500 for third and subsequent offenses. If the peace officer determines that there is damage to property requiring restitution, the commissioner must send a written explanation of the extent of the damage and the cost of the repair by first class mail to the address provided by the person receiving the citation within 15 days of the date of the citation.

Subd. 2. [APPEALS.] Civil citations issued under subdivision 1 may be appealed according to section 116.072, if the recipient of the citation requests a hearing by notifying the commissioner in writing within 30 days after receipt of the citation or, if applicable, within 15 days after the date of mailing the explanation of restitution. For the purposes of this section, the terms "commissioner" and "agency" as used in section 116.072 mean the commissioner of natural resources. If a hearing is not requested within the 30-day period, the citation becomes a final order not subject to further review.

Subd. 3. [ENFORCEMENT.] Civil citations issued under subdivision 1 may be enforced under section 116.072, subdivision 9. Penalty amounts must be remitted within 30 days of issuance of the citation.

Subd. 4. [ALLOCATION OF PENALTY AMOUNTS.] Penalty amounts collected from civil citations issued under this section must be paid to the treasury of the unit of government employing the officer that issued the civil citation. Penalties retained by the commissioner shall be credited as follows: to the off-highway motorcycle account under section 84.794 for citations involving off-highway motorcycles; to the off-road vehicle account under section 84.803 for citations involving off-road vehicles; or to the all-terrain vehicle account under section 84.927 for citations involving all-terrain vehicles. Penalty amounts credited under this subdivision are dedicated for the enforcement of off-highway vehicle laws.

Subd. 5. [SELECTION OF REMEDY.] A peace officer may not seek both civil and misdemeanor penalties for offenses listed in subdivision 1.

Sec. 21. [84.777] [OFF-HIGHWAY VEHICLE USE OF STATE LANDS RESTRICTED.]

(a) Except as otherwise allowed by law or rules adopted by the commissioner, effective June 1, 2003, notwithstanding sections 84.787 to 84.805 and 84.92 to 84.929, the use of off-highway vehicles is prohibited on state land administered by the commissioner of natural resources, and on county-administered forest land within the boundaries of a state forest, except on roads and trails specifically designated and posted by the commissioner for use by off-highway vehicles.

(b) Paragraph (a) does not apply to county-administered land within a state forest if the county board adopts a resolution that modifies restrictions on the use of off-highway vehicles on county-administered land within the forest.

Sec. 22. [84.780] [OFF-HIGHWAY VEHICLE DAMAGE ACCOUNT.]

(a) The off-highway vehicle damage account is created in the natural resources fund. Money in the off-highway vehicle damage account is appropriated to the commissioner of natural resources for the repair or restoration of property damaged by the operation of off-highway vehicles in an unpermitted area after August 1, 2003, and for the costs of administration for this section. Before the commissioner may make a payment from this account, the commissioner must determine whether the damage to the property was caused by the unpermitted use of off-highway vehicles, that the applicant has made reasonable efforts to identify the responsible individual and obtain payment from the individual, and that the applicant has made reasonable efforts to prevent reoccurrence. By June 30, 2005, the commissioner of finance must transfer the remaining balance in the account to the off-highway motorcycle account under section 84.794, the off-road vehicle account under section 84.803, and the all-terrain vehicle account under section 84.927. The amount transferred to each account must be proportionate to the amounts received in the damage account from the relevant off-highway vehicle accounts.

(b) This section expires July 1, 2005.

Sec. 23. Minnesota Statutes 2002, section 84.788, subdivision 2, is amended to read:

Subd. 2. [EXEMPTIONS.] Registration is not required for off-highway motorcycles:

- (1) owned and used by the United States, the state, another state, or a political subdivision;
- (2) registered in another state or country that have not been within this state for more than 30 consecutive days; or
- ~~(3) used exclusively in organized track racing events;~~
- ~~(4) being used on private land with the permission of the landowner; or~~
- ~~(5) registered under chapter 168, when operated on forest roads to gain access to a state forest campground.~~

Sec. 24. Minnesota Statutes 2002, section 84.788, subdivision 3, is amended to read:

Subd. 3. [APPLICATION; ISSUANCE; REPORTS.] (a) Application for registration or continued registration must be made to the commissioner or an authorized deputy registrar of motor vehicles in a form prescribed by the commissioner. The form must state the name and address of every owner of the off-highway motorcycle.

(b) A person who purchases from a retail dealer an off-highway motorcycle ~~that is intended to be operated on public lands or waters~~ shall make application for registration to the dealer at the point of sale. The dealer shall issue a temporary ten-day registration permit to each purchaser who applies to the dealer for registration. The dealer shall submit the completed registration applications and fees to the deputy registrar at least once each week. No fee may be charged by a dealer to a purchaser for providing the temporary permit.

(c) Upon receipt of the application and the appropriate fee, the commissioner or deputy registrar shall issue to the applicant, or provide to the dealer, a 60-day temporary receipt and shall assign a registration number that must be affixed to the motorcycle in a manner prescribed by the commissioner. A dealer subject to paragraph (b) shall provide the registration materials and temporary receipt to the purchaser within the ten-day temporary permit period.

(d) The commissioner shall develop a registration system to register vehicles under this section. A deputy registrar of motor vehicles acting under section 168.33, is also a deputy registrar of off-highway motorcycles. The commissioner of natural resources in agreement with the commissioner of public safety may prescribe the accounting and procedural requirements necessary to ensure efficient handling of registrations and registration fees. Deputy registrars shall strictly comply with the accounting and procedural requirements.

(e) ~~A fee of \$2~~ In addition to other fees prescribed by law, a filing fee of \$4.50 is charged for each off-highway motorcycle registration renewal, duplicate or replacement registration card, and replacement decal and a filing fee of \$7 is charged for each off-highway motorcycle registered registration and registration transfer issued by:

(1) a deputy registrar and must be deposited in the treasury of the jurisdiction where the deputy is appointed, or kept if the deputy is not a public official; or

(2) the commissioner and must be deposited in the state treasury and credited to the off-highway motorcycle account.

Sec. 25. Minnesota Statutes 2002, section 84.798, subdivision 3, is amended to read:

Subd. 3. [APPLICATION; ISSUANCE.] (a) Application for registration or continued registration must be made to the commissioner, or an authorized deputy registrar of motor vehicles in a form prescribed by the commissioner. The form must state the name and address of every owner of the off-road vehicle. Upon receipt of the application and the appropriate fee, the commissioner shall register the off-road vehicle and assign a registration number that must be affixed to the vehicle in accordance with subdivision 4.

(b) A deputy registrar of motor vehicles acting under section 168.33 is also a deputy registrar of off-road vehicles. The commissioner of natural resources in cooperation with the commissioner of public safety may prescribe the accounting and procedural requirements necessary to ensure efficient handling of registrations and registration fees. Deputy registrars shall strictly comply with the accounting and procedural requirements. ~~A fee of \$2~~ In addition to other fees prescribed by law ~~must be,~~ a filing fee of \$4.50 is charged for each off-road vehicle registration renewal, duplicate or replacement registration card, and replacement decal and a filing fee of \$7 is charged for each off-road vehicle registered registration and registration transfer issued by:

(1) a deputy registrar and must be deposited in the treasury of the jurisdiction where the deputy is appointed, or retained if the deputy is not a public official; or

(2) the commissioner and must be deposited in the state treasury and credited to the off-road vehicle account.

Sec. 26. Minnesota Statutes 2002, section 84.803, subdivision 2, is amended to read:

Subd. 2. [PURPOSES.] Subject to appropriation by the legislature, money in the off-road vehicle account may only be spent for:

(1) administration, enforcement, and implementation of sections ~~84.797~~ 84.773 to 84.805 and ~~Laws 1993, chapter 311, article 2, section 18;~~

(2) acquisition, maintenance, and development of off-road vehicle trails and use areas;

(3) grant-in-aid programs to counties and municipalities to construct and maintain off-road vehicle trails and use areas; ~~and~~

(4) grants-in-aid to local safety programs; and

(5) enforcement and public education grants to local law enforcement agencies.

Sec. 27. [84.901] [OFF-HIGHWAY VEHICLE SAFETY AND CONSERVATION PROGRAM.]

Subdivision 1. [CREATION.] The commissioner of natural resources shall establish a program to promote the safe and responsible operation of off-highway vehicles in a manner that does not harm the environment. The commissioner shall coordinate the program through the regional offices of the department of natural resources.

Subd. 2. [PURPOSE.] The purpose of the program is to encourage off-highway vehicle clubs to assist, on a volunteer basis, in improving, maintaining, and monitoring of trails on state forest land and other public lands.

Subd. 3. [AGREEMENTS.] (a) The commissioner shall enter into informal agreements with off-highway vehicle clubs for volunteer services to maintain, make improvements to, and monitor trails on state forest land and other public lands. The off-highway vehicle clubs shall promote the operation of off-highway vehicles in a safe and responsible manner that complies with the laws and rules that relate to the operation of off-highway vehicles.

(b) The off-highway vehicle clubs may provide assistance to the department in locating, recruiting, and training instructors for off-highway vehicle training programs.

(c) The commissioner may provide assistance to enhance the comfort and safety of volunteers and to facilitate the implementation and administration of the safety and conservation program.

Subd. 4. [WORKER DISPLACEMENT PROHIBITED.] The commissioner may not enter into any agreement that has the purpose of or results in the displacement of public employees by volunteers participating in the off-highway safety and conservation program under this section. The commissioner must certify to the appropriate bargaining agent that the work performed by a volunteer will not result in the displacement of currently employed workers or workers on seasonal layoff or layoff from a substantially equivalent position, including partial displacement such as reduction in hours of nonovertime work, wages, or other employment benefits.

Sec. 28. Minnesota Statutes 2002, section 84.92, subdivision 8, is amended to read:

Subd. 8. [ALL-TERRAIN VEHICLE.] "All-terrain vehicle" or "vehicle" means a motorized flotation-tired vehicle of not less than three low pressure tires, but not more than six tires, that is limited in engine displacement of less than 800 cubic centimeters and total dry weight less than ~~800~~ 900 pounds.

Sec. 29. Minnesota Statutes 2002, section 84.922, subdivision 2, is amended to read:

Subd. 2. [APPLICATION, ISSUANCE, REPORTS.] (a) Application for registration or continued registration shall be made to the commissioner of natural resources, the commissioner of public safety or an authorized deputy registrar of motor vehicles in a form prescribed by the commissioner. The form must state the name and address of every owner of the vehicle.

(b) A person who purchases an all-terrain vehicle from a retail dealer shall make application for registration to the dealer at the point of sale. The dealer shall issue a temporary ten-day registration permit to each purchaser who applies to the dealer for registration. The dealer shall submit the completed registration application and fees to the deputy registrar at least once each week. No fee may be charged by a dealer to a purchaser for providing the temporary permit.

(c) Upon receipt of the application and the appropriate fee, the commissioner or deputy registrar shall issue to the applicant, or provide to the dealer, a 60-day temporary receipt and shall assign a registration number that must be affixed to the vehicle in a manner prescribed by the commissioner. A dealer subject to paragraph (b) shall provide the registration materials and temporary receipt to the purchaser within the ten-day temporary permit period. The commissioner shall use the snowmobile registration system to register vehicles under this section.

(d) Each deputy registrar of motor vehicles acting under section 168.33, is also a deputy registrar of all-terrain vehicles. The commissioner of natural resources in agreement with the commissioner of public safety may prescribe the accounting and procedural requirements necessary to assure efficient handling of registrations and registration fees. Deputy registrars shall strictly comply with the accounting and procedural requirements.

(e) ~~A fee of \$2~~ In addition to other fees prescribed by law ~~shall be, a filing fee of \$4.50 is charged for each all-terrain vehicle registration renewal, duplicate or replacement registration card, and replacement decal and a filing fee of \$7 is charged for each all-terrain vehicle registered registration and registration transfer issued by:~~

(1) a deputy registrar and shall be deposited in the treasury of the jurisdiction where the deputy is appointed, or retained if the deputy is not a public official; or

(2) the commissioner and shall be deposited to the state treasury and credited to the all-terrain vehicle account in the natural resources fund.

Sec. 30. Minnesota Statutes 2002, section 84.922, subdivision 5, is amended to read:

Subd. 5. [FEES FOR REGISTRATION.] (a) The fee for a three-year registration of an all-terrain vehicle under this section, other than those registered by a dealer or manufacturer under paragraph (b) or (c), is:

(1) for public use ~~before January 1, 2005, \$18~~ before January 1, 2005, \$23;

(2) for public use on January 1, 2005, and after, \$30;

(3) for private use, \$6; and

(4) for a duplicate or transfer, \$4.

(b) The total registration fee for all-terrain vehicles owned by a dealer and operated for demonstration or testing purposes is \$50 per year. Dealer registrations are not transferable.

(c) The total registration fee for all-terrain vehicles owned by a manufacturer and operated for research, testing, experimentation, or demonstration purposes is \$150 per year. Manufacturer registrations are not transferable.

(d) The fees collected under this subdivision must be credited to the all-terrain vehicle account.

Sec. 31. Minnesota Statutes 2002, section 84.926, is amended to read:

84.926 [VEHICLE USE ALLOWED ON PUBLIC LANDS BY THE COMMISSIONER.]

Notwithstanding section 84.777, on a case by case basis, after notice and public hearing, the commissioner may allow vehicles issue a permit authorizing a person to operate an off-highway vehicle on individual public trails under the commissioner's jurisdiction during specified times and for specified purposes.

Sec. 32. Minnesota Statutes 2002, section 84.927, subdivision 2, is amended to read:

Subd. 2. [PURPOSES.] Subject to appropriation by the legislature, money in the all-terrain vehicle account may only be spent for:

(1) the education and training program under section 84.925;

(2) administration, enforcement, and implementation of sections ~~84.92~~ 84.773 to 84.929 ~~and Laws 1984, chapter 647, sections 9 and 10;~~

(3) acquisition, maintenance, and development of vehicle trails and use areas;

(4) grant-in-aid programs to counties and municipalities to construct and maintain all-terrain vehicle trails and use areas; ~~and~~

(5) grants-in-aid to local safety programs; and

(6) enforcement and public education grants to local law enforcement agencies.

The distribution of funds made available through grant-in-aid programs must be guided by the statewide comprehensive outdoor recreation plan.

Sec. 33. Minnesota Statutes 2002, section 84.928, subdivision 1, is amended to read:

Subdivision 1. [OPERATION ON ROADS AND RIGHTS-OF-WAY.] (a) Unless otherwise allowed in sections 84.92 to 84.929, a person shall not operate an all-terrain vehicle in this state along or on the roadway, shoulder, or inside bank or slope of a public road right-of-way of a trunk, county state-aid, or county highway other than in the ditch or the outside bank or slope of a trunk, county state-aid, or county highway in this state unless otherwise allowed in sections 84.92 to 84.929 unless prohibited under paragraph (b).

(b) A road authority as defined under section 160.02, subdivision 25, may after a public hearing restrict the use of all-terrain vehicles in the ditch or outside bank or slope of a public road right-of-way under its jurisdiction.

(c) The commissioner may limit the use of a right-of-way for a period of time if the commissioner determines that use of the right-of-way causes:

(1) degradation of vegetation on adjacent public property;

(2) siltation of waters of the state;

(3) impairment or enhancement to the act of taking game; or

(4) a threat to safety of the right-of-way users or to individuals on adjacent public property.

(d) The commissioner must notify the road authority as soon as it is known that a closure will be ordered. The notice must state the reasons and duration of the closure.

~~(b)~~ (e) A person may operate an all-terrain vehicle registered for private use and used for agricultural purposes on a public road right-of-way of a trunk, county state-aid, or county highway in this state if the all-terrain vehicle is operated on the extreme right-hand side of the road, and left turns may be made from any part of the road if it is safe to do so under the prevailing conditions.

~~(c)~~ (f) A person shall not operate an all-terrain vehicle within the public road right-of-way of a trunk, county state-aid, or county highway from April 1 to August 1 in the agricultural zone unless the vehicle is being used exclusively as transportation to and from work on agricultural lands. This paragraph does not apply to an agent or employee of a road authority, as defined in section 160.02, subdivision 25, or the department of natural resources when performing or exercising official duties or powers.

~~(d)~~ (g) A person shall not operate an all-terrain vehicle within the public road right-of-way of a trunk, county state-aid, or county highway between the hours of one-half hour after sunset to one-half hour before sunrise, except on the right-hand side of the right-of-way and in the same direction as the highway traffic on the nearest lane of the adjacent roadway.

~~(e)~~ (h) A person shall not operate an all-terrain vehicle at any time within the right-of-way of an interstate highway or freeway within this state.

Sec. 34. [84.930] [MOTORIZED TRAIL GRANTS-IN-AID.]

(a) This section applies to grants-in-aid for motorized trail construction and maintenance under sections 84.794, 84.803, 84.83, and 84.927.

(b) If the commissioner of natural resources determines that a grant-in-aid recipient has violated any federal or state law or any of the terms of the grant agreement with the commissioner, the commissioner may withhold all grant payments for any work occurring after the date the recipient was notified of the violation and seek restitution for any property damage caused by the violation.

(c) A grant-in-aid recipient may appeal the commissioner's decision under paragraph (b) in a contested case hearing under section 14.58.

Sec. 35. [84.991] [MINNESOTA CONSERVATION CORPS.]

Subdivision 1. [TRANSFER.] (a) The Minnesota conservation corps is moved to the friends of the Minnesota conservation corps, an existing nonprofit corporation under section 501(c)(3) of the Internal Revenue Code of 1986, as amended, doing business as the Minnesota conservation corps under the supervision of a board of directors.

(b) The expenditure of state funds by the Minnesota conservation corps is subject to audit by the legislative auditor and regular annual report to the legislature in general and specifically to the house of representatives and senate committees with jurisdiction over environment and natural resources policy and finance.

Subd. 2. [STAFF; CORPS MEMBERS.] (a) Staff employed by the Minnesota conservation corps are not state employees, but, at the option of the board of directors of the nonprofit corporation and at the expense of the corporation or its staff, employees who are in the employ of the Minnesota conservation corps on or before June 30, 2003, may continue to participate in state retirement and deferred compensation, that apply to state employees.

(b) Employment as a Minnesota conservation corps member is noncovered employment for purposes of eligibility for unemployment benefits under chapter 268.

(c) The Minnesota conservation corps is authorized to continue to have staff and corps members participate in the state of Minnesota workers' compensation program through the department of natural resources. Staff and corps members' claim and administrative costs must be allocated and set annually by the department of natural resources in a manner that is consistent with how these costs are allocated across that agency's operations. The friends of the Minnesota conservation corps shall establish and follow loss-control strategies that are consistent with loss-control activities of the department of natural resources. In the event that the friends of the Minnesota conservation corps becomes insolvent or cannot otherwise fund its claim and administrative costs, liability for these costs shall be assumed by the department of natural resources.

(d) The Minnesota conservation corps is a training and service program and exempt from Minnesota prevailing wage guidelines.

Subd. 3. [STATE AND OTHER AGENCY COLLABORATION.] The departments of natural resources, agriculture, public safety, transportation, and other appropriate state agencies must constructively collaborate with the Minnesota conservation corps.

Subd. 4. [EQUIPMENT AND SERVICE PURCHASES; STATE CONTRACTS.] The Minnesota conservation corps may purchase or lease equipment and services, including fleet, through state contracts administered by the commissioner of administration or the department of natural resources.

Subd. 5. [LIMITATIONS ON MINNESOTA CONSERVATION CORPS PROJECTS.] Each employing state or local agency must certify that the assignment of Minnesota conservation corps members will not result in the displacement of currently employed workers or workers on seasonal layoff, including partial displacement such as reduction in hours of nonovertime work, wages, or other employment benefits. Supervising agencies that participate in the program may not terminate, lay off, reduce the seasonal hours, or reduce the working hours of any employee for the purpose of using a corps member with available funds. The positions and job duties of corps members employed in projects shall be submitted to affected exclusive representatives prior to actual assignment.

Subd. 6. [JOINT POWERS.] Section 471.59 relating to joint exercise of powers applies to the Minnesota conservation corps.

Sec. 36. Minnesota Statutes 2002, section 84A.02, is amended to read:

84A.02 [DEPARTMENT TO MANAGE PRESERVE.]

(a) The department of natural resources shall manage and control the Red Lake game preserve. The department may adopt and enforce rules for the care, preservation, protection, breeding, propagation, and disposition of all species of wildlife in the preserve. The department may adopt and enforce rules for the regulation, issuance, sale, and revocation of special licenses or special permits for hunting, fishing, camping, and other uses of this area, consistent with sections 84A.01 to 84A.11. The department may by rule set the terms, conditions, and charges for these licenses and permits.

(b) The rules may specify and control the terms under which wildlife may be taken, captured, or killed in the preserve, and under which fur-bearing animals, or animals and fish otherwise having commercial value, may be taken, captured, trapped, killed, sold, and removed from it. These rules may also provide for (1) the afforestation and reforestation of state lands in the preserve, (2) the sale of merchantable timber from these lands when, in the opinion of the department, it can be sold and removed without damage or injury to the further use and development of the land for wildlife and game in the preserve, and (3) the purposes for which the preserve is established by sections 84A.01 to 84A.11.

(c) The department may provide for the policing of the preserve as necessary for its proper development and use for the purposes specified. ~~Supervisors, guards, custodians, and caretakers assigned to duty in the preserve have the powers of peace officers while in their employment~~ The commissioner of natural resources may employ and designate individuals according to section 85.04 to enforce laws governing the use of the preserve.

(d) The department shall also adopt and enforce rules concerning the burning of grass, timber slashings, and other flammable matter, and the clearing, development, and use of lands in the preserve as necessary to prevent forest fires and grass fires that would injure the use and development of this area for wildlife preservation and propagation and to protect its forest and wooded areas.

(e) Lands within the preserve are subject to the rules, whether owned by the state or privately, consistent with the rights of the private owners and with applicable state law. The rules may establish areas and zones within the preserve where hunting, fishing, trapping, or camping is prohibited or specially regulated, to protect and propagate particular wildlife in the preserve.

(f) Rules adopted under sections 84A.01 to 84A.11 must be posted on the boundaries of the preserve.

Sec. 37. Minnesota Statutes 2002, section 84A.21, is amended to read:

84A.21 [DEPARTMENT TO MANAGE PROJECTS.]

(a) The department shall manage and control each project approved and accepted under section 84A.20. The department may adopt and enforce rules for the purposes in section 84A.20, subdivision 1, for the prevention of forest fires in the projects, and for the sale of merchantable timber from lands so acquired by the state when, in the opinion of the department, the timber may be sold and removed without damage to the project.

(b) These rules may relate to the care, preservation, protection, breeding, propagation, and disposition of any species of wildlife in the project and the regulation, issuance, sale, and revocation of special licenses or special permits for hunting, fishing, camping, and other uses of the areas consistent with applicable state law.

(c) The department may provide for the policing of each project as needed for the proper development, use, and protection of the project and its purposes. ~~Supervisors, guards, custodians, and caretakers assigned to duty in any project have the powers of peace officers while employed by the department~~ The commissioner of natural resources may employ and designate individuals according to section 85.04 to enforce laws governing the use of the projects.

(d) Lands within a project are subject to these rules, whether owned by the state or privately, consistent with the rights of the private owners or with applicable state law. The rules must be published once in one qualified newspaper in each county affected and take effect after publication. They must also be posted on the boundaries of each project affected.

Sec. 38. Minnesota Statutes 2002, section 84A.32, subdivision 1, is amended to read:

Subdivision 1. [RULES.] (a) The department shall manage and control each project approved and accepted under section 84A.31. The department may adopt and enforce rules for the purposes in section 84A.31, subdivision 1, for the prevention of forest fires in the projects, and for the sale of merchantable timber from lands acquired by the state in the projects when, in the opinion of the department, the timber may be sold and removed without damage to the purposes of the projects. Rules must not interfere with, destroy, or damage any privately owned property without just compensation being made to the owner of the private property by purchase or in lawful condemnation proceedings. The rules may relate to the care, preservation, protection, breeding, propagation, and disposition of any species of wildlife in the projects and the regulation, issuance, sale, and revocation of special licenses or special permits for hunting, fishing, camping, or other uses of these areas consistent with applicable state law.

(b) The department may provide for the policing of each project as necessary for the proper development, use, and protection of the project, and of its purpose. ~~Supervisors, guards, custodians, and caretakers assigned to duty in a project have the powers of peace officers while employed by the department~~ The commissioner of natural resources may employ and designate individuals according to section 85.04 to enforce laws governing the use of the projects.

(c) Lands within the project are subject to these rules, whether owned by the state, or privately, consistent with the constitutional rights of the private owners or with applicable state law. The department may exclude from the operation of the rules any lands owned by private individuals upon which taxes are delinquent for three years or less. Rules must be published once in the official newspaper of each county affected and take effect 30 days after publication. They must also be posted on each of the four corners of each township of each project affected.

(d) In the management, operation, and control of areas taken for afforestation, reforestation, flood control projects, and wild game and fishing reserves, nothing shall be done that will in any manner obstruct or interfere with the operation of ditches or drainage systems existing within the areas, or damage or destroy existing roads or highways within these areas or projects, unless the ditches, drainage systems, roads, or highways are first taken under the right of eminent domain and compensation made to the property owners and municipalities affected and damaged. Each area or project shall contribute from the funds of the project, in proportion of the state land within the project, for the construction and maintenance of roads and highways necessary within the areas and projects to give the settlers and private owners within them access to their land. The department may construct and maintain roads and highways within the areas and projects as it considers necessary.

Sec. 39. Minnesota Statutes 2002, section 84A.55, subdivision 8, is amended to read:

Subd. 8. [POLICING.] The commissioner may police the game preserves, areas, and projects as necessary to carry out this section. ~~Persons assigned to the policing have the powers of police officers while so engaged~~ The commissioner may employ and designate individuals according to section 85.04 to enforce laws governing the use of the game preserves, areas, and projects.

Sec. 40. [84B.12] [CITIZENS COUNCIL ON VOYAGEURS NATIONAL PARK.]

(a) The governor may appoint, except for the legislative members, a citizens council on Voyageurs National Park, consisting of 17 members as follows:

(1) four residents of Koochiching county;

(2) four residents of St. Louis county;

(3) five residents of the state, at large, from outside Koochiching and St. Louis counties;

(4) two members of the senate to be appointed by the committee on committees;

(5) two members of the house of representatives to be appointed by the speaker of the house.

(b) The governor shall designate one of the appointees to serve as chair and the committee may elect other officers that it considers necessary. Members shall be appointed so as to represent differing viewpoints and interest groups on the facilities included in and around the park. Legislative members shall serve for the term of the legislative office to which they were elected. The terms, compensation and removal of nonlegislative members of the council are as provided in section 15.059. The council expires June 30, 2007.

(c) The executive committee of the council consists of the legislative members and the chair. The executive committee shall act on matters of personnel, out-of-state trips by members of the council, and nonroutine monetary issues.

(d) The committee shall conduct meetings and research into all matters related to the establishment and operation of Voyageurs National Park, and shall make such recommendations to the United States National Park Service and other federal and state agencies concerned regarding operation of the park as the committee deems advisable. A copy of each recommendation shall be filed with the legislative reference library. Subject to the availability of legislative appropriation or other funding, the committee may employ staff and may contract for consulting services relating to matters within its authority.

(e) Money appropriated to provide the payments prescribed by this section is appropriated to the commissioner of administration.

Sec. 41. Minnesota Statutes 2002, section 84D.14, is amended to read:

84D.14 [EXEMPTIONS.]

This chapter does not apply to:

- (1) pathogens and terrestrial arthropods ~~regulated under sections 18.44 to 18.61~~; or
- (2) mammals and birds defined by statute as livestock.

Sec. 42. Minnesota Statutes 2002, section 85.04, is amended to read:

85.04 [ENFORCEMENT DIVISION EMPLOYEES AS PEACE OFFICERS.]

Subdivision 1. [PEACE OFFICER EMPLOYMENT.] All supervisors, guards, custodians, keepers, and caretakers shall have and possess the authority and powers of peace officers while in their employment. The commissioner of natural resources may employ peace officers as defined under section 626.84, subdivision 1, paragraph (c), to enforce laws governing the use of state parks, state monuments, state recreation areas, and state waysides.

Subd. 2. [OTHER EMPLOYEES.] Until August 1, 2004, the commissioner of natural resources may designate certain employees to enforce laws governing the use of state parks, state monuments, state recreation areas, state waysides, and state forest subareas. The designation by the commissioner is not subject to rulemaking under Minnesota Statutes, chapter 14.

Sec. 43. Minnesota Statutes 2002, section 85.052, subdivision 3, is amended to read:

Subd. 3. [FEE FOR CERTAIN PARKING AND CAMPSITE USE.] (a) An individual using spaces in state parks under subdivision 1, clause (2), shall be charged daily rates determined and set by the commissioner in a manner and amount consistent with the type of facility provided for the accommodation of guests in a particular park and with similar facilities offered for tourist camping and similar use in the area.

(b) The fee for special parking spurs, campgrounds for automobiles, sites for tent camping, and special auto trailer coach parking spaces is one-half of the fee set in paragraph (a) on Sunday through Thursday of each week for a physically handicapped person:

(1) ~~an individual age 65 or over who is a resident of the state and who furnishes satisfactory proof of age and residence;~~

(2) ~~a physically handicapped person~~ with a motor vehicle that has special plates issued under section 168.021, subdivision 1; or

(3) ~~a physically handicapped person~~ (2) who possesses a certificate issued under section 169.345, subdivision 3.

Sec. 44. Minnesota Statutes 2002, section 85.053, subdivision 1, is amended to read:

Subdivision 1. [FORM, ISSUANCE, VALIDITY.] (a) The commissioner shall prepare and provide state park permits for each calendar year that state a motor vehicle may enter and use state parks, state recreation areas, and state waysides over 50 acres in area. State park permits must be available and placed on sale by ~~October~~ January 1 of the year ~~preceding~~ the calendar year that the permit is valid. A separate motorcycle permit may be prepared and provided by the commissioner.

(b) An annual state park permit must be affixed when purchased and may be used from the time it is affixed for a 12-month period. State park permits in each category must be numbered consecutively for each year of issue.

(c) State park permits shall be issued by employees of the division of parks and recreation as designated by the commissioner. State park permits also may be consigned to and issued by agents designated by the commissioner who are not employees of the division of parks and recreation. All proceeds from the sale of permits and all unsold permits consigned to agents shall be returned to the commissioner at such times as the commissioner may direct, but no later than the end of the calendar year for which the permits are effective. No part of the permit fee may be retained by an agent. An additional charge or fee in an amount to be determined by the commissioner, but not to exceed four percent of the price of the permit, may be collected and retained by an agent for handling or selling the permits.

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

Sec. 45. Minnesota Statutes 2002, section 85.055, subdivision 1, is amended to read:

Subdivision 1. [FEES.] The fee for state park permits for:

(1) an annual use of state parks is ~~\$20~~ \$25;

(2) a second vehicle state park permit is ~~\$15~~ \$18;

(3) a state park permit valid for one day is ~~\$4~~ \$7;

- (4) a daily vehicle state park permit for groups is ~~\$2~~ \$5;
- (5) an employee's state park permit is without charge; and
- (6) a state park permit for handicapped persons under section 85.053, subdivision 7, clauses (1) and (2), is \$12.

The fees specified in this subdivision include any sales tax required by state law.

Sec. 46. Minnesota Statutes 2002, section 85A.02, subdivision 17, is amended to read:

Subd. 17. [ADDITIONAL POWERS.] (a) The board may establish a schedule of charges for admission to or the use of the Minnesota zoological garden or any related facility. Notwithstanding section 16A.1283, legislative approval is not required for the board to establish a schedule of charges for admission or use of the Minnesota zoological garden or related facilities. The board shall have a policy admitting elementary school children at ~~no~~ a reduced charge when they are part of an organized school activity. The Minnesota zoological garden will offer free admission throughout the year to economically disadvantaged Minnesota citizens equal to ten percent of the average annual attendance. However, the zoo may charge at any time for parking, special services, and for admission to special facilities for the education, entertainment, or convenience of visitors.

(b) The board may provide for the purchase, reproduction, and sale of gifts, souvenirs, publications, informational materials, food and beverages, and grant concessions for the sale of these items. Notwithstanding subdivision 5b, section 16C.09 does not apply to activities authorized under this paragraph.

Sec. 47. Minnesota Statutes 2002, section 86B.415, subdivision 8, is amended to read:

Subd. 8. [REGISTRAR'S FEE.] In addition to ~~the license fee~~ other fees prescribed by law, a filing fee of \$2 \$4.50 shall be charged for ~~a~~ each watercraft license renewal, duplicate or replacement license, and replacement decal and a filing fee of \$7 shall be charged for each watercraft license and license transfer issued by:

- (1) ~~issued through~~ the registrar or a deputy registrar of motor vehicles and the additional fee shall be disposed of in the manner provided in section 168.33, subdivision 2; or
- (2) ~~issued through~~ the commissioner and the additional fee shall be deposited in the state treasury and credited to the water recreation account.

Sec. 48. Minnesota Statutes 2002, section 86B.870, subdivision 1, is amended to read:

Subdivision 1. [FEES.] (a) The fee to be paid to the commissioner:

- (1) for issuing an original certificate of title, including the concurrent notation of an assignment of the security interest and its subsequent release or satisfaction, is \$15;
- (2) for each security interest when first noted upon a certificate of title, including the concurrent notation of an assignment of the security interest and its subsequent release or satisfaction, is \$10;
- (3) for transferring the interest of an owner and issuing a new certificate of title, is \$10;
- (4) for each assignment of a security interest when first noted on a certificate of title, unless noted concurrently with the security interest, is \$1; and
- (5) for issuing a duplicate certificate of title, is \$4.

(b) In addition to other statutory fees and taxes, a filing fee of ~~\$3.50~~ \$7 is imposed on every watercraft title application. The filing fee must be shown as a separate item on title renewal notices sent by the commissioner.

Sec. 49. Minnesota Statutes 2002, section 97A.045, is amended by adding a subdivision to read:

Subd. 11. [POWER TO PREVENT OR CONTROL WILDLIFE DISEASE.] (a) If the commissioner determines that action is necessary to prevent or control a wildlife disease, the commissioner may prevent or control wildlife disease in a species of wild animal in addition to the protection provided by the game and fish laws by further limiting, closing, expanding, or opening seasons or areas of the state; by reducing or increasing limits in areas of the state; by establishing disease management zones; by authorizing free licenses; by allowing shooting from motor vehicles by persons designated by the commissioner; by issuing replacement licenses for sick animals; by requiring sample collection from hunter-harvested animals; by limiting wild animal possession, transportation, and disposition; and by restricting wildlife feeding.

(b) The commissioner may prevent or control wildlife disease in a species of wild animal in the state by emergency rule adopted under section 84.027, subdivision 13.

Sec. 50. Minnesota Statutes 2002, section 97A.071, subdivision 2, is amended to read:

Subd. 2. [REVENUE FROM THE SMALL GAME LICENSE SURCHARGE AND LIFETIME LICENSES.] Revenue from the small game surcharge and \$4 ~~\$6.50~~ annually from the lifetime fish and wildlife trust fund, established in section 97A.4742, for each license issued under sections 97A.473, subdivisions 3 and 5, and 97A.474, subdivision 3, shall be credited to the wildlife acquisition account and the money in the account shall be used by the commissioner only for the purposes of this section, and acquisition and development of wildlife lands under section 97A.145 and maintenance of the lands, in accordance with appropriations made by the legislature.

[EFFECTIVE DATE.] This section is effective March 1, 2004.

Sec. 51. Minnesota Statutes 2002, section 97A.075, subdivision 1, is amended to read:

Subdivision 1. [DEER, BEAR, AND LIFETIME LICENSES.] (a) For purposes of this subdivision, "deer license" means a license issued under section 97A.475, subdivisions 2, clauses (4), (5), ~~and~~ (9), (11), (13), and (14), and 3, clauses (2), (3), and (7), and licenses issued under section 97B.301, subdivision 4.

(b) At least \$2 from each annual deer license and \$2 annually from the lifetime fish and wildlife trust fund, established in section 97A.4742, for each license issued under section 97A.473, subdivision 4, shall be used for deer habitat improvement or deer management programs.

(c) At least \$1 from each annual deer license and each bear license and \$1 annually from the lifetime fish and wildlife trust fund, established in section 97A.4742, for each license issued under section 97A.473, subdivision 4, shall be used for deer and bear management programs, including a computerized licensing system. Fifty cents from each deer license is appropriated for emergency deer feeding and wild cervidae health management ~~of chronic wasting disease~~. Money appropriated for emergency deer feeding and ~~management of chronic wasting disease~~ wild cervidae health management is available until expended. When the unencumbered balance in the appropriation for emergency deer feeding and ~~chronic wasting disease~~ wild cervidae health management at the end of a fiscal year exceeds ~~\$1,500,000~~ \$2,500,000 for the first time, \$750,000 is canceled to the unappropriated balance of the game and fish fund. The commissioner must inform the legislative chairs of the natural resources finance committees every two years on how the money for ~~chronic wasting disease~~ emergency deer feeding and wild cervidae health management has been spent.

Thereafter, when the unencumbered balance in the appropriation for emergency deer feeding and wild cervidae health management exceeds ~~\$1,500,000~~ \$2,500,000 at the end of a fiscal year, the unencumbered balance in excess of ~~\$1,500,000~~ \$2,500,000 is canceled and available for deer and bear management programs and computerized licensing.

Sec. 52. Minnesota Statutes 2002, section 97A.075, subdivision 2, is amended to read:

Subd. 2. [MINNESOTA MIGRATORY WATERFOWL STAMP.] (a) Ninety percent of the revenue from the Minnesota migratory waterfowl stamps must be credited to the waterfowl habitat improvement account. Money in the account may be used only for:

(1) development of wetlands and lakes in the state and designated waterfowl management lakes for maximum migratory waterfowl production including habitat evaluation, the construction of dikes, water control structures and impoundments, nest cover, rough fish barriers, acquisition of sites and facilities necessary for development and management of existing migratory waterfowl habitat and the designation of waters under section 97A.101;

(2) management of migratory waterfowl;

(3) development, restoration, maintenance, or preservation of migratory waterfowl habitat; ~~and~~

(4) acquisition of and access to structure sites; and

(5) the promotion of waterfowl habitat development and maintenance, including promotion and evaluation of government farm program benefits for waterfowl habitat.

(b) Money in the account may not be used for costs unless they are directly related to a specific parcel of land or body of water under paragraph (a), clause (1), (3), ~~or (4)~~, or (5), or to specific management activities under paragraph (a), clause (2).

Sec. 53. Minnesota Statutes 2002, section 97A.075, subdivision 4, is amended to read:

Subd. 4. [PHEASANT STAMP.] (a) Ninety percent of the revenue from pheasant stamps must be credited to the pheasant habitat improvement account. Money in the account may be used only for:

(1) the development, restoration, and maintenance of suitable habitat for ringnecked pheasants on public and private land including the establishment of nesting cover, winter cover, and reliable food sources;

(2) reimbursement of landowners for setting aside lands for pheasant habitat;

(3) reimbursement of expenditures to provide pheasant habitat on public and private land; ~~and~~

(4) the promotion of pheasant habitat development and maintenance, including promotion and evaluation of government farm program benefits for pheasant habitat; and

(5) the acquisition of lands suitable for pheasant habitat management and public hunting.

(b) Money in the account may not be used for:

(1) costs unless they are directly related to a specific parcel of land under paragraph (a), ~~clauses clause (1) to (3), or (5)~~, or to specific promotional or evaluative activities under paragraph (a), clause (4); or

(2) any personnel costs, except that prior to July 1, 2009, personnel may be hired to provide technical and promotional assistance for private landowners to implement conservation provisions of state and federal programs.

Sec. 54. Minnesota Statutes 2002, section 97A.105, subdivision 1, is amended to read:

Subdivision 1. [LICENSE REQUIREMENTS.] (a) A person may breed and propagate fur-bearing animals, game birds, bear, ~~moose, elk, caribou, or~~ mute swans, ~~or deer~~ only on privately owned or leased land and after obtaining a license. Any of the permitted animals on a game farm may be sold to other licensed game farms. "Privately owned or leased land" includes waters that are shallow or marshy, are not actually navigable, and are not of substantial beneficial public use. Before an application for a license is considered, the applicant must enclose the area to sufficiently confine the animals to be raised in a manner approved by the commissioner. A license may be granted only if the commissioner finds the application is made in good faith with intention to actually carry on the business described in the application and the commissioner determines that the facilities are adequate for the business.

(b) A person may purchase live game birds or their eggs without a license if the birds or eggs, or birds hatched from the eggs, are released into the wild, consumed, or processed for consumption within one year after they were purchased or hatched. This paragraph does not apply to the purchase of migratory waterfowl or their eggs.

(c) A person may not introduce mute swans into the wild without a permit issued by the commissioner.

[EFFECTIVE DATE.] This section is effective January 1, 2004.

Sec. 55. Minnesota Statutes 2002, section 97A.401, subdivision 3, is amended to read:

Subd. 3. [TAKING, POSSESSING, AND TRANSPORTING WILD ANIMALS FOR CERTAIN PURPOSES.] (a) Except as provided in paragraph (b), special permits may be issued without a fee to take, possess, and transport wild animals as pets and for scientific, educational, rehabilitative, wildlife disease prevention and control, and exhibition purposes. The commissioner shall prescribe the conditions for taking, possessing, transporting, and disposing of the wild animals.

(b) A special permit may not be issued to take or possess wild or native deer for exhibition ~~or~~ propagation, or as pets.

~~(c) The commissioner shall establish criteria for issuing special permits for persons to possess wild and native deer as pets.~~

Sec. 56. Minnesota Statutes 2002, section 97A.441, subdivision 7, is amended to read:

Subd. 7. [OWNERS OR TENANTS OF AGRICULTURAL LAND.] (a) The commissioner may issue, without a fee, a license to take an antlerless deer to a person who is an owner or tenant and is living and actively farming on at least 80 acres of agricultural land, as defined in section 97B.001, in deer permit areas that have deer archery licenses to take additional deer under section 97B.301, subdivision 4. A person may receive only one license per year under this subdivision. For properties with coowners or cotenants, only one coowner or cotenant may receive a license under this subdivision per year. The license issued under this subdivision is restricted to the land owned or leased by the holder of the license within the permit area where the qualifying land is located. The holder of the license may transfer the license to the holder's spouse or dependent. Notwithstanding sections 97A.415, subdivision 1, and 97B.301, subdivision 2, the holder of the license may purchase an additional license for taking deer and may take an additional deer under that license.

(b) A person who obtains a license under paragraph (a) must allow public deer hunting on their land during that deer hunting season, with the exception of the first Saturday and Sunday during the deer hunting season applicable to the license issued under section 97A.475, subdivision 2, ~~clause clauses (4) and (13).~~

Sec. 57. Minnesota Statutes 2002, section 97A.441, is amended by adding a subdivision to read:

Subd. 10. [TAKING WILD ANIMALS FOR WILDLIFE DISEASE PREVENTION AND CONTROL.] The commissioner may issue, without a fee, licenses to take wild animals for the purposes of wildlife disease prevention and control.

Sec. 58. Minnesota Statutes 2002, section 97A.475, subdivision 2, is amended to read:

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

- (1) for persons age 18 or over and under age 65 to take small game, ~~\$12~~ \$12.50;
- (2) for persons ~~age~~ ages 16 and 17 and age 65 or over, \$6 to take small game;
- (3) to take turkey, \$18;
- (4) for persons age 16 or over to take deer with firearms, ~~\$25~~ \$26;
- (5) for persons age 16 or over to take deer by archery, ~~\$25~~ \$26;
- (6) to take moose, for a party of not more than six persons, \$310;
- (7) to take bear, \$38;
- (8) to take elk, for a party of not more than two persons, \$250;
- (9) to take antlered deer in more than one zone, ~~\$50~~ \$52;
- (10) to take Canada geese during a special season, \$4;
- (11) to take two deer throughout the state in any open deer season, except as restricted under section 97B.305, ~~\$75~~ \$78; and
- (12) to take prairie chickens, \$20;
- (13) for persons at least age 12 and under age 16 to take deer with firearms, \$13; and
- (14) for persons at least age 12 and under age 16 to take deer by archery, \$13.

[EFFECTIVE DATES.] Clauses (4), (5), (9), (11), (13), and (14), are effective August 1, 2003. Clauses (1) and (2) are effective March 1, 2004.

Sec. 59. Minnesota Statutes 2002, section 97A.475, subdivision 3, is amended to read:

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

- (1) to take small game, \$73;

- (2) to take deer with firearms, ~~\$125~~ \$135;
- (3) to take deer by archery, ~~\$125~~ \$135;
- (4) to take bear, \$195;
- (5) to take turkey, \$73;
- (6) to take raccoon, bobcat, fox, coyote, or lynx, \$155;
- (7) to take antlered deer in more than one zone, ~~\$250~~ \$270; and
- (8) to take Canada geese during a special season, \$4.

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

Sec. 60. Minnesota Statutes 2002, section 97A.475, subdivision 4, is amended to read:

Subd. 4. [SMALL GAME SURCHARGE.] Fees for annual licenses to take small game must be increased by a surcharge of ~~\$4~~ \$6.50. An additional commission may not be assessed on the surcharge and ~~this must be stated on the back of the license with~~ the following statement must be included in the annual small game hunting regulations: "This ~~\$4~~ \$6.50 surcharge is being paid by hunters for the acquisition and development of wildlife lands."

[EFFECTIVE DATE.] This section is effective March 1, 2004.

Sec. 61. Minnesota Statutes 2002, section 97A.475, subdivision 5, is amended to read:

Subd. 5. [HUNTING STAMPS.] Fees for the following stamps and stamp validations are:

- (1) migratory waterfowl stamp, ~~\$5~~ \$7.50;
- (2) pheasant stamp, ~~\$5~~ \$7.50; and
- (3) turkey stamp validation, \$5.

[EFFECTIVE DATE.] This section is effective March 1, 2004.

Sec. 62. Minnesota Statutes 2002, section 97A.475, subdivision 10, is amended to read:

Subd. 10. [TROUT AND SALMON STAMP VALIDATION.] The fee for a trout and salmon stamp validation is ~~\$8.50~~ \$10.

[EFFECTIVE DATE.] This section is effective March 1, 2004.

Sec. 63. Minnesota Statutes 2002, section 97A.475, subdivision 15, is amended to read:

Subd. 15. [FISHING GUIDES.] The fee for a license to operate a charter boat and guide anglers on Lake Superior or the St. Louis river estuary is:

- (1) for a resident, ~~\$35~~ \$125;

(2) for a nonresident, ~~\$140~~ \$400; or

(3) if another state charges a Minnesota resident a fee greater than ~~\$140~~ \$440 for a Lake Superior or St. Louis river estuary fishing guide license in that state, the nonresident fee for a resident of that state is that greater fee.

[EFFECTIVE DATE.] This section is effective March 1, 2004.

Sec. 64. Minnesota Statutes 2002, section 97A.475, subdivision 26, is amended to read:

Subd. 26. [MINNOW DEALERS.] The fees for the following licenses are:

- (1) minnow dealer, ~~\$100~~ \$310;
- (2) minnow dealer's vehicle, \$15;
- (3) exporting minnow dealer, ~~\$350~~ \$700; and
- (4) exporting minnow dealer's vehicle, \$15.

[EFFECTIVE DATE.] This section is effective March 1, 2004.

Sec. 65. Minnesota Statutes 2002, section 97A.475, subdivision 27, is amended to read:

Subd. 27. [MINNOW RETAILERS.] The fees for the following licenses, to be issued to residents and nonresidents, are:

- (1) minnow retailer, ~~\$15~~ \$47; and
- (2) minnow retailer's vehicle, \$15.

[EFFECTIVE DATE.] This section is effective March 1, 2004.

Sec. 66. Minnesota Statutes 2002, section 97A.475, subdivision 28, is amended to read:

Subd. 28. [NONRESIDENT MINNOW HAULERS.] The fees for the following licenses, to be issued to nonresidents, are:

- (1) exporting minnow hauler, ~~\$675~~ \$1,000; and
- (2) exporting minnow hauler's vehicle, \$15.

[EFFECTIVE DATE.] This section is effective March 1, 2004.

Sec. 67. Minnesota Statutes 2002, section 97A.475, subdivision 29, is amended to read:

Subd. 29. [PRIVATE FISH HATCHERIES.] The fees for the following licenses to be issued to residents and nonresidents are:

- (1) for a private fish hatchery, with annual sales under \$200, ~~\$35~~ \$70;
- (2) for a private fish hatchery, with annual sales of \$200 or more, ~~\$70~~ \$210; and

(3) to take sucker eggs from public waters for a private fish hatchery, ~~\$210~~ \$400, plus ~~\$4~~ \$6 for each quart in excess of 100 quarts.

[EFFECTIVE DATE.] This section is effective March 1, 2004.

Sec. 68. Minnesota Statutes 2002, section 97A.475, subdivision 30, is amended to read:

Subd. 30. [COMMERCIAL NETTING OF FISH.] The fees to take commercial fish are:

(1) commercial license fees:

(i) for residents and nonresidents seining and netting in inland waters, ~~\$90~~ \$120;

(ii) for residents netting in Lake Superior, ~~\$50~~ \$120;

(iii) for residents netting in Lake of the Woods, Rainy, Namakan, and Sand Point lakes, ~~\$50~~ \$120;

(iv) for residents seining in the Mississippi River from St. Anthony Falls to the St. Croix River junction, ~~\$50~~ \$120;

(v) for residents seining, netting, and set lining in Wisconsin boundary waters from Lake St. Croix to the Iowa border, ~~\$50~~ \$120; and

(vi) for a resident apprentice license, ~~\$25~~ \$55; and

(2) commercial gear fees:

(i) for each gill net in Lake Superior, Wisconsin boundary waters, and Namakan Lake, ~~\$3.50~~ \$5 per 100 feet of net;

(ii) for each seine in inland waters, on the Mississippi River as described in section 97C.801, subdivision 2, and in Wisconsin boundary waters, ~~\$7~~ \$9 per 100 feet;

(iii) for each commercial hoop net in inland waters, ~~\$1.25~~ \$2;

(iv) for each submerged fyke, trap, and hoop net in Lake Superior, St. Louis Estuary, Lake of the Woods, and Rainy, Namakan, and Sand Point lakes, and for each pound net in Lake Superior, ~~\$15~~ \$20;

(v) for each stake and pound net in Lake of the Woods, ~~\$60~~ \$90; and

(vi) for each set line in the Wisconsin boundary waters, ~~\$20~~ \$45.

[EFFECTIVE DATE.] This section is effective March 1, 2004.

Sec. 69. Minnesota Statutes 2002, section 97A.475, subdivision 38, is amended to read:

Subd. 38. [FISH BUYERS.] The fees for licenses to buy fish from commercial fishing licensees to be issued residents and nonresidents are:

(1) for Lake Superior fish bought for sale to retailers, ~~\$70~~ \$150;

(2) for Lake Superior fish bought for sale to consumers, ~~\$15~~ \$35;

(3) for Lake of the Woods, Namakan, Sand Point, and Rainy Lake fish bought for sale to retailers, ~~\$140~~ \$300; and

(4) for Lake of the Woods, Namakan, Sand Point, and Rainy Lake fish bought for shipment only on international boundary waters, ~~\$15~~ \$35.

[EFFECTIVE DATE.] This section is effective March 1, 2004.

Sec. 70. Minnesota Statutes 2002, section 97A.475, subdivision 39, is amended to read:

Subd. 39. [FISH PACKER.] The fee for a license to prepare dressed game fish for transportation or shipment is ~~\$20~~ \$40.

[EFFECTIVE DATE.] This section is effective March 1, 2004.

Sec. 71. Minnesota Statutes 2002, section 97A.475, subdivision 40, is amended to read:

Subd. 40. [FISH VENDORS.] The fee for a license to use a motor vehicle to sell fish is ~~\$35~~ \$70.

[EFFECTIVE DATE.] This section is effective March 1, 2004.

Sec. 72. Minnesota Statutes 2002, section 97A.475, subdivision 42, is amended to read:

Subd. 42. [FROG DEALERS.] The fee for the licenses to deal in frogs that are to be used for purposes other than bait are:

(1) for a resident to purchase, possess, and transport frogs, ~~\$100~~ \$220;

(2) for a nonresident to purchase, possess, and transport frogs, ~~\$280~~ \$550; and

(3) for a resident to take, possess, transport, and sell frogs, ~~\$15~~ \$35.

[EFFECTIVE DATE.] This section is effective March 1, 2004.

Sec. 73. Minnesota Statutes 2002, section 97A.475, is amended by adding a subdivision to read:

Subd. 45. [CAMP RIPLEY ARCHERY DEER HUNT.] The application fee for the Camp Ripley archery deer hunt is \$8.

Sec. 74. Minnesota Statutes 2002, section 97A.485, subdivision 6, is amended to read:

Subd. 6. [LICENSES TO BE SOLD AND ISSUING FEES.] (a) Persons authorized to sell licenses under this section must ~~sell~~ issue the following licenses for the license fee and the following issuing fees:

(1) to take deer or bear with firearms and by archery, the issuing fee is \$1;

(2) Minnesota sporting, the issuing fee is \$1; and

(3) to take small game, for a person under age 65 to take fish by angling or for a person of any age to take fish by spearing, and to trap fur-bearing animals, the issuing fee is \$1;

(4) for a trout and salmon stamp that is not issued simultaneously with an angling or sporting license, an issuing fee of 50 cents may be charged at the discretion of the authorized seller; ~~and~~

(5) for stamps other than a trout and salmon stamp, and for a special season Canada goose license, there is no fee; and

(6) for licenses issued without a fee under section 97A.441, there is no fee.

(b) An issuing fee may not be collected for issuance of a trout and salmon stamp if a stamp validation is issued simultaneously with the related angling or sporting license. Only one issuing fee may be collected when selling more than one trout and salmon stamp in the same transaction after the end of the season for which the stamp was issued.

(c) The auditor or subagent shall keep the issuing fee as a commission for selling the licenses.

(d) The commissioner shall collect the issuing fee on licenses sold by the commissioner.

(e) A license, except stamps, must state the amount of the issuing fee and that the issuing fee is kept by the seller as a commission for selling the licenses.

(f) For duplicate licenses, the issuing fees are:

(1) for licenses to take big game, 75 cents; and

(2) for other licenses, 50 cents.

Sec. 75. Minnesota Statutes 2002, section 97A.505, is amended by adding a subdivision to read:

Subd. 8. [IMPORTATION OF HUNTER-HARVESTED CERVIDAE.] Importation into Minnesota of hunter-harvested cervidae carcasses is prohibited except for cut and wrapped meat, quarters or other portions of meat with no part of the spinal column or head attached, antlers, hides, teeth, finished taxidermy mounts, and antlers attached to skull caps that are cleaned of all brain tissue.

Sec. 76. Minnesota Statutes 2002, section 97A.505, is amended by adding a subdivision to read:

Subd. 9. [POSSESSION OF LIVE CERVIDAE.] A person may not possess live cervidae, except as authorized in sections 17.451 and 17.452 or 97A.401.

[EFFECTIVE DATE.] This section is effective January 1, 2004.

Sec. 77. Minnesota Statutes 2002, section 97B.311, is amended to read:

97B.311 [DEER SEASONS AND RESTRICTIONS.]

(a) The commissioner may, by rule, prescribe restrictions and designate areas where deer may be taken, including hunter selection criteria for special hunts established under section 97A.401, subdivision 4. The commissioner may, by rule, prescribe the open seasons for deer within the following periods:

- (1) taking with firearms, other than muzzle-loading firearms, between November 1 and December 15;
- (2) taking with muzzle-loading firearms between September 1 and December 31; and
- (3) taking by archery between September 1 and December 31.

(b) Notwithstanding paragraph (a), the commissioner may establish special seasons within designated areas ~~between September 1 and January 15 at any time of year.~~

Sec. 78. Minnesota Statutes 2002, section 103B.231, subdivision 3a, is amended to read:

Subd. 3a. [PRIORITY SCHEDULE.] (a) The board of water and soil resources in consultation with the state review agencies and the metropolitan council ~~shall~~ may develop a priority schedule for the revision of plans required under this chapter.

(b) The prioritization should be based on but not be limited to status of current plan, scheduled revision dates, anticipated growth and development, existing and potential problems, and regional water quality goals and priorities.

(c) The schedule will be used by the board of water and soil resources in consultation with the state review agencies and the metropolitan council to direct watershed management organizations of when they will be required to revise their plans.

~~(d) Upon notification from the board of water and soil resources that a revision of a plan is required, a watershed management organization shall have 24 months from the date of notification to revise and submit a plan for review.~~

~~(e)~~ In the event that a plan expires prior to notification from the board of water and soil resources under this section, the existing plan, authorities, and official controls of a watershed management organization shall remain in full force and effect until a revision is approved.

~~(f) A one-year extension to submit a revised plan may be granted by the board.~~

~~(g)~~ (e) Watershed management organizations submitting plans and draft plan amendments for review prior to the board's priority review schedule, may proceed to adopt and implement the plan revisions without formal board approval if the board fails to adjust its priority review schedule for plan review, and commence its statutory review process within 45 days of submittal of the plan revision or amendment.

Sec. 79. Minnesota Statutes 2002, section 103B.305, subdivision 3, is amended to read:

Subd. 3. [COMPREHENSIVE LOCAL WATER MANAGEMENT PLAN.] "Comprehensive local water management plan," ~~means~~ "comprehensive water plan," "local water plan," and "local water management plan" mean the plan adopted by a county under sections 103B.311 and 103B.315.

Sec. 80. Minnesota Statutes 2002, section 103B.305, is amended by adding a subdivision to read:

Subd. 7a. [PLAN AUTHORITY.] "Plan authority" means those local government units coordinating planning under sections 103B.301 to 103B.335.

Sec. 81. Minnesota Statutes 2002, section 103B.305, is amended by adding a subdivision to read:

Subd. 7b. [PRIORITY CONCERNS.] "Priority concerns" means issues, resources, subwatersheds, or demographic areas that are identified as a priority by the plan authority.

Sec. 82. Minnesota Statutes 2002, section 103B.305, is amended by adding a subdivision to read:

Subd. 7c. [PRIORITY CONCERNS SCOPING DOCUMENT.] "Priority concerns scoping document" means the list of the chosen priority concerns and a detailed account of how those concerns were identified and chosen.

Sec. 83. Minnesota Statutes 2002, section 103B.305, is amended by adding a subdivision to read:

Subd. 8a. [STATE REVIEW AGENCIES.] "State review agencies" means the board of water and soil resources, the department of agriculture, the department of health, the department of natural resources, the pollution control agency, and other agencies granted state review status by a resolution of the board.

Sec. 84. Minnesota Statutes 2002, section 103B.311, subdivision 1, is amended to read:

Subdivision 1. [COUNTY DUTIES.] Each county is encouraged to develop and implement a comprehensive local water management plan. Each county that develops and implements a plan has the duty and authority to:

(1) prepare and adopt a comprehensive local water management plan that meets the requirements of this section and section 103B.315;

(2) review water and related land resources plans and official controls submitted by local units of government to assure consistency with the comprehensive local water management plan; and

(3) exercise any and all powers necessary to assure implementation of comprehensive local water management plans.

Sec. 85. Minnesota Statutes 2002, section 103B.311, subdivision 2, is amended to read:

Subd. 2. [DELEGATION.] The county is responsible for preparing, adopting, and assuring implementation of the comprehensive local water management plan, but may delegate all or part of the preparation of the plan to a local unit of government, a regional development commission, or a resource conservation and development committee. The county may not delegate authority for the exercise of eminent domain, taxation, or assessment to a local unit of government that does not possess those powers.

Sec. 86. Minnesota Statutes 2002, section 103B.311, subdivision 3, is amended to read:

Subd. 3. [COORDINATION.] (a) To assure the coordination of efforts of all local units of government within a county during the preparation and implementation of a comprehensive local water management plan, each county intending to adopt a plan shall conduct meetings with other local units of government and may execute agreements with other local units of government establishing the responsibilities of each unit during the preparation and implementation of the comprehensive local water management plan.

(b) Each county intending to adopt a plan shall coordinate its planning program with contiguous counties. Before meeting with local units of government, a county board shall notify the county boards of each county contiguous to it that the county is about to begin preparing its comprehensive local water management plan and is encouraged to request and hold a joint meeting with the contiguous county boards to consider the planning process.

Sec. 87. Minnesota Statutes 2002, section 103B.311, subdivision 4, is amended to read:

Subd. 4. [WATER PLAN REQUIREMENTS.] (a) A comprehensive local water management plan must:

(1) cover the entire area within a county;

(2) address water problems in the context of watershed units and groundwater systems;

(3) be based upon principles of sound hydrologic management of water, effective environmental protection, and efficient management;

(4) be consistent with comprehensive local water management plans prepared by counties and watershed management organizations wholly or partially within a single watershed unit or groundwater system; and

(5) the comprehensive local water management plan must specify the period covered by the comprehensive local water management plan and must extend at least five years but no more than ten years from the date the board approves the comprehensive local water management plan. Comprehensive Local water management plans that contain revision dates inconsistent with this section must comply with that date, provided it is not more than ten years beyond the date of board approval. A two-year extension of the revision date of a comprehensive local water management plan may be granted by the board, provided no projects are ordered or commenced during the period of the extension.

(b) Existing water and related land resources plans, including plans related to agricultural land preservation programs developed pursuant to chapter 40A, must be fully utilized in preparing the comprehensive local water management plan. Duplication of the existing plans is not required.

Sec. 88. [103B.312] [IDENTIFYING PRIORITY CONCERNS.]

Each priority concerns scoping document must contain:

(1) the list of proposed priority concerns the plan will address; and

(2) a description of how and why the priority concerns were chosen, including:

(i) a list of all public and internal forums held to gather input regarding priority concerns, including the dates they were held, a list of participants and affiliated organizations, a summary of the proceedings, and supporting data;

(ii) the process used to locally coordinate and resolve differences between the plan's priority concerns and other state, local, and regional concerns; and

(iii) a list of issues identified by the stakeholders but not selected as priority concerns, why they were not included in the list of priority concerns, and a brief description of how the concerns may be addressed or delegated to other partnering entities.

Sec. 89. [103B.313] [PLAN DEVELOPMENT.]

Subdivision 1. [NOTICE OF PLAN REVISION.] The local water management plan authority shall send a notice to local government units partially or wholly within the planning jurisdiction, adjacent counties, and state review agencies of their intent to revise the local water management plan. The notice of a plan revision must include an invitation for all recipients to submit priority concerns they wish to see the plan address.

Subd. 2. [SUBMITTING PRIORITY CONCERNS TO PLANNING AUTHORITY.] Local governments and state review agencies must submit the priority concerns they want the plan to address to the plan authority within 45 days of receiving the notice defined in subdivision 1 or within an otherwise agreed-upon time frame.

Subd. 3. [PUBLIC INFORMATION MEETING.] Before submitting the priority concerns scoping document to the board, the plan authority shall publish a legal notice for and conduct a public information meeting.

Subd. 4. [SUBMITTAL OF PRIORITY CONCERNS SCOPING DOCUMENT TO BOARD.] The plan authority shall send the scoping document to all state review agencies for review and comment. State review agencies shall provide comments on the plan outline to the board within 30 days of receipt.

Subd. 5. [BOARD REVIEW OF THE PRIORITY CONCERNS SCOPING DOCUMENT.] The board shall review the scoping document and the comments submitted in accordance with this subdivision. The board shall provide comments to the local plan authority within 60 days of receiving the scoping document, or after the next regularly scheduled board meeting, whichever is later. No local water management plan may be approved pursuant to section 103B.315 without addressing items communicated in the board comments to the plan authority. The plan authority may request that resolution of unresolved issues be addressed pursuant to board policy defined in section 103B.345.

Subd. 6. [REQUESTS FOR EXISTING AGENCY INFORMATION RELEVANT TO PRIORITY CONCERNS SCOPING DOCUMENT.] The state review agencies shall, upon request from the local government, provide existing plans, reports, and data analysis related to priority concerns to the plan author within 60 days from the date of the request or within an otherwise agreed upon time frame.

Sec. 90. [103B.314] [CONTENTS OF PLAN.]

Subdivision 1. [EXECUTIVE SUMMARY.] Each plan must have an executive summary, including:

(1) the purpose of the local water management plan;

(2) a description of the priority concerns to be addressed by the plan;

(3) a summary of goals and actions to be taken along with the projected total cost of the implementation program;

(4) a summary of the consistency of the plan with other pertinent local, state, and regional plans and controls, and where inconsistencies are noted; and

(5) a summary of recommended amendments to other plans and official controls to achieve consistency.

Subd. 2. [ASSESSMENT OF PRIORITY CONCERNS.] For each priority concern defined pursuant to section 103B.312, clause (1), the plan shall analyze relevant data, plans, and policies provided by agencies consistent with section 103B.313, subdivision 6, and describe the magnitude of the concern, including how the concern is impacting or changing the local land and water resources.

Subd. 3. [GOALS AND OBJECTIVES ADDRESSING PRIORITY CONCERNS.] Each plan must contain specific measurable goals and objectives relating to the priority concerns and other state, regional, or local concerns. The goals and objectives must coordinate and attempt to resolve conflict with city, county, regional, or state goals and policies.

Subd. 4. [IMPLEMENTATION PROGRAM FOR PRIORITY CONCERNS.] (a) For the measurable goals identified in subdivision 3, each plan must include an implementation program that includes the items described in paragraphs (b) to (e).

(b) An implementation program may include actions involving, but not limited to, data collection programs, educational programs, capital improvement projects, project feasibility studies, enforcement strategies, amendments to existing official controls, and adoption of new official controls. If the local government finds that no actions are necessary to address the goals and objectives identified in subdivision 3 it must explain why actions are not needed. Staff and financial resources available or needed to carry out the local water management plan must be stated.

(c) The implementation schedule must state the time in which each of the actions contained in the implementation program will be taken.

(d) If a local government unit has made any agreement for the implementation of the plan or portions of a plan by another local unit of government, that local unit must be specified, the responsibility indicated, and a description included indicating how and when the implementation will happen.

(e) If capital improvement projects are proposed to implement the local water management plan, the projects must be described in the plan. The description of a proposed capital improvement project must include the following information:

- (1) the physical components of the project, including their approximate size, configuration, and location;
- (2) the purposes of the project and relationship to the objectives in the plan;
- (3) the proposed schedule for project construction;
- (4) the expected federal, state, and local costs;
- (5) the types of financing proposed, such as special assessments, ad valorem taxes, and grants; and
- (6) the sources of local financing proposed.

Subd. 5. [OTHER WATER MANAGEMENT RESPONSIBILITIES AND ACTIVITIES COORDINATED BY PLAN.] The plan must also describe the actions that will be taken to carry out the responsibilities or activities, identify the lead and supporting organizations or government units that will be involved in carrying out the action, and estimate the cost of each action.

Subd. 6. [AMENDMENTS.] The plan authority may initiate an amendment to the local water management plan by submitting a petition to the board and sending copies of the proposed amendment and the date of the public hearing to the following entities for review: local government units defined in section 103B.305, subdivision 5, that are within the plan's jurisdiction; and the state review agencies.

After the public hearing the board shall review the amendment pursuant to section 103B.315, subdivision 5, paragraphs (b) and (c). The amendment becomes part of the local water management plan after being approved by the board. The board must send the order and the approved amendment to the entities that received the proposed amendment and notice of the public hearing.

Sec. 91. Minnesota Statutes 2002, section 103B.315, subdivision 4, is amended to read:

Subd. 4. [PUBLIC HEARING.] The county board shall conduct a public hearing on the comprehensive local water management plan pursuant to section 375.51 after the 60 day period for local review and comment is completed but before submitting it to the state for review.

Sec. 92. Minnesota Statutes 2002, section 103B.315, subdivision 5, is amended to read:

Subd. 5. [STATE REVIEW.] (a) After conducting the public hearing but before final adoption, the county board must submit its comprehensive local water management plan, all written comments received on the plan, a record of the public hearing under subdivision 4, and a summary of changes incorporated as a result of the review process to the board for review. The board shall complete the review within 90 days after receiving a comprehensive local water management plan and supporting documents. The board shall consult with the departments of agriculture, health, and natural resources; the pollution control agency; the environmental quality board; and other appropriate state agencies during the review.

(b) The board may disapprove a ~~comprehensive local~~ water management plan if the board determines the plan is not consistent with state law. If a plan is disapproved, the board shall provide a written statement of its reasons for disapproval. A disapproved ~~comprehensive local~~ water management plan must be revised by the county board and resubmitted for approval by the board within 120 days after receiving notice of disapproval of the ~~comprehensive local~~ water management plan, unless the board extends the period for good cause. ~~The decision of the board to disapprove the plan may be appealed by the county to district court.~~

(c) If the local government unit disagrees with the board's decision to disapprove the plan, it may, within 60 days, initiate mediation through the board's informal dispute resolution process as established pursuant to section 103B.345, subdivision 1. A local government unit may appeal disapproval to the court of appeals. A decision of the board on appeal is subject to judicial review under sections 14.63 to 14.69.

Sec. 93. Minnesota Statutes 2002, section 103B.315, subdivision 6, is amended to read:

Subd. 6. [ADOPTION AND IMPLEMENTATION.] A county board shall adopt and begin implementation of its ~~comprehensive local~~ water management plan within 120 days after receiving notice of approval of the plan from the board.

Sec. 94. Minnesota Statutes 2002, section 103B.321, subdivision 1, is amended to read:

Subdivision 1. [GENERAL.] The board shall:

(1) develop guidelines for the contents of ~~comprehensive local~~ water management plans that provide for a flexible approach to meeting the different water and related land resources needs of counties and watersheds across the state;

(2) coordinate assistance of state agencies to counties and other local units of government involved in preparation of ~~comprehensive local~~ water management plans, including identification of pertinent data and studies available from the state and federal government;

(3) conduct an active program of information and education concerning the requirements and purposes of sections 103B.301 to 103B.355 in conjunction with the association of Minnesota counties;

(4) determine contested cases under section 103B.345;

(5) establish a process for review of ~~comprehensive local~~ water management plans that assures the plans are consistent with state law; and

~~(6) report to the house of representatives and senate committees with jurisdiction over the environment, natural resources, and agriculture as required by section 103B.351; and~~

~~(7) make grants to counties for ~~comprehensive local~~ water management planning, implementation of priority actions identified in approved plans, and sealing of abandoned wells.~~

Sec. 95. Minnesota Statutes 2002, section 103B.321, subdivision 2, is amended to read:

Subd. 2. [RULEMAKING.] The board ~~shall~~ may adopt rules to implement sections 103B.301 to 103B.355.

Sec. 96. Minnesota Statutes 2002, section 103B.325, subdivision 1, is amended to read:

Subdivision 1. [REQUIREMENT.] Local units of government shall amend existing water and related land resources plans and official controls as necessary to conform them to the applicable, approved ~~comprehensive~~ local water management plan following the procedures in this section.

Sec. 97. Minnesota Statutes 2002, section 103B.325, subdivision 2, is amended to read:

Subd. 2. [PROCEDURE.] Within 90 days after local units of government are notified by the county board of the adoption of a ~~comprehensive~~ local water management plan or of adoption of an amendment to a comprehensive water plan, the local units of government exercising water and related land resources planning and regulatory responsibility for areas within the county must submit existing water and related land resources plans and official controls to the county board for review. The county board shall identify any inconsistency between the plans and controls and the ~~comprehensive~~ local water management plan and shall recommend the amendments necessary to bring local plans and official controls into conformance with the ~~comprehensive~~ local water management plan.

Sec. 98. Minnesota Statutes 2002, section 103B.331, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY.] When an approved ~~comprehensive~~ local water management plan is adopted the county has the authority specified in this section.

Sec. 99. Minnesota Statutes 2002, section 103B.331, subdivision 2, is amended to read:

Subd. 2. [REGULATION OF WATER AND LAND RESOURCES.] The county may regulate the use and development of water and related land resources within incorporated areas when one or more of the following conditions exists:

(1) the municipality does not have a local water and related land resources plan or official controls consistent with the ~~comprehensive~~ local water management plan;

(2) a municipal action granting a variance or conditional use would result in an action inconsistent with the ~~comprehensive~~ local water management plan;

(3) the municipality has authorized the county to require permits for the use and development of water and related land resources; or

(4) a state agency has delegated the administration of a state permit program to the county.

Sec. 100. Minnesota Statutes 2002, section 103B.331, subdivision 3, is amended to read:

Subd. 3. [ACQUISITION OF PROPERTY; ASSESSMENT OF COSTS.] A county may:

(1) acquire in the name of the county, by condemnation under chapter 117, real and personal property found by the county board to be necessary for the implementation of an approved ~~comprehensive~~ local water management plan;

(2) assess the costs of projects necessary to implement the ~~comprehensive~~ local water management plan undertaken under sections 103B.301 to 103B.355 upon the property benefited within the county in the manner provided for municipalities by chapter 429;

(3) charge users for services provided by the county necessary to implement the ~~comprehensive~~ local water management plan; and

(4) establish one or more special taxing districts within the county and issue bonds for the purpose of financing capital improvements under sections 103B.301 to 103B.355.

Sec. 101. Minnesota Statutes 2002, section 103B.3363, subdivision 3, is amended to read:

Subd. 3. [COMPREHENSIVE LOCAL WATER MANAGEMENT PLAN.] "Comprehensive local water management plan," ~~means "comprehensive water plan," "local water plan," and "local water management plan"~~ mean a county water plan authorized under section 103B.311, a watershed management plan required under section 103B.231, a watershed management plan required under section 103D.401 or 103D.405, or a county groundwater plan authorized under section 103B.255.

Sec. 102. Minnesota Statutes 2002, section 103B.3369, subdivision 2, is amended to read:

Subd. 2. [ESTABLISHMENT.] A Local Water Resources Protection and Management Program is established. The board ~~shall~~ may provide financial assistance to ~~counties for~~ local units of government for activities that protect or manage water and related land quality. The activities include planning, zoning, official controls, and other activities to implement ~~comprehensive~~ local water management plans.

Sec. 103. Minnesota Statutes 2002, section 103B.3369, subdivision 4, is amended to read:

Subd. 4. [~~CONTRACTS WITH LOCAL GOVERNMENTS~~.] A county local unit of government may contract ~~with other appropriate local units of government~~ to implement programs. An explanation of the program responsibilities proposed to be contracted ~~with other local units of government~~ must accompany grant requests. A county local unit of government that contracts ~~with other local units of government~~ is responsible for ensuring that state funds are properly expended and for providing an annual report to the board describing expenditures of funds and program accomplishments.

Sec. 104. Minnesota Statutes 2002, section 103B.3369, subdivision 5, is amended to read:

Subd. 5. [FINANCIAL ASSISTANCE.] ~~The board may award grants to watershed management organizations in the seven county metropolitan area or counties to carry out water resource protection and management programs identified as priorities in comprehensive local water plans. Grants may be used to employ persons and to obtain and use information necessary to:~~

~~(1) develop comprehensive local water plans under sections 103B.255 and 103B.311 that have not received state funding for water resources planning as provided for in Laws 1987, chapter 404, section 30, subdivision 5, clause (a);~~

~~(2) revise comprehensive local water plans under section 103B.201; and~~

~~(3) implement comprehensive local water plans.~~

A base grant ~~shall~~ may be awarded to a county that levies a water implementation tax at a rate, which shall be determined by the board. The minimum amount of the water implementation tax shall be a tax rate times the adjusted net tax capacity of the county for the preceding year. The rate shall be the rate, rounded to the nearest .001 of a percent, that, when applied to the adjusted net tax capacity for all counties, raises the amount of \$1,500,000. The base grant will be in an amount equal to \$37,500 less the amount raised by that levy. If the amount necessary to implement the local water plan for the county is less than \$37,500, the amount of the base grant shall be the amount that, when added to the levy amount, equals the amount required to implement the plan. For counties where the tax rate generates an amount equal to or greater than \$18,750, the base grant shall be in an amount equal to \$18,750.

Sec. 105. Minnesota Statutes 2002, section 103B.3369, subdivision 6, is amended to read:

Subd. 6. [LIMITATIONS.] (a) Grants provided to implement programs under this section must be reviewed by the state agency having statutory program authority to assure compliance with minimum state standards. At the request of the state agency commissioner, the board shall revoke the portion of a grant used to support a program not in compliance.

(b) Grants provided to develop or revise ~~comprehensive~~ local water management plans may not be awarded for a time longer than two years.

(c) A ~~county~~ local unit of government may not request or be awarded grants for project implementation unless a ~~comprehensive~~ local management water plan has been adopted.

Sec. 106. Minnesota Statutes 2002, section 103B.355, is amended to read:

103B.355 [APPLICATION.]

Sections 103B.301 to 103B.355 do not apply in areas subject to the requirements of sections 103B.201 to 103B.255 under section 103B.231, subdivision 1, and in areas covered by an agreement under section 103B.231, subdivision 2, except as otherwise provided in ~~sections~~ section 103B.311, subdivision 4, clause (4); ~~and 103B.315, subdivisions 1, clauses (3) and (4), and 2, clause (b).~~

Sec. 107. Minnesota Statutes 2002, section 103D.341, subdivision 2, is amended to read:

Subd. 2. [PROCEDURE.] (a) Rules of the watershed district must be adopted or amended by a majority vote of the managers, after public notice and hearing. Rules must be signed by the secretary of the board of managers and recorded in the board of managers' official minute book.

(b) Prior to adoption, the proposed rule or amendment to the rule must be submitted to the board for review and comment. The board's review shall be considered advisory. The board shall have 45 days from receipt of the proposed rule or amendment to the rule to provide its comments in writing to the watershed district. Proposed rules or amendments to the rule shall also be noticed for review and comment to all public transportation authorities that have jurisdiction within the watershed district at least 45 days prior to adoption. The public transportation authorities have 45 days from receipt of the proposed rule or amendment to the rule to provide comments in writing to the watershed district.

(c) For each county affected by the watershed district, the managers must publish a notice of hearings and adopted rules in one or more legal newspapers published in the county and generally circulated in the watershed district. The managers must also provide written notice of adopted or amended rules to public transportation authorities that have jurisdiction within the watershed district. The managers must file adopted rules with the county recorder of each county affected by the watershed district and the board.

(d) The managers must mail a copy of the rules to the governing body of each municipality affected by the watershed district.

Sec. 108. Minnesota Statutes 2002, section 103D.345, is amended by adding a subdivision to read:

Subd. 6. [GENERAL PERMITS.] A watershed district may issue general permits for public transportation projects for work on existing roads.

Sec. 109. Minnesota Statutes 2002, section 103D.405, subdivision 2, is amended to read:

Subd. 2. [REQUIRED TEN-YEAR REVISION.] (a) After ten years and six months from the date that the board approved a watershed management plan or the last revised watershed management plan, the managers must consider the requirements under subdivision 1 and adopt a revised watershed management plan outline and send a copy of the outline to the board.

(b) By 60 days after receiving a revised watershed management plan outline, the board must review it, adopt recommendations regarding the revised watershed management plan outline, and send the recommendations to the managers.

(c) ~~By 120 days~~ After receiving the board's recommendations regarding the revised watershed management plan outline, the managers must complete the revised watershed management plan.

Sec. 110. Minnesota Statutes 2002, section 103D.537, is amended to read:

103D.537 [APPEALS OF RULES, PERMIT DECISIONS, AND ORDERS ~~NOT INVOLVING PROJECTS.~~]

(a) Except as provided in section 103D.535, an interested party may appeal a permit decision or order made by the managers by a declaratory judgment action brought under chapter 555. An interested party may appeal a rule made by the managers by a declaratory judgment action brought under chapter 555 or by appeal to the board. The decision on appeal must be based on the record made in the proceeding before the managers. An appeal of a permit decision or order must be filed within 30 days of the managers' decision.

(b) In addition to the authorities identified in paragraph (a), a public transportation authority may appeal a watershed district permit decision to the board. The board shall, upon request of the public transportation authority, conduct an expedited appeal hearing within 30 days or less from the date of the appeal being accepted.

(c) By January 1, ~~1997~~ 2005, the board shall adopt rules governing appeals to the board under paragraph paragraphs (a) and (b). A decision of the board on appeal is subject to judicial review under sections 14.63 to 14.69. The rules authorized in this paragraph are exempt from the rulemaking provisions of chapter 14 except that section 14.386 applies and the proposed rules must be submitted to the members of senate and house environment and natural resource and transportation policy committees at least 30 days prior to being published in the State Register. The amended rules are effective for two years from the date of publication of the rules in the State Register unless they are superseded by permanent rules.

Sec. 111. Minnesota Statutes 2002, section 103G.005, subdivision 10e, is amended to read:

Subd. 10e. [LOCAL GOVERNMENT UNIT.] "Local government unit" means:

(1) outside of the seven-county metropolitan area, a city council ~~or~~ county board of commissioners, ~~or~~ a soil and water conservation district or their delegate;

(2) in the seven-county metropolitan area, a city council, a town board under section 368.01, ~~or~~ a watershed management organization under section 103B.211, or a soil and water conservation district or their delegate; and

(3) on state land, the agency with administrative responsibility for the land.

Sec. 112. Minnesota Statutes 2002, section 103G.222, subdivision 1, is amended to read:

Subdivision 1. [REQUIREMENTS.] (a) Wetlands must not be drained or filled, wholly or partially, unless replaced by restoring or creating wetland areas of at least equal public value under a replacement plan approved as provided in section 103G.2242, a replacement plan under a local governmental unit's comprehensive wetland protection and management plan approved by the board under section 103G.2243, or, if a permit to mine is required under section 93.481, under a mining reclamation plan approved by the commissioner under the permit to mine. Mining reclamation plans shall apply the same principles and standards for replacing wetlands by restoration or creation of wetland areas that are applicable to mitigation plans approved as provided in section 103G.2242. Public value must be determined in accordance with section 103B.3355 or a comprehensive wetland protection and management plan established under section 103G.2243. Sections 103G.221 to 103G.2372 also apply to excavation in permanently and semipermanently flooded areas of types 3, 4, and 5 wetlands.

(b) Replacement must be guided by the following principles in descending order of priority:

- (1) avoiding the direct or indirect impact of the activity that may destroy or diminish the wetland;
- (2) minimizing the impact by limiting the degree or magnitude of the wetland activity and its implementation;
- (3) rectifying the impact by repairing, rehabilitating, or restoring the affected wetland environment;
- (4) reducing or eliminating the impact over time by preservation and maintenance operations during the life of the activity;
- (5) compensating for the impact by restoring a wetland; and
- (6) compensating for the impact by replacing or providing substitute wetland resources or environments.

For a project involving the draining or filling of wetlands in an amount not exceeding 10,000 square feet more than the applicable amount in section 103G.2241, subdivision 9, paragraph (a), the local government unit may make an on-site sequencing determination without a written alternatives analysis from the applicant.

(c) If a wetland is located in a cultivated field, then replacement must be accomplished through restoration only without regard to the priority order in paragraph (b), provided that a deed restriction is placed on the altered wetland prohibiting nonagricultural use for at least ten years.

(d) Restoration and replacement of wetlands must be accomplished in accordance with the ecology of the landscape area affected.

(e) Except as provided in paragraph (f), for a wetland or public waters wetland located on nonagricultural land, replacement must be in the ratio of two acres of replaced wetland for each acre of drained or filled wetland.

(f) For a wetland or public waters wetland located on agricultural land or in a greater than 80 percent area, replacement must be in the ratio of one acre of replaced wetland for each acre of drained or filled wetland.

(g) Wetlands that are restored or created as a result of an approved replacement plan are subject to the provisions of this section for any subsequent drainage or filling.

(h) Except in a greater than 80 percent area, only wetlands that have been restored from previously drained or filled wetlands, wetlands created by excavation in nonwetlands, wetlands created by dikes or dams along public or private drainage ditches, or wetlands created by dikes or dams associated with the restoration of previously drained

or filled wetlands may be used in a statewide banking program established in rules adopted under section 103G.2242, subdivision 1. Modification or conversion of nondegraded naturally occurring wetlands from one type to another are not eligible for enrollment in a statewide wetlands bank.

(i) The technical evaluation panel established under section 103G.2242, subdivision 2, shall ensure that sufficient time has occurred for the wetland to develop wetland characteristics of soils, vegetation, and hydrology before recommending that the wetland be deposited in the statewide wetland bank. If the technical evaluation panel has reason to believe that the wetland characteristics may change substantially, the panel shall postpone its recommendation until the wetland has stabilized.

(j) This section and sections 103G.223 to 103G.2242, 103G.2364, and 103G.2365 apply to the state and its departments and agencies.

(k) For projects involving draining or filling of wetlands associated with a new public transportation project ~~in a greater than 80 percent area, and for projects expanded solely for additional traffic capacity,~~ public transportation authorities, ~~other than the state department of transportation, may purchase credits from the state wetland bank established with proceeds from Laws 1994, chapter 643, section 26, subdivision 3, paragraph (c). Wetland banking credits may be purchased at the least of the following, but in no case shall the purchase price be less than \$400 per acre: (1) the cost to the state to establish the credits; (2) the average estimated market value of agricultural land in the township where the road project is located, as determined by the commissioner of revenue; or (3) the average value of the land in the immediate vicinity of the road project as determined by the county assessor. Public transportation authorities in a less than 80 percent area may purchase credits from the state board at the cost to the state board to establish credits.~~

(l) A replacement plan for wetlands is not required for individual projects that result in the filling or draining of wetlands for the repair, rehabilitation, reconstruction, or replacement of a currently serviceable existing state, city, county, or town public road necessary, as determined by the public transportation authority, to meet state or federal design or safety standards or requirements, excluding new roads or roads expanded solely for additional traffic capacity lanes. This paragraph only applies to authorities for public transportation projects that:

(1) minimize the amount of wetland filling or draining associated with the project and consider mitigating important site-specific wetland functions on-site;

(2) except as provided in clause (3), submit project-specific reports to the board, the technical evaluation panel, the commissioner of natural resources, and members of the public requesting a copy at least 30 days prior to construction that indicate the location, amount, and type of wetlands to be filled or drained by the project or, alternatively, convene an annual meeting of the parties required to receive notice to review projects to be commenced during the upcoming year; and

(3) for minor and emergency maintenance work impacting less than 10,000 square feet, submit project-specific reports, within 30 days of commencing the activity, to the board that indicate the location, amount, and type of wetlands that have been filled or drained.

Those required to receive notice of public transportation projects may appeal minimization, delineation, and on-site mitigation decisions made by the public transportation authority to the board according to the provisions of section 103G.2242, subdivision 9. The technical evaluation panel shall review minimization and delineation decisions made by the public transportation authority and provide recommendations regarding on-site mitigation if requested to do so by the local government unit, a contiguous landowner, or a member of the technical evaluation panel.

Except for state public transportation projects, for which the state department of transportation is responsible, the board must replace the wetlands, and wetland areas of public waters if authorized by the commissioner or a delegated authority, drained or filled by public transportation projects on existing roads.

Public transportation authorities at their discretion may deviate from federal and state design standards on existing road projects when practical and reasonable to avoid wetland filling or draining, provided that public safety is not unreasonably compromised. The local road authority and its officers and employees are exempt from liability for any tort claim for injury to persons or property arising from travel on the highway and related to the deviation from the design standards for construction or reconstruction under this paragraph. This paragraph does not preclude an action for damages arising from negligence in construction or maintenance on a highway.

(m) If a landowner seeks approval of a replacement plan after the proposed project has already affected the wetland, the local government unit may require the landowner to replace the affected wetland at a ratio not to exceed twice the replacement ratio otherwise required.

(n) A local government unit may request the board to reclassify a county or watershed on the basis of its percentage of presettlement wetlands remaining. After receipt of satisfactory documentation from the local government, the board shall change the classification of a county or watershed. If requested by the local government unit, the board must assist in developing the documentation. Within 30 days of its action to approve a change of wetland classifications, the board shall publish a notice of the change in the Environmental Quality Board Monitor.

(o) One hundred citizens who reside within the jurisdiction of the local government unit may request the local government unit to reclassify a county or watershed on the basis of its percentage of presettlement wetlands remaining. In support of their petition, the citizens shall provide satisfactory documentation to the local government unit. The local government unit shall consider the petition and forward the request to the board under paragraph (n) or provide a reason why the petition is denied.

Sec. 113. Minnesota Statutes 2002, section 103G.222, subdivision 3, is amended to read:

Subd. 3. [WETLAND REPLACEMENT SITING.] (a) Siting wetland replacement must follow this priority order:

- (1) on site or in the same minor watershed as the affected wetland;
- (2) in the same watershed as the affected wetland;
- (3) in the same county as the affected wetland;
- (4) in an adjacent watershed or county to the affected wetland; and

(5) statewide, only for wetlands affected in greater than 80 percent areas and for public transportation projects, except that wetlands affected in less than 50 percent areas must be replaced in less than 50 percent areas, and wetlands affected in the seven-county metropolitan area must be replaced at a ratio of two to one in: (i) the affected county or, if no restoration opportunities exist in the county, (ii) in another of the seven metropolitan counties, or (iii) in one of the major watersheds that are wholly or partially within the seven-county metropolitan area county, but at least one to one must be replaced within the seven-county metropolitan area.

(b) The exception in paragraph (a), clause (5), does not apply to replacement completed using wetland banking credits established by a person who submitted a complete wetland banking application to a local government unit by April 1, 1996.

(c) When reasonable, practicable, and environmentally beneficial replacement opportunities are not available in siting priorities listed in paragraph (a), the applicant may seek opportunities at the next level.

(d) For the purposes of this section, "reasonable, practicable, and environmentally beneficial replacement opportunities" are defined as opportunities that:

(1) take advantage of naturally occurring hydrogeomorphological conditions and require minimal landscape alteration;

(2) have a high likelihood of becoming a functional wetland that will continue in perpetuity;

(3) do not adversely affect other habitat types or ecological communities that are important in maintaining the overall biological diversity of the area; and

(4) are available and capable of being done after taking into consideration cost, existing technology, and logistics consistent with overall project purposes.

(e) Regulatory agencies, local government units, and other entities involved in wetland restoration shall collaborate to identify potential replacement opportunities within their jurisdictional areas.

Sec. 114. Minnesota Statutes 2002, section 103G.2242, is amended by adding a subdivision to read:

Subd. 14. [FEES ESTABLISHED.] Fees must be assessed for managing wetland bank accounts and transactions as follows:

(1) account maintenance annual fee: one percent of the value of credits not to exceed \$500;

(2) account establishment, deposit, or transfer: 6.5 percent of the value of credits not to exceed \$1,000 per establishment, deposit, or transfer; and

(3) withdrawal fee: 6.5 percent of the value of credits withdrawn.

Sec. 115. Minnesota Statutes 2002, section 103G.2242, is amended by adding a subdivision to read:

Subd. 15. [FEES PAID TO BOARD.] All fees established in subdivision 14 must be paid to the board of water and soil resources and credited to the general fund to be used for the purpose of administration of the wetland bank.

Sec. 116. Minnesota Statutes 2002, section 103G.271, subdivision 6, is amended to read:

Subd. 6. [WATER USE PERMIT PROCESSING FEE.] (a) Except as described in paragraphs (b) to (f), a water use permit processing fee must be prescribed by the commissioner in accordance with the ~~following~~ schedule of fees in this subdivision for each water use permit in force at any time during the year. The schedule is as follows, with the stated fee in each clause applied to the total amount appropriated:

(1) ~~0.05 cents per 1,000 gallons~~ \$101 for ~~the first amounts not exceeding~~ 50,000,000 gallons per year;

(2) ~~0.10 cents~~ \$3 per ~~1,000~~ 1,000,000 gallons for amounts greater than 50,000,000 gallons but less than 100,000,000 gallons per year;

(3) ~~0.15 cents~~ \$3.50 per ~~1,000~~ 1,000,000 gallons for amounts greater than 100,000,000 gallons but less than 150,000,000 gallons per year;

(4) ~~0.20 cents~~ \$4 per ~~1,000~~ 1,000,000 gallons for amounts greater than 150,000,000 gallons but less than 200,000,000 gallons per year;

(5) ~~0.25 cents~~ \$4.50 per ~~1,000~~ 1,000,000 gallons for amounts greater than 200,000,000 gallons but less than 250,000,000 gallons per year;

(6) ~~0.30 cents~~ \$5 per ~~1,000~~ 1,000,000 gallons for amounts greater than 250,000,000 gallons but less than 300,000,000 gallons per year;

(7) ~~0.35 cents~~ \$5.50 per ~~1,000~~ 1,000,000 gallons for amounts greater than 300,000,000 gallons but less than 350,000,000 gallons per year;

(8) ~~0.40 cents~~ \$6 per ~~1,000~~ 1,000,000 gallons for amounts greater than 350,000,000 gallons but less than 400,000,000 gallons per year; and

(9) ~~0.45 cents~~ \$6.50 per ~~1,000~~ 1,000,000 gallons for amounts greater than 400,000,000 gallons but less than 450,000,000 gallons per year;

(10) \$7 per 1,000,000 gallons for amounts greater than 450,000,000 gallons but less than 500,000,000 gallons per year; and

(11) \$7.50 per 1,000,000 gallons for amounts greater than 500,000,000 gallons per year.

(b) For once-through cooling systems, a water use processing fee must be prescribed by the commissioner in accordance with the following schedule of fees for each water use permit in force at any time during the year:

(1) for nonprofit corporations and school districts, ~~15.0 cents~~ \$150 per ~~1,000~~ 1,000,000 gallons; and

(2) for all other users, ~~20 cents~~ \$200 per ~~1,000~~ 1,000,000 gallons.

(c) The fee is payable based on the amount of water appropriated during the year and, except as provided in paragraph (f), the minimum fee is ~~\$50~~ \$100.

(d) For water use processing fees other than once-through cooling systems:

(1) the fee for a city of the first class may not exceed ~~\$175,000~~ \$250,000 per year;

(2) the fee for other entities for any permitted use may not exceed:

(i) ~~\$35,000~~ \$50,000 per year for an entity holding three or fewer permits;

(ii) ~~\$50,000~~ \$75,000 per year for an entity holding four or five permits;

(iii) ~~\$175,000~~ \$250,000 per year for an entity holding more than five permits;

(3) the fee for agricultural irrigation may not exceed \$750 per year;

(4) the fee for a municipality that furnishes electric service and cogenerates steam for home heating may not exceed \$10,000 for its permit for water use related to the cogeneration of electricity and steam; and

(5) no fee is required for a project involving the appropriation of surface water to prevent flood damage or to remove flood waters during a period of flooding, as determined by the commissioner.

(e) Failure to pay the fee is sufficient cause for revoking a permit. A penalty of two percent per month calculated from the original due date must be imposed on the unpaid balance of fees remaining 30 days after the sending of a second notice of fees due. A fee may not be imposed on an agency, as defined in section 16B.01, subdivision 2, or federal governmental agency holding a water appropriation permit.

(f) The minimum water use processing fee for a permit issued for irrigation of agricultural land is ~~\$40~~ \$20 for years in which:

- (1) there is no appropriation of water under the permit; or
- (2) the permit is suspended for more than seven consecutive days between May 1 and October 1.

Sec. 117. Minnesota Statutes 2002, section 103G.271, subdivision 6a, is amended to read:

Subd. 6a. [PAYMENT OF FEES FOR PAST UNPERMITTED APPROPRIATIONS.] An entity that appropriates water without a required permit under subdivision 1 must pay the applicable water use permit processing fee specified in subdivision 6 for the period during which the unpermitted appropriation occurred. The fees for unpermitted appropriations are required for the previous seven calendar years after being notified of the need for a permit. This fee is in addition to any other fee or penalty assessed.

Sec. 118. Minnesota Statutes 2002, section 103G.611, subdivision 1, is amended to read:

Subdivision 1. ~~[REQUIREMENT REQUIREMENTS.]~~ (a) The fee for a permit to operate an aeration system on public waters during periods of ice cover is \$250. The commissioner may waive the fee for aeration systems that are assisting efforts to maintain angling opportunities through the prevention of winterkill. To be eligible for the fee waiver, the lake being aerated must have public access and aeration must be identified as a desirable management tool in a plan approved by the commissioner. Operation of the aeration system in a manner not consistent with the approved plan represents justification for rescinding the fee waiver. The fee may not be charged to the state or a federal governmental agency applying for a permit. The money received for permits under this subdivision must be deposited in the treasury and credited to the game and fish fund.

(b) A person operating an aeration system on public waters under a water aeration permit must comply with the sign posting requirements of this section and applicable rules of the commissioner.

Sec. 119. Minnesota Statutes 2002, section 103G.615, subdivision 2, is amended to read:

Subd. 2. [FEES.] (a) The commissioner shall establish a fee schedule for permits to harvest aquatic plants other than wild rice, by order, after holding a public hearing. The fees may not exceed ~~\$200~~ \$750 per permit based upon the cost of receiving, processing, analyzing, and issuing the permit, and additional costs incurred after the application to inspect and monitor the activities authorized by the permit, and enforce aquatic plant management rules and permit requirements.

(b) The fee for a permit for ~~chemical treatment~~ the destruction of rooted aquatic vegetation ~~may not exceed \$20~~ is \$35 for each contiguous parcel of shoreline owned by an owner. This fee may not be charged for permits issued in connection with lakewide Eurasian water milfoil control programs.

(c) A fee may not be charged to the state or a federal governmental agency applying for a permit.

(d) The money received for the permits under this subdivision shall be deposited in the treasury and credited to the game and fish fund.

Sec. 120. Minnesota Statutes 2002, section 115.03, is amended by adding a subdivision to read:

Subd. 5b. [STORM WATER PERMITS; COMPLIANCE WITH NONDEGRADATION AND MITIGATION REQUIREMENTS.] (a) During the period in which this subdivision is in effect, all point source storm water discharges that are subject to and in compliance with an individual or general storm water permit issued by the pollution control agency under the National Pollution Discharge Elimination System are considered to be in compliance with the nondegradation and mitigation requirements of agency water quality rules.

(b) This subdivision is repealed on the earlier of July 1, 2007, or the effective date of rules adopted by the pollution control agency that provide specific mechanisms or criteria to determine whether point source storm water discharges comply with the nondegradation and mitigation requirements of agency water quality rules.

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

Sec. 121. Minnesota Statutes 2002, section 115.03, is amended by adding a subdivision to read:

Subd. 5c. [REGULATION OF STORM WATER DISCHARGES.] (a) The agency may issue a general permit to any category or subcategory of point source storm water discharges that it deems administratively reasonable and efficient without making any findings under agency rules. Nothing in this subdivision precludes the agency from requiring an individual permit for a point source storm water discharge if the agency finds that it is appropriate under applicable legal or regulatory standards.

(b) Pursuant to this paragraph, the legislature authorizes the agency to adopt and enforce rules regulating point source storm water discharges. No further legislative approval is required under any other legal or statutory provision whether enacted before or after the enactment of this section.

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

Sec. 122. [115.42] [NONINGESTED SOURCE PHOSPHORUS REDUCTION GOAL.]

The state goal for reducing phosphorus from noningested sources entering municipal wastewater treatment systems is at least a 50 percent reduction based on the timeline for reduction developed by the commissioner under section 166, and a reasonable estimate of the amount of phosphorus from noningested sources entering municipal wastewater treatment systems in calendar year 2003.

Sec. 123. Minnesota Statutes 2002, section 115.55, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] (a) The definitions in this subdivision apply to ~~this section and section sections 115.55 to 115.56.~~

(b) "Advisory committee" means the advisory committee on individual sewage treatment systems established under the individual sewage treatment system rules. The advisory committee must be appointed to ensure geographic representation of the state and include elected public officials.

(c) "Applicable requirements" means:

(1) local ordinances that comply with the individual sewage treatment system rules, as required in subdivision 2; or

(2) in areas not subject to the ordinances described in clause (1), the individual sewage treatment system rules.

(d) "City" means a statutory or home rule charter city.

(e) "Commissioner" means the commissioner of the pollution control agency.

(f) "Dwelling" means a building or place used or intended to be used by human occupants as a single-family or two-family unit.

(g) "Individual sewage treatment system" or "system" means a sewage treatment system, or part thereof, serving a dwelling, other establishment, or group thereof, that uses subsurface soil treatment and disposal.

(h) "Individual sewage treatment system professional" means an inspector, installer, site evaluator or designer, or pumper.

(i) "Individual sewage treatment system rules" means rules adopted by the agency that establish minimum standards and criteria for the design, location, installation, use, and maintenance of individual sewage treatment systems.

(j) "Inspector" means a person who inspects individual sewage treatment systems for compliance with the applicable requirements.

(k) "Installer" means a person who constructs or repairs individual sewage treatment systems.

(l) "Local unit of government" means a township, city, or county.

(m) "Pumper" means a person who maintains components of individual sewage treatment systems including, but not limited to, septic, aerobic, and holding tanks.

(n) "Seasonal dwelling" means a dwelling that is occupied or used for less than 180 days per year and less than 120 consecutive days.

(o) "Septic system tank" means any covered receptacle designed, constructed, and installed as part of an individual sewage treatment system.

(p) "Site evaluator or designer" means a person who:

(1) investigates soils and site characteristics to determine suitability, limitations, and sizing requirements; and

(2) designs individual sewage treatment systems.

Sec. 124. [115.551] [TANK FEE.]

An installer shall pay a fee of \$25 for each septic system tank installed in the previous calendar year. The fees required under this section must be paid to the commissioner by January 30 of each year. The revenue derived from the fee imposed under this section shall be deposited in the environmental fund and is exempt from section 16A.1285.

Sec. 125. Minnesota Statutes 2002, section 115A.54, is amended by adding a subdivision to read:

Subd. 4. [TERMINATION OF OBLIGATIONS; GOOD-FAITH EFFORT.] Notwithstanding the provisions of section 16A.695, the director may terminate the obligations of a grant or loan recipient under this section, if the director finds that the recipient has made a good-faith effort to exhaust all options in trying to comply with the terms

and conditions of the grant or loan. In lieu of declaring a default on a grant or a loan under this section, the director may identify additional measures a recipient should take in order to meet the good-faith test required for terminating the recipient's obligations under this section. By December 15 of each year, the director shall report to the legislature the defaults and terminations the director has ordered in the previous year, if any. No decision on termination under this section is effective until the end of the legislative session following the director's report.

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

Sec. 126. Minnesota Statutes 2002, section 115A.545, subdivision 2, is amended to read:

Subd. 2. **[PROCESSING PAYMENT.]** (a) The director shall pay counties a processing payment for each ton of mixed municipal solid waste that is generated in the county and processed at a resource recovery facility. The processing payment shall be \$5 for each ton of mixed municipal solid waste processed.

~~(b) The director shall also pay a processing payment to a county that does not qualify under paragraph (a) that constructed a processing facility and that either:~~

~~(1) contracts for waste generated in the county to be received at a facility in that county; or~~

~~(2) has a comprehensive solid waste management plan approved by the director under section 115A.46 that demonstrates the intention of the county to make the processing facility operational.~~

~~The processing payment shall be \$5 for each ton of mixed municipal waste generated in the county and delivered under contract with the county.~~

~~(e) By the last day of October, January, April, and July, each county claiming the processing payment shall file a claim for payment with the director for the three previous months certifying the number of tons of mixed municipal solid waste that were generated in the county and processed at a resource recovery facility. The director shall pay the processing payments by November 15, February 15, May 15, and August 15 each year.~~

~~(d) (c) If the total amount for which all counties are eligible in a quarter exceeds the amount available for payment, the director shall make the payments on a pro rata basis.~~

~~(e) (d) All of the money received by a county under paragraph (a) must be used to lower the tipping fee for waste to be processed at a resource recovery facility.~~

~~(f) Amounts received by a county under:~~

~~(1) paragraph (b), clause (1), must be used to lower the tipping fee for waste received at a waste management facility within the county for waste received under contract with the county at a facility in the county; or~~

~~(2) paragraph (b), clause (2), must be used to assist in making the county's processing facility operational.~~

Sec. 127. Minnesota Statutes 2002, section 115A.908, subdivision 2, is amended to read:

Subd. 2. **[DEPOSIT OF REVENUE.]** (a) From July 1, 2003, through June 30, 2007, revenue collected shall be credited to the general fund.

~~(b) After June 30, 2007, revenue collected shall be credited to the motor vehicle transfer account in the environmental fund. As cash flow permits, the commissioner of finance must transfer (1) \$3,200,000 each fiscal year from the motor vehicle transfer account to the environmental response, compensation, and compliance account established in section 115B.20; and (2) \$1,200,000 each fiscal year from the motor vehicle transfer account to the general fund.~~

Sec. 128. Minnesota Statutes 2002, section 115A.919, subdivision 1, is amended to read:

Subdivision 1. [FEE.] (a) A county may impose a fee, by cubic yard of waste or its equivalent, on operators of facilities for the disposal of mixed municipal solid waste or construction debris located within the county. The revenue from the fees shall be credited to the county general fund and shall be used only for landfill abatement purposes, or costs of closure, postclosure care, and response actions or for purposes of mitigating and compensating for the local risks, costs, and other adverse effects of facilities. The interest generated from fees imposed under this subdivision may be credited to the county general fund for use by a county for other purposes.

(b) Fees for construction debris facilities may not exceed 50 cents per cubic yard. Revenues from the fees must offset any financial assurances required by the county for a construction debris facility. The maximum revenue that may be collected for a construction debris facility must be determined by multiplying the total permitted capacity of the facility by 15 cents per cubic yard. Once the maximum revenue has been collected for a facility, the fee may no longer be imposed. The limitation on the fees in this paragraph and in section 115A.921, subdivision 2, are not intended to alter the liability of the facility operator or the authority of the agency to impose financial assurance requirements.

Sec. 129. [115A.9565] [CATHODE-RAY TUBE PROHIBITION.]

Effective July 1, 2005, a person may not place in mixed municipal solid waste an electronic product containing a cathode-ray tube.

Sec. 130. Minnesota Statutes 2002, section 115C.02, subdivision 14, is amended to read:

Subd. 14. [TANK.] "Tank" means any one or a combination of containers, vessels, and enclosures, including structures and appurtenances connected to them, that is, or has been, used to contain ~~or~~, dispense, store, or transport petroleum.

"Tank" does not include:

~~(1) a mobile storage tank used to transport petroleum from one location to another, except a mobile storage tank with a capacity of 500 gallons or less used only to transport home heating fuel on private property; or~~

~~(2)~~ pipeline facilities, including gathering lines, regulated under the Natural Gas Pipeline Safety Act of 1968, United States Code, title 49, chapter 24, or the Hazardous Liquid Pipeline Safety Act of 1979, United States Code, title 49, chapter 29.

Sec. 131. Minnesota Statutes 2002, section 115C.08, subdivision 4, is amended to read:

Subd. 4. [EXPENDITURES.] (a) Money in the fund may only be spent:

(1) to administer the petroleum tank release cleanup program established in this chapter;

(2) for agency administrative costs under sections 116.46 to 116.50, sections 115C.03 to 115C.06, and costs of corrective action taken by the agency under section 115C.03, including investigations;

(3) for costs of recovering expenses of corrective actions under section 115C.04;

(4) for training, certification, and rulemaking under sections 116.46 to 116.50;

(5) for agency administrative costs of enforcing rules governing the construction, installation, operation, and closure of aboveground and underground petroleum storage tanks;

(6) for reimbursement of the environmental response, compensation, and compliance account under subdivision 5 and section 115B.26, subdivision 4;

(7) for administrative and staff costs as set by the board to administer the petroleum tank release program established in this chapter;

(8) for corrective action performance audits under section 115C.093; ~~and~~

(9) for contamination cleanup grants, as provided in paragraph (c); and

(10) to assess and remove abandoned underground storage tanks under section 115C.094 and, if a release is discovered, to pay for the specific consultant and contractor services costs necessary to complete the tank removal project, including, but not limited to, excavation soil sampling, groundwater sampling, soil disposal, and completion of an excavation report.

(b) Except as provided in paragraph (c), money in the fund is appropriated to the board to make reimbursements or payments under this section.

(c) \$6,200,000 is annually appropriated from the fund to the commissioner of trade and economic development for contamination cleanup grants under section 116J.554. Of this amount, the commissioner may spend up to \$120,000 annually for administration of the contamination cleanup grant program. The appropriation does not cancel and is available until expended. The appropriation shall not be withdrawn from the fund nor the fund balance reduced until the funds are requested by the commissioner of trade and economic development. The commissioner shall schedule requests for withdrawals from the fund to minimize the necessity to impose the fee authorized by subdivision 2. Unless otherwise provided, the appropriation in this paragraph may be used for:

(1) project costs at a qualifying site if a portion of the cleanup costs are attributable to petroleum contamination; and

(2) the costs of performing contamination investigation if there is a reasonable basis to suspect the contamination is attributable to petroleum.

Sec. 132. Minnesota Statutes 2002, section 115C.09, subdivision 3, is amended to read:

Subd. 3. [REIMBURSEMENTS; SUBROGATION; APPROPRIATION.] (a) The board shall reimburse an eligible applicant from the fund for 90 percent of the total reimbursable costs incurred at the site, except that the board may reimburse an eligible applicant from the fund for greater than 90 percent of the total reimbursable costs, if the applicant previously qualified for a higher reimbursement rate. For costs associated with a release from a tank in transport, the board may reimburse 90 percent of costs over \$10,000, with the maximum reimbursement not to exceed \$100,000.

Not more than \$1,000,000 may be reimbursed for costs associated with a single release, regardless of the number of persons eligible for reimbursement, and not more than \$2,000,000 may be reimbursed for costs associated with a single tank facility.

(b) A reimbursement may not be made from the fund under this chapter until the board has determined that the costs for which reimbursement is requested were actually incurred and were reasonable.

(c) When an applicant has obtained responsible competitive bids or proposals according to rules promulgated under this chapter prior to June 1, 1995, the eligible costs for the tasks, procedures, services, materials, equipment, and tests of the low bid or proposal are presumed to be reasonable by the board, unless the costs of the low bid or proposal are substantially in excess of the average costs charged for similar tasks, procedures, services, materials, equipment, and tests in the same geographical area during the same time period.

(d) When an applicant has obtained a minimum of two responsible competitive bids or proposals on forms prescribed by the board and where the rules promulgated under this chapter after June 1, 1995, designate maximum costs for specific tasks, procedures, services, materials, equipment and tests, the eligible costs of the low bid or proposal are deemed reasonable if the costs are at or below the maximums set forth in the rules.

(e) Costs incurred for change orders executed as prescribed in rules promulgated under this chapter after June 1, 1995, are presumed reasonable if the costs are at or below the maximums set forth in the rules, unless the costs in the change order are above those in the original bid or proposal or are unsubstantiated and inconsistent with the process and standards required by the rules.

(f) A reimbursement may not be made from the fund in response to either an initial or supplemental application for costs incurred after June 4, 1987, that are payable under an applicable insurance policy, except that if the board finds that the applicant has made reasonable efforts to collect from an insurer and failed, the board shall reimburse the applicant.

(g) If the board reimburses an applicant for costs for which the applicant has insurance coverage, the board is subrogated to the rights of the applicant with respect to that insurance coverage, to the extent of the reimbursement by the board. The board may request the attorney general to bring an action in district court against the insurer to enforce the board's subrogation rights. Acceptance by an applicant of reimbursement constitutes an assignment by the applicant to the board of any rights of the applicant with respect to any insurance coverage applicable to the costs that are reimbursed. Notwithstanding this paragraph, the board may instead request a return of the reimbursement under subdivision 5 and may employ against the applicant the remedies provided in that subdivision, except where the board has knowingly provided reimbursement because the applicant was denied coverage by the insurer.

(h) Money in the fund is appropriated to the board to make reimbursements under this chapter. A reimbursement to a state agency must be credited to the appropriation account or accounts from which the reimbursed costs were paid.

(i) The board may reduce the amount of reimbursement to be made under this chapter if it finds that the applicant has not complied with a provision of this chapter, a rule or order issued under this chapter, or one or more of the following requirements:

- (1) the agency was given notice of the release as required by section 115.061;
- (2) the applicant, to the extent possible, fully cooperated with the agency in responding to the release;
- (3) the state rules applicable after December 22, 1993, to operating an underground storage tank and appurtenances without leak detection;
- (4) the state rules applicable after December 22, 1998, to operating an underground storage tank and appurtenances without corrosion protection or spill and overflow protection; and
- (5) the state rule applicable after November 1, 1998, to operating an aboveground tank without a dike or other structure that would contain a spill at the aboveground tank site.

(j) The reimbursement may be reduced as much as 100 percent for failure by the applicant to comply with the requirements in paragraph (i), clauses (1) to (5). In determining the amount of the reimbursement reduction, the board shall consider:

- (1) the reasonable determination by the agency that the noncompliance poses a threat to the environment;
- (2) whether the noncompliance was negligent, knowing, or willful;
- (3) the deterrent effect of the award reduction on other tank owners and operators;
- (4) the amount of reimbursement reduction recommended by the commissioner; and
- (5) the documentation of noncompliance provided by the commissioner.

(k) ~~An applicant may assign the right to receive reimbursement to request that the board issue a multiparty check that includes each lender who advanced funds to pay the costs of the corrective action or to each contractor or consultant who provided corrective action services. An assignment This request must be made by filing with the board a document, in a form prescribed by the board, indicating the identity of the applicant, the identity of the assignee lender, contractor, or consultant, the dollar amount of the assignment, and the location of the corrective action. An assignment signed by the applicant is valid unless terminated by filing a termination with the board, in a form prescribed by the board, which must include the written concurrence of the assignee. The board shall maintain an index of assignments filed under this paragraph. The board shall pay the reimbursement to the applicant and to one or more assignees by a multiparty check. The applicant must submit a request for the issuance of a multiparty check for each application submitted to the board. Payment under this paragraph does not constitute the assignment of the applicant's right to reimbursement to the consultant, contractor, or lender. The board has no liability to an applicant for a payment under an assignment meeting issued as a multiparty check that meets the requirements of this paragraph.~~

Sec. 133. Minnesota Statutes 2002, section 115C.09, is amended by adding a subdivision to read:

Subd. 3i. [REIMBURSEMENT; NATURAL DISASTER AREA.] (a) As used in this subdivision, "natural disaster area" means a geographical area that has been declared a disaster by the governor and President of the United States.

(b) Notwithstanding subdivision 3, paragraph (a), the board may reimburse:

(1) up to 50 percent of an applicant's prenatural-disaster estimated building market value as recorded by the county assessor; or

(2) if the applicant conveys title of the real estate to local or state government, up to 50 percent of the prenatural-disaster estimated total market value, not to exceed one acre, as recorded by the county assessor.

(c) Paragraph (b) applies only if the applicant documents that:

(1) the natural disaster area has been declared eligible for state or federal emergency aid;

(2) the building is declared uninhabitable by the commissioner because of damage caused by the release of petroleum from a petroleum storage tank; and

(3) the applicant has submitted a claim under any applicable insurance policies and has been denied benefits under those policies.

(d) In determining the percentage for reimbursement, the board shall consider the applicant's eligibility to receive other state or federal financial assistance and determine a lesser reimbursement rate to the extent that the applicant is eligible to receive financial assistance that exceeds 50 percent of the applicant's pre-natural-disaster estimated building market value or total market value.

Sec. 134. Minnesota Statutes 2002, section 115C.09, is amended by adding a subdivision to read:

Subd. 3j. [RETAIL LOCATIONS AND TRANSPORT VEHICLES.] (a) As used in this subdivision, "retail location" means a facility located in the metropolitan area as defined in section 473.121, subdivision 2, where gasoline is offered for sale to the general public for use in automobiles and trucks. "Transport vehicle" means a liquid fuel cargo tank used to deliver gasoline into underground storage tanks during 2002 at a retail location.

(b) Notwithstanding any other provision in this chapter, and any rules adopted under this chapter, the board shall reimburse 90 percent of an applicant's cost for retrofits of retail locations and transport vehicles completed between January 1, 2001, and January 1, 2006, to comply with section 116.49, subdivisions 3 and 4, provided that the board determines the costs were incurred and reasonable. The reimbursement may not exceed \$3,000 per retail location and \$3,000 per transport vehicle.

Sec. 135. [115C.094] [ABANDONED UNDERGROUND STORAGE TANKS.]

(a) As used in this section, an abandoned underground petroleum storage tank means an underground petroleum storage tank that was:

(1) taken out of service prior to December 22, 1988; or

(2) taken out of service on or after December 22, 1988, if the current property owner did not know of the existence of the underground petroleum storage tank and could not have reasonably been expected to have known of the tank's existence at the time the owner first acquired right, title, or interest in the tank.

(b) The board may contract for:

(1) a statewide assessment in order to determine the quantity, location, cost, and feasibility of removing abandoned underground petroleum storage tanks;

(2) the removal of an abandoned underground petroleum storage tank; and

(3) the removal and disposal of petroleum-contaminated soil if the removal is required by the commissioner at the time of tank removal.

(c) Before the board may contract for removal of an abandoned petroleum storage tank, the tank owner must provide the board with written access to the property and release the board from any potential liability for the work performed.

(d) Money in the fund is appropriated to the board for the purposes of this section.

Sec. 136. Minnesota Statutes 2002, section 115C.11, subdivision 1, is amended to read:

Subdivision 1. [REGISTRATION.] (a) All consultants and contractors who perform corrective action services must register with the board. In order to register, consultants must meet and demonstrate compliance with the following criteria:

(1) provide a signed statement to the board verifying agreement to abide by this chapter and the rules adopted under it and to include a signed statement with each claim that all costs claimed by the consultant are a true and accurate account of services performed;

(2) provide a signed statement that the consultant shall make available for inspection any records requested by the board for field or financial audits under the scope of this chapter;

(3) certify knowledge of the requirements of this chapter and the rules adopted under it;

(4) obtain and maintain professional liability coverage, including pollution impairment liability; and

(5) agree to submit to the board a certificate or certificates verifying the existence of the required insurance coverage.

(b) The board must maintain a list of all registered consultants and a list of all registered contractors.

(c) All corrective action services must be performed by registered consultants and contractors.

(d) Reimbursement for corrective action services performed by an unregistered consultant or contractor is subject to reduction under section 115C.09, subdivision 3, paragraph (i).

(e) Corrective action services performed by a consultant or contractor prior to being removed from the registration list may be reimbursed without reduction by the board.

(f) If the information in an application for registration becomes inaccurate or incomplete in any material respect, the registered consultant or contractor must promptly file a corrected application with the board.

(g) Registration is effective 30 days after a complete application is received by the board. The board may reimburse without reduction the cost of work performed by an unregistered contractor if the contractor performed the work within 60 days of the effective date of registration.

(h) Registration for consultants under this section remains in force until the expiration date of the professional liability coverage, including pollution impairment liability, required under paragraph (a), clause (4), or until voluntarily terminated by the registrant, or until suspended or revoked by the commissioner of commerce. Registration for contractors under this section expires each year on the anniversary of the effective date of the contractor's most recent registration and must be renewed on or before expiration. Prior to its annual expiration, a registration remains in force until voluntarily terminated by the registrant, or until suspended or revoked by the commissioner of commerce. All registrants must comply with registration criteria under this section.

(i) The board may deny a consultant or contractor registration or request for renewal under this section if the consultant or contractor:

(1) does not intend to or is not in good faith carrying on the business of an environmental consultant or contractor;

(2) has filed an application for registration that is incomplete in any material respect or contains any statement which, in light of the circumstances under which it is made, contains any misrepresentation, or is false, misleading, or fraudulent;

(3) has engaged in any fraudulent, coercive, deceptive, or dishonest act or practice whether or not the act or practice involves the business of environmental consulting or contracting;

(4) has forged another's name to any document whether or not the document relates to a document approved by the board;

(5) has plead guilty, with or without explicitly admitting guilt; plead nolo contendere; or been convicted of a felony, gross misdemeanor, or misdemeanor involving moral turpitude, including, but not limited to, assault, harassment, or similar conduct;

(6) has been subject to disciplinary action in another state or jurisdiction; or

(7) has not paid subcontractors hired by the consultant or contractor after they have been paid in full by the applicant.

Sec. 137. Minnesota Statutes 2002, section 115C.13, is amended to read:

115C.13 [REPEALER.]

Sections 115C.01, 115C.02, 115C.021, 115C.03, 115C.04, 115C.045, 115C.05, 115C.06, 115C.065, 115C.07, 115C.08, 115C.09, 115C.093, 115C.094, 115C.10, 115C.11, 115C.111, 115C.112, 115C.113, 115C.12, and 115C.13, are repealed effective June 30, ~~2005~~ 2007.

Sec. 138. Minnesota Statutes 2002, section 116.073, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY TO ISSUE.] (a) Pollution control agency staff designated by the commissioner and department of natural resources conservation officers may issue citations to a person who:

(1) disposes of solid waste as defined in section 116.06, subdivision 22, at a location not authorized by law for the disposal of solid waste without permission of the owner of the property;

(2) fails to report or recover discharges as required under section 115.061; ~~or~~

(3) fails to take discharge preventive or preparedness measures required under chapter 115E; or

(4) fails to install or use vapor recovery equipment during the transfer of gasoline from a transport delivery vehicle to an underground storage tank as required in section 116.49, subdivisions 3 and 4.

(b) In addition, pollution control agency staff designated by the commissioner may issue citations to owners and operators of facilities dispensing petroleum products who violate sections 116.46 to 116.50 and Minnesota Rules, chapters 7150 and 7151 and parts 7001.4200 to 7001.4300. A citation issued under this subdivision must include a requirement that the person cited remove and properly dispose of or otherwise manage the waste or discharged oil or hazardous substance, reimburse any government agency that has disposed of the waste or discharged oil or hazardous substance and contaminated debris for the reasonable costs of disposal, or correct any storage tank violations.

(c) Until June 1, 2004, citations for violation of sections 115E.045 and 116.46 to 116.50 and Minnesota Rules, chapters 7150 and 7151, may be issued only after the owners and operators have had a 90-day period to correct violations stated in writing by pollution control agency staff, unless there is a discharge associated with the violation or the violation is of Minnesota Rules, part 7151.6400, subpart 1, item B, or 7151.6500.

Sec. 139. Minnesota Statutes 2002, section 116.073, subdivision 2, is amended to read:

Subd. 2. [PENALTY AMOUNT.] The citation must impose the following penalty amounts:

- (1) \$100 per major appliance, as defined in section 115A.03, subdivision 17a, up to a maximum of \$2,000;
- (2) \$25 per waste tire, as defined in section 115A.90, subdivision 11, up to a maximum of \$2,000;
- (3) \$25 per lead acid battery governed by section 115A.915, up to a maximum of \$2,000;
- (4) \$1 per pound of other solid waste or \$20 per cubic foot up to a maximum of \$2,000;
- (5) up to \$200 for any amount of waste that escapes from a vehicle used for the transportation of solid waste if, after receiving actual notice that waste has escaped the vehicle, the person or company transporting the waste fails to immediately collect the waste;
- (6) \$50 per violation of rules adopted under section 116.49, relating to underground storage tank system design, construction, installation, and notification requirements, up to a maximum of \$2,000;
- (7) \$250 per violation of rules adopted under section 116.49, relating to upgrading of existing underground storage tank systems, up to a maximum of \$2,000;
- (8) \$100 per violation of rules adopted under section 116.49, relating to underground storage tank system general operating requirements, up to a maximum of \$2,000;
- (9) \$250 per violation of rules adopted under section 116.49, relating to underground storage tank system release detection requirements, up to a maximum of \$2,000;
- (10) \$50 per violation of rules adopted under section 116.49, relating to out-of-service underground storage tank systems and closure, up to a maximum of \$2,000;
- (11) \$50 per violation of sections 116.48 to 116.491 relating to underground storage tank system notification, monitoring, environmental protection, and tank installers training and certification requirements, up to a maximum of \$2,000;
- (12) \$25 per gallon of oil or hazardous substance discharged which is not reported or recovered under section 115.061, up to a maximum of \$2,000;
- (13) \$1 per gallon of oil or hazardous substance being stored, transported, or otherwise handled without the prevention or preparedness measures required under chapter 115E, up to a maximum of \$2,000; ~~and~~
- (14) \$250 per violation of Minnesota Rules, parts 7001.4200 to 7001.4300 or chapter 7151, related to aboveground storage tank systems, up to a maximum of \$2,000; and
- (15) \$250 per delivery made in violation of section 116.49, subdivision 3 or 4, levied against:
 - (i) the retail location if vapor recovery equipment is not installed or maintained properly;
 - (ii) the carrier if the transport delivery vehicle is not equipped with vapor recovery equipment; or
 - (iii) the driver for failure to use supplied vapor recovery equipment.

Sec. 140. Minnesota Statutes 2002, section 116.46, is amended by adding a subdivision to read:

Subd. 7a. [RETAIL LOCATION.] "Retail location" means a facility located in the metropolitan area as defined in section 473.121, subdivision 2, where gasoline is offered for sale to the general public for use in automobiles and trucks.

Sec. 141. Minnesota Statutes 2002, section 116.46, is amended by adding a subdivision to read:

Subd. 7b. [TRANSPORT DELIVERY VEHICLE.] "Transport delivery vehicle" means a liquid fuel cargo tank used to deliver gasoline into underground storage tanks.

Sec. 142. Minnesota Statutes 2002, section 116.46, is amended by adding a subdivision to read:

Subd. 9. [VAPOR RECOVERY SYSTEM.] "Vapor recovery system" means a system which transfers vapors from underground storage tanks during the filling operation to the storage compartment of the transport vehicle delivering gasoline.

Sec. 143. Minnesota Statutes 2002, section 116.49, is amended by adding a subdivision to read:

Subd. 3. [VAPOR RECOVERY SYSTEM.] Every underground gasoline storage tank at a retail location must be fitted with vapor recovery equipment by January 1, 2006. The equipment must be certified by the manufacturer as capable of collecting 95 percent of hydrocarbons emitted during gasoline transfers from a transport delivery vehicle to an underground storage tank. Product delivery and vapor recovery access points must be on the same side of the transport vehicle when the transport vehicle is positioned for delivery into the underground tank. After January 1, 2006, no gasoline may be delivered to a retail location that is not equipped with a vapor recovery system.

Sec. 144. Minnesota Statutes 2002, section 116.49, is amended by adding a subdivision to read:

Subd. 4. [VAPOR RECOVERY ON TRANSPORTS.] All transport delivery vehicles that deliver gasoline into underground storage tanks in the metropolitan area as defined in section 473.121, subdivision 2, must be fitted with vapor recovery equipment. The equipment must recover and manage 95 percent of hydrocarbons emitted during the transfer of gasoline from the underground storage tank and the transport delivery vehicle by January 1, 2006. After January 1, 2006, no gasoline may be delivered to a retail location by a transport vehicle that is not fitted with vapor recovery equipment.

Sec. 145. Minnesota Statutes 2002, section 116.50, is amended to read:

116.50 [PREEMPTION.]

Sections 116.46 to 116.49 preempt conflicting local and municipal rules or ordinances requiring notification or establishing environmental protection requirements for underground storage tanks. A state agency or local unit of government may not adopt rules or ordinances establishing or requiring vapor recovery for underground storage tanks.

Sec. 146. Minnesota Statutes 2002, section 116P.02, subdivision 1, is amended to read:

Subdivision 1. [APPLICABILITY.] The definitions in this section apply to sections 116P.01 to 116P.13 this chapter.

Sec. 147. Minnesota Statutes 2002, section 116P.05, subdivision 2, is amended to read:

Subd. 2. [DUTIES.] (a) The commission shall recommend a budget plan for expenditures from the environment and natural resources trust fund and shall adopt a strategic plan as provided in section 116P.08.

(b) The commission shall recommend expenditures to the legislature from the ~~Minnesota future resources fund under section 116P.13~~ state land and water conservation account in the natural resources fund.

(c) It is a condition of acceptance of the appropriations made from the ~~Minnesota future resources fund~~, Minnesota environment and natural resources trust fund, and oil overcharge money under section 4.071, subdivision 2, that the agency or entity receiving the appropriation must submit a work program and semiannual progress reports in the form determined by the legislative commission on Minnesota resources. None of the money provided may be spent unless the commission has approved the pertinent work program.

(d) The peer review panel created under section 116P.08 must also review, comment, and report to the commission on research proposals applying for an appropriation from the ~~Minnesota resources fund and from~~ oil overcharge money under section 4.071, subdivision 2.

(e) The commission may adopt operating procedures to fulfill its duties under ~~sections 116P.01 to 116P.13~~ chapter 116P.

Sec. 148. Minnesota Statutes 2002, section 116P.09, subdivision 4, is amended to read:

Subd. 4. [PERSONNEL.] Persons who are employed by a state agency to work on a project and are paid by an appropriation from the trust fund ~~or Minnesota future resources fund~~ are in the unclassified civil service, and their continued employment is contingent upon the availability of money from the appropriation. When the appropriation has been spent, their positions must be canceled and the approved complement of the agency reduced accordingly. Part-time employment of persons for a project is authorized. The use of classified employees is authorized when approved as part of the work program required by section 116P.05, subdivision 2, paragraph (c).

Sec. 149. Minnesota Statutes 2002, section 116P.09, subdivision 5, is amended to read:

Subd. 5. [ADMINISTRATIVE EXPENSE.] ~~The administrative expenses of the commission shall be paid from the various funds administered by the commission as follows:~~

~~(1) Through June 30, 1993, the administrative expenses of the commission and the advisory committee shall be paid from the Minnesota future resources fund. After that time, the prorated expenses related to administration of the trust fund shall be paid from the earnings of the trust fund.~~

~~(2) After June 30, 1993, the prorated expenses related to commission administration of the trust fund may not exceed an amount equal to four percent of the projected earnings amount available for appropriation of the trust fund for the biennium.~~

Sec. 150. Minnesota Statutes 2002, section 116P.09, subdivision 7, is amended to read:

Subd. 7. [REPORT REQUIRED.] The commission shall, by January 15 of each odd-numbered year, submit a report to the governor, the chairs of the house appropriations and senate finance committees, and the chairs of the house and senate committees on environment and natural resources. Copies of the report must be available to the public. The report must include:

(1) a copy of the current strategic plan;

- (2) a description of each project receiving money from the trust fund ~~and Minnesota future resources fund~~ during the preceding biennium;
- (3) a summary of any research project completed in the preceding biennium;
- (4) recommendations to implement successful projects and programs into a state agency's standard operations;
- (5) to the extent known by the commission, descriptions of the projects anticipated to be supported by the trust fund ~~and Minnesota future resources account~~ during the next biennium;
- (6) the source and amount of all revenues collected and distributed by the commission, including all administrative and other expenses;
- (7) a description of the assets and liabilities of the trust fund ~~and the Minnesota future resources fund~~;
- (8) any findings or recommendations that are deemed proper to assist the legislature in formulating legislation;
- (9) a list of all gifts and donations with a value over \$1,000;
- (10) a comparison of the amounts spent by the state for environment and natural resources activities through the most recent fiscal year; and
- (11) a copy of the most recent compliance audit.

Sec. 151. Minnesota Statutes 2002, section 116P.10, is amended to read:

116P.10 [ROYALTIES, COPYRIGHTS, PATENTS.]

This section applies to projects supported by the trust fund, ~~the Minnesota future resources fund~~, and the oil overcharge money referred to in section 4.071, subdivision 2, each of which is referred to in this section as a "fund." The fund owns and shall take title to the percentage of a royalty, copyright, or patent resulting from a project supported by the fund equal to the percentage of the project's total funding provided by the fund. Cash receipts resulting from a royalty, copyright, or patent, or the sale of the fund's rights to a royalty, copyright, or patent, must be credited immediately to the principal of the fund. Receipts from Minnesota future resources fund projects must be credited to the trust fund. Before a project is included in the budget plan, the commission may vote to relinquish the ownership or rights to a royalty, copyright, or patent resulting from a project supported by the fund to the project's proposer when the amount of the original grant or loan, plus interest, has been repaid to the fund.

Sec. 152. Minnesota Statutes 2002, section 116P.14, subdivision 1, is amended to read:

Subdivision 1. [DESIGNATED AGENCY.] The department of natural resources is designated as the state agency to apply for, accept, receive, and disburse federal reimbursement funds and private funds, which are granted to the state of Minnesota from section 6 of the federal Land and Water Conservation Fund Act.

Sec. 153. Minnesota Statutes 2002, section 116P.14, subdivision 2, is amended to read:

Subd. 2. [STATE LAND AND WATER CONSERVATION ACCOUNT; CREATION.] A state land and water conservation account is created in the ~~Minnesota future~~ natural resources fund. All of the money made available to the state from funds granted under subdivision 1 shall be deposited in the state land and water conservation account.

Sec. 154. Minnesota Statutes 2002, section 297A.94, is amended to read:

297A.94 [DEPOSIT OF REVENUES.]

(a) Except as provided in this section, the commissioner shall deposit the revenues, including interest and penalties, derived from the taxes imposed by this chapter in the state treasury and credit them to the general fund.

(b) The commissioner shall deposit taxes in the Minnesota agricultural and economic account in the special revenue fund if:

(1) the taxes are derived from sales and use of property and services purchased for the construction and operation of an agricultural resource project; and

(2) the purchase was made on or after the date on which a conditional commitment was made for a loan guaranty for the project under section 41A.04, subdivision 3.

The commissioner of finance shall certify to the commissioner the date on which the project received the conditional commitment. The amount deposited in the loan guaranty account must be reduced by any refunds and by the costs incurred by the department of revenue to administer and enforce the assessment and collection of the taxes.

(c) The commissioner shall deposit the revenues, including interest and penalties, derived from the taxes imposed on sales and purchases included in section 297A.61, subdivision 3, paragraph (g), clauses (1) and (4), in the state treasury, and credit them as follows:

(1) first to the general obligation special tax bond debt service account in each fiscal year the amount required by section 16A.661, subdivision 3, paragraph (b); and

(2) after the requirements of clause (1) have been met, the balance to the general fund.

(d) The commissioner shall deposit the revenues, including interest and penalties, collected under section 297A.64, subdivision 5, in the state treasury and credit them to the general fund. By July 15 of each year the commissioner shall transfer to the highway user tax distribution fund an amount equal to the excess fees collected under section 297A.64, subdivision 5, for the previous calendar year.

(e) For fiscal year 2001, 97 percent; for fiscal years 2002 and 2003, 87 percent; and for fiscal year 2004 and thereafter, ~~87.1~~ 72.43 percent of the revenues, including interest and penalties, transmitted to the commissioner under section 297A.65, must be deposited by the commissioner in the state treasury as follows:

(1) 50 percent of the receipts must be deposited in the heritage enhancement account in the game and fish fund, and may be spent only on activities that improve, enhance, or protect fish and wildlife resources, including conservation, restoration, and enhancement of land, water, and other natural resources of the state;

(2) 22.5 percent of the receipts must be deposited in the natural resources fund, and may be spent only for state parks and trails;

(3) 22.5 percent of the receipts must be deposited in the natural resources fund, and may be spent only on metropolitan park and trail grants;

(4) three percent of the receipts must be deposited in the natural resources fund, and may be spent only on local trail grants; and

(5) two percent of the receipts must be deposited in the natural resources fund, and may be spent only for the Minnesota zoological garden, the Como park zoo and conservatory, and the Duluth zoo.

(f) The revenue dedicated under paragraph (e) may not be used as a substitute for traditional sources of funding for the purposes specified, but the dedicated revenue shall supplement traditional sources of funding for those purposes. Land acquired with money deposited in the game and fish fund under paragraph (e) must be open to public hunting and fishing during the open season, except that in aquatic management areas or on lands where angling easements have been acquired, fishing may be prohibited during certain times of the year and hunting may be prohibited. At least 87 percent of the money deposited in the game and fish fund for improvement, enhancement, or protection of fish and wildlife resources under paragraph (e) must be allocated for field operations.

Sec. 155. Minnesota Statutes 2002, section 297F.10, subdivision 1, is amended to read:

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

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

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

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

~~(2) the balance of the revenues derived from taxes, penalties, and interest (under this chapter) and from license fees and miscellaneous sources of revenue shall be credited to the general fund.~~

Sec. 156. [WATER QUALITY ASSESSMENT PROCESS.]

Subdivision 1. [RULEMAKING.] (a) By January 1, 2006, the pollution control agency shall adopt rules under Minnesota Statutes, chapter 14, relating to water quality assessment for the waters of the state. The adopted rules must, at a minimum, satisfy paragraphs (b) to (h).

(b) The rules must apply to the determination of impaired waters as required by Section 303(d) of the Clean Water Act of 1977, United States Code, title 33, chapter 26, section 1313(d).

(c) The rules must define the terms "altered materially," "material increase," "material manner," "seriously impaired," and "significant increase," contained in Minnesota Rules, part 7050.0150, subpart 3.

(d) The rules must define the terms "normal fishery" and "normally present," contained in Minnesota Rules, part 7050.0150, subpart 3.

(e) The rules must specify that for purposes of the determination of impaired waters, the agency will make an impairment determination based only on pollution of waters of the state that has resulted in degradation of the physical, chemical, or biological qualities of the water body to the extent that attainable or previously existing beneficial uses are actually or potentially lost.

(f) The rules must provide that when a person presents information adequately demonstrating that a beneficial use for the water body does not exist and is not attainable due to the natural condition of the water body, the agency shall initiate an administrative process for reclassification of the water to remove the beneficial use.

(g) The rules must provide that the agency, in considering impairment due to nutrients and application of nutrient objectives and effluent limitations related to riverine systems or riverine impoundments, must consider temperature and detention time effects on algal populations when the discharge of nutrients is expected to cause or contribute to algal growth that impairs existing or attainable uses.

(h) The agency shall apply Minnesota Rules, part 7050.0150, consistent with paragraphs (e) and (g).

Subd. 2. [REPORT TO LEGISLATURE.] By February 1, 2004, and by February 1, 2005, the commissioner shall report to the environment and natural resources finance committees of the house and senate on the status of discussions with stakeholders and the development of the rules required under subdivision 1.

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

Sec. 157. [MODIFICATIONS TO STORM WATER PERMIT FEES.]

(a) The pollution control agency shall collect water quality permit applications and annual fees as provided in the rules of the agency and in Laws 2002, chapter 220, article 8, section 15, as amended by Laws 2002, chapter 374, article 6, section 8, with the following modifications:

(1) the application fee for general industrial storm water permits is reduced to zero, and the annual fee is increased to \$400;

(2) the application fee for general construction storm water permits is increased to \$400; and

(3) application and annual fees for other general permits do not apply to general municipal separate storm sewer system permits.

(b) Nothing in this section limits the authority of a county, city, town, watershed district, or other special purpose district or political subdivision, to impose fees or to levy taxes or assessments to pay the cost of regulating or controlling storm water discharges to waters of the state.

(c) The permit fee modifications provided in this section are effective July 1, 2003. The pollution control agency shall adopt amended water quality permit fee rules under Minnesota Statutes, section 14.389, that incorporate the fee modifications provided in this section. The agency shall begin collecting fees in accordance with the modifications in this section on July 1, 2003, regardless of the status of those rules. Notwithstanding Minnesota Statutes, section 14.18, subdivision 2, the permit fee modifications in this section and the rule amendments incorporating them do not require further legislative approval.

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

Sec. 158. [UTILITY LICENSES.]

(a) The fees in Minnesota Rules, parts 6135.0400 to 6135.0810, adopted under Minnesota Statutes, section 84.415, are to be amended as follows:

(1) effective July 1, 2003, the application fee for a license to construct a utility crossing over or under public lands or over or under public waters is \$500; and

(2) effective July 1, 2004, the fee schedules of Minnesota Rules, parts 6135.0510 to 6135.0810, are increased to an amount equal to the current schedules plus an increase due to inflation from 1990 through 2002. The basis of increase shall be the unadjusted producer price index for all commodities, and the index value used shall be the annual average as revised four months after publication.

(b) The commissioner of natural resources shall amend Minnesota Rules, parts 6135.0400 to 6135.0810, according to this section and under Minnesota Statutes, section 14.388, clause (3). Except as provided in Minnesota Statutes, section 14.388, Minnesota Statutes, section 14.386, does not apply.

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

Sec. 159. [TRANSFER OF ASSETS; MINNESOTA CONSERVATION CORPS.]

The state's ownership interest in all tools, computers, and other supplies and equipment acquired by the commissioner of natural resources for the purpose of the conservation corps created under Minnesota Statutes, section 84.98, is transferred to the friends of the Minnesota conservation corps.

Sec. 160. [TRANSFER OF FUNDS; MINNESOTA CONSERVATION CORPS.]

The remaining balances in the Minnesota conservation corps: cooperative agreement, youthworks, Americorps administration, education vouchers, and gift accounts on June 30, 2003, are canceled and reappropriated to the friends of the Minnesota conservation corps.

Sec. 161. [COUNTY PROCESSING GRANT OBLIGATIONS.]

The outstanding obligations arising from the following specified processing facility grants provided by the office of environmental assistance to the listed counties are terminated, notwithstanding the provisions of Minnesota Statutes, section 16A.695:

(1) Fillmore county, for demonstration program grants awarded March 1987 and June 1991;

(2) St. Louis county, for a capital assistance program grant awarded September 1989;

(3) Wright county, for a capital assistance program grant awarded April 1990;

(4) Isanti, Chisago, Pine, Mille Lacs, and Kanabec counties, together as the east central solid waste commission, for a capital assistance program grant awarded September 1990, and a facility optimization grant awarded February 1994; and

(5) Pennington county, for a capital assistance program grant awarded in February 1992.

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

Sec. 162. [ENFORCEMENT AUTHORITY REPORT.]

The commissioner of natural resources must report to the chairs of the house of representatives and senate environment and judiciary policy committees by February 1, 2004, on clarification of conservation officer authority and any law enforcement authority for other employees of the department.

Sec. 163. [CONSOLIDATION AND STREAMLINING REPORT.]

(a) By September 1, 2003, the pollution control agency, department of natural resources, office of environmental assistance, and board of water and soil resources shall report to the chairs of the senate environment and natural resources committee, the senate environment, agriculture, and economic budget division, house environment and natural resources policy committee, and house environment and natural resources finance committee on all of their reporting requirements that apply to counties.

(b) By January 15, 2004, the pollution control agency, department of natural resources, office of environmental assistance, and board of water and soil resources shall present a joint report to the chairs of the senate environment and natural resources committee, the senate environment, agriculture, and economic budget division, house environment and natural resources policy committee, and house environment and natural resources finance committee providing recommendations on streamlining and coordinating county reporting requirements.

(c) In developing the list of reporting requirements and recommendations on streamlining and coordinating county reporting requirements, the agencies must:

- (1) consult with the association of Minnesota counties and other county representatives;
- (2) identify the minimum information needed to measure county compliance with state law and rules;
- (3) identify how agencies can prepare one or more annual reports summarizing information reported by counties;
- (4) consider how the Internet can be used to collect and organize county reported information; and
- (5) identify the costs and savings of implementing the recommendations contained in this report.

Sec. 164. [INDIVIDUAL SEWAGE TREATMENT SYSTEM STUDY.]

The commissioner of the pollution control agency, with input from stakeholders, must develop and report back to the house and senate environment and natural resources policy and finance committees by February 1, 2004, a ten-year plan to:

- (1) locate systems that are imminent threats to public health and safety, and those with less than two feet of soil separation;
- (2) upgrade the systems identified in clause (1); and
- (3) institute a system to oversee compliance with individual sewage treatment maintenance requirements of Minnesota Rules, part 7080.0175, by July 1, 2005.

The ten-year plan must include funding options for clauses (1), (2), and (3) and shall recommend enhanced funding mechanisms for low-interest loans to homeowners for system upgrades.

Sec. 165. [ISTS PILOT PROGRAM.]

The pollution control agency shall, in conjunction with the association of Minnesota counties, designate three cooperating counties with waterbodies listed as impaired by fecal coliform bacteria, and within designated counties shall:

(1) by July 1, 2007, complete an inventory of properties with individual sewage treatment systems that are an imminent threat to public health or safety due to surface water discharges of untreated sewage, and the inventory of properties may be phased over the period of the pilot project; and

(2) require compliance under the applicable requirements of this section by May 1, 2008. The pollution control agency may utilize cooperative agreements with the three pilot counties to meet the requirements of clauses (1) and (2).

Sec. 166. [PHOSPHORUS STUDY.]

The commissioner of the pollution control agency must study the concept of lowering phosphorus in the wastewater stream and the effect on water quality in the receiving waters and how to best assist local units of government in removing phosphorus at public wastewater treatment plants, including the establishment of a timeline for meeting the goal in Minnesota Statutes, section 115.42. The commissioner must review the rules on nutrients in cleaning agents under Minnesota Statutes, sections 116.23 and 116.24, and report the results of the study and rule review to the house of representatives and senate environment and natural resources policy and finance committees and commerce committees by February 1, 2004.

Sec. 167. [FOREST LAND OFF-HIGHWAY VEHICLE USE RECLASSIFICATION.]

Subdivision 1. [FOREST CLASSIFICATION STATUS REVIEW.] (a) By December 31, 2006, the commissioner of natural resources shall complete a review of the forest classification status of all state forests classified as managed, all forest lands under the authority of the commissioner as defined in Minnesota Statutes, section 89.001, subdivision 13, and lands managed by the commissioner under Minnesota Statutes, section 282.011. The review must be conducted on a forest-by-forest and area-by-area basis in accordance with the process and criteria under Minnesota Rules, part 6100.1950. After each forest is reviewed, the commissioner must change its status to limited or closed, and must provide a similar status for each of the other areas subject to review under this section after each individual review is completed.

(b) If the commissioner determines on January 1, 2005, that the review required under this section cannot be completed by December 31, 2006, the completion date for the review shall be extended to December 31, 2008. By January 15, 2005, the commissioner shall report to the chairs of the legislative committees with jurisdiction over natural resources policy and finance regarding the status of the process required by this section.

(c) Until December 31, 2010, the state forests and areas subject to review under this section are exempt from Minnesota Statutes, section 84.777, unless an individual forest or area has been classified as limited or closed.

Subd. 2. [TEMPORARY SUSPENSION OF ENVIRONMENTAL REVIEW.] The requirements for environmental review under Minnesota Statutes, section 116D.04, and rules of the environmental quality board are temporarily suspended for each reclassification and trail designation made under subdivision 1 until the commissioner has met all requirements under subdivision 1, or December 31, 2008, if the commissioner has failed to complete those requirements as required by law.

Subd. 3. [RULEMAKING.] By January 1, 2005, the environmental quality board shall adopt rules providing for threshold levels for environmental review for recreational trails.

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

Sec. 168. [STUDY OF OFF-HIGHWAY VEHICLE TRAILS.]

By January 15, 2005, the commissioner of natural resources must submit a report to the chairs of the legislative committees with jurisdiction over natural resources policy and finance concerning the compatibility of multiple uses of the outdoor recreation system. The report must address the current and future availability of recreational opportunities for nonmotorized and motorized activities, and recommend legislative and policy changes to preserve natural resources and to assure the continued availability of outdoor recreation opportunities for all residents of this state. The report must also address cost of maintenance, operation, and enforcement for the current off-highway vehicle trails system, including, but not limited to, how many miles of trails the department's off-highway vehicle budget will support. The report must include:

- (1) a detailed discussion of sources of revenue for trails;
- (2) an analysis of recent and projected expenditures from the off-highway vehicle accounts;
- (3) information regarding all other sources of revenue used for off-highway vehicle purposes; and
- (4) a current inventory of all the state forest roads and access routes, including designated off-highway vehicle routes and all motorized and nonmotorized trails.

Sec. 169. [CONTINUOUS TRAIL DESIGNATION.]

(a) The commissioner of natural resources shall locate, plan, design, map, construct, designate, and sign a new trail for use by all-terrain vehicles and off-highway motorcycles of not less than 70 continuous miles in length on any land owned by the state or in cooperation with any county on land owned by that county or on a combination of any of these lands. This new trail shall be ready for use by April 1, 2007.

(b) All funding for this new trail shall come from the all-terrain vehicle dedicated account and is appropriated each year as needed.

(c) This new trail shall have at least two areas of access complete with appropriate parking for vehicles and trailers and enough room for loading and unloading all-terrain vehicles. Some existing trails, that are strictly all-terrain vehicle trails, and are not inventoried forest roads, may be incorporated into the design of this new all-terrain vehicle trail. This new trail may be of a continuous loop design and shall provide for spurs to other all-terrain vehicle trails as long as those spurs do not count toward the 70 continuous miles of this new all-terrain vehicle trail. Four rest areas shall be provided along the way.

Sec. 170. [WELL DISCLOSURE IN WASHINGTON COUNTY.]

Before signing an agreement to sell or transfer real property in Washington county that is not served by a municipal water system, the seller must state in writing to the buyer whether, to the seller's knowledge, the property is located within a special well construction area designated by the commissioner of health under Minnesota Rules, part 4725.3650. If the disclosure under Minnesota Statutes, section 103I.235, subdivision 1, paragraph (a), states that there is an unsealed well on the property, the disclosure required under this clause must be made regardless of whether the property is served by a municipal water system.

[EFFECTIVE DATE.] This section is effective the day after the governing body of Washington county and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3. It applies to transactions for which purchase agreements are entered into after that date.

Sec. 171. [EXPIRATION OF GAME AND FISH AGENT LICENSES.]

Electronic game and fish license agent agreements that are scheduled to expire in February 2004 must be extended by the commissioner of natural resources until June 30, 2004.

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

Sec. 172. [TEMPORARY PETROFUND FEE EXEMPTION FOR MINNESOTA COMMERCIAL AIRLINES.]

(a) A commercial airline providing regularly scheduled jet service and with its corporate headquarters in Minnesota is exempt from the fee established in Minnesota Statutes, section 115C.08, subdivision 3, until July 1, 2005, provided the airline develops a plan approved by the commissioner of commerce demonstrating that the savings from this exemption will go towards minimizing job losses in Minnesota, and to support the airline's efforts to avoid filing for federal bankruptcy protections.

(b) A commercial airline exempted from the fee is ineligible to receive reimbursement under Minnesota Statutes, chapter 115C, until July 1, 2005. A commercial airline that has a release during the fee exemption period is ineligible to receive reimbursement under Minnesota Statutes, chapter 115C, for the costs incurred in response to that release.

Sec. 173. [STATE AGENCY REIMBURSEMENT.]

State agencies that incurred reimbursable costs from 1990 to 2002 in responding to a petroleum tank release and have not submitted an application for reimbursement to the petroleum tank release compensation board as of the effective date of this section shall submit an application for reimbursement by January 1, 2005. State agencies that receive reimbursement from the board must deposit reimbursement received from the petroleum tank release cleanup fund in the general fund or other state fund from which the agency expended funds for this purpose.

Sec. 174. [USE OF MOTORIZED DEVICES ON STATE NONMOTORIZED TRAILS BY PHYSICALLY DISABLED INDIVIDUALS; REVIEW.]

By January 15, 2004, the commissioner of natural resources shall complete a review of the use of motorized devices on nonmotorized state trails by physically disabled individuals and report the results to the chairs of the legislative committees with jurisdiction over natural resources policy and finance.

Sec. 175. [REVISOR'S INSTRUCTION.]

The revisor of statutes shall change the reference in Minnesota Rules, part 8420.0740, subpart 1, item I, subitem (3), from "8420.0720, subpart 8a" to "8420.0720, subpart 8."

Sec. 176. [REPEALER.]

(a) Minnesota Statutes 2002, sections 1.31; 1.32; 84.0887; 84.98; 84.99; 103B.311, subdivisions 5, 6, and 7; 103B.315, subdivisions 1, 2, 3, and 7; 103B.321, subdivision 3; and 103B.3369, subdivision 3, are repealed.

(b) Minnesota Statutes 2002, section 97A.105, subdivisions 3a and 3b, are repealed on January 1, 2004.

(c) Minnesota Rules, parts 9300.0010; 9300.0020; 9300.0030; 9300.0040; 9300.0050; 9300.0060; 9300.0070; 9300.0080; 9300.0090; 9300.0100; 9300.0110; 9300.0120; 9300.0130; 9300.0140; 9300.0150; 9300.0160; 9300.0170; 9300.0180; 9300.0190; 9300.0200; and 9300.0210, are repealed.

ARTICLE 2

ENVIRONMENTAL FUND CHANGES

Section 1. Minnesota Statutes 2002, section 16A.531, subdivision 1, is amended to read:

Subdivision 1. [ENVIRONMENTAL FUND.] There is created in the state treasury an environmental fund as a special revenue fund for deposit of receipts from environmentally related taxes, fees, and activities conducted by the state other sources as provided in subdivision 1a.

Sec. 2. Minnesota Statutes 2002, section 16A.531, is amended by adding a subdivision to read:

Subd. 1a. [REVENUES.] The following revenues must be deposited in the environmental fund:

- (1) all revenue from the motor vehicle transfer fee imposed under section 115A.908;
- (2) all fees collected under section 116.07, subdivision 4d;
- (3) all money collected by the pollution control agency in enforcement matters as provided in section 115.073;
- (4) all revenues from license fees for individual sewage treatment systems under section 115.56;
- (5) all loan repayments deposited under section 115A.0716;
- (6) all revenue from pollution prevention fees imposed under section 115D.12;
- (7) all loan repayments deposited under section 116.994;
- (8) all fees collected under section 116C.834;
- (9) revenue collected from the solid waste management tax pursuant to chapter 297H;
- (10) fees collected under section 473.844; and
- (11) interest accrued on the fund.

Sec. 3. Minnesota Statutes 2002, section 115.073, is amended to read:

115.073 [ENFORCEMENT FUNDING.]

Except as provided in ~~sections 115B.20, subdivision 4, clause (2); section 115C.05; and 473.845, subdivision 8,~~ all money recovered by the state under this chapter and chapters 115A and 116, including civil penalties and money paid under an agreement, stipulation, or settlement, excluding money paid for past due fees or taxes, up to the amount appropriated for implementation of Laws 1991, chapter 347, must be deposited in the state treasury and credited to the environmental fund.

Sec. 4. Minnesota Statutes 2002, section 115.56, subdivision 4, is amended to read:

Subd. 4. [LICENSE FEE.] The fee for a license required under subdivision 2 is \$100 per year. Revenue from the fees must be credited to the environmental fund and is exempt from section 16A.1285.

Sec. 5. Minnesota Statutes 2002, section 115A.0716, subdivision 3, is amended to read:

Subd. 3. [REVOLVING ACCOUNT.] ~~An environmental assistance revolving account is established in the environmental fund.~~ All repayments of loans awarded under this subdivision, including principal and interest, must be ~~deposited into~~ credited to the ~~account~~ environmental fund. Money deposited in the ~~account~~ fund under this section is annually appropriated to the director for loans for purposes identified in subdivisions 1 and 2.

Sec. 6. Minnesota Statutes 2002, section 115A.9651, subdivision 6, is amended to read:

Subd. 6. [PRODUCT REVIEW REPORTS.] (a) Except as provided under subdivision 7, the manufacturer, or an association of manufacturers, of any specified product distributed for sale or use in this state that is not listed pursuant to subdivision 4 shall submit a product review report and fee as provided in paragraph (c) to the commissioner for each product by July 1, 1998. Each product review report shall contain at least the following:

(1) a policy statement articulating upper management support for eliminating or reducing intentional introduction of listed metals into its products;

(2) a description of the product and the amount of each listed metal distributed for use in this state;

(3) a description of past and ongoing efforts to eliminate or reduce the listed metal in the product;

(4) an assessment of options available to reduce or eliminate the intentional introduction of the listed metal including any alternatives to the specified product that do not contain the listed metal, perform the same technical function, are commercially available, and are economically practicable;

(5) a statement of objectives in numerical terms and a schedule for achieving the elimination of the listed metals and an environmental assessment of alternative products;

(6) a listing of options considered not to be technically or economically practicable; and

(7) certification attesting to the accuracy of the information in the report signed and dated by an official of the manufacturer or user.

If the manufacturer fails to submit a product review report, a user of a specified product may submit a report and fee which comply with this subdivision by August 15, 1998.

(b) By July 1, 1999, and annually thereafter until the commissioner takes action under subdivision 9, the manufacturer or user must submit a progress report and fee as provided in paragraph (c) updating the information presented under paragraph (a).

(c) The fee shall be \$295 for each report. The fee shall be deposited in the state treasury and credited to the environmental fund. The fee is exempt from section 16A.1285.

(d) Where it cannot be determined from a progress report submitted by a person pursuant to Laws 1994, chapter 585, section 30, subdivision 2, paragraph (e), the number of products for which product review reports are due under this subdivision, the commissioner shall have the authority to determine, after consultation with that person, the number of products for which product review reports are required.

(e) The commissioner shall summarize, aggregate, and publish data reported under paragraphs (a) and (b) annually.

(f) A product that is the subject of a recommendation by the Toxics in Packaging Clearinghouse, as administered by the Council of State Governments, is exempt from this section.

Sec. 7. Minnesota Statutes 2002, section 115B.17, subdivision 6, is amended to read:

Subd. 6. [RECOVERY OF EXPENSES.] Any reasonable and necessary expenses incurred by the agency or commissioner pursuant to this section, including all response costs, and administrative and legal expenses, may be recovered in a civil action brought by the attorney general against any person who may be liable under section 115B.04 or any other law. The agency's certification of expenses shall be prima facie evidence that the expenses are reasonable and necessary. Any expenses incurred pursuant to this section which are recovered by the attorney general pursuant to section 115B.04 or any other law, including any award of attorneys fees, shall be deposited in the remediation fund ~~and credited to a special account for additional response actions as provided in section 115B.20, subdivision 2, clause (2) or (4).~~

Sec. 8. Minnesota Statutes 2002, section 115B.17, subdivision 7, is amended to read:

Subd. 7. [ACTIONS RELATING TO NATURAL RESOURCES.] For the purpose of this subdivision, the state is the trustee of the air, water and wildlife of the state. An action pursuant to section 115B.04 for damages with respect to air, water or wildlife may be brought by the attorney general in the name of the state as trustee for those natural resources. Any damages recovered by the attorney general pursuant to section 115B.04 or any other law for injury to, destruction of, or loss of natural resources resulting from the release of a hazardous substance, or a pollutant or contaminant, shall be deposited in the ~~account~~ remediation fund.

Sec. 9. Minnesota Statutes 2002, section 115B.17, subdivision 14, is amended to read:

Subd. 14. [REQUESTS FOR REVIEW, INVESTIGATION, AND OVERSIGHT.] (a) The commissioner may, upon request, assist a person in determining whether real property has been the site of a release or threatened release of a hazardous substance, pollutant, or contaminant. The commissioner may also assist in, or supervise, the development and implementation of reasonable and necessary response actions. Assistance may include review of agency records and files, and review and approval of a requester's investigation plans and reports and response action plans and implementation.

(b) Except as otherwise provided in this paragraph, the person requesting assistance under this subdivision shall pay the agency for the agency's cost, as determined by the commissioner, of providing assistance. A state agency, political subdivision, or other public entity is not required to pay for the agency's cost to review agency records and files. Money received by the agency for assistance under this section must be deposited in the ~~environmental response, compensation, and compliance~~ remediation fund and is exempt from section 16A.1285.

(c) When a person investigates a release or threatened release in accordance with an investigation plan approved by the commissioner under this subdivision, the investigation does not associate that person with the release or threatened release for the purpose of section 115B.03, subdivision 3, clause (4).

Sec. 10. Minnesota Statutes 2002, section 115B.17, subdivision 16, is amended to read:

Subd. 16. [DISPOSITION OF PROPERTY ACQUIRED FOR RESPONSE ACTION.] (a) If the commissioner determines that real or personal property acquired by the agency for response action is no longer needed for response action purposes, the commissioner may:

(1) transfer the property to the commissioner of administration to be disposed of in the manner required for other surplus property subject to conditions the commissioner determines necessary to protect the public health and welfare or the environment, or to comply with federal law;

(2) transfer the property to another state agency, a political subdivision, or special purpose district as provided in paragraph (b); or

(3) if required by federal law, take actions and dispose of the property as required by federal law.

(b) If the commissioner determines that real or personal property acquired by the agency for response action must be operated, maintained, or monitored after completion of other phases of the response action, the commissioner may transfer ownership of the property to another state agency, a political subdivision, or special purpose district that agrees to accept the property. A state agency, political subdivision, or special purpose district is authorized to accept and implement the terms and conditions of a transfer under this paragraph. The commissioner may set terms and conditions for the transfer that the commissioner considers reasonable and necessary to ensure proper operation, maintenance, and monitoring of response actions, protect the public health and welfare and the environment, and comply with applicable federal and state laws and regulations. The state agency, political subdivision, or special purpose district to which the property is transferred is not liable under this chapter solely as a result of acquiring the property or acting in accordance with the terms and conditions of the transfer.

(c) If the agency acquires property under subdivision 15, the commissioner may lease or grant an easement in the property to a person during the implementation of response actions if the lease or easement is compatible with or necessary for response action implementation.

(d) The proceeds of a sale, lease, or other transfer of property under this subdivision by the commissioner or by the commissioner of administration shall be deposited in the ~~environmental response, compensation, and compliance account~~ remediation fund. Any share of the proceeds that the agency is required by federal law or regulation to reimburse to the federal government is appropriated from the account to the agency for that purpose. Except for section 94.16, subdivision 2, the provisions of section 94.16 do not apply to real property sold by the commissioner of administration which was acquired under subdivision 15.

Sec. 11. Minnesota Statutes 2002, section 115B.19, is amended to read:

115B.19 [~~PURPOSES OF ACCOUNT AND TAXES~~ PURPOSE OF FUND.]

In establishing the ~~environmental response, compensation and compliance account~~ remediation fund in section ~~115B.20 and imposing taxes in section 115B.22~~ 116.155 it is the purpose of the legislature to:

(1) encourage treatment and disposal of hazardous waste in a manner that adequately protects the public health or welfare or the environment;

(2) encourage responsible parties to provide the response actions necessary to protect the public and the environment from the effects of the release of hazardous substances;

(3) encourage the use of alternatives to land disposal of hazardous waste including resource recovery, recycling, neutralization, and reduction;

(4) provide state agencies with the financial resources needed to prepare and implement an effective and timely state response to the release of hazardous substances, including investigation, planning, removal and remedial action;

(5) compensate for increased governmental expenses and loss of revenue and to provide other appropriate assistance to mitigate any adverse impact on communities in which commercial hazardous waste processing or disposal facilities are located under the siting process provided in chapter 115A;

(6) recognize the environmental and public health costs of land disposal of solid waste and of the use and disposal of hazardous substances and to place the burden of financing state hazardous waste management activities on those whose products and services contribute to hazardous waste management problems and increase the risks of harm to the public and the environment.

Sec. 12. Minnesota Statutes 2002, section 115B.20, is amended to read:

115B.20 [ENVIRONMENTAL RESPONSE, COMPENSATION, AND COMPLIANCE ACCOUNT ACTIONS USING MONEY FROM REMEDIATION FUND.]

~~Subdivision 1. [ESTABLISHMENT.] (a) The environmental response, compensation, and compliance account is in the environmental fund in the state treasury and may be spent only for the purposes provided in subdivision 2.~~

~~(b) The commissioner of finance shall administer a response account for the agency and the commissioner of agriculture to take removal, response, and other actions authorized under subdivision 2, clauses (1) to (4) and (9) to (11). The commissioner of finance shall transfer money from the response account to the agency and the commissioner of agriculture to take actions required under subdivision 2, clauses (1) to (4) and (9) to (11).~~

~~(c) The commissioner of finance shall administer the account in a manner that allows the commissioner of agriculture and the agency to utilize the money in the account to implement their removal and remedial action duties as effectively as possible.~~

~~(d) Amounts appropriated to the commissioner of finance under this subdivision shall not be included in the department of finance budget but shall be included in the pollution control agency and department of agriculture budgets.~~

~~(e) All money recovered by the state under section 115B.04 or any other law for injury to, destruction of, or loss of natural resources resulting from the release of a hazardous substance, or a pollutant or contaminant, must be credited to the environmental response, compensation, and compliance account in the environmental fund and is appropriated to the commissioner of natural resources for purposes of subdivision 2, clause (5), consistent with any applicable term of judgments, consent decrees, consent orders, or other administrative actions requiring payments to the state for such purposes. Before making an expenditure of money appropriated under this paragraph, the commissioner of natural resources shall provide written notice of the proposed expenditure to the chairs of the senate committee on finance, the house of representatives committee on ways and means, the finance division of the senate committee on environment and natural resources, and the house of representatives committee on environment and natural resources finance.~~

Subd. 2. [PURPOSES FOR WHICH MONEY MAY BE SPENT.] ~~Subject to appropriation by the legislature the money in the account~~ Money appropriated from the remediation fund under section 116.155, subdivision 2, paragraph (a), clause (1), may be spent only for any of the following purposes:

(1) preparation by the agency and the commissioner of agriculture for taking removal or remedial action under section 115B.17, or under chapter 18D, including investigation, monitoring and testing activities, enforcement and compliance efforts relating to the release of hazardous substances, pollutants or contaminants under section 115B.17 or 115B.18, or chapter 18D;

(2) removal and remedial actions taken or authorized by the agency or the commissioner of the pollution control agency under section 115B.17, or taken or authorized by the commissioner of agriculture under chapter 18D including related enforcement and compliance efforts under section 115B.17 or 115B.18, or chapter 18D, and payment of the state share of the cost of remedial action which may be carried out under a cooperative agreement with the federal government pursuant to the federal Superfund Act, under United States Code, title 42, section 9604(c)(3) for actions related to facilities other than commercial hazardous waste facilities located under the siting authority of chapter 115A;

(3) reimbursement to any private person for expenditures made before July 1, 1983, to provide alternative water supplies deemed necessary by the agency or the commissioner of agriculture and the department of health to protect the public health from contamination resulting from the release of a hazardous substance;

~~(4) removal and remedial actions taken or authorized by the agency or the commissioner of agriculture or the pollution control agency under section 115B.17, or chapter 18D, including related enforcement and compliance efforts under section 115B.17 or 115B.18, or chapter 18D, and payment of the state share of the cost of remedial action which may be carried out under a cooperative agreement with the federal government pursuant to the federal Superfund Act, under United States Code, title 42, section 9604(e)(3) for actions related to commercial hazardous waste facilities located under the siting authority of chapter 115A;~~

~~(5) assessment and recovery of natural resource damages by the agency and the commissioners of natural resources and administration, and planning and implementation by the commissioner of natural resources of the rehabilitation, restoration, or acquisition of natural resources to remedy injuries or losses to natural resources resulting from the release of a hazardous substance; before implementing a project to rehabilitate, restore, or acquire natural resources under this clause, the commissioner of natural resources shall provide written notice of the proposed project to the chairs of the senate and house of representatives committees with jurisdiction over environment and natural resources finance;~~

~~(6) inspection, monitoring, and compliance efforts by the agency, or by political subdivisions with agency approval, of commercial hazardous waste facilities located under the siting authority of chapter 115A;~~

~~(7) grants by the agency or the office of environmental assistance to demonstrate alternatives to land disposal of hazardous waste including reduction, separation, pretreatment, processing and resource recovery, for education of persons involved in regulating and handling hazardous waste;~~

~~(8) grants by the agency to study the extent of contamination and feasibility of cleanup of hazardous substances and pollutants or contaminants in major waterways of the state;~~

~~(9) (5) acquisition of a property interest under section 115B.17, subdivision 15;~~

~~(10) (6) reimbursement, in an amount to be determined by the agency in each case, to a political subdivision that is not a responsible person under section 115B.03, for reasonable and necessary expenditures resulting from an emergency caused by a release or threatened release of a hazardous substance, pollutant, or contaminant; and~~

~~(11) (7) reimbursement to a political subdivision for expenditures in excess of the liability limit under section 115B.04, subdivision 4.~~

Subd. 3. [LIMIT ON CERTAIN EXPENDITURES.] The commissioner of agriculture or the pollution control agency or the agency may not spend any money under subdivision 2, clause (2) ~~or (4)~~, for removal or remedial actions to the extent that the costs of those actions may be compensated from any fund established under the Federal Superfund Act, United States Code, title 42, section 9600 et seq. The commissioner of agriculture or the pollution control agency or the agency shall determine the extent to which any of the costs of those actions may be compensated under the federal act based on the likelihood that the compensation will be available in a timely fashion. In making this determination the commissioner of agriculture or the pollution control agency or the agency shall take into account:

(1) the urgency of the removal or remedial actions and the priority assigned under the Federal Superfund Act to the release which necessitates those actions;

(2) the availability of money in the funds established under the Federal Superfund Act; and

(3) the consistency of any compensation for the cost of the proposed actions under the Federal Superfund Act with the national contingency plan, if such a plan has been adopted under that act.

Subd. 4. ~~[REVENUE SOURCES.] Revenue from the following sources shall be deposited in the account:~~

~~(1) the proceeds of the taxes imposed pursuant to section 115B.22, including interest and penalties;~~

~~(2) all money recovered by the state under sections 115B.01 to 115B.18 or under any other statute or rule related to the regulation of hazardous waste or hazardous substances, including civil penalties and money paid under any agreement, stipulation or settlement but excluding fees imposed under section 116.12;~~

~~(3) all interest attributable to investment of money deposited in the account; and~~

~~(4) all money received in the form of gifts, grants, reimbursement or appropriation from any source for any of the purposes provided in subdivision 2, except federal grants.~~

Subd. 5. ~~[RECOMMENDATION.] The commissioner of agriculture shall make recommendations to the standing legislative committees on finance and appropriations regarding appropriations from the account.~~

Subd. 6. [REPORT TO LEGISLATURE.] Each year, the commissioner of agriculture and the agency shall submit to the senate finance committee, the house ways and means committee, the environment and natural resources committees of the senate and house of representatives, the finance division of the senate committee on environment and natural resources, and the house of representatives committee on environment and natural resources finance, and the environmental quality board a report detailing the activities for which money ~~from the account~~ has been spent pursuant to this section during the previous fiscal year.

Sec. 13. Minnesota Statutes 2002, section 115B.22, subdivision 7, is amended to read:

Subd. 7. [DISPOSITION OF PROCEEDS.] After reimbursement to the department of revenue for costs incurred in administering sections 115B.22 and 115B.24, the proceeds of the taxes imposed under this section including any interest and penalties shall be deposited in the environmental ~~response, compensation, and compliance account~~ fund.

Sec. 14. Minnesota Statutes 2002, section 115B.25, subdivision 1a, is amended to read:

Subd. 1a. ~~[ACCOUNT FUND.] Except when another fund or account is specified, "account fund" means the environmental response, compensation, and compliance account~~ remediation fund established in section ~~115B.20~~ 116.155.

Sec. 15. Minnesota Statutes 2002, section 115B.25, subdivision 4, is amended to read:

Subd. 4. [ELIGIBLE PERSON.] "Eligible person" means a person who is eligible to file a claim with the ~~account~~ fund under section 115B.29.

Sec. 16. Minnesota Statutes 2002, section 115B.26, is amended to read:

115B.26 ~~[ENVIRONMENTAL RESPONSE, COMPENSATION, AND COMPLIANCE ACCOUNT PAYMENT OF CLAIMS.]~~

Subd. 2. [APPROPRIATION.] The amount necessary to pay claims of compensation granted by the agency under sections 115B.25 to 115B.37 is must be directly appropriated to the agency from the ~~account~~ fund by the legislature. The agency shall submit claims for compensation to the legislature at the next legislative session.

~~Subd. 3. [PAYMENT OF CLAIMS WHEN ACCOUNT INSUFFICIENT.] If the amount of the claims granted exceeds the amount in the account, the agency shall request a transfer from the general contingent account to the environmental response, compensation, and compliance account as provided in section 3.30. If no transfer is approved, the agency shall pay the claims which have been granted in the order granted only to the extent of the money remaining in the account. The agency shall pay the remaining claims which have been granted after additional money is credited to the account.~~

Subd. 4. [ACCOUNT TRANSFER REQUEST.] At the end of each fiscal year, the agency shall submit a request to the petroleum tank release compensation board for transfer to the ~~account~~ fund from the petroleum tank release cleanup fund under section 115C.08, subdivision 5, of an amount equal to the compensation granted by the agency for claims related to petroleum releases plus administrative costs related to determination of those claims.

Sec. 17. Minnesota Statutes 2002, section 115B.30, is amended to read:

115B.30 [ELIGIBLE INJURY AND DAMAGE.]

Subdivision 1. [ELIGIBLE PERSONAL INJURY.] (a) A personal injury which could reasonably have resulted from exposure to a harmful substance released from a facility where it was placed or came to be located is eligible for compensation from the ~~account~~ fund if:

(1) it is a medically verified chronic or progressive disease, illness, or disability such as cancer, organic nervous system disorders, or physical deformities, including malfunctions in reproduction, in humans or their offspring, or death; or

(2) it is a medically verified acute disease or condition that typically manifests itself rapidly after a single exposure or limited exposures and the persons responsible for the release of the harmful substance are unknown or cannot with reasonable diligence be determined or located or a judgment would not be satisfied in whole or in part against the persons determined to be responsible for the release of the harmful substance.

(b) A personal injury is not compensable from the account if:

(1) the injury is compensable under the workers' compensation law, chapter 176;

(2) the injury arises out of the claimant's use of a consumer product;

(3) the injury arises out of an exposure that occurred or is occurring outside the geographical boundaries of the state;

(4) the injury results from the release of a harmful substance for which the claimant is a responsible person; or

(5) the injury is an acute disease or condition other than one described in paragraph (a).

Subd. 2. [ELIGIBLE PROPERTY DAMAGE.] Damage to real property in Minnesota owned by the claimant is eligible for compensation from the ~~account~~ fund if the damage results from the presence in or on the property of a harmful substance released from a facility where it was placed or came to be located. Damage to property is not eligible for compensation from the ~~account~~ fund if it results from the release of a harmful substance for which the claimant is a responsible person.

Subd. 3. [TIME FOR FILING CLAIM.] (a) A claim is not eligible for compensation from the ~~account~~ fund unless it is filed with the agency within the time provided in this subdivision.

(b) A claim for compensation for personal injury must be filed within two years after the injury and its connection to exposure to a harmful substance was or reasonably should have been discovered.

(c) A claim for compensation for property damage must be filed within two years after the full amount of compensable losses can be determined.

(d) Notwithstanding the provisions of this subdivision, claims for compensation that would otherwise be barred by any statute of limitations provided in sections 115B.25 to 115B.37 may be filed not later than January 1, 1992.

Sec. 18. Minnesota Statutes 2002, section 115B.31, subdivision 1, is amended to read:

Subdivision 1. [SUBSEQUENT ACTION OR CLAIM PROHIBITED IN CERTAIN CASES.] (a) A person who has settled a claim for an eligible injury or eligible property damage with a responsible person, either before or after bringing an action in court for that injury or damage, may not file a claim with the account for the same injury or damage. A person who has received a favorable judgment in a court action for an eligible injury or eligible property damage may not file a claim with the ~~account~~ fund for the same injury or damage, unless the judgment cannot be satisfied in whole or in part against the persons responsible for the release of the harmful substance. A person who has filed a claim with the agency or its predecessor, the harmful substance compensation board, may not file another claim with the agency for the same eligible injury or damage, unless the claim was inactivated by the agency or board as provided in section 115B.32, subdivision 1.

(b) A person who has filed a claim with the agency or board for an eligible injury or damage, and who has received and accepted an award from the agency or board, is precluded from bringing an action in court for the same eligible injury or damage.

(c) A person who files a claim with the agency for personal injury or property damage must include all known claims eligible for compensation in one proceeding before the agency.

Sec. 19. Minnesota Statutes 2002, section 115B.31, subdivision 3, is amended to read:

Subd. 3. [SUBROGATION BY STATE.] The state is subrogated to all the claimant's rights under statutory or common law to recover losses compensated from the ~~account~~ fund from other sources, including responsible persons as defined in section 115B.03. The state may bring a subrogation action in its own name or in the name of the claimant. The state may not bring a subrogation action against a person who was a party in a court action by the claimant for the same eligible injury or damage, unless the claimant dismissed the action prior to trial. Money recovered by the state under this subdivision must be deposited in the ~~account~~ fund. Nothing in sections 115B.25 to 115B.37 shall be construed to create a standard of recovery in a subrogation action.

Sec. 20. Minnesota Statutes 2002, section 115B.31, subdivision 4, is amended to read:

Subd. 4. [SIMULTANEOUS CLAIM AND COURT ACTION PROHIBITED.] A claimant may not commence a court action to recover for any injury or damage for which the claimant seeks compensation from the ~~account~~ fund during the time that a claim is pending before the agency. A person may not file a claim with the agency for compensation for any injury or damage for which the claimant seeks to recover in a pending court action. The time for filing a claim under section 115B.30 or the statute of limitations for any civil action is suspended during the period of time that a claimant is precluded from filing a claim or commencing an action under this subdivision.

Sec. 21. Minnesota Statutes 2002, section 115B.32, subdivision 1, is amended to read:

Subdivision 1. [FORM.] A claim for compensation from the ~~account~~ fund must be filed with the agency in the form required by the agency. When a claim does not include all the information required by subdivision 2 and applicable agency rules, the agency staff shall notify the claimant of the absence of the required information within 14 days of the filing of the claim. All required information must be received by the agency not later than 60 days after the claimant received notice of its absence or the claim will be inactivated and may not be resubmitted for at least one year following the date of inactivation. The agency may decide not to inactivate a claim under this subdivision if it finds serious extenuating circumstances.

Sec. 22. Minnesota Statutes 2002, section 115B.33, subdivision 1, is amended to read:

Subdivision 1. [STANDARD FOR PERSONAL INJURY.] The agency shall grant compensation to a claimant who shows that it is more likely than not that:

(1) the claimant suffers a medically verified injury that is eligible for compensation from the ~~account~~ fund and that has resulted in a compensable loss;

(2) the claimant has been exposed to a harmful substance;

(3) the release of the harmful substance from a facility where the substance was placed or came to be located could reasonably have resulted in the claimant's exposure to the substance in the amount and duration experienced by the claimant; and

(4) the injury suffered by the claimant can be caused or significantly contributed to by exposure to the harmful substance in an amount and duration experienced by the claimant.

Sec. 23. Minnesota Statutes 2002, section 115B.34, is amended to read:

115B.34 [COMPENSABLE LOSSES.]

Subdivision 1. [PERSONAL INJURY LOSSES.] Losses compensable by the ~~account~~ fund for personal injury are limited to:

(1) medical expenses directly related to the claimant's injury;

(2) up to two-thirds of the claimant's lost wages not to exceed \$2,000 per month or \$24,000 per year;

(3) up to two-thirds of a self-employed claimant's lost income, not to exceed \$2,000 per month or \$24,000 per year;

(4) death benefits to dependents which the agency shall define by rule subject to the following conditions:

(i) the rule adopted by the agency must establish a schedule of benefits similar to that established by section 176.111 and must not provide for the payment of benefits to dependents other than those dependents defined in section 176.111;

(ii) the total benefits paid to all dependents of a claimant must not exceed \$2,000 per month;

(iii) benefits paid to a spouse and all dependents other than children must not continue for a period longer than ten years;

(iv) payment of benefits is subject to the limitations of section 115B.36; and

(5) the value of household labor lost due to the claimant's injury or disease, which must be determined in accordance with a schedule established by the board by rule, not to exceed \$2,000 per month or \$24,000 per year.

Subd. 2. [PROPERTY DAMAGE LOSSES.] (a) Losses compensable by the ~~account~~ fund for property damage are limited to the following losses caused by damage to the principal residence of the claimant:

(1) the reasonable cost of replacing or decontaminating the primary source of drinking water for the property not to exceed the amount actually expended by the claimant or assessed by a local taxing authority, if the department of health has confirmed that the remedy provides safe drinking water and advised that the water not be used for drinking or determined that the replacement or decontamination of the source of drinking water was necessary, up to a maximum of \$25,000;

(2) losses incurred as a result of a bona fide sale of the property at less than the appraised market value under circumstances that constitute a hardship to the owner, limited to 75 percent of the difference between the appraised market value and the selling price, but not to exceed \$25,000; and

(3) losses incurred as a result of the inability of an owner in hardship circumstances to sell the property due to the presence of harmful substances, limited to the increase in costs associated with the need to maintain two residences, but not to exceed \$25,000.

(b) In computation of the loss under paragraph (a), clause (3), the agency shall offset the loss by the amount of any income received by the claimant from the rental of the property.

(c) For purposes of paragraph (a), the following definitions apply:

(1) "appraised market value" means an appraisal of the market value of the property disregarding any decrease in value caused by the presence of a harmful substance in or on the property; and

(2) "hardship" means an urgent need to sell the property based on a special circumstance of the owner including catastrophic medical expenses, inability of the owner to physically maintain the property due to a physical or mental condition, and change of employment of the owner or other member of the owner's household requiring the owner to move to a different location.

(d) Appraisals are subject to agency approval. The agency may adopt rules governing approval of appraisals, criteria for establishing a hardship, and other matters necessary to administer this subdivision.

Sec. 24. Minnesota Statutes 2002, section 115B.36, is amended to read:

115B.36 [AMOUNT AND FORM OF PAYMENT.]

If the agency decides to grant compensation, it shall determine the net uncompensated loss payable to the claimant by computing the total amount of compensable losses payable to the claimant and subtracting the total amount of any compensation received by the claimant for the same injury or damage from other sources including, but not limited to, all forms of insurance and social security and any emergency award made by the agency. The agency shall pay compensation in the amount of the net uncompensated loss, provided that no claimant may receive more than \$250,000. In the case of a death, the total amount paid to all persons on behalf of the claimant may not exceed \$250,000.

Compensation from the ~~account~~ fund may be awarded in a lump sum or in installments at the discretion of the agency.

Sec. 25. Minnesota Statutes 2002, section 115B.40, subdivision 4, is amended to read:

Subd. 4. [QUALIFIED FACILITY NOT UNDER CLEANUP ORDER; DUTIES.] (a) The owner or operator of a qualified facility that is not subject to a cleanup order shall:

(1) complete closure activities at the facility, or enter into a binding agreement with the commissioner to do so, as provided in paragraph (e), within one year from the date the owner or operator is notified by the commissioner under subdivision 3 of the closure activities that are necessary to properly close the facility in compliance with facility's permit, closure orders, or enforcement agreement with the agency, and with the solid waste rules in effect at the time the facility stopped accepting waste;

(2) undertake or continue postclosure care at the facility until the date of notice of compliance under subdivision 7;

(3) in the case of qualified facilities defined in section 115B.39, subdivision 2, paragraph (1), clause (1), transfer to the commissioner of revenue for deposit in the ~~solid-waste~~ remediation fund established in section ~~115B.42~~ 116.155 any funds required for proof of financial responsibility under section 116.07, subdivision 4h, that remain after facility closure and any postclosure care and response action undertaken by the owner or operator at the facility including, if proof of financial responsibility is provided through a letter of credit or other financial instrument or mechanism that does not accumulate money in an account, the amount that would have accumulated had the owner or operator utilized a trust fund, less any amount used for closure, postclosure care, and response action at the facility; and

(4) in the case of qualified facilities defined in section 115B.39, subdivision 2, paragraph (1), clause (2), transfer to the commissioner of revenue for deposit in the ~~solid-waste~~ remediation fund established in section ~~115B.42~~ 116.155 an amount of cash that is equal to the sum of their approved current contingency action cost estimate and the present value of their approved estimated remaining postclosure care costs required for proof of financial responsibility under section 116.07, subdivision 4h.

(b) The owner or operator of a qualified facility that is not subject to a cleanup order shall:

(1) in the case of qualified facilities defined in section 115B.39, subdivision 2, paragraph (1), clause (1), provide the commissioner with a copy of all applicable comprehensive general liability insurance policies and other liability policies relating to property damage, certificates, or other evidence of insurance coverage held during the life of the facility; and

(2) enter into a binding agreement with the commissioner to:

(i) in the case of qualified facilities defined in section 115B.39, subdivision 2, paragraph (1), clause (1), take any actions necessary to preserve the owner or operator's rights to payment or defense under insurance policies included in clause (1); cooperate with the commissioner in asserting claims under the policies; and, within 60 days of a request by the commissioner, but no earlier than July 1, 1996, assign only those rights under the policies related to environmental response costs;

(ii) cooperate with the commissioner or other persons acting at the direction of the commissioner in taking additional environmental response actions necessary to address releases or threatened releases and to avoid any action that interferes with environmental response actions, including allowing entry to the property and to the facility's records and allowing entry and installation of equipment; and

(iii) refrain from developing or altering the use of property described in any permit for the facility except after consultation with the commissioner and in conformance with any conditions established by the commissioner for that property, including use restrictions, to protect public health and welfare and the environment.

(c) The owner or operator of a qualified facility defined in section 115B.39, subdivision 2, paragraph (l), clause (1), that is a political subdivision may use a portion of any funds established for response at the facility, which are available directly or through a financial instrument or other financial arrangement, for closure or postclosure care at the facility if funds available for closure or postclosure care are inadequate and shall assign the rights to any remainder to the commissioner.

(d) The agreement required in paragraph (b), clause (2), must be in writing and must apply to and be binding upon the successors and assigns of the owner. The owner shall record the agreement, or a memorandum approved by the commissioner that summarizes the agreement, with the county recorder or registrar of titles of the county where the property is located.

(e) A binding agreement entered into under paragraph (a), clause (1), may include a provision that the owner or operator will reimburse the commissioner for the costs of closing the facility to the standard required in that clause.

Sec. 26. Minnesota Statutes 2002, section 115B.41, subdivision 1, is amended to read:

Subdivision 1. [ALLOCATION AND RECOVERY OF COSTS.] (a) A person who is subject to the requirements in section 115B.40, subdivision 4 or 5, paragraph (b), is responsible for all environmental response costs incurred by the commissioner at or related to the facility until the date of notice of compliance under section 115B.40, subdivision 7. The commissioner may use any funds available for closure, postclosure care, and response action established by the owner or operator. If those funds are insufficient or if the owner or operator fails to assign rights to them to the commissioner, the commissioner may seek recovery of environmental response costs against the owner or operator in the county of Ramsey or in the county where the facility is located or where the owner or operator resides.

(b) In an action brought under this subdivision in which the commissioner prevails, the court shall award the commissioner reasonable attorney fees and other litigation expenses incurred by the commissioner to bring the action. All costs, fees, and expenses recovered under this subdivision must be deposited in the ~~solid waste~~ remediation fund established in section ~~115B.42~~ 116.155.

Sec. 27. Minnesota Statutes 2002, section 115B.41, subdivision 2, is amended to read:

Subd. 2. [ENVIRONMENTAL RESPONSE COSTS; LIENS.] All environmental response costs, including administrative and legal expenses, incurred by the commissioner at a qualified facility before the date of notice of compliance under section 115B.40, subdivision 7, constitute a lien in favor of the state upon any real property located in the state, other than homestead property, owned by the owner or operator who is subject to the requirements of section 115B.40, subdivision 4 or 5. A lien under this subdivision attaches when the environmental response costs are first incurred and continues until the lien is satisfied or becomes unenforceable as for an environmental lien under section 514.672. Notice, filing, and release of the lien are governed by sections 514.671 to 514.676, except where those requirements specifically are related to only cleanup action expenses as defined in section 514.671. Relative priority of a lien under this subdivision is governed by section 514.672, except that a lien attached to property that was included in any permit for the solid waste disposal facility takes precedence over all other liens regardless of when the other liens were or are perfected. Amounts received to satisfy all or a part of a lien must be deposited in the ~~solid waste~~ remediation fund.

Sec. 28. Minnesota Statutes 2002, section 115B.41, subdivision 3, is amended to read:

Subd. 3. [LOCAL GOVERNMENT AID; OFFSET.] If an owner or operator fails to comply with section 115B.40, subdivision 4, or 5, paragraph (b), fails to remit payment of environmental response costs incurred by the commissioner before the date of notice of compliance under section 115B.40, subdivision 7, and is a local government unit, the commissioner may seek payment of the costs from any state aid payments, except payments made under section 115A.557, subdivision 1, otherwise due the local government unit. The commissioner of revenue, after being notified by the commissioner that the local government unit has failed to pay the costs and the amount due, shall pay an annual proportionate amount of the state aid payment otherwise payable to the local government unit into the ~~solid waste remediation~~ fund that will, over a period of no more than five years, satisfy the liability of the local government unit for the costs.

Sec. 29. Minnesota Statutes 2002, section 115B.42, subdivision 2, is amended to read:

Subd. 2. [EXPENDITURES.] ~~Money in the fund may be spent by~~ The commissioner may spend money from the remediation fund under section 116.155, subdivision 2, paragraph (a), clause (2), to:

- (1) inspect permitted mixed municipal solid waste disposal facilities to:
 - (i) evaluate the adequacy of final cover, slopes, vegetation, and erosion control;
 - (ii) determine the presence and concentration of hazardous substances, pollutants or contaminants, and decomposition gases; and
 - (iii) determine the boundaries of fill areas;
- (2) monitor and take, or reimburse others for, environmental response actions, including emergency response actions, at qualified facilities;
- (3) acquire and dispose of property under section 115B.412, subdivision 3;
- (4) recover costs under section 115B.39;
- (5) administer, including providing staff and administrative support for, sections 115B.39 to 115B.445;
- (6) enforce sections 115B.39 to 115B.445;
- (7) ~~subject to appropriation, administer the agency's groundwater and solid waste management programs;~~
- ~~(8)~~ pay for private water supply well monitoring and health assessment costs of the commissioner of health in areas affected by unpermitted mixed municipal solid waste disposal facilities;
- ~~(9)~~ (8) reimburse persons under section 115B.43;
- ~~(10)~~ (9) reimburse mediation expenses up to a total of \$250,000 annually or defense costs up to a total of \$250,000 annually for third-party claims for response costs under state or federal law as provided in section 115B.414; and
- ~~(11)~~ (10) perform environmental assessments, up to \$1,000,000, at unpermitted mixed municipal solid waste disposal facilities.

Sec. 30. Minnesota Statutes 2002, section 115B.421, is amended to read:

115B.421 [CLOSED LANDFILL INVESTMENT FUND.]

The closed landfill investment fund is established in the state treasury. The fund consists of money credited to the fund, and interest and other earnings on money in the fund. The commissioner of finance shall transfer an initial amount of \$5,100,000 from the balance in the solid waste fund beginning in fiscal year 2000 and shall continue to transfer \$5,100,000 for each following fiscal year, ceasing after 2003. Beginning July 1, 2003, funds must be deposited as described in section 115B.445. The fund shall be managed to maximize long-term gain through the state board of investment. Money in the fund may be spent by the commissioner after fiscal year 2020 in accordance with ~~section 115B.42, subdivision 2, clauses (1) to (6)~~ sections 115B.39 to 115B.44.

Sec. 31. Minnesota Statutes 2002, section 115B.445, is amended to read:

115B.445 [DEPOSIT OF PROCEEDS.]

All amounts paid to the state by an insurer pursuant to any settlement under section 115B.443 or judgment under section 115B.444 must be deposited in the state treasury and credited equally to the ~~solid waste~~ remediation fund and the closed landfill investment fund.

[EFFECTIVE DATE.] This section is effective for all proceeds paid after June 30, 2001.

Sec. 32. Minnesota Statutes 2002, section 115B.48, subdivision 2, is amended to read:

Subd. 2. [DRY CLEANER ENVIRONMENTAL RESPONSE AND REIMBURSEMENT ACCOUNT; ACCOUNT.] "Dry cleaner environmental response and reimbursement account" or "account" means the dry cleaner environmental response and reimbursement account in the remediation fund established in ~~section~~ sections 115B.49 and 116.155.

Sec. 33. Minnesota Statutes 2002, section 115B.49, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT.] The dry cleaner environmental response and reimbursement account is established as an account in the ~~state treasury~~ remediation fund.

Sec. 34. Minnesota Statutes 2002, section 115B.49, subdivision 3, is amended to read:

Subd. 3. [EXPENDITURES.] (a) Money in the account may ~~only~~ be used:

(1) for environmental response costs incurred by the commissioner under section 115B.50, subdivision 1;

(2) for reimbursement of amounts spent by the commissioner from the ~~environmental response, compensation, and compliance account~~ remediation fund for expenses described in clause (1);

(3) for reimbursements under section 115B.50, subdivision 2; and

(4) for administrative costs of the commissioner of revenue.

(b) Money in the account is appropriated to the commissioner for the purposes of this subdivision. The commissioner shall transfer funds to the commissioner of revenue sufficient to cover administrative costs pursuant to paragraph (a), clause (4).

Sec. 35. Minnesota Statutes 2002, section 115D.12, subdivision 2, is amended to read:

Subd. 2. [FEES.] (a) Persons required by United States Code, title 42, section 11023, to submit a toxic chemical release form to the commission, and owners or operators of facilities listed in section 299K.08, subdivision 3, shall pay a pollution prevention fee of \$150 for each toxic pollutant reported released plus a fee based on the total pounds of toxic pollutants reported as released from each facility. Facilities reporting less than 25,000 pounds annually of toxic pollutants released per facility shall be assessed a fee of \$500. Facilities reporting annual releases of toxic pollutants in excess of 25,000 pounds shall be assessed a graduated fee at the rate of two cents per pound of toxic pollutants reported.

(b) Persons who generate more than 1,000 kilograms of hazardous waste per month but who are not subject to the fee under paragraph (a) must pay a pollution prevention fee of \$500 per facility. Hazardous waste as used in this paragraph has the meaning given it in section 116.06, subdivision 11, and Minnesota Rules, chapter 7045.

(c) Fees required under this subdivision must be paid to the director by January 1 of each year. The fees shall be deposited in the state treasury and credited to the environmental fund.

(d) The fees under this subdivision are exempt from section 16A.1285.

Sec. 36. Minnesota Statutes 2002, section 116.03, subdivision 2, is amended to read:

Subd. 2. [ORGANIZATION OF OFFICE.] The commissioner shall organize the agency and employ such assistants and other officers, employees and agents as the commissioner may deem necessary to discharge the functions of the commissioner's office, define the duties of such officers, employees and agents, and delegate to them any of the commissioner's powers, duties, and responsibilities, subject to the commissioner's control and under such conditions as the commissioner may prescribe. The commissioner may also contract with, and enter into grant agreements with, persons, firms, corporations, the federal government and any agency or instrumentality thereof, the water research center of the University of Minnesota or any other instrumentality of such university, for doing any of the work of the commissioner's office, ~~and~~. None of the provisions of chapter 16C, relating to bids, shall apply to such contracts.

Sec. 37. Minnesota Statutes 2002, section 116.07, subdivision 4d, is amended to read:

Subd. 4d. [PERMIT FEES.] (a) The agency may collect permit fees in amounts not greater than those necessary to cover the reasonable costs of developing, reviewing, and acting upon applications for agency permits and implementing and enforcing the conditions of the permits pursuant to agency rules. Permit fees shall not include the costs of litigation. The fee schedule must reflect reasonable and routine direct and indirect costs associated with permitting, implementation, and enforcement ~~costs~~. The agency may impose an additional enforcement fee to be collected for a period of up to two years to cover the reasonable costs of implementing and enforcing the conditions of a permit under the rules of the agency. Any money collected under this paragraph shall be deposited in the environmental fund.

(b) Notwithstanding paragraph (a), ~~and section 16A.1285, subdivision 2,~~ the agency shall collect an annual fee from the owner or operator of all stationary sources, emission facilities, emissions units, air contaminant treatment facilities, treatment facilities, potential air contaminant storage facilities, or storage facilities subject to the requirement to obtain a permit under subchapter V of the federal Clean Air Act, United States Code, title 42, section 7401 et seq., or section 116.081. The annual fee shall be used to pay for all direct and indirect reasonable costs, including attorney general costs, required to develop and administer the permit program requirements of subchapter V of the federal Clean Air Act, United States Code, title 42, section 7401 et seq., and sections of this chapter and the rules adopted under this chapter related to air contamination and noise. Those costs include the

reasonable costs of reviewing and acting upon an application for a permit; implementing and enforcing statutes, rules, and the terms and conditions of a permit; emissions, ambient, and deposition monitoring; preparing generally applicable regulations; responding to federal guidance; modeling, analyses, and demonstrations; preparing inventories and tracking emissions; and providing information to the public about these activities.

(c) The agency shall set fees that:

(1) will result in the collection, in the aggregate, from the sources listed in paragraph (b), of an amount not less than \$25 per ton of each volatile organic compound; pollutant regulated under United States Code, title 42, section 7411 or 7412 (section 111 or 112 of the federal Clean Air Act); and each pollutant, except carbon monoxide, for which a national primary ambient air quality standard has been promulgated;

(2) may result in the collection, in the aggregate, from the sources listed in paragraph (b), of an amount not less than \$25 per ton of each pollutant not listed in clause (1) that is regulated under this chapter or air quality rules adopted under this chapter; and

(3) shall collect, in the aggregate, from the sources listed in paragraph (b), the amount needed to match grant funds received by the state under United States Code, title 42, section 7405 (section 105 of the federal Clean Air Act).

The agency must not include in the calculation of the aggregate amount to be collected under clauses (1) and (2) any amount in excess of 4,000 tons per year of each air pollutant from a source. The increase in air permit fees to match federal grant funds shall be a surcharge on existing fees. The commissioner may not collect the surcharge after the grant funds become unavailable. In addition, the commissioner shall use nonfee funds to the extent practical to match the grant funds so that the fee surcharge is minimized.

(d) To cover the reasonable costs described in paragraph (b), the agency shall provide in the rules promulgated under paragraph (c) for an increase in the fee collected in each year by the percentage, if any, by which the Consumer Price Index for the most recent calendar year ending before the beginning of the year the fee is collected exceeds the Consumer Price Index for the calendar year 1989. For purposes of this paragraph the Consumer Price Index for any calendar year is the average of the Consumer Price Index for all-urban consumers published by the United States Department of Labor, as of the close of the 12-month period ending on August 31 of each calendar year. The revision of the Consumer Price Index that is most consistent with the Consumer Price Index for calendar year 1989 shall be used.

(e) Any money collected under paragraphs (b) to (d) must be deposited in ~~an air quality account in~~ the environmental fund and must be used solely for the activities listed in paragraph (b).

(f) Persons who wish to construct or expand a facility may offer to reimburse the agency for the costs of staff overtime or consultant services needed to expedite permit review. The reimbursement shall be in addition to fees imposed by law ~~or rule~~. When the agency determines that it needs additional resources to review the permit application in an expedited manner, and that expediting the review would not disrupt permitting program priorities, the agency may accept the reimbursement. Reimbursements accepted by the agency are appropriated to the agency for the purpose of reviewing the permit application. Reimbursement by a permit applicant shall precede and not be contingent upon issuance of a permit and shall not affect the agency's decision on whether to issue or deny a permit, what conditions are included in a permit, or the application of state and federal statutes and rules governing permit determinations.

(g) The fees under this subdivision are exempt from section 16A.1285.

Sec. 38. Minnesota Statutes 2002, section 116.07, subdivision 4h, is amended to read:

Subd. 4h. [FINANCIAL RESPONSIBILITY RULES.] (a) The agency shall adopt rules requiring the operator or owner of a solid waste disposal facility to submit to the agency proof of the operator's or owner's financial capability to provide reasonable and necessary response during the operating life of the facility and for 30 years after closure for a mixed municipal solid waste disposal facility or for a minimum of 20 years after closure, as determined by agency rules, for any other solid waste disposal facility, and to provide for the closure of the facility and postclosure care required under agency rules. Proof of financial responsibility is required of the operator or owner of a facility receiving an original permit or a permit for expansion after adoption of the rules. Within 180 days of the effective date of the rules or by July 1, 1987, whichever is later, proof of financial responsibility is required of an operator or owner of a facility with a remaining capacity of more than five years or 500,000 cubic yards that is in operation at the time the rules are adopted. Compliance with the rules and the requirements of paragraph (b) is a condition of obtaining or retaining a permit to operate the facility.

(b) A municipality, as defined in section 475.51, subdivision 2, including a sanitary district, that owns or operates a solid waste disposal facility that was in operation on May 15, 1989, may meet its financial responsibility for all or a portion of the contingency action portion of the reasonable and necessary response costs at the facility by pledging its full faith and credit to meet its responsibility.

The pledge must be made in accordance with the requirements in chapter 475 for issuing bonds of the municipality, and the following additional requirements:

(1) The governing body of the municipality shall enact an ordinance that clearly accepts responsibility for the costs of contingency action at the facility and that reserves, during the operating life of the facility and for the time period required in paragraph (a) after closure, a portion of the debt limit of the municipality, as established under section 475.53 or other law, that is equal to the total contingency action costs.

(2) The municipality shall require that all collectors that haul to the facility implement a plan for reducing solid waste by using volume-based pricing, recycling incentives, or other means.

(3) When a municipality opts to meet a portion of its financial responsibility by relying on its authority to issue bonds, it shall also begin setting aside in a dedicated long-term care trust fund money that will cover a portion of the potential contingency action costs at the facility, the amount to be determined by the agency for each facility based on at least the amount of waste deposited in the disposal facility each year, and the likelihood and potential timing of conditions arising at the facility that will necessitate response action. The agency may not require a municipality to set aside more than five percent of the total cost in a single year.

(4) A municipality shall have and consistently maintain an investment grade bond rating as a condition of using bonding authority to meet financial responsibility under this section.

(5) The municipality shall file with the commissioner of revenue its consent to have the amount of its contingency action costs deducted from state aid payments otherwise due the municipality and paid instead to the ~~environmental response, compensation, and compliance account~~ remediation fund created in section ~~115B.20~~ 116.155, if the municipality fails to conduct the contingency action at the facility when ordered by the agency. If the agency notifies the commissioner that the municipality has failed to conduct contingency action when ordered by the agency, the commissioner shall deduct the amounts indicated by the agency from the state aids in accordance with the consent filed with the commissioner.

(6) The municipality shall file with the agency written proof that it has complied with the requirements of paragraph (b).

(c) The method for proving financial responsibility under paragraph (b) may not be applied to a new solid waste disposal facility or to expansion of an existing facility, unless the expansion is a vertical expansion. Vertical expansions of qualifying existing facilities cannot be permitted for a duration of longer than three years.

Sec. 39. [116.155] [REMEDATION FUND.]

Subdivision 1. [CREATION.] The remediation fund is created as a special revenue fund in the state treasury to provide a reliable source of public money for response and corrective actions to address releases of hazardous substances, pollutants or contaminants, agricultural chemicals, and petroleum, and for environmental response actions at qualified landfill facilities for which the agency has assumed such responsibility, including perpetual care of such facilities. The specific purposes for which the general portion of the fund may be spent are provided in subdivision 2. In addition to the general portion of the fund, the fund contains two accounts described in subdivisions 4 and 5.

Subd. 2. [APPROPRIATION.] (a) Money in the general portion of the remediation fund is appropriated to the agency and the commissioners of agriculture and natural resources for the following purposes:

(1) to take actions related to releases of hazardous substances, or pollutants or contaminants as provided in section 115B.20;

(2) to take actions related to releases of hazardous substances, or pollutants or contaminants, at and from qualified landfill facilities as provided in section 115B.42, subdivision 2;

(3) to provide technical and other assistance under sections 115B.17, subdivision 14, 115B.175 to 115B.179, and 115C.03, subdivision 9;

(4) for corrective actions to address incidents involving agricultural chemicals, including related administrative, enforcement, and cost recovery actions pursuant to chapter 18D; and

(5) together with any amount approved for transfer to the agency from the petroleum tank fund by the commissioner of finance, to take actions related to releases of petroleum as provided under section 115C.08.

(b) The commissioner of finance shall allocate the amounts available in any biennium to the agency, and the commissioners of agriculture and natural resources for the purposes provided in this subdivision based upon work plans submitted by the agency and the commissioners of agriculture and natural resources, and may adjust those allocations upon submittal of revised work plans. Copies of the work plans shall be submitted to the chairs of the environment and environment finance committees of the senate and house of representatives.

Subd. 3. [REVENUES.] The following revenues shall be deposited in the general portion of the remediation fund:

(1) response costs and natural resource damages related to releases of hazardous substances, or pollutants or contaminants, recovered under sections 115B.17, subdivisions 6 and 7, 115B.443, 115B.444, or any other law;

(2) money paid to the agency or the agriculture department by voluntary parties who have received technical or other assistance under sections 115B.17, subdivision 14, 115B.175 to 115B.179, and 115C.03, subdivision 9;

(3) money received in the form of gifts, grants, reimbursement, or appropriation from any source for any of the purposes provided in subdivision 2, except federal grants; and

(4) interest accrued on the fund.

Subd. 4. [DRY CLEANER ENVIRONMENTAL RESPONSE AND REIMBURSEMENT ACCOUNT.] The dry cleaner environmental response and reimbursement account is as described in sections 115B.47 to 115B.51.

Subd. 5. [METROPOLITAN LANDFILL CONTINGENCY ACTION TRUST ACCOUNT.] The metropolitan landfill contingency action trust account is as described in section 473.845.

Subd. 6. [OTHER SOURCES OF THE FUND.] The remediation fund shall also be supported by transfers as may be authorized by the legislature from time to time from the environmental fund.

Sec. 40. Minnesota Statutes 2002, section 116.994, is amended to read:

116.994 [SMALL BUSINESS ENVIRONMENTAL IMPROVEMENT LOAN ~~ACCOUNT ACCOUNTING.~~]

~~The small business environmental improvement loan account is established in the environmental fund. Repayments of loans made under section 116.993 must be credited to this account the environmental fund. This account replaces the small business environmental loan account in Minnesota Statutes 1996, section 116.992, and the hazardous waste generator loan account in Minnesota Statutes 1996, section 115B.224. The account balances and pending repayments from the small business environmental loan account and the hazardous waste generator account will be credited to this new account. Money deposited in the account fund under section 116.993 is appropriated to the commissioner for loans under this section 116.993.~~

Sec. 41. Minnesota Statutes 2002, section 116C.834, subdivision 1, is amended to read:

Subdivision 1. [COSTS.] All costs incurred by the state to carry out its responsibilities under the compact and under sections 116C.833 to 116C.843 shall be paid by generators of low-level radioactive waste in this state through fees assessed by the pollution control agency. Fees may be reasonably assessed on the basis of volume or degree of hazard of the waste produced by a generator. Costs for which fees may be assessed include, but are not limited to:

- (1) the state contribution required to join the compact;
- (2) the expenses of the Commission member and state agency costs incurred to support the work of the Interstate Commission; and
- (3) regulatory costs.

The fees are exempt from section 16A.1285.

Sec. 42. Minnesota Statutes 2002, section 297H.13, subdivision 1, is amended to read:

Subdivision 1. [DEPOSIT OF REVENUES.] The revenues derived from the taxes imposed on waste management services under this chapter, ~~less the costs to the department of revenue for administering the tax under this chapter,~~ shall be deposited by the commissioner of revenue in the state treasury.

~~The amounts retained by the department of revenue shall be deposited in a separate revenue department fund which is hereby created. Money in this fund is hereby appropriated, up to a maximum annual amount of \$200,000, to the commissioner of revenue for the costs incurred in administration of the solid waste management tax under this chapter.~~

Sec. 43. Minnesota Statutes 2002, section 297H.13, subdivision 2, is amended to read:

Subd. 2. [ALLOCATION OF REVENUES.] (a) \$22,000,000, or 50 percent, whichever is greater, of the amounts remitted under this chapter must be credited to the ~~solid waste~~ environmental fund established in section ~~115B.42~~ 16A.531, subdivision 1.

(b) The remainder must be deposited into the general fund.

Sec. 44. Minnesota Statutes 2002, section 325E.10, subdivision 1, is amended to read:

Subdivision 1. [SCOPE.] For the purposes of sections 325E.11 to ~~325E.113~~ 325E.112 and this section, the terms defined in this section have the meanings given them.

Sec. 45. Minnesota Statutes 2002, section 469.175, subdivision 7, is amended to read:

Subd. 7. [CREATION OF HAZARDOUS SUBSTANCE SUBDISTRICT; RESPONSE ACTIONS.] (a) An authority which is creating or has created a tax increment financing district may establish within the district a hazardous substance subdistrict upon the notice and after the discussion, public hearing, and findings required for approval of or modification to the original plan. The geographic area of the subdistrict is made up of any parcels in the district designated for inclusion by the municipality or authority that are designated hazardous substance sites, and any additional parcels in the district designated for inclusion that are contiguous to the hazardous substance sites, including parcels that are contiguous to the site except for the interposition of a right-of-way. Before or at the time of approval of the tax increment financing plan or plan modification providing for the creation of the hazardous substance subdistrict, the authority must make the findings under paragraphs (b) to (d), and set forth in writing the reasons and supporting facts for each.

(b) Development or redevelopment of the site, in the opinion of the authority, would not reasonably be expected to occur solely through private investment and tax increment otherwise available, and therefore the hazardous substance district is deemed necessary.

(c) Other parcels that are not designated hazardous substance sites are expected to be developed together with a designated hazardous substance site.

(d) The subdistrict is not larger than, and the period of time during which increments are elected to be received is not longer than, that which is necessary in the opinion of the authority to provide for the additional costs due to the designated hazardous substance site.

(e) Upon request by an authority that has incurred expenses for removal or remedial actions to implement a development response action plan, the attorney general may:

(1) bring a civil action on behalf of the authority to recover the expenses, including administrative costs and litigation expenses, under section 115B.04 or other law; or

(2) assist the authority in bringing an action as described in clause (1), by providing legal and technical advice, intervening in the action, or other appropriate assistance.

The decision to participate in any action to recover expenses is at the discretion of the attorney general.

(f) If the attorney general brings an action as provided in paragraph (e), clause (1), the authority shall certify its reasonable and necessary expenses incurred to implement the development response action plan and shall cooperate with the attorney general as required to effectively pursue the action. The certification by the authority is prima facie

evidence that the expenses are reasonable and necessary. The attorney general may deduct litigation expenses incurred by the attorney general from any amounts recovered in an action brought under paragraph (e), clause (1). The authority shall reimburse the attorney general for litigation expenses not recovered in an action under paragraph (e), clause (1), but only from the additional tax increment required to be used as described in section 469.176, subdivision 4e. The authority must reimburse the attorney general for litigation expenses incurred to assist in bringing an action under paragraph (e), clause (2), but only from amounts recovered by the authority in an action or, if the amounts are insufficient, from the additional tax increment required to be used as described in section 469.176, subdivision 4e. All money recovered or paid to the attorney general for litigation expenses under this paragraph shall be paid to the general fund of the state for deposit to the account of the attorney general. For the purposes of this section, "litigation expenses" means attorney fees and costs of discovery and other preparation for litigation.

(g) The authority shall reimburse the pollution control agency for its administrative expenses incurred to review and approve a development action response plan. The authority must reimburse the pollution control agency for expenses incurred for any services rendered to the attorney general to support the attorney general in actions brought or assistance provided under paragraph (e), but only from amounts recovered by the authority in an action brought under paragraph (e) or from the additional tax increment required to be used as described in section 469.176, subdivision 4e. All money paid to the pollution control agency under this paragraph shall be deposited in the ~~environmental response, compensation and compliance~~ remediation fund.

(h) Actions taken by an authority consistent with a development response action plan are deemed to be authorized response actions for the purpose of section 115B.17, subdivision 12. An authority that takes actions consistent with a development response action plan qualifies for the defenses available under sections 115B.04, subdivision 11, and 115B.05, subdivision 9.

(i) All money recovered by an authority in an action brought under paragraph (e) in excess of the amounts paid to the attorney general and the pollution control agency must be treated as excess increments and be distributed as provided in section 469.176, subdivision 2, clause (4), to the extent the removal and remedial actions were initially financed with increment revenues.

Sec. 46. Minnesota Statutes 2002, section 473.843, subdivision 2, is amended to read:

Subd. 2. [DISPOSITION OF PROCEEDS.] ~~After reimbursement to the department of revenue for costs incurred in administering this section,~~ The proceeds of the fees imposed under this section, including interest and penalties, must be deposited as follows:

(1) three-fourths of the proceeds must be deposited in the environmental fund for metropolitan landfill abatement account established for the purposes described in section 473.844; and

(2) one-fourth of the proceeds must be deposited in the metropolitan landfill contingency action trust account in the remediation fund established in section sections 116.155 and 473.845.

Sec. 47. Minnesota Statutes 2002, section 473.844, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT; PURPOSES.] The ~~metropolitan landfill abatement account is~~ money in the environmental fund ~~in order for landfill abatement must be used~~ to reduce to the greatest extent feasible and prudent the need for and practice of land disposal of mixed municipal solid waste in the metropolitan area. ~~The account~~ This money consists of revenue deposited in the ~~account~~ environmental fund under section 473.843, subdivision 2, clause (1), and interest earned on investment of ~~this money in the account.~~ All repayments to loans made under this section must be credited to the ~~account~~ environmental fund. The landfill abatement money in the ~~account~~ environmental fund may be spent only for purposes of metropolitan landfill abatement as provided in subdivision 1a and only upon appropriation by the legislature.

Sec. 48. Minnesota Statutes 2002, section 473.845, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT.] The metropolitan landfill contingency action trust ~~fund~~ account is an expendable trust ~~fund~~ account in the ~~state treasury~~ remediation fund. The ~~fund~~ account consists of revenue deposited in the fund under section 473.843, subdivision 2, clause (2); amounts recovered under subdivision 7; and interest earned on investment of money in the fund.

Sec. 49. Minnesota Statutes 2002, section 473.845, subdivision 3, is amended to read:

Subd. 3. [~~EXPENDITURES FROM THE FUND~~ CONTINGENCY ACTIONS AND REIMBURSEMENT.] Money in the ~~fund~~ account is appropriated to the agency for expenditure for any of the following:

(1) to take reasonable and necessary ~~expenses~~ actions for closure and postclosure care of a mixed municipal solid waste disposal facility in the metropolitan area for a 30-year period after closure, if the agency determines that the operator or owner will not take the necessary actions requested by the agency for closure and postclosure in the manner and within the time requested;

(2) to take reasonable and necessary response actions and postclosure ~~costs~~ care actions at a mixed municipal solid waste disposal facility in the metropolitan area that has been closed for 30 years in compliance with the closure and postclosure rules of the agency;

(3) ~~reimbursement~~ to reimburse a local government unit for costs incurred over \$400,000 under a work plan approved by the commissioner of the agency to remediate methane at a closed disposal facility owned by the local government unit; or

(4) reasonable and necessary response costs at an unpermitted facility for mixed municipal solid waste disposal in the metropolitan area that was permitted by the agency for disposal of sludge ash from a wastewater treatment facility.

Sec. 50. Minnesota Statutes 2002, section 473.845, subdivision 7, is amended to read:

Subd. 7. [RECOVERY OF EXPENSES.] When the agency incurs expenses for response actions at a facility, the agency is subrogated to any right of action which the operator or owner of the facility may have against any other person for the recovery of the expenses. The attorney general may bring an action to recover amounts spent by the agency under this section from persons who may be liable for them. Amounts recovered, including money paid under any agreement, stipulation, or settlement must be deposited in the metropolitan landfill contingency action account in the remediation fund created under section 116.155.

Sec. 51. Minnesota Statutes 2002, section 473.845, subdivision 8, is amended to read:

Subd. 8. [CIVIL PENALTIES.] The civil penalties of sections 115.071 and 116.072 apply to any person in violation of this section. ~~All money recovered by the state under any statute or rule related to the regulation of solid waste in the metropolitan area, including civil penalties and money paid under any agreement, stipulation, or settlement, shall be deposited in the fund.~~

Sec. 52. Minnesota Statutes 2002, section 473.846, is amended to read:

473.846 [REPORT TO LEGISLATURE.]

The agency and the director shall submit to the senate finance committee, the house ways and means committee, and the environment and natural resources committees of the senate and house of representatives, the finance division of the senate committee on environment and natural resources, and the house of representatives committee

on environment and natural resources finance separate reports describing the activities for which money ~~from the for~~ landfill abatement ~~account and contingency action trust fund~~ has been spent under sections 473.844 and 473.845. The agency shall report by November 1 of each year on expenditures during its previous fiscal year. The director shall report on expenditures during the previous calendar year and must incorporate its report in the report required by section 115A.411, due July 1 of each odd-numbered year. The director shall make recommendations to the environment and natural resources committees of the senate and house of representatives, the finance division of the senate committee on environment and natural resources, and the house of representatives committee on environment and natural resources finance on the future management and use of the metropolitan landfill abatement account.

Sec. 53. [INCREASE TO WATER QUALITY PERMIT FEES.]

(a) The pollution control agency shall collect water quality permit fees that reflect the fees in Minnesota Rules, part 7002.0310, and Laws 2002, chapter 374, article 6, section 8, with the application fee in paragraph (b) increased from \$240 to \$350.

(b) The increased permit fee is effective July 1, 2003. The agency shall adopt amended water quality permit fee rules incorporating the permit fee increase in paragraph (a) under Minnesota Statutes, section 14.389. The pollution control agency shall begin collecting the increased permit fee on July 1, 2003, even if the rule adoption process has not been initiated or completed. Notwithstanding Minnesota Statutes, section 14.18, subdivision 2, the increased permit fee reflecting the permit fee increase in paragraph (a) and the rule amendments incorporating that permit fee increase do not require further legislative approval.

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

Sec. 54. [INCREASE TO HAZARDOUS WASTE FEES.]

(a) The pollution control agency shall collect hazardous waste fees that reflect the fee formula in Minnesota Rules, part 7046.0060, increased by an addition of \$2,000,000 to the adjusted fiscal year target described in Step 2 of Minnesota Rules, part 7046.0060.

(b) The increased fees are effective January 1, 2004. The agency shall adopt an amended hazardous waste fee formula incorporating the increase in paragraph (a) under Minnesota Statutes, section 14.389. The pollution control agency shall begin collecting the increased permit fees on January 1, 2004, even if the rule adoption process has not been initiated or completed. Notwithstanding Minnesota Statutes, section 14.18, subdivision 2, the increased fees reflecting the fee increases in paragraph (a) and the rule amendments incorporating those permit fee increases do not require further legislative approval.

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

Sec. 55. [TRANSFER OF FUND BALANCES.]

Subdivision 1. [ENVIRONMENTAL RESPONSE, COMPENSATION, AND COMPLIANCE ACCOUNT.] All amounts remaining in the environmental response, compensation, and compliance account are transferred to the remediation fund created under Minnesota Statutes, section 116.155.

Subd. 2. [SOLID WASTE FUND.] \$22,641,000 of the balance of the solid waste fund is transferred to the environmental fund created in Minnesota Statutes, section 16A.531, subdivision 1. Any remaining balance in the solid waste fund is transferred to the remediation fund created under Minnesota Statutes, section 116.155.

Subd. 3. [DRY CLEANER ENVIRONMENTAL RESPONSE AND REIMBURSEMENT ACCOUNT.] All amounts remaining in the dry cleaner environmental response and reimbursement account are transferred to the dry cleaner environmental response and reimbursement account in the remediation fund created under Minnesota Statutes, sections 115B.49 and 116.155.

Subd. 4. [METROPOLITAN LANDFILL CONTINGENCY ACTION FUND.] All amounts remaining in the metropolitan landfill contingency action fund are transferred to the metropolitan landfill contingency action trust account in the remediation fund created under Minnesota Statutes, sections 116.155 and 473.845.

Sec. 56. [REPEALER.]

Minnesota Statutes 2002, sections 115B.02, subdivision 1a; 115B.42, subdivision 1; 297H.13, subdivisions 3 and 4; 325E.112, subdivision 3; 325E.113; and 473.845, subdivision 4, are repealed.

ARTICLE 3

AGRICULTURE AND RURAL DEVELOPMENT

Section 1. [AGRICULTURE AND RURAL DEVELOPMENT APPROPRIATIONS.]

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or another named fund, to the agencies and for the purposes specified in this act, to be available for the fiscal years indicated for each purpose. The figures "2004" and "2005," where used in this act, mean that the appropriation or appropriations listed under them are available for the year ending June 30, 2004, or June 30, 2005, respectively. The term "the first year" means the year ending June 30, 2004, and the term "the second year" means the year ending June 30, 2005.

SUMMARY BY FUND

	2004	2005	TOTAL
General	\$46,231,000	\$44,597,000	\$90,828,000
Remediation	353,000	353,000	706,000
Agricultural	200,000	200,000	400,000
TOTAL	\$46,784,000	\$45,150,000	\$91,934,000

APPROPRIATIONS Available for the Year Ending June 30

2004	2005
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Sec. 2. DEPARTMENT OF AGRICULTURE

Subdivision 1. Total Appropriation	42,181,000	40,547,000
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Summary by Fund

General	41,828,000	40,194,000
Remediation	353,000	353,000

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

APPROPRIATIONS
Available for the Year
Ending June 30
2004 2005

Subd. 2. Protection Services

	9,138,000	9,138,000
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Summary by Fund

General	8,785,000	8,785,000
Remediation	353,000	353,000

\$353,000 the first year and \$353,000 the second year are from the remediation fund for administrative funding for the voluntary cleanup program.

Subd. 3. Agricultural Marketing and Development

	5,256,000	5,256,000
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\$71,000 the first year and \$71,000 the second year are for transfer to the Minnesota grown matching account and may be used as grants for Minnesota grown promotion under Minnesota Statutes, section 17.109. Grants may be made for one year. Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered under contract on or before June 30, 2005, for Minnesota grown grants in this subdivision are available until June 30, 2007.

\$80,000 the first year and \$80,000 the second year are for grants to farmers for demonstration projects involving sustainable agriculture as authorized in Minnesota Statutes, section 17.116. Of the amount for grants, up to \$20,000 may be used for dissemination of information about the demonstration projects. Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered under contract on or before June 30, 2005, for sustainable agriculture grants in this subdivision are available until June 30, 2007.

The commissioner shall continue the Ag in the Classroom program until the program is transferred to a new entity. The commissioner and the Minnesota Ag in the Classroom board of directors, in consultation with farm groups and individuals and organizations in the education community, shall identify an appropriate entity in the private sector or the public sector to sponsor, house, and carry on the staffing and function of the Ag in the Classroom program. Once an entity is identified and arrangements for the transfer finalized, the commissioner may release educational and program materials to the new entity.

APPROPRIATIONS
 Available for the Year
 Ending June 30
 2004 2005

The commissioner may reduce appropriations for the administration of activities in this subdivision by up to \$135,000 each year and transfer the amounts reduced to activities under subdivision 5.

Subd. 4. Value-Added Agricultural Products

22,962,000	21,428,000
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\$22,962,000 the first year and \$21,428,000 the second year are for ethanol producer payments under Minnesota Statutes, section 41A.09. Payments for eligible ethanol production in fiscal years 2004 and 2005 shall be disbursed at the rate of \$0.13 per gallon, and the base appropriation amounts for scheduled payments in fiscal years 2006 and 2007 must be calculated as the projected eligible production in those years times a payment rate of \$0.13 per gallon. If the total amount for which all producers are eligible in a quarter exceeds the amount available for payments, the commissioner shall make payments on a pro rata basis. If the appropriation exceeds the total amount for which all producers are eligible in a fiscal year for scheduled payments and for deficiencies in payments during previous fiscal years, the balance in the appropriation is available to the commissioner for value-added agricultural programs including the value-added agricultural product processing and marketing grant program under Minnesota Statutes, section 17.101, subdivision 5. The appropriation remains available until spent.

Subd. 5. Administration and Financial Assistance

4,825,000	4,725,000
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\$1,005,000 the first year and \$1,005,000 the second year are for continuation of the dairy development and profitability enhancement and dairy business planning grant programs established under Laws 1997, chapter 216, section 7, subdivision 2 and Laws 2001, First Special Session chapter 2, section 9, subdivision 2. The commissioner may allocate the available sums among permissible activities, including efforts to improve the quality of milk produced in the state, in the proportions which the commissioner deems most beneficial to Minnesota's dairy farmers. The commissioner must submit a work plan detailing plans for expenditures under this program to the chairs of the house and senate committees dealing with agricultural policy and budget on or before the start of each fiscal year. If significant changes are made to the plans in the course of the year, the commissioner must notify the chairs.

APPROPRIATIONS
 Available for the Year
 Ending June 30
 2004 2005

\$50,000 the first year and \$50,000 the second year are for the Northern Crops Institute. These appropriations may be spent to purchase equipment.

\$19,000 the first year and \$19,000 the second year are for a grant to the Minnesota livestock breeders association.

\$2,000 the first year and \$1,000 the second year are for family farm security interest payment adjustments. If the appropriation for either year is insufficient, the appropriation for the other year is available for it. No new loans may be approved in fiscal year 2004 or 2005.

\$100,000 is for predesign and design of the agriculture and food sciences academy. The commissioner shall consult with the Minnesota Agriculture Education Leadership Council on the predesign and design of the Agriculture and Food Sciences Academy.

Beginning in fiscal year 2004, all aid payments to county and district agricultural societies and associations under Minnesota Statutes, section 38.02, subdivision 1, shall be disbursed not later than July 15. These payments are the amount of aid owed by the state for an annual fair held in the previous calendar year.

Sec. 3. BOARD OF ANIMAL HEALTH

2,803,000

2,803,000

\$200,000 the first year and \$200,000 the second year are for a program to control paratuberculosis ("Johne's disease") in domestic bovine herds. Money from this appropriation may be used to validate a molecular diagnostic test in cooperation with the Minnesota veterinary diagnostic laboratory.

\$80,000 the first year and \$80,000 the second year are for a program to investigate the avian pneumovirus disease and to identify the infected flocks. This appropriation must be matched on a dollar-for-dollar or in-kind basis with nonstate sources and is in addition to money currently designated for turkey disease research. Costs of blood sample collection, handling, and transportation, in addition to costs associated with early diagnosis tests and the expenses of vaccine research trials, may be credited to the match.

APPROPRIATIONS
Available for the Year
Ending June 30
2004 2005

\$400,000 the first year and \$400,000 the second year are for the purposes of cervidae inspection as authorized in Minnesota Statutes, section 17.452.

Sec. 4. AGRICULTURAL UTILIZATION RESEARCH INSTITUTE	1,800,000	1,800,000
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Summary by Fund

General	1,600,000	1,600,000	
Agricultural	200,000	200,000	

The board shall allocate at least 50 percent of the pesticide reduction options appropriation to field crop research.

Sec. 5. Minnesota Statutes 2002, section 17.451, is amended to read:

17.451 [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] The definitions in this section apply to this section and section 17.452.

Subd. 1a. [CERVIDAE.] "Cervidae" means animals that are members of the family Cervidae and includes, but is not limited to, white-tailed deer, mule deer, red deer, elk, moose, caribou, reindeer, and muntjac.

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

- (1) raised for ~~the any purpose of producing fiber, meat, or animal by products, as pets, or as breeding stock;~~ and
- (2) registered in a manner approved by the board of animal health.

Subd. 3. [OWNER.] "Owner" means a person who owns or is responsible for the raising of farmed cervidae.

Subd. 4. [HERD.] "Herd" means:

- (1) all cervidae maintained on common ground for any purpose; or
- (2) all cervidae under common ownership or supervision, geographically separated, but that have an interchange or movement of animals without regard to whether the animals are infected with or exposed to diseases.

Sec. 6. Minnesota Statutes 2002, section 17.452, subdivision 8, is amended to read:

Subd. 8. [SLAUGHTER.] Farmed cervidae must be slaughtered and inspected in accordance with chapters 31 and 31A or the United States Department of Agriculture voluntary program for exotic animals, Code of Federal Regulations, title 9, part 352.

Sec. 7. Minnesota Statutes 2002, section 17.452, subdivision 10, is amended to read:

Subd. 10. [FENCING.] ~~(a) Farmed cervidae must be confined in a manner designed to prevent escape. Fencing must meet the requirements in this subdivision unless an alternative is specifically approved by the commissioner. The board of animal health shall follow the guidelines established by the United States Department of Agriculture in the program for eradication of bovine tuberculosis. Perimeter fencing must be of the following heights:~~

- ~~(1) for fences constructed before August 1, 1995, for farmed deer, at least 75 inches;~~
- ~~(2) for fences constructed before August 1, 1995, for farmed elk, at least 90 inches; and~~
- ~~(3) for fences constructed on or after August 1, 1995, for all farmed cervidae, at least 96 inches.~~

~~(b) The farmed cervidae advisory committee shall establish guidelines designed to prevent the escape of farmed cervidae and other appropriate management practices. All perimeter fences for farmed cervidae must be at least 96 inches in height and be constructed and maintained in a way that prevents the escape of farmed cervidae or entry into the premises by free-roaming cervidae.~~

~~(c) The commissioner of agriculture in consultation with the commissioner of natural resources shall adopt rules prescribing fencing criteria for farmed cervidae.~~

[EFFECTIVE DATE.] This section is effective January 1, 2004.

Sec. 8. Minnesota Statutes 2002, section 17.452, subdivision 11, is amended to read:

Subd. 11. [DISEASE INSPECTION CONTROL PROGRAMS.] Farmed cervidae herds are subject to chapter 35 and the rules of the board of animal health in the same manner as livestock and domestic animals, including provisions relating to importation and transportation.

Sec. 9. Minnesota Statutes 2002, section 17.452, subdivision 12, is amended to read:

Subd. 12. [IDENTIFICATION.] (a) Farmed cervidae must be identified by ~~United States Department of Agriculture metal ear tags, electronic implants, or other means of identification~~ approved by the board of animal health ~~in consultation with the commissioner of natural resources.~~ Beginning January 1, 2004, the identification must be visible to the naked eye during daylight under normal conditions at a distance of 50 yards. ~~Newborn or imported animals are required to~~ must be identified by March 1 of each year before December 31 of the year in which the animal is born or before movement from the premises, whichever occurs first. ~~The board shall authorize discrete permanent identification for farmed cervidae in public displays or other forums where visible identification is objectionable.~~

~~(b) Identification of farmed cervidae is subject to sections 35.821 to 35.831.~~

~~(c) The board of animal health shall register farmed cervidae upon request of the owner. The owner must submit the registration request on forms provided by the board. The forms must include sales receipts or other documentation of the origin of the cervidae. The board shall provide copies of the registration information to the commissioner of natural resources upon request. The owner must keep written records of the acquisition and disposition of registered farmed cervidae.~~

Sec. 10. Minnesota Statutes 2002, section 17.452, subdivision 13, is amended to read:

Subd. 13. [INSPECTION.] The commissioner of agriculture and the board of animal health may inspect farmed cervidae, farmed cervidae facilities, and farmed cervidae records. For each herd, the owner or owners must, on or before January 1, pay an annual inspection fee equal to \$10 for each cervid in the herd as reflected in the most recent inventory submitted to the board of animal health up to a maximum fee of \$100. The commissioner of natural resources may inspect farmed cervidae, farmed cervidae facilities, and farmed cervidae records with reasonable suspicion that laws protecting native wild animals have been violated- and must notify the owner ~~must be notified~~ in writing at the time of the inspection of the reason for the inspection and ~~informed~~ must inform the owner in writing after the inspection of whether (1) the cause of the inspection was unfounded; or (2) there will be an ongoing investigation or continuing evaluation.

Sec. 11. Minnesota Statutes 2002, section 17.452, is amended by adding a subdivision to read:

Subd. 13a. [CERVIDAE INSPECTION ACCOUNT.] A cervidae inspection account is established in the state treasury. The fees collected under subdivision 13 and interest attributable to money in the account must be deposited in the state treasury and credited to the cervidae inspection account in the special revenue fund. Money in the account, including interest earned, is appropriated to the board of animal health for the administration and enforcement of this section.

Sec. 12. Minnesota Statutes 2002, section 17.452, is amended by adding a subdivision to read:

Subd. 15. [MANDATORY REGISTRATION.] A person may not possess live cervidae in Minnesota unless the person is registered with the board of animal health and meets all the requirements for farmed cervidae under this section. Cervidae possessed in violation of this subdivision may be seized and destroyed by the commissioner of natural resources.

[EFFECTIVE DATE.] This section is effective January 1, 2004.

Sec. 13. Minnesota Statutes 2002, section 17.452, is amended by adding a subdivision to read:

Subd. 16. [MANDATORY SURVEILLANCE FOR CHRONIC WASTING DISEASE.] (a) An inventory for each farmed cervidae herd must be verified by an accredited veterinarian and filed with the board of animal health every 12 months.

(b) Movement of farmed cervidae from any premises to another location must be reported to the board of animal health within 14 days of such movement on forms approved by the board of animal health.

(c) All animals from farmed cervidae herds that are over 16 months of age that die or are slaughtered must be tested for chronic wasting disease.

[EFFECTIVE DATE.] This section is effective January 1, 2004.

Sec. 14. Minnesota Statutes 2002, section 18.78, is amended to read:

18.78 [CONTROL OR ERADICATION OF NOXIOUS WEEDS.]

Subdivision 1. [GENERALLY.] ~~Except as provided in section 18.85,~~ A person owning land, a person occupying land, or a person responsible for the maintenance of public land shall control or eradicate all noxious weeds on the land at a time and in a manner ordered by ~~the commissioner,~~ the county agricultural inspector, or a local weed inspector.

Subd. 2. [CONTROL OF PURPLE LOOSESTRIFE.] An owner of nonfederal lands underlying public waters or wetlands designated under section 103G.201 is not required to control or eradicate purple loosestrife below the ordinary high water level of the public water or wetland. The commissioner of natural resources is responsible for control and eradication of purple loosestrife on public waters and wetlands designated under section 103G.201, except those located upon lands owned in fee title or managed by the United States. The officers, employees, agents, and contractors of the commissioner of natural resources may enter upon public waters and wetlands designated under section 103G.201 and, after providing notification to the occupant or owner of the land, may cross adjacent lands as necessary for the purpose of investigating purple loosestrife infestations, formulating methods of eradication, and implementing control and eradication of purple loosestrife. The commissioner, ~~after consultation with the commissioner of agriculture,~~ of natural resources shall, by June 1 of each year, compile a priority list of purple loosestrife infestations to be controlled in designated public waters. The commissioner of ~~agriculture~~ natural resources must distribute the list to county agricultural inspectors, local weed inspectors, and their appointed agents. The commissioner of natural resources shall control listed purple loosestrife infestations in priority order within the limits of appropriations provided for that purpose. This procedure shall be the exclusive means for control of purple loosestrife on designated public waters by the commissioner of natural resources and shall supersede the other provisions for control of noxious weeds set forth elsewhere in this chapter. The responsibility of the commissioner of natural resources to control and eradicate purple loosestrife on public waters and wetlands located on private lands and the authority to enter upon private lands ends ten days after receipt by the commissioner of a written statement from the landowner that the landowner assumes all responsibility for control and eradication of purple loosestrife under sections 18.78 to 18.88. State officers, employees, agents, and contractors of the commissioner of natural resources are not liable in a civil action for trespass committed in the discharge of their duties under this section and are not liable to anyone for damages, except for damages arising from gross negligence.

Sec. 15. Minnesota Statutes 2002, section 18.79, subdivision 2, is amended to read:

Subd. 2. [AUTHORIZED AGENTS.] ~~The commissioner shall authorize department of agriculture personnel and may authorize, in writing,~~ County agricultural inspectors ~~to act as agents in the administration and enforcement of~~ may administer and enforce sections 18.76 to 18.88.

Sec. 16. Minnesota Statutes 2002, section 18.79, subdivision 3, is amended to read:

Subd. 3. [ENTRY UPON LAND.] To administer and enforce sections 18.76 to 18.88, ~~the commissioner, authorized agents of the commissioner,~~ county agricultural inspectors, and local weed inspectors may enter upon land without consent of the owner and without being subject to an action for trespass or any damages.

Sec. 17. Minnesota Statutes 2002, section 18.79, subdivision 5, is amended to read:

Subd. 5. [ORDER FOR CONTROL OR ERADICATION OF NOXIOUS WEEDS.] ~~The commissioner,~~ A county agricultural inspector, or a local weed inspector may order the control or eradication of noxious weeds on any land within the state.

Sec. 18. Minnesota Statutes 2002, section 18.79, subdivision 6, is amended to read:

Subd. 6. [~~EDUCATIONAL PROGRAMS~~ INITIAL TRAINING FOR CONTROL OR ERADICATION OF NOXIOUS WEEDS.] The commissioner shall conduct ~~education programs~~ initial training considered necessary for weed inspectors in the enforcement of the Noxious Weed Law. The director of the Minnesota extension service may conduct educational programs for the general public that will aid compliance with the noxious weed law.

Sec. 19. Minnesota Statutes 2002, section 18.79, subdivision 9, is amended to read:

Subd. 9. [INJUNCTION.] If the ~~commissioner~~ county agricultural inspector applies to a court for a temporary or permanent injunction restraining a person from violating or continuing to violate sections 18.76 to 18.88, the injunction may be issued without requiring a bond.

Sec. 20. Minnesota Statutes 2002, section 18.79, subdivision 10, is amended to read:

Subd. 10. [PROSECUTION.] On finding that a person has violated sections 18.76 to 18.88, the ~~commissioner~~ county agricultural inspector may start court proceedings in the locality in which the violation occurred. The county attorney may prosecute actions under sections 18.76 to 18.88 within the county attorney's jurisdiction.

Sec. 21. Minnesota Statutes 2002, section 18.81, subdivision 2, is amended to read:

Subd. 2. [LOCAL WEED INSPECTORS.] Local weed inspectors shall:

(1) examine all lands, including highways, roads, alleys, and public ground in the territory over which their jurisdiction extends to ascertain if section 18.78 and related rules have been complied with;

(2) see that the control or eradication of noxious weeds is carried out in accordance with section 18.83 and related rules; and

(3) issue permits in accordance with section 18.82 and related rules for the transportation of materials or equipment infested with noxious weed propagating parts; ~~and~~

~~(4) submit reports and attend meetings that the commissioner requires.~~

Sec. 22. Minnesota Statutes 2002, section 18.81, subdivision 3, is amended to read:

Subd. 3. [NONPERFORMANCE BY INSPECTORS; REIMBURSEMENT FOR EXPENSES.] ~~(a)~~ If local weed inspectors neglect or fail to do their duty as prescribed in this section, the ~~commissioner~~ county agricultural inspector shall issue a notice to the inspector providing instructions on how and when to do their duty. If, after the time allowed in the notice, the local weed inspector has not complied as directed, the county agricultural inspector may perform the duty for the local weed inspector. A claim for the expense of doing the local weed inspector's duty is a legal charge against the municipality in which the inspector has jurisdiction. The county agricultural inspector doing the work may file an itemized statement of costs with the clerk of the municipality in which the work was performed. The municipality shall immediately issue proper warrants to the county for the work performed. If the municipality fails to issue the warrants, the county auditor may include the amount contained in the itemized statement of costs as part of the next annual tax levy in the municipality and withhold that amount from the municipality in making its next apportionment.

~~(b) If a county agricultural inspector fails to perform the duties as prescribed in this section, the commissioner shall issue a notice to the inspector providing instructions on how and when to do that duty.~~

~~(c) The commissioner shall by rule establish procedures to carry out the enforcement actions for nonperformance required by this subdivision.~~

Sec. 23. Minnesota Statutes 2002, section 18.84, subdivision 3, is amended to read:

Subd. 3. [COURT APPEAL OF COSTS; PETITION.] (a) A landowner who has appealed the cost of noxious weed control measures under subdivision 2 may petition for judicial review. The petition must be filed within 30 days after the conclusion of the hearing before the county board. The petition must be filed with the court

administrator in the county in which the land where the noxious weed control measures were undertaken is located, together with proof of service of a copy of the petition on ~~the commissioner and~~ the county auditor. No responsive pleadings may be required of ~~the commissioner or the~~ county, and no court fees may be charged for the appearance of ~~the commissioner or the~~ county in this matter.

(b) The petition must be captioned in the name of the person making the petition as petitioner and ~~the commissioner of agriculture and~~ respective county as respondents. The petition must include the petitioner's name, the legal description of the land involved, a copy of the notice to control noxious weeds, and the date or dates on which appealed control measures were undertaken.

(c) The petition must state with specificity the grounds upon which the petitioner seeks to avoid the imposition of a lien for the cost of noxious weed control measures.

Sec. 24. Minnesota Statutes 2002, section 18.86, is amended to read:

18.86 [UNLAWFUL ACTS.]

No person may:

(1) hinder or obstruct in any way the ~~commissioner, the commissioner's authorized agents,~~ county agricultural inspectors, or local weed inspectors in the performance of their duties as provided in sections 18.76 to 18.88 or related rules;

(2) neglect, fail, or refuse to comply with section 18.82 or related rules in the transportation and use of material or equipment infested with noxious weed propagating parts;

(3) sell material containing noxious weed propagating parts to a person who does not have a permit to transport that material or to a person who does not have a screenings permit issued in accordance with section 21.74; or

(4) neglect, fail, or refuse to comply with a general notice or an individual notice to control or eradicate noxious weeds.

Sec. 25. Minnesota Statutes 2002, section 18B.10, is amended to read:

18B.10 [ACTION TO PREVENT GROUND WATER CONTAMINATION.]

(a) The commissioner may, by rule, special order, or delegation through written regulatory agreement with officials of other approved agencies, take action necessary to prevent the contamination of ground water resulting from leaching of pesticides through the soil, from the backsiphoning or backflowing of pesticides through water wells, or from the direct flowage of pesticides to ground water.

(b) With owner consent, the commissioner may use private water wells throughout the state to monitor for the presence of agricultural pesticides and other industrial chemicals in ground water. The specific locations and land owners shall not be identifiable. The owner or user of a private water well sampled by the commissioner must be given access to test results.

Sec. 26. Minnesota Statutes 2002, section 18B.26, subdivision 3, is amended to read:

Subd. 3. [APPLICATION FEE.] (a) A registrant shall pay an annual application fee for each pesticide to be registered, and this fee is set at one-tenth of one percent for calendar year 1990, at one-fifth of one percent for calendar year 1991, and at two-fifths of one percent for calendar year 1992 and thereafter of annual gross sales

within the state and annual gross sales of pesticides used in the state, with a minimum nonrefundable fee of \$250. The registrant shall determine when and which pesticides are sold or used in this state. The registrant shall secure sufficient sales information of pesticides distributed into this state from distributors and dealers, regardless of distributor location, to make a determination. Sales of pesticides in this state and sales of pesticides for use in this state by out-of-state distributors are not exempt and must be included in the registrant's annual report, as required under paragraph (c), and fees shall be paid by the registrant based upon those reported sales. Sales of pesticides in the state for use outside of the state are exempt from the application fee in this paragraph if the registrant properly documents the sale location and distributors. A registrant paying more than the minimum fee shall pay the balance due by March 1 based on the gross sales of the pesticide by the registrant for the preceding calendar year. The fee for disinfectants and sanitizers shall be the minimum. The minimum fee is due by December 31 preceding the year for which the application for registration is made. ~~Of the amount collected after calendar year 1990, at least \$600,000 per fiscal year must be credited to the waste pesticide account under section 18B.065, subdivision 5~~ The commissioner shall spend at least \$300,000 per fiscal year from the pesticide regulatory account for the purposes of the waste pesticide collection program.

(b) An additional fee of \$100 must be paid by the applicant for each pesticide to be registered if the application is a renewal application that is submitted after December 31.

(c) A registrant must annually report to the commissioner the amount and type of each registered pesticide sold, offered for sale, or otherwise distributed in the state. The report shall be filed by March 1 for the previous year's registration. The commissioner shall specify the form of the report and require additional information deemed necessary to determine the amount and type of pesticides annually distributed in the state. The information required shall include the brand name, amount, and formulation of each pesticide sold, offered for sale, or otherwise distributed in the state, but the information collected, if made public, shall be reported in a manner which does not identify a specific brand name in the report.

Sec. 27. Minnesota Statutes 2002, section 18B.37, is amended by adding a subdivision to read:

Subd. 6. [ACCESS TO PESTICIDE APPLICATION INFORMATION.] (a) A physician licensed to practice in Minnesota, or a Minnesota licensed veterinarian, may submit a request to the commissioner for access to available information on the application of pesticides by a commercial or noncommercial pesticide applicator related to a course of diagnosis, care, or treatment of a patient under the care of the physician or veterinarian.

(b) A request for pesticide application information under this subdivision must include available details as to the specific location of a known or suspected application that occurred on one or more specified dates and times. The request must also include information on symptoms displayed by the patient that prompted the physician or veterinarian to suspect pesticide exposure. The request must indicate that any information discovered will become part of the confidential patient record and will not be released publicly.

(c) Upon receipt of a request under paragraph (a), the commissioner, in consultation with the commissioner of health, shall promptly review the information contained in the request and determine if release of information held by the department may be beneficial for the medical diagnosis, care, and treatment of the patient.

(d) The commissioner may release to the requester available information on the pesticide. The commissioner shall withhold nonessential information such as total acres treated, the specific amount of pesticides applied, and the identity of the applicator or property owner.

Sec. 28. Minnesota Statutes 2002, section 28A.08, subdivision 3, is amended to read:

Subd. 3. [FEES EFFECTIVE JULY 1, ~~1999~~ 2003.]

Type of food handler	License Fee Effective July 1, 1999 <u>2003</u>	Penalties	
		Late Renewal	No License
1. Retail food handler			
(a) Having gross sales of only prepackaged nonperishable food of less than \$15,000 for the immediately previous license or fiscal year and filing a statement with the commissioner	\$48 <u>\$50</u>	\$16 <u>\$17</u>	\$27 <u>\$33</u>
(b) Having under \$15,000 gross sales including food preparation or having \$15,000 to \$50,000 gross sales for the immediately previous license or fiscal year	\$65 <u>\$77</u>	\$16 <u>\$25</u>	\$27 <u>\$51</u>
(c) Having \$50,000 <u>\$50,001</u> to \$250,000 gross sales for the immediately previous license or fiscal year	\$126 <u>\$155</u>	\$37 <u>\$51</u>	\$80 <u>\$102</u>
(d) Having \$250,000 <u>\$250,001</u> to \$1,000,000 gross sales for the immediately previous license or fiscal year	\$216 <u>\$276</u>	\$54 <u>\$91</u>	\$107 <u>\$182</u>
(e) Having \$1,000,000 <u>\$1,000,001</u> to \$5,000,000 gross sales for the immediately previous license or fiscal year	\$601 <u>\$799</u>	\$107 <u>\$264</u>	\$187 <u>\$527</u>
(f) Having \$5,000,000 <u>\$5,000,001</u> to \$10,000,000 gross sales for the immediately previous license or fiscal year	\$842 <u>\$1,162</u>	\$161 <u>\$383</u>	\$321 <u>\$767</u>
(g) Having over \$10,000,000 <u>\$10,000,001 to \$15,000,000</u> gross sales for the immediately previous license or fiscal year	\$962 <u>\$1,376</u>	\$214 <u>\$454</u>	\$375 <u>\$908</u>
(h) <u>Having \$15,000,001 to \$20,000,000 gross sales for the immediately previous license or fiscal year</u>	<u>\$1,607</u>	<u>\$530</u>	<u>\$1,061</u>

	<u>(i) Having \$20,000,001 to \$25,000,000 gross sales for the immediately previous license or fiscal year</u>	<u>\$1,847</u>	<u>\$610</u>	<u>\$1,219</u>
	<u>(j) Having over \$25,000,001 gross sales for the immediately previous license or fiscal year</u>	<u>\$2,001</u>	<u>\$660</u>	<u>\$1,321</u>
2.	Wholesale food handler			
	(a) Having gross sales or service of less than \$25,000 for the immediately previous license or fiscal year	\$54 <u>\$57</u>	\$16 <u>\$19</u>	\$16 <u>\$38</u>
	(b) Having \$25,000 <u>\$25,001</u> to \$250,000 gross sales or service for the immediately previous license or fiscal year	\$241 <u>\$284</u>	\$54 <u>\$94</u>	\$107 <u>\$187</u>
	(c) Having \$250,000 <u>\$250,001</u> to \$1,000,000 gross sales or service from a mobile unit without a separate food facility for the immediately previous license or fiscal year	\$361 <u>\$444</u>	\$80 <u>\$147</u>	\$161 <u>\$293</u>
	(d) Having \$250,000 <u>\$250,001</u> to \$1,000,000 gross sales or service not covered under paragraph (c) for the immediately previous license or fiscal year	\$480 <u>\$590</u>	\$107 <u>\$195</u>	\$214 <u>\$389</u>
	(e) Having \$1,000,000 <u>\$1,000,001</u> to \$5,000,000 gross sales or service for the immediately previous license or fiscal year	\$601 <u>\$769</u>	\$134 <u>\$254</u>	\$268 <u>\$508</u>
	(f) Having over \$5,000,000 <u>\$5,000,001 to \$10,000,000</u> gross sales for the immediately previous license or fiscal year	\$692 <u>\$920</u>	\$161 <u>\$304</u>	\$321 <u>\$607</u>
	<u>(g) Having \$10,000,001 to \$15,000,000 gross sales or service for the immediately previous license or fiscal year</u>	<u>\$990</u>	<u>\$327</u>	<u>\$653</u>
	<u>(h) Having \$15,000,001 to \$20,000,000 gross sales or service for the immediately previous license or fiscal year</u>	<u>\$1,156</u>	<u>\$381</u>	<u>\$763</u>
	<u>(i) Having \$20,000,001 to \$25,000,000 gross sales or service for the immediately previous license or fiscal year</u>	<u>\$1,329</u>	<u>\$439</u>	<u>\$877</u>
	<u>(j) Having over \$25,000,001 or more gross sales or service for the immediately previous license or fiscal year</u>	<u>\$1,502</u>	<u>\$496</u>	<u>\$991</u>
3.	Food broker	\$120 <u>\$150</u>	\$32 <u>\$50</u>	\$54 <u>\$99</u>

4. Wholesale food processor or manufacturer

(a) Having gross sales of less than \$125,000 for the immediately previous license or fiscal year	\$161 <u>\$169</u>	\$54 <u>\$56</u>	\$107 <u>\$112</u>
(b) Having \$125,000 <u>\$125,001</u> to \$250,000 gross sales for the immediately previous license or fiscal year	\$332 <u>\$392</u>	\$80 <u>\$129</u>	\$161 <u>\$259</u>
(c) Having \$250,001 to \$1,000,000 gross sales for the immediately previous license or fiscal year	\$480 <u>\$590</u>	\$107 <u>\$195</u>	\$214 <u>\$389</u>
(d) Having \$1,000,001 to 5,000,000 gross sales for the immediately previous license or fiscal year	\$601 <u>\$769</u>	\$134 <u>\$254</u>	\$268 <u>\$508</u>
(e) Having \$5,000,001 to \$10,000,000 gross sales for the immediately previous license or fiscal year	\$692 <u>\$920</u>	\$161 <u>\$304</u>	\$321 <u>\$607</u>
(f) Having over \$10,000,000 <u>\$10,000,001 to \$15,000,000</u> gross sales for the immediately previous license or fiscal year	\$963 <u>\$1,377</u>	\$214 <u>\$454</u>	\$375 <u>\$909</u>
(g) <u>Having \$15,000,001 to \$20,000,000 gross sales or service for the immediately previous license or fiscal year</u>	\$1,608	\$531	\$1,061
(h) <u>Having \$20,000,001 to \$25,000,000 gross sales or service for the immediately previous license or fiscal year</u>	\$1,849	\$610	\$1,220
(i) <u>Having \$25,000,001 to \$50,000,000 gross sales or service for the immediately previous license or fiscal year</u>	\$2,090	\$690	\$1,379
(j) <u>Having \$50,000,001 to \$100,000,000 gross sales or service for the immediately previous license or fiscal year</u>	\$2,330	\$7690	\$1,538
(k) <u>Having \$100,000,000 or more gross sales or service for the immediately previous license or fiscal year</u>	\$2,571	\$848	\$1,697

5. Wholesale food processor of meat or poultry products under supervision of the U. S. Department of Agriculture

(a) Having gross sales of less than \$125,000 for the immediately previous license or fiscal year	\$107 <u>\$112</u>	\$27 <u>\$37</u>	\$54 <u>\$74</u>
(b) Having \$125,000 <u>\$125,001</u> to \$250,000 gross sales for the immediately previous license or fiscal year	\$181 <u>\$214</u>	\$54 <u>\$71</u>	\$80 <u>\$141</u>

(c) Having \$250,001 to \$1,000,000 gross sales for the immediately previous license or fiscal year	\$271 <u>\$333</u>	\$80 <u>\$110</u>	\$134 <u>\$220</u>
(d) Having \$1,000,001 to \$5,000,000 gross sales for the immediately previous license or fiscal year	\$332 <u>\$425</u>	\$80 <u>\$140</u>	\$161 <u>\$281</u>
(e) Having \$5,000,001 to \$10,000,000 gross sales for the immediately previous license or fiscal year	\$392 <u>\$521</u>	\$107 <u>\$172</u>	\$187 <u>\$344</u>
(f) Having over \$10,000,000 <u>\$10,000,001</u> gross sales for the immediately previous license or fiscal year	\$535 <u>\$765</u>	\$161 <u>\$252</u>	\$268 <u>\$505</u>
(g) <u>Having \$15,000,001 to \$20,000,000 gross sales for the immediately previous license or fiscal year</u>	<u>\$893</u>	<u>\$295</u>	<u>\$589</u>
(h) <u>Having \$20,000,001 to \$25,000,000 gross sales for the immediately previous license or fiscal year</u>	<u>\$1,027</u>	<u>\$339</u>	<u>\$678</u>
(i) <u>Having \$25,000,001 to \$50,000,000 gross sales for the immediately previous license or fiscal year</u>	<u>\$1,161</u>	<u>\$383</u>	<u>\$766</u>
(j) <u>Having \$50,000,001 to \$100,000,000 gross sales for the immediately previous license or fiscal year</u>	<u>\$1,295</u>	<u>\$427</u>	<u>\$855</u>
(k) <u>Having \$100,000,001 or more gross sales for the immediately previous license or fiscal year</u>	<u>\$1,428</u>	<u>\$471</u>	<u>\$942</u>
6. Wholesale food processor or manufacturer operating only at the state fair	\$125	\$40	\$50
7. Wholesale food manufacturer having the permission of the commissioner to use the name Minnesota Farmstead cheese	\$30	\$10	\$15
8. Nonresident frozen dairy manufacturer	\$200	\$50	\$75
9. Wholesale food manufacturer processing less than 700,000 pounds per year of raw milk	\$30	\$10	\$15
10. A milk marketing organization without facilities for processing or manufacturing that purchases milk from milk producers for delivery to a licensed wholesale food processor or manufacturer	\$50	\$15	\$25

Sec. 29. Minnesota Statutes 2002, section 28A.085, subdivision 1, is amended to read:

Subdivision 1. [VIOLATIONS; PROHIBITED ACTS.] The commissioner may charge a reinspection fee for each reinspection of a food handler that:

(1) is found with a major violation of requirements in chapter 28, 29, 30, 31, 31A, 32, 33, or 34, or rules adopted under one of those chapters;

(2) is found with a violation of section 31.02, 31.161, or 31.165, and requires a follow-up inspection after an administrative meeting held pursuant to section 31.14; or

(3) fails to correct equipment and facility deficiencies as required in rules adopted under chapter 28, 29, 30, 31, 31A, 32, or 34. The first reinspection of a firm with gross food sales under \$1,000,000 must be assessed at ~~\$25~~ \$75. The fee for a firm with gross food sales over \$1,000,000 is ~~\$50~~ \$100. The fee for a subsequent reinspection of a firm for the same violation is 50 percent of their current license fee or \$200, whichever is greater. The establishment must be issued written notice of violations with a reasonable date for compliance listed on the notice. An initial inspection relating to a complaint is not a reinspection.

Sec. 30. Minnesota Statutes 2002, section 28A.09, subdivision 1, is amended to read:

Subdivision 1. [ANNUAL FEE; EXCEPTIONS.] Every coin-operated food vending machine is subject to an annual state inspection fee of ~~\$15~~ \$25 for each nonexempt machine except nut vending machines which are subject to an annual state inspection fee of ~~\$5~~ \$10 for each machine, provided that:

(a) Food vending machines may be inspected by either a home rule charter or statutory city, or a county, but not both, and if inspected by a home rule charter or statutory city, or a county they shall not be subject to the state inspection fee, but the home rule charter or statutory city, or the county may impose an inspection or license fee of no more than the state inspection fee. A home rule charter or statutory city or county that does not inspect food vending machines shall not impose a food vending machine inspection or license fee.

(b) Vending machines dispensing only gum balls, hard candy, unsorted candy, or ice manufactured and packaged by another shall be exempt from the state inspection fee, but may be inspected by the state. A home rule charter or statutory city may impose by ordinance an inspection or license fee of no more than the state inspection fee for nonexempt machines on the vending machines described in this paragraph. A county may impose by ordinance an inspection or license fee of no more than the state inspection fee for nonexempt machines on the vending machines described in this paragraph which are not located in a home rule charter or statutory city.

(c) Vending machines dispensing only bottled or canned soft drinks are exempt from the state, home rule charter or statutory city, and county inspection fees, but may be inspected by the commissioner or the commissioner's designee.

Sec. 31. Minnesota Statutes 2002, section 32.394, subdivision 8, is amended to read:

Subd. 8. [GRADE A INSPECTION FEES.] A processor or marketing organization of milk, milk products, sheep milk, or goat milk who wishes to market Grade A milk or use the Grade A label must apply for Grade A inspection service from the commissioner. A pasteurization plant requesting Grade A inspection service must hold a Grade A permit and pay an annual inspection fee of no more than \$500. For Grade A farm inspection service, the fee must be no more than \$50 per farm, paid annually by the processor or by the marketing organization on behalf of its patrons. For a farm requiring a reinspection in addition to the required biannual inspections, an additional fee of ~~no more than \$25~~ \$45 per reinspection must be paid by the processor or by the marketing organization on behalf of its patrons. ~~The Grade A farm inspection fee must not exceed the lesser of (1) 40 percent of the department's actual average cost per farm inspection or reinspection; or (2) the dollar limits set in this subdivision. No fee increase may be implemented until after the commissioner has held three or more public hearings.~~

Sec. 32. Minnesota Statutes 2002, section 32.394, subdivision 8b, is amended to read:

Subd. 8b. [MANUFACTURING GRADE FARM CERTIFICATION.] A processor or marketing organization of milk, milk products, sheep milk, or goat milk who wishes to market other than Grade A milk must apply for a manufacturing grade farm certification inspection from the commissioner. A manufacturing plant that pasteurizes milk or milk by-products must pay an annual fee based on the number of pasteurization units. This fee must not exceed \$140 per unit. The fee for farm certification inspection must not be more than \$25 per farm to be paid annually by the processor or by the marketing organization on behalf of its patrons. For a farm requiring more than the one inspection for certification, a reinspection fee of ~~no more than \$25~~ \$45 must be paid by the processor or by the marketing organization on behalf of its patrons. ~~The fee must be set by the commissioner in an amount necessary to cover 40 percent of the department's actual cost of providing the annual inspection but must not exceed the limits in this subdivision. No fee increase may be implemented until after the commissioner has held three or more public hearings.~~

Sec. 33. Minnesota Statutes 2002, section 32.394, subdivision 8d, is amended to read:

Subd. 8d. [PROCESSOR ASSESSMENT.] (a) A manufacturer shall pay to the commissioner a fee for fluid milk processed and milk used in the manufacture of fluid milk products sold for retail sale in Minnesota. ~~Beginning May 1, 1993, the fee is six cents per hundredweight. If the commissioner determines that a different fee, in an amount not less than five cents and not more than nine cents per hundredweight, when combined with general fund appropriations and fees charged under sections 31.39 and 32.394, subdivision 8, is needed to provide adequate funding for the Grades A and B inspection programs and the administration and enforcement of Laws 1993, chapter 65, the commissioner may, by rule, change the fee on processors within the range provided within this subdivision as set by the commissioner's order except that beginning July 1, 2003, the fee is set at seven cents per hundredweight and thereafter no change within any 12-month period may be in excess of one cent per hundredweight.~~

(b) Processors must report quantities of milk processed under paragraph (a) on forms provided by the commissioner. Processor fees must be paid monthly. The commissioner may require the production of records as necessary to determine compliance with this subdivision.

(c) The commissioner may create within the department a dairy consulting program to provide assistance to dairy producers who are experiencing problems meeting the sanitation and quality requirements of the dairy laws and rules.

The commissioner may use money appropriated from the dairy services account created in subdivision 9 to pay for the program authorized in this paragraph.

Sec. 34. Minnesota Statutes 2002, section 35.155, is amended to read:

35.155 [CERVIDAE IMPORT RESTRICTIONS.]

~~(a)~~ A person must not import cervidae into the state from a herd that is infected or exposed to chronic wasting disease or from a known chronic wasting disease endemic area, as determined by the board. A person may import cervidae into the state only from a herd that is not in a known chronic wasting disease endemic area, as determined by the board, and the herd has been subject to a state or provincial approved chronic wasting disease monitoring program for at least three years. Cervidae imported in violation of this section may be seized and destroyed by the commissioner of natural resources.

~~(b) This section expires on June 1, 2003.~~

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

Sec. 35. Minnesota Statutes 2002, section 38.02, subdivision 1, is amended to read:

Subdivision 1. [PRO RATA DISTRIBUTION; CONDITIONS.] ~~(4)~~ (a) Money appropriated to aid county and district agricultural societies and associations shall be distributed among all county and district agricultural societies or associations in the state pro rata, upon condition that each of them has complied with the conditions specified in ~~clause (2) paragraph (b).~~

~~(2)~~ (b) To be eligible to participate in ~~such the~~ the distribution of aid, each ~~such~~ agricultural society or association ~~(a)~~ shall have:

(1) held an annual fair for each of the three years last past, unless prevented from doing so because of a calamity or an epidemic declared by the board of health as defined in section 145A.02, subdivision 2, or the state commissioner of health to exist; ~~(b) shall have~~

(2) an annual membership of 25 or more; ~~(c) shall have~~

(3) paid out to exhibitors for premiums awarded at the last fair held a sum not less than the amount to be received from the state; ~~(d) shall have~~

(4) published and distributed not less than three weeks before the opening day of the fair a premium list, listing all items or articles on which premiums are offered and the amounts of such premiums and shall have paid premiums pursuant to the amount shown for each article or item to be exhibited; provided that premiums for school exhibits may be advertised in the published premium list by reference to a school premium list prepared and circulated during the preceding school year; and shall have collected all fees charged for entering an exhibit at the time the entry was made and in accordance with schedule of entry fees to be charged as published in the premium list; ~~(e) shall have~~

(5) paid not more than one premium on each article or item exhibited, excluding championship or sweepstake awards, and excluding the payment of open class premium awards to 4H Club exhibits which at this same fair had won a first prize award in regular 4H Club competition; ~~(f) shall have~~ and

(6) submitted its records and annual report to the commissioner of agriculture on a form provided by the commissioner of agriculture, on or before the first day of November of the ~~current~~ year in which the fair was held.

~~(3)~~ (c) All payments authorized under the provisions of this chapter shall be made only upon the presentation by the commissioner of agriculture with the commissioner of finance of a statement of premium allocations. As used herein the term premium shall mean the cash award paid to an exhibitor for the merit of an exhibit of livestock, livestock products, grains, fruits, flowers, vegetables, articles of domestic science, handicrafts, hobbies, fine arts, and articles made by school pupils, or the cash award paid to the merit winner of events such as 4H Club or Future Farmer Contest, Youth Group Contests, school spelling contests and school current events contests, the award corresponding to the amount offered in the advertised premium list referred to in schedule 2. Payments of awards for horse races, ball games, musical contests, talent contests, parades, and for amusement features for which admission is charged, are specifically excluded from consideration as premiums within the meaning of that term as used herein. Upon receipt of the statement by the commissioner of agriculture, ~~it shall be the duty of the commissioner of finance to shall~~ draw a voucher in favor of the agricultural society or association for the amount to which it is entitled under the provisions of this chapter, ~~which.~~ The amount shall be computed as follows: On the first \$750 premiums paid by each society or association at the last fair held, such the society or association shall receive 100 percent reimbursement; on the second \$750 premiums paid, 80 percent; on the third \$750 premiums paid, 60 percent; and on any sum in excess of \$2,250, 40 percent. The commissioner of finance shall make payments not later than July 15 of the year following the calendar year in which the annual fair was held.

(4) (d) If the total amount of state aid to which the agricultural societies and associations are entitled under the provisions of this chapter exceeds the amount of the appropriation therefor, the amounts to which the societies or associations are entitled shall be prorated so that the total payments by the state will not exceed the appropriation.

Sec. 36. Minnesota Statutes 2002, section 38.02, subdivision 3, is amended to read:

Subd. 3. [CERTIFICATION, COMMISSIONER OF AGRICULTURE.] Any county or district agricultural society which has held its second annual fair is entitled to share pro rata in the distribution. The commissioner of agriculture shall certify to the secretary of the state agricultural society, within 30 days after payments have been made, a list of all county or district agricultural societies that have complied with this chapter, and which are entitled to share in the appropriation. All payments shall be ~~made within three months after the agricultural societies submitted their~~ based on reports submitted by agricultural societies under subdivision 1, paragraph (b), clause (2)(f) (6).

Sec. 37. Minnesota Statutes 2002, section 41A.09, subdivision 2a, is amended to read:

Subd. 2a. [DEFINITIONS.] For the purposes of this section, the terms defined in this subdivision have the meanings given them.

(a) "Ethanol" means fermentation ethyl alcohol derived from agricultural products, including potatoes, cereal, grains, cheese whey, and sugar beets; forest products; or other renewable resources, including residue and waste generated from the production, processing, and marketing of agricultural products, forest products, and other renewable resources, that:

(1) meets all of the specifications in ASTM specification D 4806-88; and

(2) is denatured as specified in Code of Federal Regulations, title 27, parts 20 and 21.

(b) "~~Wet alcohol~~" means ~~agriculturally derived fermentation ethyl alcohol having a purity of at least 50 percent but less than 99 percent.~~

(c) "~~Anhydrous alcohol~~" means ~~fermentation ethyl alcohol derived from agricultural products as described in paragraph (a), but that does not meet ASTM specifications or is not denatured and is shipped in bond for further processing.~~

(d) "Ethanol plant" means a plant at which ethanol, ~~anhydrous alcohol, or wet alcohol~~ is produced.

(c) "Commissioner" means the commissioner of agriculture.

Sec. 38. Minnesota Statutes 2002, section 41A.09, subdivision 3a, is amended to read:

Subd. 3a. [ETHANOL PRODUCER PAYMENTS.] (a) The commissioner ~~of agriculture~~ shall make cash payments to producers of ethanol, ~~anhydrous alcohol, and wet alcohol~~ located in the state. ~~These payments shall apply only to ethanol, anhydrous alcohol, and wet alcohol fermented in the state and produced at plants that have begun production by June 30, 2000. For the purpose of this subdivision, an entity that holds a controlling interest in more than one ethanol plant is considered a single producer. The amount of the payment for each producer's annual production, is:~~

(4) ~~except as provided in paragraph (b) (c), is 20 cents per gallon for each gallon of ethanol or anhydrous alcohol produced on or before June 30, 2000, or ten years after the start of production, whichever is later, 19 cents per gallon; and~~

~~(2) for each gallon produced of wet alcohol on or before June 30, 2000, or ten years after the start of production, whichever is later, a payment in cents per gallon calculated by the formula "alcohol purity in percent divided by five," and rounded to the nearest cent per gallon, but not less than 11 cents per gallon.~~

~~The producer payments for anhydrous alcohol and wet alcohol under this section may be paid to either the original producer of anhydrous alcohol or wet alcohol or the secondary processor, at the option of the original producer, but not to both. The first claim for production after June 30, 2003, must be accompanied by a disclosure statement on a form provided by the commissioner. The disclosure statement must include a detailed description of the organization of the business structure of the claimant listing the percentages of ownership by any person or other entity with an ownership interest of five percent or greater, the distribution of income received by the claimant, including operating income and payments under this subdivision. The disclosure statement must include information sufficient to demonstrate that a majority of the ultimate beneficial interest in the entity receiving payments under this section is owned by farmers or spouses of farmers, as defined in section 500.24, residing in Minnesota. Subsequent quarterly claims must report changes in ownership. Payments must not be made to a claimant that has less than a majority of Minnesota farmer control except that the commissioner may grant an exemption from the farmer majority ownership requirement to a claimant that, on the day following final enactment of this section, has demonstrated greater than 40 percent farmer ownership which, when combined with ownership interests of persons residing within 30 miles of the plant, exceeds 50 percent. In addition, a claimant located in a city of the first class which qualifies for payments in all other respects is not subject to this condition. Information provided under this paragraph is nonpublic data under section 13.02, subdivision 9.~~

~~(b) No payments shall be made for ethanol production that occurs after June 30, 2010.~~

~~(c) If the level of production at an ethanol plant increases due to an increase in the production capacity of the plant, the payment under paragraph (a), clause (1), applies to the additional increment of production until ten years after the increased production began. Once a plant's production capacity reaches 15,000,000 gallons per year, no additional increment will qualify for the payment.~~

~~(e) The commissioner shall make payments to producers of ethanol or wet alcohol in the amount of 1.5 cents for each kilowatt hour of electricity generated using closed loop biomass in a cogeneration facility at an ethanol plant located in the state. Payments under this paragraph shall be made only for electricity generated at cogeneration facilities that begin operation by June 30, 2000. The payments apply to electricity generated on or before the date ten years after the producer first qualifies for payment under this paragraph. Total payments under this paragraph in any fiscal year may not exceed \$750,000. For the purposes of this paragraph:~~

~~(1) "closed loop biomass" means any organic material from a plant that is planted for the purpose of being used to generate electricity or for multiple purposes that include being used to generate electricity; and~~

~~(2) "cogeneration" means the combined generation of:~~

~~(i) electrical or mechanical power; and~~

~~(ii) steam or forms of useful energy, such as heat, that are used for industrial, commercial, heating, or cooling purposes.~~

~~(d) Payments under paragraphs (a) and (b) to all producers may not exceed \$35,150,000 in a fiscal year. (d) Total payments under paragraphs (a) and (c) to a producer in a fiscal year may not exceed \$2,850,000 \$3,000,000.~~

~~(e) By the last day of October, January, April, and July, each producer shall file a claim for payment for ethanol, anhydrous alcohol, and wet alcohol production during the preceding three calendar months. A producer with more than one plant shall file a separate claim for each plant. A producer that files a claim under this subdivision shall~~

include a statement of the producer's total ethanol, ~~anhydrous alcohol, and wet alcohol~~ production in Minnesota during the quarter covered by the claim, ~~including anhydrous alcohol and wet alcohol produced or received from an outside source. A producer shall file a separate claim for any amount claimed under paragraph (e).~~ For each claim and statement of total ethanol, ~~anhydrous alcohol, and wet alcohol~~ production filed under this subdivision, the volume of ethanol, ~~anhydrous alcohol, and wet alcohol~~ production or amounts of electricity generated using closed-loop biomass must be examined by an independent certified public accountant in accordance with standards established by the American Institute of Certified Public Accountants.

(f) Payments shall be made November 15, February 15, May 15, and August 15. A separate payment shall be made for each claim filed. Except as provided in paragraph ~~(j)~~ (g), the total quarterly payment to a producer under this paragraph, ~~excluding amounts paid under paragraph (e)~~, may not exceed \$750,000.

~~(g) If the total amount for which all producers are eligible in a quarter under paragraph (e) exceeds the amount available for payments, the commissioner shall make payments in the order in which the plants covered by the claims began generating electricity using closed loop biomass.~~

~~(h) After July 1, 1997, new production capacity is only eligible for payment under this subdivision if the commissioner receives:~~

- ~~(1) an application for approval of the new production capacity;~~
- ~~(2) an appropriate letter of long term financial commitment for construction of the new production capacity; and~~
- ~~(3) copies of all necessary permits for construction of the new production capacity.~~

~~The commissioner may approve new production capacity based on the order in which the applications are received.~~

~~(i) The commissioner may not approve any new production capacity after July 1, 1998, except that a producer with an approved production capacity of at least 12,000,000 gallons per year but less than 15,000,000 gallons per year prior to July 1, 1998, is approved for 15,000,000 gallons of production capacity.~~

~~(j)~~ (g) Notwithstanding the quarterly payment limits of paragraph (f), the commissioner shall make an additional payment in the ~~eight~~ fourth quarter of each fiscal ~~biennium year~~ to ethanol producers for the lesser of: (1) ~~19~~ 20 cents per gallon of production in the ~~eight~~ fourth quarter of the ~~biennium year~~ that is greater than 3,750,000 gallons; or (2) the total amount of payments lost during the first ~~seven~~ three quarters of the ~~biennium fiscal year~~ due to plant outages, repair, or major maintenance. Total payments to an ethanol producer in a fiscal ~~biennium year~~, including any payment under this paragraph, must not exceed the total amount the producer is eligible to receive based on the producer's approved production capacity. The provisions of this paragraph apply only to production losses that occur in quarters beginning after December 31, 1999.

~~(k) For the purposes of this subdivision "new production capacity" means annual ethanol production capacity that was not allowed under a permit issued by the pollution control agency prior to July 1, 1997, or for which construction did not begin prior to July 1, 1997.~~

(h) The commissioner shall reimburse ethanol producers for any deficiency in payments during earlier quarters if the deficiency occurred because appropriated money was insufficient to make timely payments in the full amount provided in paragraph (a). Notwithstanding the quarterly or annual payment limitations in this subdivision, the commissioner shall begin making payments for earlier deficiencies in each fiscal year that appropriations for ethanol payments exceed the amount required to make eligible scheduled payments. Payments for earlier deficiencies must continue until the deficiencies for each producer are paid in full.

Sec. 39. Minnesota Statutes 2002, section 116.07, subdivision 7a, is amended to read:

Subd. 7a. [NOTICE OF APPLICATION FOR LIVESTOCK FEEDLOT PERMIT.] (a) A person who applies to the pollution control agency or a county board for a permit to construct or expand a feedlot with a capacity of 500 animal units or more shall, not ~~later~~ less than ~~ten~~ 20 business days ~~after the application is submitted~~ before the date on which a permit is issued, provide notice to each resident and each owner of real property within 5,000 feet of the perimeter of the proposed feedlot. The notice may be delivered by first class mail, in person, or by the publication in a newspaper of general circulation within the affected area and must include information on the type of livestock and the proposed capacity of the feedlot. Notification under this subdivision is satisfied under an equal or greater notification requirement of a county conditional use permit.

(b) The agency or a county board must verify that notice was provided as required under paragraph (a) prior to issuing a permit.

Sec. 40. Minnesota Statutes 2002, section 116D.04, subdivision 2a, is amended to read:

Subd. 2a. Where there is potential for significant environmental effects resulting from any major governmental action, the action shall be preceded by a detailed environmental impact statement prepared by the responsible governmental unit. The environmental impact statement shall be an analytical rather than an encyclopedic document which describes the proposed action in detail, analyzes its significant environmental impacts, discusses appropriate alternatives to the proposed action and their impacts, and explores methods by which adverse environmental impacts of an action could be mitigated. The environmental impact statement shall also analyze those economic, employment and sociological effects that cannot be avoided should the action be implemented. To ensure its use in the decision making process, the environmental impact statement shall be prepared as early as practical in the formulation of an action.

(a) The board shall by rule establish categories of actions for which environmental impact statements and for which environmental assessment worksheets shall be prepared as well as categories of actions for which no environmental review is required under this section.

(b) The responsible governmental unit shall promptly publish notice of the completion of an environmental assessment worksheet in a manner to be determined by the board and shall provide copies of the environmental assessment worksheet to the board and its member agencies. Comments on the need for an environmental impact statement may be submitted to the responsible governmental unit during a 30 day period following publication of the notice that an environmental assessment worksheet has been completed. The responsible governmental unit's decision on the need for an environmental impact statement shall be based on the environmental assessment worksheet and the comments received during the comment period, and shall be made within 15 days after the close of the comment period. The board's chair may extend the 15 day period by not more than 15 additional days upon the request of the responsible governmental unit.

(c) An environmental assessment worksheet shall also be prepared for a proposed action whenever material evidence accompanying a petition by not less than 25 individuals, submitted before the proposed project has received final approval by the appropriate governmental units, demonstrates that, because of the nature or location of a proposed action, there may be potential for significant environmental effects. Petitions requesting the preparation of an environmental assessment worksheet shall be submitted to the board. The chair of the board shall determine the appropriate responsible governmental unit and forward the petition to it. A decision on the need for an environmental assessment worksheet shall be made by the responsible governmental unit within 15 days after the petition is received by the responsible governmental unit. The board's chair may extend the 15 day period by not more than 15 additional days upon request of the responsible governmental unit.

(d) Except in an environmentally sensitive location where Minnesota Rules, part 4410.4300, subpart 29, item B, applies, the proposed action is exempt from environmental review under this chapter and rules of the board, if:

(1) the proposed action is:

(i) an animal feedlot facility with a capacity of less than 1,000 animal units; or

(ii) an expansion of an existing animal feedlot facility with a total cumulative capacity of less than 1,000 animal units;

(2) the application for the animal feedlot facility includes a written commitment by the proposer to design, construct, and operate the facility in full compliance with pollution control agency feedlot rules; and

(3) the county board holds a public meeting for citizen input at least ten business days prior to the pollution control agency or county issuing a feedlot permit for the animal feedlot facility unless another public meeting for citizen input has been held with regard to the feedlot facility to be permitted. The exemption in this paragraph is in addition to other exemptions provided under other law and rules of the board.

(e) The board may, prior to final approval of a proposed project, require preparation of an environmental assessment worksheet by a responsible governmental unit selected by the board for any action where environmental review under this section has not been specifically provided for by rule or otherwise initiated.

(f) An early and open process shall be utilized to limit the scope of the environmental impact statement to a discussion of those impacts, which, because of the nature or location of the project, have the potential for significant environmental effects. The same process shall be utilized to determine the form, content and level of detail of the statement as well as the alternatives which are appropriate for consideration in the statement. In addition, the permits which will be required for the proposed action shall be identified during the scoping process. Further, the process shall identify those permits for which information will be developed concurrently with the environmental impact statement. The board shall provide in its rules for the expeditious completion of the scoping process. The determinations reached in the process shall be incorporated into the order requiring the preparation of an environmental impact statement.

(g) Whenever practical, information needed by a governmental unit for making final decisions on permits or other actions required for a proposed project shall be developed in conjunction with the preparation of an environmental impact statement.

(h) An environmental impact statement shall be prepared and its adequacy determined within 280 days after notice of its preparation unless the time is extended by consent of the parties or by the governor for good cause. The responsible governmental unit shall determine the adequacy of an environmental impact statement, unless within 60 days after notice is published that an environmental impact statement will be prepared, the board chooses to determine the adequacy of an environmental impact statement. If an environmental impact statement is found to be inadequate, the responsible governmental unit shall have 60 days to prepare an adequate environmental impact statement.

Sec. 41. Minnesota Statutes 2002, section 116O.09, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT.] The agricultural utilization research institute is established as a nonprofit corporation under section 501(c)(3) of the Internal Revenue Code of 1986, as amended. The agricultural utilization research institute shall promote the establishment of new products and product uses and the expansion of existing markets for the state's agricultural commodities and products, including direct financial and technical assistance for Minnesota entrepreneurs. The institute must be located near an existing agricultural research facility in the agricultural region of the state must establish or maintain facilities and work with private and public entities to leverage the resources available to achieve maximum results for Minnesota agriculture.

Sec. 42. Minnesota Statutes 2002, section 116O.09, subdivision 1a, is amended to read:

Subd. 1a. [BOARD OF DIRECTORS.] The board of directors of the agricultural utilization research institute is comprised of:

(1) the chairs of the senate and the house of representatives standing committees with jurisdiction over agriculture ~~policy~~ finance or the chair's designee;

(2) two representatives of statewide farm organizations appointed by the commissioner;

(3) two representatives of agribusiness, ~~one of whom is a member of the Minnesota Technology, Inc. board representing agribusiness~~; and

(4) three representatives of the commodity promotion councils.

A member of the board of directors under clauses ~~(1) (2)~~ to (4), including a member serving on July 1, 2003, may ~~designate a permanent or temporary replacement member representing the same constituency~~ serve for a maximum of two three-year terms. The board's compensation is governed by section 15.0575, subdivision 3.

Sec. 43. Minnesota Statutes 2002, section 116O.09, subdivision 2, is amended to read:

Subd. 2. [DUTIES.] (a) In addition to the duties and powers assigned to the institutes in section 116O.08, the agricultural utilization research institute shall:

(1) ~~identify the various market segments characterized by Minnesota's agricultural industry, address each segment's individual needs, and identify development opportunities in each segment~~ for agricultural products;

(2) ~~develop and implement a utilization program for each segment that addresses its development needs and identifies techniques to meet those needs~~ opportunities;

(3) monitor and coordinate research among the public and private organizations and individuals specifically addressing procedures to transfer new technology to businesses, farmers, and individuals;

(4) provide research grants to public and private educational institutions and other organizations that are undertaking basic and applied research ~~that would~~ to promote the development of ~~the various~~ emerging agricultural industries; ~~and~~

(5) ~~provide financial assistance including, but not limited to: (i) direct loans, guarantees, interest subsidy payments, and equity investments; and (ii) participation in loan participations. The board of directors shall establish the terms and conditions of the financial assistance.~~ assist organizations and individuals with market analysis and product marketing implementations;

(6) to the extent possible earn and receive revenue from contracts, patents, licenses, royalties, grants, fees-for-service, and memberships;

(7) work with the department of agriculture, the United States Department of Agriculture, the department of trade and economic development, and other agencies to maximize marketing opportunities locally, nationally, and internationally; and

(8) leverage available funds from federal, state, and private sources to develop new markets and value added opportunities for Minnesota agricultural products.

(b) The agricultural utilization research institute board of directors shall have the sole approval authority for establishing agricultural utilization research priorities, requests for proposals to meet those priorities, awarding of grants, hiring and direction of personnel, and other expenditures of funds consistent with the adopted and approved mission and goals of the agricultural utilization research institute. The actions and expenditures of the agricultural utilization research institute are subject to audit ~~and regular annual report to the legislature in general and specifically the house of representatives agriculture committee, the senate agriculture and rural development committee, the house of representatives environment and natural resources finance committee, and the senate environment and agriculture budget division.~~ The institute shall annually report by February 1 to the senate and house of representative standing committees with jurisdiction over agricultural policy and funding. The report must list projects initiated, progress on projects, and financial information relating to expenditures, income from other sources, and other information to allow the committees to evaluate the effectiveness of the institute's activities.

Sec. 44. Minnesota Statutes 2002, section 216C.41, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] (a) The definitions in this subdivision apply to this section.

(b) "Qualified hydroelectric facility" means a hydroelectric generating facility in this state that:

(1) is located at the site of a dam, if the dam was in existence as of March 31, 1994; and

(2) begins generating electricity after July 1, 1994, or generates electricity after substantial refurbishing of a facility that begins after July 1, 2001.

(c) "Qualified wind energy conversion facility" means a wind energy conversion system that:

(1) produces two megawatts or less of electricity as measured by nameplate rating and begins generating electricity after December 31, 1996, and before July 1, 1999;

(2) begins generating electricity after June 30, 1999, produces two megawatts or less of electricity as measured by nameplate rating, and is:

(i) ~~located within one county and owned by a natural person who owns the land where the facility is sited~~ owned by a resident of Minnesota or an entity that is organized under the laws of this state and is not prohibited from owning agricultural land under section 500.24;

(ii) owned by a Minnesota small business as defined in section 645.445;

(iii) owned by a nonprofit organization; or

(iv) owned by a tribal council if the facility is located within the boundaries of the reservation; or

(3) begins generating electricity after June 30, 1999, produces seven megawatts or less of electricity as measured by nameplate rating, and:

(i) is owned by a cooperative organized under chapter 308A; and

(ii) all shares and membership in the cooperative are held by natural persons or estates, at least 51 percent of whom reside in a county or contiguous to a county where the wind energy production facilities of the cooperative are located.

(d) "Qualified on-farm biogas recovery facility" means an anaerobic digester system that:

- (1) is located at the site of an agricultural operation;
- (2) is owned by a natural person who owns or rents the land where the facility is located; and
- (3) begins generating electricity after July 1, 2001.

(e) "Anaerobic digester system" means a system of components that processes animal waste based on the absence of oxygen and produces gas used to generate electricity.

Sec. 45. Minnesota Statutes 2002, section 273.13, subdivision 23, is amended to read:

Subd. 23. [CLASS 2.] (a) Class 2a property is agricultural land including any improvements that is homesteaded. The market value of the house and garage and immediately surrounding one acre of land has the same class rates as class 1a property under subdivision 22. The value of the remaining land including improvements up to and including \$600,000 market value has a net class rate of 0.55 percent of market value. The remaining property over \$600,000 market value has a class rate of one percent of market value.

(b) Class 2b property is (1) real estate, rural in character and used exclusively for growing trees for timber, lumber, and wood and wood products; (2) real estate that is not improved with a structure and is used exclusively for growing trees for timber, lumber, and wood and wood products, if the owner has participated or is participating in a cost-sharing program for afforestation, reforestation, or timber stand improvement on that particular property, administered or coordinated by the commissioner of natural resources; (3) real estate that is nonhomestead agricultural land; or (4) a landing area or public access area of a privately owned public use airport. Class 2b property has a net class rate of one percent of market value.

(c) Agricultural land as used in this section means contiguous acreage of ten acres or more, used during the preceding year for agricultural purposes. "Agricultural purposes" as used in this section means the raising or cultivation of agricultural products or enrollment in the Reinvest in Minnesota program under sections 103F.501 to 103F.535 or the federal Conservation Reserve Program as contained in Public Law Number 99-198. Contiguous acreage on the same parcel, or contiguous acreage on an immediately adjacent parcel under the same ownership, may also qualify as agricultural land, but only if it is pasture, timber, waste, unusable wild land, or land included in state or federal farm programs. Agricultural classification for property shall be determined excluding the house, garage, and immediately surrounding one acre of land, and shall not be based upon the market value of any residential structures on the parcel or contiguous parcels under the same ownership.

(d) Real estate, excluding the house, garage, and immediately surrounding one acre of land, of less than ten acres which is exclusively and intensively used for raising or cultivating agricultural products, shall be considered as agricultural land.

Land shall be classified as agricultural even if all or a portion of the agricultural use of that property is the leasing to, or use by another person for agricultural purposes.

Classification under this subdivision is not determinative for qualifying under section 273.111.

The property classification under this section supersedes, for property tax purposes only, any locally administered agricultural policies or land use restrictions that define minimum or maximum farm acreage.

(e) The term "agricultural products" as used in this subdivision includes production for sale of:

(1) livestock, dairy animals, dairy products, poultry and poultry products, fur-bearing animals, horticultural and nursery stock ~~described in sections 18.44 to 18.61~~, fruit of all kinds, vegetables, forage, grains, bees, and apiary products by the owner;

(2) fish bred for sale and consumption if the fish breeding occurs on land zoned for agricultural use;

(3) the commercial boarding of horses if the boarding is done in conjunction with raising or cultivating agricultural products as defined in clause (1);

(4) property which is owned and operated by nonprofit organizations used for equestrian activities, excluding racing;

(5) game birds and waterfowl bred and raised for use on a shooting preserve licensed under section 97A.115;

(6) insects primarily bred to be used as food for animals;

(7) trees, grown for sale as a crop, and not sold for timber, lumber, wood, or wood products; and

(8) maple syrup taken from trees grown by a person licensed by the Minnesota department of agriculture under chapter 28A as a food processor.

(f) If a parcel used for agricultural purposes is also used for commercial or industrial purposes, including but not limited to:

(1) wholesale and retail sales;

(2) processing of raw agricultural products or other goods;

(3) warehousing or storage of processed goods; and

(4) office facilities for the support of the activities enumerated in clauses (1), (2), and (3),

the assessor shall classify the part of the parcel used for agricultural purposes as class 1b, 2a, or 2b, whichever is appropriate, and the remainder in the class appropriate to its use. The grading, sorting, and packaging of raw agricultural products for first sale is considered an agricultural purpose. A greenhouse or other building where horticultural or nursery products are grown that is also used for the conduct of retail sales must be classified as agricultural if it is primarily used for the growing of horticultural or nursery products from seed, cuttings, or roots and occasionally as a showroom for the retail sale of those products. Use of a greenhouse or building only for the display of already grown horticultural or nursery products does not qualify as an agricultural purpose.

The assessor shall determine and list separately on the records the market value of the homestead dwelling and the one acre of land on which that dwelling is located. If any farm buildings or structures are located on this homesteaded acre of land, their market value shall not be included in this separate determination.

(g) To qualify for classification under paragraph (b), clause (4), a privately owned public use airport must be licensed as a public airport under section 360.018. For purposes of paragraph (b), clause (4), "landing area" means that part of a privately owned public use airport properly cleared, regularly maintained, and made available to the public for use by aircraft and includes runways, taxiways, aprons, and sites upon which are situated landing or navigational aids. A landing area also includes land underlying both the primary surface and the approach surfaces that comply with all of the following:

(i) the land is properly cleared and regularly maintained for the primary purposes of the landing, taking off, and taxiing of aircraft; but that portion of the land that contains facilities for servicing, repair, or maintenance of aircraft is not included as a landing area;

(ii) the land is part of the airport property; and

(iii) the land is not used for commercial or residential purposes.

The land contained in a landing area under paragraph (b), clause (4), must be described and certified by the commissioner of transportation. The certification is effective until it is modified, or until the airport or landing area no longer meets the requirements of paragraph (b), clause (4). For purposes of paragraph (b), clause (4), "public access area" means property used as an aircraft parking ramp, apron, or storage hangar, or an arrival and departure building in connection with the airport.

Sec. 46. [FEEDLOT ENVIRONMENT REVIEW STUDY; REPORT.]

The environmental quality board shall conduct a study identifying and evaluating information pertaining to environmental review of feedlots of fewer than 1,000 animal units in Minnesota that must include:

(1) significant issues that have been raised during the environmental review process;

(2) avoidance, mitigation, and treatment that resulted from consideration of environmental impacts; and

(3) an assessment of the impact of Minnesota Statutes, section 116D.04, subdivision 2a, paragraph (d), on public participation.

The study shall also examine the process of public notifications, hearings, and opportunities for local residents and property owners to provide input under the pollution control agency's feedlot rules permitting process.

The board shall report by January 15, 2004, to the committees of the house of representatives and the senate with jurisdiction over agricultural, environmental, and judiciary policy, and agricultural finance on the results of the study.

Sec. 47. [REPEALER.]

Minnesota Statutes 2002, sections 17.110; 18B.05, subdivision 2; 37.26; 41A.09, subdivisions 1, 5a, 6, 7, and 8, are repealed.

ARTICLE 4

PLANT PROTECTION AND EXPORT CERTIFICATION

Section 1. [18G.01] [PLANT PROTECTION; POWERS OF COMMISSIONER OF AGRICULTURE.]

(a) This chapter authorizes the commissioner to abate, suppress, eradicate, prevent, or otherwise regulate the introduction or establishment of plant pests that threaten Minnesota's agricultural, forest, or horticultural interests or the general ecological quality of the state.

(b) The commissioner may employ entomologists, plant pathologists, and other qualified employees necessary to administer and enforce this chapter.

Sec. 2. [18G.02] [DEFINITIONS.]

Subdivision 1. [SCOPE.] The definitions in this section apply to this chapter.

Subd. 2. [BIOLOGICAL CONTROL AGENT.] "Biological control agent" means a parasite, predator, pathogen, or competitive organism intentionally released by humans for the purpose of biological control with the intent of causing a reduction of a host or prey population.

Subd. 3. [CERTIFICATE.] "Certificate" means a document authorized or prepared by a federal or state regulatory official that affirms, declares, or verifies that an article, plant, product, shipment, or other officially regulated item meets phytosanitary, nursery inspection, pest freedom, plant registration or certification, or other legal requirements.

Subd. 4. [CERTIFICATION.] "Certification" means a regulatory official's act of affirming, declaring, or verifying compliance with phytosanitary, nursery inspection, pest freedom, plant registration or certification, or other legal requirements.

Subd. 5. [COMMISSIONER.] "Commissioner" means the commissioner of agriculture or the commissioner's designated employee, representative, or agent.

Subd. 6. [COMPLIANCE AGREEMENT.] "Compliance agreement" means a written agreement between a person and a regulatory agency to achieve compliance with regulatory requirements.

Subd. 7. [CONVEYANCE.] "Conveyance" is a means of transportation.

Subd. 8. [DEPARTMENT.] "Department" means the department of agriculture.

Subd. 9. [EMERGENCY REGULATION.] "Emergency regulation" means a regulation placed in effect by the commissioner without prior public notice in order to take necessary and immediate regulatory action.

Subd. 10. [ERADICATION.] "Eradication" means elimination of a pest from a defined geographic area.

Subd. 11. [EXOTIC SPECIES.] "Exotic species" means a species that is not native to the area. Exotic species also means a species occurring outside its natural range.

Subd. 12. [HARMFUL PLANT PEST.] "Harmful plant pest" means a plant pest that constitutes a significant threat to the agricultural, forest, or horticultural interests of Minnesota or the general environmental quality of the state.

Subd. 13. [INFECTED.] "Infected" means a plant that is:

(1) contaminated with pathogenic microorganisms;

(2) being parasitized;

(3) a host or carrier of an infectious, transmissible, or contagious pest; or

(4) so exposed to a plant listed in clause (1), (2), or (3) that one of those conditions can reasonably be expected to exist and the plant may also pose a risk of contamination to other plants or the environment.

Subd. 14. [INFESTED.] "Infested" means a plant has been overrun by plant pests, including weeds.

Subd. 15. [INVASIVE SPECIES.] "Invasive species" means an exotic or nonnative species whose introduction and establishment causes, or may cause, economic or environmental harm or harm to human health.

Subd. 16. [MARK.] "Mark" means an official indicator affixed by the commissioner for purposes of identification or separation, to, on, around, or near, plants or plant material known or suspected to be infected with a plant pest. This includes, but is not limited to, paint, markers, tags, seals, stickers, tape, ribbons, signs, or placards.

Subd. 17. [NURSERY STOCK.] "Nursery stock" means a plant intended for planting or propagation, including, but not limited to, trees, shrubs, vines, perennials, biennials, grafts, cuttings, and buds that may be sold for propagation, whether cultivated or wild, and all viable parts of these plants. Nursery stock does not include:

- (1) field and forage crops;
- (2) the seeds of grasses, cereal grains, vegetable crops, and flowers;
- (3) vegetable plants, bulbs, or tubers;
- (4) cut flowers, unless stems or other portions are intended for propagation;
- (5) annuals; or
- (6) Christmas trees.

Subd. 18. [OWNER.] "Owner" includes, but is not limited to, the person with the legal right of possession, proprietorship of, or responsibility for the property or place where any of the articles regulated in this chapter are found, or the person who is in possession of, proprietorship of, or has responsibility for the regulated articles.

Subd. 19. [PERMIT.] "Permit" means a document issued by a regulatory official that allows the movement of any regulated item from one location to another in accordance with specified conditions or requirements and for a specified purpose.

Subd. 20. [PERSON.] "Person" means an individual, firm, corporation, partnership, association, trust, joint stock company, or unincorporated organization; the state; a state agency; or a political subdivision.

Subd. 21. [PEST.] "Pest" means any living agent capable of reproducing itself that causes or may potentially cause harm to plants or other biotic organisms.

Subd. 22. [PHYTOSANITARY CERTIFICATE OR EXPORT CERTIFICATE.] "Phytosanitary certificate" or "export certificate" means a document authorized or prepared by a duly authorized federal or state official that affirms, declares, or verifies that an article, nursery stock, plant, plant product, shipment, or any other officially regulated article meets applicable, legally established, plant pest regulations, including this chapter.

Subd. 23. [PLANT.] "Plant" means a plant, plant product, plant part, or reproductive or propagative part of a plant, plant product, or plant part, including all growing media, packing material, or containers associated with the plant, plant part, or plant product.

Subd. 24. [PLANT PEST.] "Plant pest" includes, but is not limited to, an invasive species or any pest of plants, agricultural commodities, horticultural products, nursery stock, or noncultivated plants by organisms such as insects, snails, nematodes, fungi, viruses, bacterium, microorganisms, mycoplasma-like organisms, weeds, plants, and parasitic plants.

Subd. 25. [PRECLEARANCE.] "Preclearance" means an agreement between quarantine officials of exporting and importing states to pass plants, plant material, or other items through quarantine by allowing the exporting state to inspect the plants preshipment, rather than the importing state inspecting the shipment upon arrival.

Subd. 26. [PUBLIC NUISANCE.] "Public nuisance" means:

(1) a plant, appliance, conveyance, or article that is infested with plant pests that may cause significant damage or harm; or

(2) premises where a plant pest is found.

Subd. 27. [QUARANTINE.] "Quarantine" means an enforced isolation or restriction of free movement of plants, plant material, animals, animal products, or any article or material in order to treat, control, or eradicate a plant pest.

Subd. 28. [REGULATED ARTICLE.] "Regulated article" means any item, the movement of which is governed by quarantine or this chapter.

Subd. 29. [REGULATED NONQUARANTINE PEST.] "Regulated nonquarantine pest" means a plant pest that has not been quarantined by state or federal agencies and whose presence in plants or articles may pose an unacceptable risk to nursery stock, other plants, the environment, or human activities.

Subd. 30. [SIGNIFICANT DAMAGE OR HARM.] "Significant damage" or "harm" means a level of adverse impact that results in economic damage, injury, or loss that exceeds the cost of control for a particular crop.

Sec. 3. [18G.03] [POWERS AND DUTIES OF COMMISSIONER.]

Subdivision 1. [ENTRY AND INSPECTION.] (a) The commissioner may enter and inspect a public or private place that might harbor plant pests and may require that the owner destroy or treat plant pests, plants, or other material.

(b) If the owner fails to properly comply with a directive of the commissioner, the commissioner may have any necessary work done at the owner's expense. The commissioner shall notify the owner of the deadline for paying those expenses. If the owner does not reimburse the commissioner for an expense within a time specified by the commissioner, the expense is a charge upon the county as provided in subdivision 4.

(c) If a dangerous plant pest infestation or infection threatens plants of an area in the state, the commissioner may take any measures necessary to eliminate or alleviate the danger.

(d) The commissioner may collect fees required by this chapter.

(e) The commissioner may issue and enforce a written or printed "stop-sale" order to the owner or custodian of any plants or articles infested or infected with dangerously injurious plant pests.

Subd. 2. [RULES.] The commissioner may adopt rules to carry out the purposes of this chapter.

Subd. 3. [QUARANTINE.] The commissioner may impose a quarantine to restrict or prohibit the transportation or distribution of plants or other materials capable of carrying plant pests into or through any part of this state.

Subd. 4. [COLLECTION OF CHARGES FOR WORK DONE FOR OWNER.] If the commissioner incurs an expense in conjunction with carrying out subdivision 1 and is not reimbursed by the owner of the land, the expense is a legal charge against the land. After the expense is incurred, the commissioner shall file verified and itemized

statements of the cost of all services rendered with the county auditor of the county in which the land is located. The county auditor shall place a lien in favor of the commissioner against the land involved, which must be certified by the county auditor and collected according to section 429.101.

Sec. 4. [18G.04] [ERADICATION, CONTROL, AND ABATEMENT OF NUISANCES; ISSUING CONTROL ORDERS.]

Subdivision 1. [PUBLIC NUISANCE.] Any premises, plant, appliance, conveyance, or article that is infested or infested with plant pests that may cause significant damage or harm and any premises where any plant pest is found is a public nuisance and must be prosecuted as a public nuisance in all actions and proceedings. All legal remedies for the prevention and abatement of a nuisance apply to a public nuisance under this section. It is unlawful for any person to maintain a public nuisance.

Subd. 2. [CONTROL ORDER.] In order to prevent the introduction or spread of harmful or dangerous plant pests, the commissioner may issue orders for necessary control measures. These orders may indicate the type of specific control to be used, the compound or material, the manner or the time of application, and who is responsible for carrying out the control order. Control orders may include directions to control or abate the plant pest to an acceptable level; eradicate the plant pest; restrict the movement of the plant pest or any material, article, appliance, plant, or means of conveyance suspected to be carrying the plant pest; or destroy plants or plant products infested or infested with a plant pest. Material suspected of being infested or infested with a plant pest may be confiscated by the commissioner.

Sec. 5. [18G.05] [DISCOVERY OF PLANT PESTS; OFFICIAL MARKING OF INFESTED OR INFECTED ARTICLES.]

Upon knowledge of the existence of a dangerous or injurious plant pest or invasive species within the state, the commissioner may conspicuously mark all plants, infested areas, materials, and articles known or suspected to be infested or infested with the plant pest or invasive species. Persons, owners, or tenants in possession of the premises or area in which the existence of the plant pest or invasive species is suspected must be notified by the commissioner with prescribed control measures. A person must comply with the commissioner's control order within the prescribed time. If the commissioner determines that satisfactory control or mitigation of the pest has been achieved, the order must be released.

Sec. 6. [18G.06] [ESTABLISHMENT OF QUARANTINE RESTRICTIONS.]

Subdivision 1. [SCOPE.] The commissioner may impose a quarantine restricting or regulating the production, movement, or existence of plants, plant products, agricultural commodities, crop seed, farm products, or other articles or materials in order that the introduction or spread of a plant pest may be prevented or limited or an existing plant pest may be controlled or eradicated.

Subd. 2. [QUARANTINE NOTICE.] (a) The commissioner may issue orders to take prompt regulatory action in plant pest emergencies on regulated articles. If continuing quarantine action is required, a formal quarantine may be imposed. Orders may be issued to retain necessary quarantine action on a few properties if eradication treatments have been applied and continuing quarantine action is no longer necessary for the majority of the regulated area.

(b) The commissioner may place an emergency regulation or quarantine in effect without prior public notice in order to take immediate regulatory action to prevent the introduction or establishment of a plant pest.

(c) The commissioner may enter into cooperative agreements with the United States Department of Agriculture and other federal, state, city, or county agencies to assist in the enforcement of federal quarantines. The commissioner may adopt a quarantine or regulation against a pest or an area not covered by a federal quarantine.

The commissioner may seize, destroy, or require treatment of products moved from a federally regulated area if they were not moved in accordance with the federal quarantine regulations or, if certified, they were found to be infested with the pest organism.

(d) The commissioner may impose a quarantine against a plant pest that is not quarantined in other states to prevent the spread of the plant pest within this state. The commissioner may enact a quarantine against a plant pest of regional or national significance even when no federal domestic quarantine has been adopted. These quarantines regulate intrastate movement between quarantined and nonquarantined areas of this state. The commissioner may enact a parallel state quarantine if there is a federal quarantine applied to a portion of the state.

(e) The commissioner may impose a state exterior quarantine if the plant pest is not established in this state but is established in other states. State exterior quarantines may be enacted even if no federal domestic quarantine has been adopted. The commissioner may issue control orders at destinations necessary to prevent the introduction or spread of plant pests.

Subd. 3. [DESCRIPTION OF REGULATED AREAS.] (a) The regulated area to be described in a quarantine may involve the entire state, portions of the state, or certain names and locations of infested properties.

(b) Regulated quarantine areas may be subdivided into suppression areas and generally infested areas if it is desirable to control movement into suppression areas from generally infested areas.

(c) Quarantine provisions or areas regulated may be amended by the commissioner through publication of a notice to that effect in local newspapers or through direct written notice to affected property owners.

(d) If an infestation in a specific regulated area has been eliminated to the extent that movement of the regulated articles no longer present a pest risk, the quarantine in that area may be removed. The commissioner may also exempt areas from specified requirements until eradication has been achieved.

Subd. 4. [MOVEMENT OF REGULATED ARTICLES.] (a) A regulated article may be refused entry into this state if it is prohibited or is required to be certified and comes from an area regulated by a state or federal quarantine. The owner or carrier of regulated articles that are reportedly originating in nonregulated areas of a quarantined state must provide proof of origin of the regulated articles. An invoice, waybill, or other shipping document satisfactory to the receiving state regulatory official is acceptable as proof of origin.

(b) Certificates or permits are required for the movement of regulated articles from a regulated area to any point outside the regulated area. Certificates or permits are not required for a regulated article originating outside of a regulated area moving to another nonregulated area or moving through or reshipped from a regulated area when the point of origin of the article is clearly indicated on a waybill, bill of lading, shipper's invoice, or other similar document accompanying the shipment. Shipments moving through or being reshipped from a regulated area must be safeguarded against infestation while within the regulated area.

Subd. 5. [PUBLIC NOTIFICATION OF A STATE QUARANTINE OR EMERGENCY REGULATION.] (a) For pest threats of imminent concern, the commissioner may declare an emergency quarantine or enact emergency orders.

(b) If circumstances permit, public notice and a public hearing must be held to solicit comments regarding the proposed state quarantine. If a pest threat is of imminent concern and there is insufficient time to allow full public comment on the proposed quarantine, the commissioner may impose an emergency quarantine until a state quarantine can be implemented.

(c) Upon establishment of a state quarantine, and upon institution of modifications or repeal, notices must be sent to the principal parties of interest, including federal and state authorities, and to organizations representing the public involved in the restrictive measures.

Subd. 6. [QUARANTINE REPEAL.] A quarantine may be repealed when its purpose has been accomplished. If a quarantine has attained its objective or if the progress of events has clearly proved that attainment is not possible by the restrictions adopted, a quarantine may be modified or repealed.

Sec. 7. [18G.07] [TREE CARE AND TREE TRIMMING COMPANY REGISTRY.]

Subdivision 1. [CREATION OF REGISTRY.] The commissioner shall maintain a list of all persons and companies that provide tree care or tree trimming services in Minnesota. All tree care providers, tree trimmers, and persons who remove trees, limbs, branches, brush, or shrubs for hire must provide the following information to the commissioner:

- (1) accurate and up-to-date business name, address, and telephone number;
- (2) a complete list of all Minnesota counties in which they work; and
- (3) a complete list of persons in the business who are certified by the International Society of Arborists.

Subd. 2. [INFORMATION DISSEMINATION.] The commissioner shall provide registered tree care companies with information and data regarding any existing or potential regulated forest pest infestations within the state.

Sec. 8. [18G.09] [SHIPMENT OF PLANT PESTS AND BIOLOGICAL CONTROL AGENTS.]

Shipment, introduction into, or release in Minnesota of (1) a plant pest, noxious weed, or other organism that may directly or indirectly affect Minnesota's plant life as a harmful or dangerous pest, parasite, or predator of other organisms, or (2) an arthropod, is prohibited, except under permit issued by the commissioner.

No person may sell, offer for sale, move, convey, transport, deliver, ship, or offer for shipment any plant pest, or biological control agent without a permit from the United States Department of Agriculture, Animal and Plant Health Inspection Service or its state equivalent. A permit may be issued only after the commissioner determines that the proposed shipment or use will not create a hazard to the agricultural, forest, or horticultural interests of this state or the state's general environmental quality. For interstate movement, the permit must be affixed conspicuously to the exterior of each shipping container, box, package, or appliance; accompany each shipping container, box, package, or appliance; or comply with other directions of the commissioner. This section does not apply to intrastate shipments of federal or state approved biological control agents used in this state for control of plant pests. Shipping containers must be escape-proof and the commissioner shall specify labeling and shipping protocols.

Sec. 9. [18G.10] [EXPORT CERTIFICATION, INSPECTIONS, CERTIFICATES, PERMITS, AND FEES.]

Subdivision 1. [PURPOSE.] To ensure continued access to foreign and domestic markets, the commissioner shall provide inspection and certification services to ensure that appropriate phytosanitary restrictions or requirements are fully met.

Subd. 2. [DISPOSITION AND USE OF MONEY RECEIVED.] All fees and penalties collected under this chapter and interest attributable to the money in the account must be deposited in the state treasury and credited to the nursery and phytosanitary account in the agricultural fund. Money in the account, including interest earned, is appropriated to the commissioner for the administration and enforcement of this chapter.

Subd. 3. [COOPERATIVE AGREEMENTS.] The commissioner may enter into cooperative agreements with federal and state agencies for administration of the export certification program. An exporter of plants or plant products desiring to originate shipments from Minnesota to a foreign country requiring a phytosanitary certificate or export certificate must submit an application to the commissioner.

Subd. 4. [PHYTOSANITARY AND EXPORT CERTIFICATES.] Application for phytosanitary certificates or export certificates must be made on forms provided or approved by the commissioner. The commissioner shall conduct inspections of plants, plant products, or facilities for persons that have applied for or intend to apply for a phytosanitary certificate or export certificate from the commissioner. Inspections must include one or more of the following as requested or required:

(1) an inspection of the plants or plant products intended for export under a phytosanitary certificate or export certificate;

(2) field inspections of growing plants to determine presence or absence of plant diseases, if necessary;

(3) laboratory diagnosis for presence or absence of plant diseases, if necessary;

(4) observation and evaluation of procedures and facilities utilized in handling plants and plant products, if necessary; and

(5) review of United States Department of Agriculture, Federal Grain Inspection Service Official Export Grain Inspection Certificate logs.

The commissioner may issue a phytosanitary certificate or export certificate if the plants or plant products satisfactorily meet the requirements of the importing foreign country and the United States Department of Agriculture requirements. The requirements of the destination countries must be met by the applicant.

Subd. 5. [CERTIFICATE FEES.] (a) The commissioner shall assess the fees in paragraphs (b) to (f) for the inspection, service, and work performed in carrying out the issuance of a phytosanitary certificate or export certificate. The inspection fee must be based on mileage and inspection time.

(b) Mileage charge: current United States Internal Revenue Service mileage rate.

(c) Inspection time: \$50 per hour minimum or fee necessary to cover department costs. Inspection time includes the driving time to and from the location in addition to the time spent conducting the inspection.

(d) A fee must be charged for any certificate issued that requires laboratory analysis before issuance. The fee must be deposited into the laboratory account as authorized in section 17.85.

(e) Certificate fee for product value greater than \$250: \$75 for each phytosanitary or export certificate issued for any single shipment valued at more than \$250 in addition to any mileage or inspection time charges that are assessed.

(f) Certificate fee for product value less than \$250: \$25 for each phytosanitary or export certificate issued for any single shipment valued at less than \$250 in addition to any mileage or inspection time charges that are assessed.

Subd. 6. [CERTIFICATE DENIAL OR CANCELLATION.] The commissioner may deny or cancel the issuance of a phytosanitary or export certificate for any of the following reasons:

(1) failure of the plants or plant products to meet quarantine, regulations, and requirements imposed by the country for which the phytosanitary or export certificate is being requested;

(2) failure to completely or accurately provide the information requested on the application form;

(3) failure to ship the exact plants or plant products which were inspected and approved; or

(4) failure to pay any fees or costs due the commissioner.

Subd. 7. [PLANT PROTECTION INSPECTIONS, CERTIFICATES, PERMITS, AND FEES.] (a) The commissioner may provide inspection, sampling, or certification services to ensure that Minnesota plant products or commodities meet import requirements of other states or countries.

(b) The state plant regulatory official may issue permits and certificates verifying that various Minnesota agricultural products or commodities meet specified phytosanitary requirements, treatment requirements, or pest absence assurances based on determinations by the commissioner. The commissioner may collect fees sufficient to recover costs for these permits or certificates. The fees must be deposited in the nursery and phytosanitary account.

Sec. 10. [18G.11] [COOPERATION WITH OTHER JURISDICTIONS.]

The commissioner may enter into cooperative agreements with organizations, persons, civic groups, governmental agencies, or other organizations to adopt and execute plans to detect and control areas infested or infected with harmful plant pests. The cooperative agreements may include provisions of joint funding of any control treatment.

If a harmful plant pest infestation or infection occurs and cannot be adequately controlled by individual persons, owners, tenants, or local units of government, the commissioner may conduct the necessary control measures independently or on a cooperative basis with federal or other units of government.

Sec. 11. [18G.12] [INVASIVE SPECIES MANAGEMENT AND INVESTIGATION.]

Subdivision 1. [PLANT PEST AND INVASIVE SPECIES RESEARCH.] The commissioner shall conduct research to prevent the introduction or spread of invasive species and plant pests into the state and to investigate the feasibility of their control or eradication.

Subd. 2. [STATEWIDE PROGRAM.] The commissioner shall establish a statewide program to prevent the introduction and the spread of harmful plant pest and terrestrial invasive species. To the extent possible, the program must provide coordination of efforts among governmental entities and private organizations.

Subd. 3. [INVASIVE SPECIES MANAGEMENT PLAN.] The commissioner shall prepare and maintain a long-term terrestrial invasive species management plan which may include specific plans for individual species. The plan must address:

(1) coordination strategies for detection and prevention of accidental introductions;

(2) methods to disseminate information about harmful invasive species to the general public and appropriate agricultural and resource management agencies or organizations;

(3) coordination of control efforts for selected harmful terrestrial invasive species; and

(4) participation by local units of government and other state and federal agencies in the development and implementation of local management efforts.

Subd. 4. [REGIONAL COOPERATION.] The commissioner shall seek cooperation with other states and Canadian provinces for the purposes of management and control of harmful invasive species.

Subd. 5. [INVASIVE SPECIES ANNUAL REPORT.] By January 15 of each year, the commissioner shall submit a report on harmful terrestrial invasive species to the chairs of the legislative committees having jurisdiction over environmental and agricultural resource issues. The report must include:

(1) detailed information on expenditures for administration, education, management, inspections, surveys, and research;

(2) an overview of accomplishments achieved during the prior calendar year;

(3) an analysis of the effectiveness of management activities;

(4) information related to the participation of other state and local units of government;

(5) information about shade tree protection efforts and results;

(6) an assessment of future management needs; and

(7) proposed goals for the coming year.

Sec. 12. [18G.13] [LOCAL PEST CONTROL.]

Subdivision 1. [PURPOSE.] The purpose of this section is to authorize political subdivisions to establish and fund their own programs to control pests that are likely to cause economic or environmental harm or harm to human health.

Subd. 2. [CONTROL.] The governing body of a county, city, or town may appropriate money to control native or exotic pests.

Subd. 3. [COST.] The governing body of the political subdivision may levy a tax on the taxable property within the subdivision to defray the cost of the activities authorized under subdivision 2.

Subd. 4. [CERTIFICATES OF INDEBTEDNESS.] To provide funds for activities authorized in subdivision 2 in advance of collection of the tax under subdivision 3, the governing body may, after the tax has been levied and certified to the county auditor for collection, issue certificates of indebtedness in anticipation of the collection and payment of the tax. The total amount of the certificates, including principal and interest, must not exceed 90 percent of the amount of the levy and must be payable from the proceeds of the levy no later than two years from the date of issuance. They must be issued on terms and conditions determined by the governing body and must be sold as provided in section 475.60. If the governing body determines that an emergency exists, it may make appropriations from the proceeds of the certificates for authorized purposes without complying with statutory or charter provisions requiring that expenditures be based on a prior budget authorization or other budgeting requirements.

Subd. 5. [DEPOSIT OF PROCEEDS IN SEPARATE FUND.] The proceeds of a tax levied under subdivision 3 or an issue of certificates of indebtedness under subdivision 4 must be deposited in the municipal treasury in a separate fund and spent only for purposes authorized by this section. If no disbursement is made from the fund for a period of five years, any money remaining in the fund may be transferred to the general fund.

Subd. 6. [PENALTY.] A person who prevents, obstructs, or interferes with the county authorities or their agents in carrying out subdivisions 2 to 5, or neglects to comply with the rules and regulations of the county commissioners adopted under authority of those subdivisions, is guilty of a misdemeanor.

Subd. 7. [REGULATIONS; SCOPE.] A city council, board of county commissioners, or town board may by resolution or ordinance adopt and enforce regulations to control and prevent the spread of plant pests and diseases. The regulations may authorize appropriate officers and employees to:

(1) enter and inspect any public or private place that might harbor plant pests;

(2) provide for the summary removal of diseased trees from public or private places if necessary to prevent the spread of the disease;

(3) require the owner to destroy or treat plant pests, diseased or invasive plants, or other infested material; and

(4) provide for the work at the expense of the owner.

The expense must be a lien upon the property and may be collected as a special assessment as provided by section 429.101 or by charter. In this subdivision, "private place" means every place except a private home.

Sec. 13. [18G.14] [MOSQUITO ABATEMENT.]

Subdivision 1. [DECLARATION OF POLICY.] The abatement or suppression of mosquitoes is advisable and necessary for the maintenance and improvement of the health, welfare, and prosperity of the people. Areas where mosquitoes incubate or hatch are declared to be public nuisances and may be abated under this section. Mosquito abatement may be undertaken under sections 18.041 to 18.161 anywhere in the state by any governmental unit.

Subd. 2. [ESTABLISHING LOCAL BOARD.] A governmental unit may engage in mosquito abatement and establish a mosquito abatement board upon adoption of a resolution to that effect by its governing body or upon adoption of a proposal to that effect by the voters of the governmental unit in the manner provided in subdivision 3.

Subd. 3. [PETITION; HEARING; ELECTION.] If a petition signed by five percent of the property owners or 250 owners, whichever is less, is presented to a governing body requesting the governmental unit to engage in mosquito abatement, a public hearing must be held on the petition by the governing body within 15 days of presentation of the petition. If the governing body does not, within 15 days after the hearing, adopt a resolution to undertake mosquito abatement, the governing body must order a vote to be taken at the next regular election or town meeting on the proposal to undertake mosquito abatement. The governing body must provide ballots to be used at the election or meeting. The ballot must bear the words "Shall the (governmental unit) of engage in mosquito abatement?" If the majority of the votes are affirmative, the governing body must take appropriate action as soon as possible to carry on mosquito abatement. A proposal to undertake mosquito abatement that is rejected by the voters must not be resubmitted to the voters for two years.

Subd. 4. [DISCONTINUING PROGRAM.] If a governmental unit by action of its governing body or voters has chosen to engage in mosquito abatement, the abatement program may be discontinued in the following manner:

(1) if the mosquito abatement was originally undertaken by resolution of the governing body, then by the adoption of a resolution to that effect by the governing body, or by the adoption of a proposal to that effect by the voters of the governmental unit in the manner provided in this subdivision; and

(2) if the mosquito abatement was originally undertaken by the adoption of a proposal to that effect by the voters of the governmental unit, then only by the adoption of a proposal to that effect by the voters of the governmental unit in the manner provided in subdivision 5.

Subd. 5. [PETITION; HEARING; AND ELECTION TO DISCONTINUE.] If a petition signed by five percent of the property owners or 250 owners, whichever is less, is presented to the governing body engaged in mosquito abatement requesting it to discontinue mosquito abatement, a public hearing must be held on the petition by the governing body within 15 days after presentation of the petition. If the governing body does not, within 15 days after the hearing, adopt a resolution to discontinue mosquito abatement, the governing body must order a vote to be taken at the next regular election or town meeting on the proposal to discontinue mosquito abatement. The governing body shall provide ballots to be used at the election or meeting. The ballot must bear the words "Shall the (governmental unit) of discontinue mosquito abatement?" If a majority of the votes are affirmative, the governing body must take appropriate action as soon as possible to discontinue mosquito abatement. A proposal to discontinue mosquito abatement that is rejected by the voters must not be resubmitted to the voters for two years.

Subd. 6. [ABATEMENT BOARD.] A governing body that has decided, in the manner required by this section, to engage in mosquito abatement, shall appoint three persons to serve as members of a mosquito abatement board with powers specified in subdivision 8. Each member of the board holds office at the pleasure of the governing body and serves without compensation, except that board members may be reimbursed for actual expenses incurred in fulfilling board duties.

Subd. 7. [OFFICERS; MEETINGS.] Immediately after appointment of the board and at the first meeting in each succeeding calendar year, the board shall elect a chair, a secretary, a treasurer, and other necessary officers. The board shall provide for the time and place of holding regular meetings and may establish rules for proceedings. All meetings of the board are open to the public. Two members of the board constitute a quorum, but one member may adjourn from day to day. The board shall keep a written record of its proceedings and an itemized account of all expenditures and disbursements and that record and account must be open at all reasonable times for public inspection.

Subd. 8. [POWERS OF BOARD.] A mosquito abatement board and a joint board established under section 18.131 may, either by board action or through its members, officers, agents, or employees, as may be appropriate:

(1) enter any property within the governmental unit at reasonable times to determine whether mosquito breeding exists;

(2) take necessary and proper steps for the abatement of mosquitoes and other insects and arachnids, such as ticks, mites, and spiders, as the commissioner may designate;

(3) subject to the paramount control of county and state authorities, lagoon and clean up any stagnant pool of water and clean up shores of lakes and streams and other mosquito breeding places;

(4) spray with insecticides, approved by the commissioner, areas in the governmental unit found to be breeding places for mosquitoes or other insects or arachnids designated under clause (2);

(5) purchase supplies and equipment and employ persons necessary and proper for mosquito abatement;

(6) accept gifts of money or equipment to be used for mosquito abatement; and

(7) enter into contracts necessary to accomplish mosquito abatement.

Subd. 9. [COOPERATE WITH STATE DEPARTMENTS.] Each mosquito abatement board and each governmental unit engaged in mosquito abatement shall cooperate with the University of Minnesota, the commissioners of agriculture, health, natural resources, and transportation, and the agricultural experiment station.

Subd. 10. [TAX LEVY.] An annual tax may be levied for mosquito abatement purposes on all taxable property in any governmental unit undertaking mosquito abatement under this section. The tax must be certified, levied, and collected in the same manner as other taxes levied by the governmental unit.

Subd. 11. [CERTIFICATES OF INDEBTEDNESS.] At any time after the annual tax levy has been certified to the county auditor, and not earlier than October 10 in any year, any governing body may, for the purpose of providing the necessary funds for mosquito abatement for the succeeding year, by resolution, issue and sell as many certificates of indebtedness as may be needed in anticipation of the collection of taxes levied under subdivision 10. Certificates must not be issued in excess of 50 percent of the amount of the tax levy, as spread by the county auditor, to be collected for mosquito abatement. No certificate may be issued to become due and payable later than December 31 of the year succeeding the year in which the tax levy was made. The certificates must not be sold for less than par and accrued interest, and must not bear a greater rate of interest than five percent per annum. Each certificate must state upon its face that the proceeds of the certificate must be used for the mosquito abatement fund, the total amount of the certificates issued, and the amount embraced in the tax levy for that particular purpose. The certificates must be numbered consecutively and be in denominations of \$100 or multiples of \$100, may have interest coupons attached, and must be otherwise of a form, on terms, and made payable at a place that will best aid in their negotiation. The proceeds of the tax assessed and collected on account of the mosquito abatement fund must be irrevocably pledged for the redemption of the certificates issued. The certificates must be paid solely from the money derived from the levy for the year against which the certificates were issued, or, if they are not sufficient for that purpose, from the levy for the mosquito abatement fund in the next succeeding year. The money derived from the sale of the certificates must be credited to the mosquito abatement fund for the calendar year immediately succeeding the levy and may not be used or spent until the succeeding year. No certificates for any year may be issued until all certificates for prior years have been paid. No certificates may be extended.

Subd. 12. [DEPOSIT AND USE OF FUNDS.] All money received for mosquito abatement purposes, either by way of tax collection or the sale of certificates of indebtedness, must be deposited in the treasury of the governmental unit to the credit of a special fund to be designated as the mosquito abatement fund, must not be used for any other purpose, and must be drawn upon by the proper officials upon the properly authenticated voucher of the mosquito abatement board. No money may be paid from the fund except on orders drawn upon the officer of the governmental unit having charge of the custody of the mosquito abatement fund and signed by the chair and the secretary of the mosquito abatement board. Each mosquito abatement board shall annually file an itemized statement of all receipts and disbursements with its governing body.

Subd. 13. [DUTIES OF COMMISSIONER.] The commissioner:

(1) may establish rules for the conduct of mosquito abatement operations of governmental units and boards engaged in mosquito abatement; and

(2) is an ex officio member of a mosquito abatement board. The commissioner may appoint representatives to act for the commissioner as ex officio members of boards.

Subd. 14. [NATURAL RESOURCES.] The commissioner of natural resources must approve mosquito abatement plans or order modifications the commissioner of natural resources considers necessary for the protection of public water, wild animals, and natural resources before control operations are started on state lands administered by the commissioner of natural resources or in public waters listed on the department of natural resources public waters inventory. The commissioner of natural resources may make necessary modifications in an approved plan or revoke approval of a plan at any time upon written notice to the governing body or mosquito abatement board.

Subd. 15. [COOPERATION BETWEEN GOVERNMENTAL UNITS.] If two or more adjacent governmental units have authorized mosquito abatement and appointed the members of the mosquito abatement board, the governing bodies may, by written contract, arrange for pooling mosquito abatement funds, apportioning all costs, cooperating in the use of equipment and personnel, and engaging jointly in mosquito abatement upon terms and conditions and subject to mutually agreed upon rules. The immediate control and management of the joint project may, by the terms of the written contract, be entrusted to a joint committee composed of the chair of each of the boards or other board members.

Subd. 16. [UNORGANIZED TOWNS; POWERS OF COUNTY BOARD.] In any town that is unorganized politically, the county board of the county in which the town is situated has all the rights, powers, and duties conferred by this section upon the governing bodies of towns, including town boards, and the county board must act as though it were the governing body and town board of that town and may authorize and undertake mosquito abatement in the town and cause taxes to be levied for mosquito abatement the same as though the town were organized politically and the county board were the governing body and town board. The cost of mosquito abatement in such a town must be paid solely by a tax levy on the property within the town where mosquito abatement is undertaken and no part of the expense of mosquito abatement in that town may be a county expense or paid by the county.

Subd. 17. [COST OF STATE'S SERVICE; REFUNDS.] The actual cost to the state of any service rendered or expense incurred by the commissioner of agriculture or natural resources under this section for the benefit of a mosquito abatement board must be reimbursed by the appropriate governmental unit.

Sec. 14. [18G.16] [SHADE TREE PEST AND DISEASE CONTROL.]

Subdivision 1. [DEFINITIONS.] (a) The definitions in this subdivision apply to this section.

(b) "Metropolitan area" means the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

(c) "Municipality" means a home rule charter or statutory city or a town located in the metropolitan area that exercises municipal powers under section 368.01 or any general or special law; a special park district organized under chapter 398; a special-purpose park and recreation board organized under the city charter of a city of the first class located in the metropolitan area; a county in the metropolitan area for the purposes of county-owned property or any portion of a county located outside the geographic boundaries of a city or a town exercising municipal powers; and a municipality or county located outside the metropolitan area with an approved disease control program.

(d) "Shade tree disease" means Dutch elm disease, oak wilt, or any disorder affecting the growth and life of shade trees.

(e) "Wood utilization or disposal system" means facilities, equipment, or systems used for the removal and disposal of diseased shade trees, including collection, transportation, processing, or storage of wood and assisting in the recovery of materials or energy from wood.

(f) "Approved disease control program" means a municipal plan approved by the commissioner to control shade tree disease.

(g) "Disease control area" means an area approved by the commissioner within which a municipality will conduct an approved disease control program.

(h) "Sanitation" means the identification, inspection, disruption of a common root system, girdling, trimming, removal, and disposal of dead or diseased wood of shade trees, including subsidies for trees removed pursuant to subdivision 4, on public or private property within a disease control area.

(i) "Reforestation" means the replacement of shade trees removed from public property and the planting of a tree as part of a municipal disease control program. For purposes of this paragraph, "public property" includes private property within five feet of the boulevard or street terrace in a city that enacted an ordinance on or before January 1, 1977, that prohibits or requires a permit for the planting of trees in the public right-of-way.

Subd. 2. [COMMISSIONER TO ADOPT RULES.] The commissioner may adopt rules relating to shade tree pest and disease control in any municipality. The rules must prescribe control measures to be used to prevent the spread of shade tree pests and diseases and must include the following:

(1) a definition of shade tree;

(2) qualifications for tree inspectors;

(3) methods of identifying diseased or infested shade trees;

(4) procedures for giving reasonable notice of inspection of private real property;

(5) measures for the removal of any shade tree which may contribute to the spread of shade tree pests or disease and for reforestation of pest or disease control areas;

(6) approved methods of treatment of shade trees;

(7) criteria for priority designation areas in an approved pest or disease control program; and

(8) any other matters determined necessary by the commissioner to prevent the spread of shade tree pests or disease and enforce this section.

Subd. 3. [DIAGNOSTIC LABORATORY.] The commissioner shall operate a diagnostic laboratory for culturing diseased or infested trees for positive identification of diseased or infested shade trees.

Subd. 4. [COOPERATION BY UNIVERSITY.] The University of Minnesota College of Natural Resources shall cooperate with the department in control of shade tree disease, pests, and disorders and management of shade tree populations. The College of Natural Resources shall cooperate with the department to conduct tree inspector certification and recertification workshops for certified tree inspectors. The College of Natural Resources shall also conduct research into means for identifying diseased shade trees, develop and evaluate control measures, and develop means for disposing of and using diseased shade trees.

Subd. 5. [EXPERIMENTAL PROGRAMS.] The commissioner may establish experimental programs for sanitation or treatment of shade tree diseases and for research into tree varieties most suitable for municipal reforestation. The research must include considerations of disease resistance, energy conservation, and other factors considered appropriate. The commissioner may make grants to municipalities or enter into contracts with municipalities, nurseries, colleges, universities, or state or federal agencies in connection with experimental shade tree programs including research to assist municipalities in establishing priority designation areas for shade tree disease control and energy conservation.

Subd. 6. [REMOVAL OF DISEASED OR INFESTED TREES.] After reasonable notice of inspection, an owner of real property containing a shade tree that is diseased, infested, or may contribute to the spread of pests or disease, must remove or treat the tree within the period of time and in the manner established by the commissioner.

Trees that are not removed in compliance with the commissioner's rules must be declared a public nuisance and removed or treated by approved methods by the municipality, which may assess all or part of the expense, limited to the lowest contract rates available that include wage levels which meet Minnesota minimum wage standards, to the property and the expense becomes a lien on the property. A municipality may assess not more than 50 percent of the expense of treating with an approved method or removing diseased shade trees located on street terraces or boulevards to the abutting properties and the assessment becomes a lien on the property.

Subd. 7. [RULES; APPLICABILITY TO MUNICIPALITIES.] The rules of the commissioner apply in a municipality unless the municipality adopts an ordinance determined by the commissioner to be more stringent than the rules of the commissioner. The rules of the commissioner or the municipality apply to all state agencies, special purpose districts, and metropolitan commissions as defined in section 473.121, subdivision 5a, that own or control land adjacent to or within a shade tree disease control area.

Subd. 8. [GRANTS TO MUNICIPALITIES.] (a) The commissioner may, in the name of the state and within the limit of appropriations provided, make a grant to a municipality with an approved disease control program for the partial funding of municipal sanitation and reforestation programs to replace trees lost to disease or natural disaster. The commissioner may make a grant to a home rule charter or statutory city, a special purpose park and recreation board organized under a charter of a city of the first class, a nonprofit corporation serving a city of the first class, or a county having an approved disease control program for the acquisition or implementation of a wood use or disposal system.

(b) The commissioner shall adopt rules for the administration of grants under this subdivision. The rules must contain:

- (1) procedures for grant applications;
- (2) conditions and procedures for the administration of grants;
- (3) criteria of eligibility for grants including, but not limited to, those specified in this subdivision; and
- (4) other matters the commissioner may find necessary to the proper administration of the grant program.

(c) Grants for wood utilization and disposal systems made by the commissioner under this subdivision must not exceed 50 percent of the total cost of the system. Grants for sanitation and reforestation must be combined into one grant program. Grants to a municipality for sanitation must not exceed 50 percent of sanitation costs approved by the commissioner including any amount of sanitation costs paid by special assessments, ad valorem taxes, federal grants, or other funds. A municipality must not specially assess a property owner an amount greater than the amount of the tree's sanitation cost minus the amount of the tree's sanitation cost reimbursed by the commissioner. Grants to municipalities for reforestation must not exceed 50 percent of the wholesale cost of the trees planted under the reforestation program; provided that a reforestation grant to a county may include 90 percent of the cost of the first 50 trees planted on public property in a town not included in the definition of municipality in subdivision 1 and with less than 1,000 population when the town applies to the county. Reforestation grants to towns and home rule charter or statutory cities of less than 4,000 population with an approved disease control program may include 90 percent of the cost of the first 50 trees planted on public property. The governing body of a municipality that receives a reforestation grant under this section must appoint up to seven residents of the municipality or designate an existing municipal board or committee to serve as a reforestation advisory committee to advise the governing body of the municipality in the administration of the reforestation program. For the purpose of this subdivision, "cost" does not include the value of a gift or dedication of trees required by a municipal ordinance but does include documented "in-kind" services or voluntary work for municipalities with a population of less than 1,000 according to the most recent federal census.

(d) Based upon estimates submitted by the municipality to the commissioner, which state the estimated costs of sanitation and reforestation in the succeeding quarter under an approved program, the commissioner shall direct quarterly advance payments to be made by the state to the municipality commencing April 1. The commissioner shall direct adjustment of any overestimate in a succeeding quarter. A municipality may elect to receive the proceeds of its sanitation and reforestation grants on a periodic cost reimbursement basis.

(e) A home rule charter or statutory city, county outside the metropolitan area, or any municipality, as defined in subdivision 1, may submit an application for a grant authorized by this subdivision concurrently with its request for approval of a disease control program.

(f) The commissioner shall not make grants for sanitation and reforestation or wood utilization and disposal systems in excess of 67 percent of the amounts appropriated for those purposes to the municipalities located within the metropolitan area, as defined in subdivision 1.

Subd. 9. [SUBSIDIES TO CERTAIN OWNERS.] A municipality may provide subsidies to nonprofit organizations, to owners of private residential property of five acres or less, to owners of property used for a homestead of more than five acres but less than 20 acres, and to nonprofit cemeteries for the approved treatment or removal of diseased shade trees.

Notwithstanding any law to the contrary, an owner of property on which shade trees are located may contract with a municipality to provide protection against the cost of approved treatment or removal of diseased shade trees or shade trees that will contribute to the spread of shade tree diseases. Under the contract, the municipality must pay for the removal or approved treatment under terms and conditions determined by its governing body.

Subd. 10. [TREE INSPECTOR.] (a) The governing body of each municipality may appoint a qualified tree inspector. In accordance with section 471.59, two or more municipalities may jointly appoint a tree inspector for the purpose of administering the rules or ordinances in their communities. If a municipality has not appointed a tree inspector by January 1 in any year, the commissioner may assign a qualified employee of the department of agriculture to perform the duties of the tree inspector. The expense of a tree inspector appointed by the commissioner must be paid by the municipality. If an employee of the department of agriculture performs those duties, the expense must be billed to the municipality and paid into the state treasury and credited to the nursery and phytosanitary account.

(b) Upon a determination by the commissioner that a candidate for the position of tree inspector is qualified, the commissioner shall issue a certificate of qualification to the tree inspector. The certificate is valid for one year. A person certified as a tree inspector by the commissioner is authorized upon prior notification to enter and inspect any public or private property that might harbor diseased or infested shade trees.

(c) The commissioner may, upon notice and hearing, decertify a tree inspector if it appears that the tree inspector has failed to act competently or in the public interest in the performance of duties. Notice must be provided and a hearing conducted according to the provisions of chapter 14 governing contested case proceedings. Nothing in this paragraph limits or otherwise affects the authority of a municipality to dismiss or suspend a tree inspector in its discretion.

Subd. 11. [FINANCING.] (a) A municipality may collect the amount assessed against the property under subdivision 1 as a special assessment and may issue obligations as provided in section 429.101, subdivision 1. The municipality may, at its option, make any assessment levied payable with interest in installments not to exceed five years from the date of the assessment.

(b) After a contract for the sanitation or approved treatment of trees on private property has been approved or the work begun, the municipality may issue obligations to defray the expense of the work financed by special assessments imposed upon private property. Section 429.091 applies to those obligations with the following modifications:

(1) the obligations must be payable not more than five years from the date of issuance; and

(2) no election is required.

The certificates must not be included in the net debt of the issuing municipality.

Subd. 12. [DEPOSIT OF PROCEEDS IN SEPARATE FUND.] Proceeds of taxes, assessments, and interest collected under this section, bonds or certificates of indebtedness issued under subdivision 10, and grants received under subdivision 7 must be deposited in the municipal treasury in a separate fund and spent only for the purposes authorized by this section.

Subd. 13. [WOOD USE.] The departments of agriculture and natural resources, after consultation with the Minnesota shade tree advisory committee, may investigate, evaluate, and make recommendations to the legislature concerning the potential uses of wood from community trees removed due to disease or other disorders. These recommendations shall include maximum resource recovery through recycling, use as an alternative energy source, or use in construction or the manufacture of new products.

Subd. 14. [MUNICIPAL OPTION TO PARTICIPATE IN PROGRAM.] The term "municipality" shall include only those municipalities which have informed the commissioner of their intent to continue an approved disease control program. Any municipality desiring to participate in the grants-in-aid for the partial funding of municipal sanitation and reforestation programs must notify the commissioner in writing before the beginning of the calendar year in which it wants to participate and must have an approved disease control program during any year in which it receives grants-in-aid. Notwithstanding the provisions of any law to the contrary, no municipality shall be required to have an approved disease control program after December 31, 1981.

Subd. 15. [CERTAIN SPECIES NOT SUBJECT TO CHAPTER 18G.] Chapter 18G does not apply to exotic aquatic plants and wild animal species regulated under chapter 84D.

ARTICLE 5

NURSERY LAW

Section 1. [18H.02] [DEFINITIONS.]

Subdivision 1. [SCOPE.] The definitions in this section apply to this chapter.

Subd. 2. [AGENT.] "Agent" means a person who, on behalf of another person, receives on consignment, contracts for, or solicits for sale on commission, a plant product from a producer of the product or negotiates the consignment or purchase of a plant product on behalf of another person.

Subd. 3. [ANNUAL.] "Annual" means a plant growing in Minnesota with a life cycle of less than one year.

Subd. 4. [CERTIFICATE.] "Certificate" means a document authorized or prepared by a federal or state regulatory official that affirms, declares, or verifies that a plant, product, shipment, or other officially regulated item meets phytosanitary, nursery inspection, pest freedom, plant registration or certification, or other legal requirements.

Subd. 5. [CERTIFICATION.] "Certification" means a regulatory official's act of affirming, declaring, or verifying compliance with phytosanitary, nursery inspection, pest freedom, plant registration or certification, or other legal requirements.

Subd. 6. [CERTIFIED NURSERY STOCK.] "Certified nursery stock" means nursery stock which has been officially inspected by the commissioner and found apparently free of quarantine and regulated nonquarantine pests or significant dangerous or potentially damaging plant pests.

Subd. 7. [COMMISSIONER.] "Commissioner" means the commissioner of agriculture or the commissioner's designated employee, representative, or agent.

Subd. 8. [CONSIGNEE.] "Consignee" means a person to whom a plant, nursery stock, horticultural product, or plant product is shipped for handling, planting, sale, resale, or any other purpose.

Subd. 9. [CONSIGNOR.] "Consignor" means a person who ships or delivers to a consignee a plant, nursery stock, horticultural product, or plant product for handling, planting, sale, resale, or any other purpose.

Subd. 10. [CONTAINER-GROWN.] "Container-grown" means a plant that was produced from a liner or cutting in a container.

Subd. 11. [DEPARTMENT.] "Department" means the Minnesota department of agriculture.

Subd. 12. [DISTRIBUTE.] "Distribute" means offer for sale, sell, barter, ship, deliver for shipment, receive and deliver, offer to deliver, receive on consignment, contract for, solicit for sale on commission, or negotiate the consignment or purchase in this state.

Subd. 13. [INFECTED.] "Infected" means a plant that is:

(1) contaminated with pathogenic microorganisms;

(2) being parasitized;

(3) a host or carrier of an infectious, transmissible, or contagious pest; or

(4) so exposed to a plant listed in clause (1), (2), or (3) that one of those conditions can reasonably be expected to exist and the plant may also pose a risk of contamination to other plants or the environment.

Subd. 14. [INFESTED.] "Infested" means a plant has been overrun by plant pests, including weeds.

Subd. 15. [LANDSCAPER.] "Landscaper" includes, but is not limited to, a nursery stock dealer or person who procures certified stock for immediate sale, distribution, or transplantation and who does not grow or care for nursery stock.

Subd. 16. [MARK.] "Mark" means an official indicator affixed by the commissioner for purposes of identification or separation to, on, around, or near plants or plant material known or suspected to be infected with a plant pest. This includes, but is not limited to, paint, markers, tags, seals, stickers, tape, ribbons, signs, or placards.

Subd. 17. [NURSERY.] "Nursery" means a place where nursery stock is grown, propagated, collected, or distributed, including, but not limited to, private property or property owned, leased, or managed by any agency of the United States, Minnesota or its political subdivisions, or any other state or its political subdivisions where nursery stock is fumigated, treated, packed, or stored.

Subd. 18. [NURSERY CERTIFICATE.] "Nursery certificate" means a document issued by the commissioner recognizing that a person is eligible to sell, offer for sale, or distribute certified nursery stock at a particular location under a specified business name.

Subd. 19. [NURSERY HOBBYIST.] "Nursery hobbyist" means a person who grows, offers for sale, or distributes less than \$2,000 worth of certified nursery stock annually.

Subd. 20. [NURSERY STOCK.] "Nursery stock" means a plant intended for planting or propagation, including, but not limited to, trees, shrubs, vines, perennials, biennials, grafts, cuttings, and buds that may be sold for propagation, whether cultivated or wild, and all viable parts of these plants. Nursery stock does not include:

- (1) field and forage crops;
- (2) the seeds of grasses, cereal grains, vegetable crops, and flowers;
- (3) vegetable plants, bulbs, or tubers;
- (4) cut flowers, unless stems or other portions are intended for propagation;
- (5) annuals; or
- (6) Christmas trees.

Subd. 21. [NURSERY STOCK BROKER.] "Nursery stock broker" means a nursery stock dealer engaged in the business of selling or reselling nursery stock as a business transaction without taking ownership or handling the nursery stock.

Subd. 22. [NURSERY STOCK DEALER.] "Nursery stock dealer" means a person involved in the acquisition and further distribution of nursery stock; the utilization of nursery stock for landscaping or purchase of nursery stock for other persons; or the distribution of nursery stock with a mechanical digger, commonly known as a tree spade, or by any other means. A person who purchases more than half of the nursery stock offered for sale at a sales location during the current certificate year is considered a nursery stock dealer rather than a nursery stock grower for the purposes of determining a proper fee schedule. Nursery stock brokers, landscapers, and tree spade operators are considered nursery stock dealers for purposes of determining proper certification.

Subd. 23. [NURSERY STOCK GROWER.] "Nursery stock grower" includes, but is not limited to, a person who raises, grows, or propagates nursery stock, outdoors or indoors. A person who grows more than half of the nursery stock offered for sale at a sales location during the current certificate year is considered a nursery stock grower for the purpose of determining a proper fee schedule.

Subd. 24. [OWNER.] "Owner" includes, but is not limited to, the person with the legal right of possession, proprietorship of, or responsibility for the property or place where any of the articles regulated in this chapter are found, or the person who is in possession of, proprietorship of, or has responsibility for the regulated articles.

Subd. 25. [PERSON.] "Person" means an individual, firm, corporation, partnership, association, trust, joint stock company, unincorporated organization, the state, a state agency, or a political subdivision.

Subd. 26. [PLACE OF ORIGIN.] "Place of origin" means the county and state where nursery stock was most recently certified or grown for at least one full growing season.

Subd. 27. [PLANT.] "Plant" means a plant, plant product, plant part, or reproductive or propagative part of a plant, plant product, or plant part, including all growing media, packing material, or containers associated with the plants, plant parts, or plant products.

Subd. 28. [PLANT PEST.] "Plant pest" means a biotic agent that causes or may cause harm to plants.

Subd. 29. [PUBLIC NUISANCE.] "Public nuisance" means:

(1) a plant, appliance, conveyance, or article that is infested with plant pests that may cause significant damage or harm; or

(2) premises where a plant pest is found.

Subd. 30. [QUARANTINE.] "Quarantine" means an enforced isolation or restriction of free movement of plants, plant material, animals, animal products, or any article or material in order to treat, control, or eradicate a plant pest.

Subd. 31. [REGULATED NONQUARANTINE PEST.] "Regulated nonquarantine pest" means a plant pest that has not been quarantined by state or federal agencies and whose presence in plants or articles may pose an unacceptable risk to nursery stock, other plants, the environment, or human activities.

Subd. 32. [SALES LOCATION.] "Sales location" means a fixed location from which nursery stock is displayed or distributed.

Subd. 33. [TREE SPADE.] "Tree spade" means a mechanical device or machinery capable of removing nursery stock, root system, and soil from the planting in one operation.

Subd. 34. [TREE SPADE OPERATOR.] "Tree spade operator" means a nursery stock dealer who uses a tree spade to dig nursery stock and sells, offers for sale, distributes, and transports certified nursery stock.

Sec. 2. [18H.03] [POWERS AND DUTIES OF COMMISSIONER.]

Subdivision 1. [EMPLOYEES.] The commissioner may employ entomologists, plant pathologists, and other employees necessary to administer this chapter.

Subd. 2. [ENTRY AND INSPECTION; FEES.] (a) The commissioner may enter and inspect a public or private place that might harbor plant pests and may require that the owner destroy or treat plant pests, plants, or other material.

(b) If the owner fails to properly comply with a directive of the commissioner within a given period of time, the commissioner may have any necessary work done at the owner's expense. If the owner does not reimburse the commissioner for the expense within a time specified by the commissioner, the expense is a charge upon the county as provided in subdivision 4.

(c) If a dangerous plant pest infestation or infection threatens plants of an area in the state, the commissioner may take any measures necessary to eliminate or alleviate the danger.

(d) The commissioner may collect fees required by this chapter.

(e) The commissioner may issue and enforce a written or printed "stop-sale" order to the owner or custodian of any nursery stock if fees required by the nursery are not paid. The commissioner may not be held liable for the deterioration of nursery stock during the period for which it is held pursuant to a stop-sale order.

Subd. 3. [QUARANTINES.] The commissioner may impose a quarantine to restrict or prohibit the transportation of nursery stock, plants, or other materials capable of carrying plant pests into or through any part of the state.

Subd. 4. [COLLECTION OF CHARGES FOR WORK DONE FOR OWNER.] If the commissioner incurs an expense in conjunction with carrying out subdivision 2 and is not reimbursed by the owner of the land, the expense is a legal charge against the land. After the expense is incurred, the commissioner shall file verified and itemized statements of the cost of all services rendered with the county auditor of the county in which the land is located. The county auditor shall place a lien in favor of the commissioner against the land involved, certified by the county auditor, and collected according to section 429.101.

Subd. 5. [DELEGATION AUTHORITY.] The commissioner may, by written agreements, delegate specific inspection, enforcement, and other regulatory duties of this chapter to officials of other agencies. This delegation may only be made to a state agency, a political subdivision, or a political subdivision's agency that has signed a joint powers agreement with the commissioner as provided in section 471.59.

Subd. 6. [DISSEMINATION OF INFORMATION.] The commissioner may disseminate information among growers relative to treatment of nursery stock in both prevention and elimination of attack by plant pests and diseases.

Subd. 7. [OTHER DUTIES OF SERVICE.] The commissioner may carry out other duties or responsibilities that are of service to the industry or that may be necessary for the protection of the industry.

Sec. 3. [18H.04] [ADOPTION OF RULES.]

The commissioner may adopt rules to carry out the purposes of this chapter. The rules may include, but are not limited to, rules in regard to labeling and the maintenance of viability and vigor of nursery stock. Rules of the commissioner that are in effect on July 1, 2003, relating to plant protection, nursery inspection, or the Plant Pest Act remain in effect until they are superseded by new rules.

Sec. 4. [18H.05] [NURSERY CERTIFICATE REQUIREMENTS.]

(a) No person may offer for sale or distribute nursery stock as a nursery stock grower or dealer without first obtaining the appropriate nursery stock certificate from the commissioner. Certificates are issued solely for these purposes and may not be used for other purposes.

(b) A certificate issued by the commissioner expires on December 31 of the year it is issued.

(c) A person required to be certified by this section must apply for a certificate or for renewal on a form furnished by the commissioner which must contain:

(1) the name and address of the applicant, the number of locations to be operated by the applicant and their addresses, and the assumed business name of the applicant;

(2) if other than an individual, a statement whether a person is a partnership, corporation, or other organization; and

(3) the type of business to be operated and, if the applicant is an agent, the principals the applicant represents.

(d) No person may:

(1) falsely claim to be a certified dealer, grower, broker, or agent; or

(2) make willful false statements when applying for a certificate.

(e) Each application for a certificate must be accompanied by the appropriate certificate fee under section 18H.07.

(f) Certificates issued by the commissioner must be prominently displayed to the public in the place of business where nursery stock is sold or distributed.

(g) The commissioner may refuse to issue a certificate for cause.

(h) Each grower or dealer is entitled to one sales location under the certificate of the grower or dealer. Each additional sales location maintained by the person requires the payment of the full certificate fee for each additional sales outlet.

(i) A grower who is also a dealer is certified only as a grower for that specific site.

(j) A certificate is personal to the applicant and may not be transferred. A new certificate is necessary if the business entity is changed or if the membership of a partnership is changed, whether or not the business name is changed.

(k) The certificate issued to a dealer or grower applies to the particular premises named in the certificate. However, if prior approval is obtained from the commissioner, the place of business may be moved to the other premises or location without an additional certificate fee.

(l) A collector of nursery stock from the wild is required to obtain a dealer's certificate from the commissioner and is subject to all the requirements that apply to the inspection of nursery stock. All collected nursery stock must be labeled as "collected from the wild."

Sec. 5. [18H.06] [EXEMPT NURSERY SALES.]

Subdivision 1. [NOT-FOR-PROFIT SALES.] An organization or individual may offer for sale certified nursery stock and be exempt from the requirement to obtain a nursery stock dealer certificate if sales are conducted by a nonprofit charitable, educational, or religious organization that:

(1) conducts sales or distributions of certified nursery stock on 14 or fewer days in a calendar year; and

(2) uses the proceeds from its certified nursery stock sales or distribution for charitable, educational, or religious purposes.

Subd. 2. [NURSERY HOBBYIST SALES.] (a) An organization or individual may offer nursery stock for sale and be exempt from the requirement to obtain a nursery stock dealer certificate if:

(1) the gross sales of all nursery stock in a calendar year do not exceed \$2,000;

(2) all nursery stock sold or distributed by the hobbyist is intended for planting in Minnesota; and

(3) all nursery stock purchased or procured for resale or distribution was grown in Minnesota and has been certified by the commissioner.

(b) The commissioner may prescribe the conditions of the exempt nursery sales under this subdivision and may conduct routine inspections of the nursery stock offered for sale.

Sec. 6. [18H.07] [FEE SCHEDULE.]

Subdivision 1. [ESTABLISHMENT OF FEES.] The commissioner shall establish fees sufficient to allow for the administration and enforcement of this chapter and rules adopted under this chapter, including the portion of general support costs and statewide indirect costs of the agency attributable to that function, with a reserve sufficient for up to six months. The commissioner shall review the fee schedule annually in consultation with the Minnesota nursery and landscape advisory committee. For the certificate year beginning January 1, 2004, the fees are as described in this section.

Subd. 2. [NURSERY STOCK GROWER CERTIFICATE.] (a) A nursery stock grower must pay an annual fee based on the area of all acreage on which nursery stock is grown for certification as follows:

- (1) less than one-half acre, \$150;
- (2) from one-half acre to two acres, \$200;
- (3) over two acres up to five acres, \$300;
- (4) over five acres up to ten acres, \$350;
- (5) over ten acres up to 20 acres, \$500;
- (6) over 20 acres up to 40 acres, \$650;
- (7) over 40 acres up to 50 acres, \$800;
- (8) over 50 acres up to 200 acres, \$1,100;
- (9) over 200 acres up to 500 acres, \$1,500; and
- (10) over 500 acres, \$1,500 plus \$2 for each additional acre.

(b) In addition to the fees in paragraph (a), a penalty of ten percent of the fee due must be charged for each month that the fee is delinquent for any application for renewal not received by January 1 of the year following expiration of a certificate.

Subd. 3. [NURSERY STOCK DEALER CERTIFICATE.] (a) A nursery stock dealer must pay an annual fee based on the dealer's gross sales of nursery stock per location during the preceding certificate year. A certificate applicant operating for the first time must pay the minimum fee. The fees per sales location are:

- (1) gross sales up to \$20,000, \$150;
- (2) gross sales over \$20,000 up to \$100,000, \$175;
- (3) gross sales over \$100,000 up to \$250,000, \$300;
- (4) gross sales over \$250,000 up to \$500,000, \$425;
- (5) gross sales over \$500,000 up to \$1,000,000, \$550;
- (6) gross sales over \$1,000,000 up to \$2,000,000, \$675; and

(7) gross sales over \$2,000,000, \$800.

(b) In addition to the fees in paragraph (a), a penalty of ten percent of the fee due must be charged for each month that the fee is delinquent for any application for renewal not received by January 1 of the year following expiration of a certificate.

Subd. 4. [REINSPECTION; ADDITIONAL OR OPTIONAL INSPECTION FEES.] If a reinspection is required or an additional inspection is needed or requested a fee must be assessed based on mileage and inspection time as follows:

(1) mileage must be charged at the current United States Internal Revenue Service reimbursement rate; and

(2) inspection time must be charged at the rate of \$50 per hour, including the driving time to and from the location in addition to the time spent conducting the inspection.

Sec. 7. [18H.08] [LOCAL SALES AND MISCELLANEOUS.]

Subdivision 1. [SERVICES AND FEES.] The commissioner may make small lot inspections or perform other necessary services for which another charge is not specified. For these services the commissioner shall set a fee plus expenses that will recover the cost of performing this service. The commissioner may set an additional acreage fee for inspection of seed production fields for exporters in order to meet domestic and foreign plant quarantine requirements.

Subd. 2. [VIRUS DISEASE-FREE CERTIFICATION.] The commissioner may provide special services such as virus disease-free certification and other similar programs. Participation by nursery stock growers is voluntary. Plants offered for sale as certified virus-free must be grown according to certain procedures in a manner defined by the commissioner for the purpose of eliminating viruses and other injurious disease or insect pests. The commissioner shall collect reasonable fees from participating nursery stock growers for services and materials that are necessary to conduct this type of work.

Sec. 8. [18H.09] [NURSERY INSPECTIONS REQUIRED.]

(a) All nursery stock growing sites in Minnesota must have had an inspection by the commissioner during the previous 12 months and found apparently free from quarantine and regulated nonquarantine pests as well as significantly dangerous or potentially damaging plant pests. All nursery stock originating from out of state and offered for sale in Minnesota must have been inspected by the appropriate state or federal agency during the previous 12 months and found free from quarantine and regulated nonquarantine pests as well as significantly dangerous or potentially damaging plant pests. A nursery stock certificate is valid from January 1 to December 31.

(b) Nursery stock must be accessible to the commissioner for inspection during regular business hours. Weeds or other growth that hinder a proper inspection are grounds to suspend or withhold a certificate or require a reinspection.

(c) Inspection reports issued to growers must contain a list of the plant pests found at the time of inspection. Withdrawal-from-distribution orders are considered part of the inspection reports. A withdrawal-from-distribution order must contain a list of plants withdrawn from distribution and the location of the plants.

(d) The commissioner may post signs to delineate sections withdrawn from distribution. These signs must remain in place until the commissioner removes them or grants written permission to the grower to remove the signs.

(e) Inspection reports issued to dealers must outline the violations involved and corrective actions to be taken including withdrawal-from-distribution orders which would specify nursery stock that could not be distributed from a certain area.

(f) Optional inspections of plants may be conducted by the commissioner upon request by any persons desiring an inspection. A fee as provided in section 18H.07 must be charged for such an inspection.

Sec. 9. [18H.10] [STORAGE OF NURSERY STOCK.]

All nursery stock must be kept and displayed under conditions of temperature, light, and moisture sufficient to maintain the viability and vigor of the nursery stock.

Sec. 10. [18H.11] [NURSERY STOCK STANDARDS.]

The American Standard for Nursery Stock, ANSI Z60.1, published by the Nursery and Landscape Association, must be used by the commissioner in determining standards and grades of nursery stock when not in conflict with this chapter.

Sec. 11. [18H.12] [DAMAGED, DISEASED, INFESTED, OR MISREPRESENTED STOCK.]

(a) No person may knowingly offer to distribute, advertise, or display nursery stock that is infested or infected with quarantine or regulated nonquarantine pests or significant dangerous or potentially damaging plant pests, including noxious weeds or nursery stock that is in a dying condition, desiccated, frozen or damaged by freezing, or materially damaged in any way.

(b) No person may knowingly offer to distribute, advertise, or display nursery stock that may result in the capacity and tendency or effect of deceiving any purchaser or prospective purchaser as to the quantity, size, grade, kind, species name, age, variety, maturity, condition, vigor, hardiness, number of times transplanted, growth ability, growth characteristics, rate of growth, time required before flowering or fruiting, price, origin, place where grown, or any other material respect.

(c) Upon discovery or notification of damaged, diseased, infested, or misrepresented stock, the commissioner may place a stop-sale and distribution order on the material. The order makes it an illegal action to distribute, give away, destroy, alter, or tamper with the plants.

(d) The commissioner may conspicuously mark all plants, materials, and articles known or suspected to be infected or infested with quarantine or regulated nonquarantine pests or significant dangerous or potentially damaging plant pests. The commissioner shall notify the persons, owners, or the tenants in possession of the premises or area in question of the existence of the plant pests.

(e) If the commissioner determines that this chapter has been violated, the commissioner may order that the nuisance, infestation, infection, or plant pest be abated by whatever means necessary, including, but not limited to, destruction, confiscation, treatment, return shipment, or quarantine.

(f) The plant owner is liable for all costs associated with a stop order or a quarantine, treatment, or destruction of plants. The commissioner is not liable for any actual or incidental costs incurred by a person due to authorized actions of the commissioner. The commissioner must be reimbursed by the owner of plants for actual expenses incurred by the commissioner in carrying out a stop order.

Sec. 12. [18H.13] [SHIPMENT OF NURSERY STOCK INTO MINNESOTA.]

Subdivision 1. [LABELING.] Plants, plant materials, or nursery stock distributed into Minnesota must be conspicuously labeled on the exterior with the name of the consignor, the state of origin, and the name of the consignee and must be accompanied by certification documents to satisfy all applicable state and federal quarantines. Proof of valid nursery certification must also accompany the shipment. It is the shared responsibility of both the consignee and consignor to examine all shipments for the presence of current and applicable nursery stock certifications for all plant material from all sources of stock in each shipment.

Subd. 2. [RECIPROCITY.] A person residing outside the state may distribute nursery stock in Minnesota if:

(1) the person is duly certified under the nursery laws of the state where the nursery stock originates and the laws of that state are essentially equivalent to the laws of Minnesota as determined by the commissioner; and

(2) the person complies with this chapter and the rules governing nursery stock distributed in Minnesota.

Subd. 3. [RECIPROCAL AGREEMENTS.] The commissioner may cooperate with and enter into reciprocal agreements with other states regarding licensing and movement of nursery stock. Reciprocal agreements with other states do not prevent the commissioner from prohibiting the distribution in Minnesota of any nursery stock that fails to meet minimum criteria for nursery stock of Minnesota certified growers, dealers, or both. An official directory of certified nurseries and related nursery industry businesses from other states is acceptable in lieu of individual nursery certificates.

Subd. 4. [FOREIGN NURSERY STOCK.] A person receiving a shipment of nursery stock from a foreign country that has not been inspected and released by the United States Department of Agriculture at the port of entry must notify the commissioner of the arrival of the shipment, its contents, and the name of the consignor. The person must hold the shipment unopened until inspected or released by the commissioner.

Subd. 5. [TRANSPORTATION COMPANIES.] A person who acts as the representative of a transportation company, private carrier, commercial shipper, common carrier, express parcel carrier, or other transportation entity, and receives, ships, or otherwise distributes a carload, box, container, or any package of plants, plant materials, or nursery stock, that does not have all required certificates attached as required or fails to immediately notify the commissioner is in violation of this chapter.

Sec. 13. [18H.14] [LABELING AND ADVERTISING OF NURSERY STOCK.]

(a) Plants, plant materials, or nursery stock must not be labeled or advertised with false or misleading information including, but not limited to, scientific name, variety, place of origin, hardiness zone as defined by the United States Commissioner of Agriculture, and growth habit.

(b) A person may not offer for distribution plants, plant materials, or nursery stock, represented by some specific or special form of notation, including, but not limited to, "free from" or "grown free of," unless the plants are produced under a specific program approved by the commissioner to address the specific plant properties addressed in the special notation claim.

Sec. 14. [18H.15] [VIOLATIONS.]

(a) A person who offers to distribute nursery stock that is uncertified, uninspected, or falsely labeled or advertised possesses an illegal regulated commodity that is considered infested or infected with harmful plant pests and subject to regulatory action and control. If the commissioner determines that the provisions of this section have been violated, the commissioner may order the destruction of all of the plants unless the person:

(1) provides proper phytosanitary preclearance, phytosanitary certification, or nursery stock certification;

(2) agrees to have the plants, plant materials, or nursery stock returned to the consignor; and

(3) provides proper documentation, certification, or compliance to support advertising claims.

(b) The plant owner is liable for all costs associated with a withdrawal-from-distribution order or the quarantine, treatment, or destruction of plants. The commissioner is not liable for actual or incidental costs incurred by a person due to the commissioner's actions. The commissioner must be reimbursed by the owner of the plants for the actual expenses incurred in carrying out a withdrawal-from-distribution order or the quarantine, treatment, or destruction of any plants.

(c) It is unlawful for a person to:

(1) misrepresent, falsify, or knowingly distribute, sell, advertise, or display damaged, mislabeled, misrepresented, infested, or infected nursery stock;

(2) fail to obtain a nursery certificate as required by the commissioner;

(3) fail to renew a nursery certificate, but continue business operations;

(4) fail to display a nursery certificate;

(5) misrepresent or falsify a nursery certificate;

(6) refuse to submit to a nursery inspection;

(7) fail to provide the cooperation necessary to conduct a successful nursery inspection;

(8) offer for sale uncertified plants, plant materials, or nursery stock;

(9) possess an illegal regulated commodity;

(10) violate or disobey a commissioner's order;

(11) violate a quarantine issued by the commissioner;

(12) fail to obtain phytosanitary certification for plant material or nursery stock brought into Minnesota;

(13) deface, mutilate, or destroy a nursery stock certificate, phytosanitary certificate, or phytosanitary preclearance certificate, or other commissioner mark, permit, or certificate;

(14) fail to notify the commissioner of an uncertified shipment of plants, plant materials, or nursery stock; or

(15) transport uncertified plants, plant materials, or nursery stock in Minnesota.

Sec. 15. [18H.16] [POLITICAL SUBDIVISION ORDINANCES.]

A political subdivision must not enact an ordinance or resolution that conflicts with this chapter.

Sec. 16. [18H.17] [NURSERY AND PHYTOSANITARY ACCOUNT.]

A nursery and phytosanitary account is established in the state treasury. The fees and penalties collected under this chapter and interest attributable to money in the account must be deposited in the state treasury and credited to the nursery and phytosanitary account in the agricultural fund. Money in the account, including interest earned, is annually appropriated to the commissioner for the administration and enforcement for this chapter.

Sec. 17. [18H.18] [CONSERVATION OF CERTAIN WILDFLOWERS.]

Subdivision 1. [RESTRICTIONS ON COLLECTING.] No person shall distribute the state flower (Cypripedium reginae), or any species of lady slipper (Cypripedieae), any member of the orchid family, any gentian (Gentiana), arbutus (epigaea repens), lilies (Lilium), coneflowers (Echinacea), bloodroot (Sanguinaria Canadensis), mayapple (Podophyllum peltatum), any species of trillium, or lotus (Nelumbo lutea), which have been collected in any manner from any public or private property without the written permission of the property owner and written authorization from the commissioner.

Subd. 2. [COLLECTION WITHOUT SALE.] Wildflower collection from public or private land for the purpose of transplanting the plants to a person's private property and not offering for immediate sale, requires the written permission from the property owner of the land on which the wildflowers are growing.

Subd. 3. [COLLECTION WITH INTENT TO SELL OR DISTRIBUTE WILDFLOWERS.] (a) The wildflowers listed in this section may be offered for immediate sale only if the plants are to be used for scientific or herbarium purposes.

(b) The wildflowers listed in this section must not be collected and sold commercially unless the plants are:

(1) growing naturally, collected, and cultivated on the collector's property; or

(2) collected through the process described in subdivision 2 and transplanted and cultivated on the collector's property.

(c) The collector must obtain a written permit from the commissioner before the plants may be offered for commercial sale.

ARTICLE 6

INSPECTION AND ENFORCEMENT

Section 1. [18J.01] [DEFINITIONS.]

(a) The definitions in sections 18G.02 and 18H.02 apply to this chapter.

(b) For purposes of this chapter, "associated rules" means rules adopted under this chapter, chapter 18G or 18H, or sections 21.80 to 21.92.

Sec. 2. [18J.02] [DUTIES OF COMMISSIONER.]

The commissioner shall administer and enforce this chapter, chapters 18G and 18H, sections 21.80 to 21.92, and associated rules.

Sec. 3. [18J.03] [CIVIL LIABILITY.]

A person regulated by this chapter, chapter 18G or 18H, or sections 21.80 to 21.92, is civilly liable for any violation of one of those statutes or associated rules by the person's employee or agent.

Sec. 4. [18J.04] [INSPECTION, SAMPLING, ANALYSIS.]

Subdivision 1. [ACCESS AND ENTRY.] The commissioner, upon presentation of official department credentials, must be granted immediate access at reasonable times to sites where a person manufactures, distributes, uses, handles, disposes of, stores, or transports seeds, plants, or other living or nonliving products or other objects regulated under chapter 18G or 18H, sections 21.80 to 21.92, or associated rules.

Subd. 2. [PURPOSE OF ENTRY.] (a) The commissioner may enter sites for:

(1) inspection of inventory and equipment for the manufacture, storage, handling, distribution, disposal, or any other process regulated under chapter 18G or 18H, sections 21.80 to 21.92, or associated rules;

(2) sampling of sites, seeds, plants, products, or other living or nonliving objects that are manufactured, stored, distributed, handled, or disposed of at those sites and regulated under chapter 18G or 18H, sections 21.80 to 21.92, or associated rules;

(3) inspection of records related to the manufacture, distribution, storage, handling, or disposal of seeds, plants, products, or other living or nonliving objects regulated under chapter 18G or 18H, sections 21.80 to 21.92, or associated rules;

(4) investigating compliance with chapter 18G or 18H, sections 21.80 to 21.92, or associated rules; or

(5) other purposes necessary to implement chapter 18G or 18H, sections 21.80 to 21.92, or associated rules.

(b) The commissioner may enter any public or private premises during or after regular business hours without notice of inspection when a suspected violation of chapter 18G or 18H, sections 21.80 to 21.92, or associated rules may threaten public health or the environment.

Subd. 3. [NOTICE OF INSPECTION SAMPLES AND ANALYSES.] (a) The commissioner shall provide the owner, operator, or agent in charge with a receipt describing any samples obtained. If requested, the commissioner shall split any samples obtained and provide them to the owner, operator, or agent in charge. If an analysis is made of the samples, a copy of the results of the analysis must be furnished to the owner, operator, or agent in charge within 30 days after an analysis has been performed. If an analysis is not performed, the commissioner must notify the owner, operator, or agent in charge within 30 days of the decision not to perform the analysis.

(b) The sampling and analysis must be done according to methods provided for under applicable provisions of chapter 18G or 18H, sections 21.80 to 21.92, or associated rules. In cases not covered by those sections and methods or in cases where methods are available in which improved applicability has been demonstrated the commissioner may adopt appropriate methods from other sources.

Subd. 4. [INSPECTION REQUESTS BY OTHERS.] (a) A person who believes that a violation of chapter 18G or 18H, sections 21.80 to 21.92, or associated rules has occurred may request an inspection by giving notice to the commissioner of the violation. The notice must be in writing, state with reasonable particularity the grounds for the notice, and be signed by the person making the request.

(b) If after receiving a notice of violation the commissioner reasonably believes that a violation has occurred, the commissioner shall make a special inspection in accordance with the provisions of this section as soon as practicable, to determine if a violation has occurred.

(c) An inspection conducted pursuant to a notice under this subdivision may cover an entire site and is not limited to the portion of the site specified in the notice. If the commissioner determines that reasonable grounds to believe that a violation occurred do not exist, the commissioner must notify the person making the request in writing of the determination.

Subd. 5. [ORDER TO ENTER AFTER REFUSAL.] After a refusal, or an anticipated refusal based on a prior refusal, to allow entrance on a prior occasion by an owner, operator, or agent in charge to allow entry as specified in this section, the commissioner may apply for an order in the district court in the county where a site is located, that compels a person with authority to allow the commissioner to enter and inspect the site.

Subd. 6. [VIOLATOR LIABLE FOR INSPECTION COSTS.] (a) The cost of reinspection and reinvestigation may be assessed by the commissioner if the person subject to an order of the commissioner does not comply with the order in a reasonable time as provided in the order.

(b) The commissioner may enter an order for recovery of the inspection and investigation costs.

Subd. 7. [INVESTIGATION AUTHORITY.] (a) In making inspections under this chapter, the commissioner may administer oaths, certify official acts, issue subpoenas to take and cause to be taken depositions of witnesses, and compel the attendance of witnesses and production of papers, books, documents, records, and testimony.

(b) If a person fails to comply with a subpoena, or a witness refuses to produce evidence or to testify to a matter about which the person may be lawfully questioned, the district court shall, on application of the commissioner, compel obedience proceedings for contempt, as in the case of disobedience of the requirements of a subpoena issued by the court or a refusal to testify in court.

Sec. 5. [18J.05] [ENFORCEMENT.]

Subdivision 1. [ENFORCEMENT REQUIRED.] (a) A violation of chapter 18G or 18H, sections 21.80 to 21.92, or an associated rule is a violation of this chapter.

(b) Upon the request of the commissioner, county attorneys, sheriffs, and other officers having authority in the enforcement of the general criminal laws must take action to the extent of their authority necessary or proper for the enforcement of chapter 18G or 18H, sections 21.80 to 21.92, or associated rules or valid orders, standards, stipulations, and agreements of the commissioner.

Subd. 2. [COMMISSIONER'S DISCRETION.] If minor violations of chapter 18G or 18H, sections 21.80 to 21.92, or associated rules occur or the commissioner believes the public interest will be best served by a suitable notice of warning in writing, this section does not require the commissioner to:

- (1) report the violation for prosecution;
- (2) institute seizure proceedings; or
- (3) issue a withdrawal from distribution, stop-sale, or other order.

Subd. 3. [CIVIL ACTIONS.] Civil judicial enforcement actions may be brought by the attorney general in the name of the state on behalf of the commissioner. A county attorney may bring a civil judicial enforcement action upon the request of the commissioner and agreement by the attorney general.

Subd. 4. [INJUNCTION.] The commissioner may apply to a court with jurisdiction for a temporary or permanent injunction to prevent, restrain, or enjoin violations of this chapter.

Subd. 5. [CRIMINAL ACTIONS.] For a criminal action, the county attorney from the county where a criminal violation occurred is responsible for prosecuting a violation of this chapter. If the county attorney refuses to prosecute, the attorney general on request of the commissioner may prosecute.

Subd. 6. [AGENT FOR SERVICE OF PROCESS.] All persons licensed, permitted, registered, or certified under chapter 18G or 18H, sections 21.80 to 21.92, or associated rules must appoint the commissioner as the agent upon whom all legal process may be served and service upon the commissioner is deemed to be service on the licensee, permittee, registrant, or certified person.

Sec. 6. [18J.06] [FALSE STATEMENT OR RECORD.]

A person must not knowingly make or offer a false statement, record, or other information as part of:

(1) an application for registration, license, certification, or permit under chapter 18G or 18H, sections 21.80 to 21.92, or associated rules;

(2) records or reports required under chapter 18G or 18H, sections 21.80 to 21.92, or associated rules; or

(3) an investigation of a violation of chapter 18G or 18H, sections 21.80 to 21.92, or associated rules.

Sec. 7. [18J.07] [ADMINISTRATIVE ACTION.]

Subdivision 1. [ADMINISTRATIVE REMEDIES.] The commissioner may seek to remedy violations by a written warning, administrative meeting, cease and desist, stop-use, stop-sale, removal, correction order, or an order, seizure, stipulation, or agreement, if the commissioner determines that the remedy is in the public interest.

Subd. 2. [REVOCAION AND SUSPENSION.] The commissioner may, after written notice and hearing, revoke, suspend, or refuse to grant or renew a registration, permit, license, or certification if a person violates this chapter or has a history within the last three years of violation of this chapter.

Subd. 3. [CANCELLATION OF REGISTRATION, PERMIT, LICENSE, CERTIFICATION.] The commissioner may cancel or revoke a registration, permit, license, or certification provided for under chapter 18G or 18H, sections 21.80 to 21.92, or associated rules or refuse to register, permit, license, or certify under provisions of chapter 18G or 18H, sections 21.80 to 21.92, or associated rules if the registrant, permittee, licensee, or certified person has used fraudulent or deceptive practices in the evasion or attempted evasion of a provision of chapter 18G or 18H, sections 21.80 to 21.92, or associated rules.

Subd. 4. [SERVICE OF ORDER OR NOTICE.] (a) If a person is not available for service of an order, the commissioner may attach the order to the facility, site, seed or seed container, plant or other living or nonliving object regulated under chapter 18G or 18H, sections 21.80 to 21.92, or associated rules and notify the owner, custodian, other responsible party, or registrant.

(b) The seed, seed container, plant, or other living or nonliving object regulated under chapter 18G or 18H, sections 21.80 to 21.92, or associated rules may not be sold, used, tampered with, or removed until released under conditions specified by the commissioner, by an administrative law judge, or by a court.

Subd. 5. [UNSATISFIED JUDGMENTS.] (a) An applicant for a license, permit, registration, or certification under provisions of this chapter, chapter 18G or 18H, sections 21.80 to 21.92, or associated rules may not allow a final judgment against the applicant for damages arising from a violation of those statutes or rules to remain unsatisfied for a period of more than 30 days.

(b) Failure to satisfy, within 30 days, a final judgment resulting from a violation of this chapter results in automatic suspension of the license, permit, registration, or certification.

Sec. 8. [18J.08] [APPEALS OF COMMISSIONER'S ORDERS.]

Subdivision 1. [NOTICE OF APPEAL.] (a) After service of an order, a person has 45 days from receipt of the order to notify the commissioner in writing that the person intends to contest the order.

(b) If the person fails to notify the commissioner that the person intends to contest the order, the order is a final order of the commissioner and not subject to further judicial or administrative review.

Subd. 2. [ADMINISTRATIVE REVIEW.] If a person notifies the commissioner that the person intends to contest an order issued under this section, the state office of administrative hearings must conduct a hearing in accordance with the applicable provisions of chapter 14 for hearings in contested cases.

Subd. 3. [JUDICIAL REVIEW.] Judicial review of a final decision in a contested case is available as provided in chapter 14.

Sec. 9. [18J.09] [CREDITING OF PENALTIES, FEES, AND COSTS.]

Penalties, cost reimbursements, fees, and other money collected under this chapter must be deposited into the state treasury and credited to the appropriate nursery and phytosanitary or seed account.

Sec. 10. [18J.10] [CIVIL PENALTIES.]

Subdivision 1. [GENERAL PENALTY.] Except as provided in subdivision 2, a person who violates this chapter or an order, standard, stipulation, agreement, or schedule of compliance of the commissioner is subject to a civil penalty of up to \$7,500 per day of violation as determined by the court.

Subd. 2. [DEFENSE TO CIVIL REMEDIES AND DAMAGES.] As a defense to a civil penalty or claim for damages under subdivision 1, the defendant may prove that the violation was caused solely by an act of God, an act of war, or an act or failure to act that constitutes sabotage or vandalism, or any combination of these defenses.

Subd. 3. [ACTIONS TO COMPEL PERFORMANCE.] In an action to compel performance of an order of the commissioner to enforce a provision of this chapter, the court may require a defendant adjudged responsible to perform the acts within the person's power that are reasonably necessary to accomplish the purposes of the order.

Subd. 4. [RECOVERY OF PENALTIES BY CIVIL ACTION.] The civil penalties and payments provided for in this chapter may be recovered by a civil action brought by the county attorney or the attorney general in the name of the state.

Sec. 11. [18J.11] [CRIMINAL PENALTIES.]

Subdivision 1. [GENERAL VIOLATION.] Except as provided in subdivisions 2 and 3, a person is guilty of a misdemeanor if the person violates this chapter or an order, standard, stipulation, agreement, or schedule of compliance of the commissioner.

Subd. 2. [VIOLATION ENDANGERING HUMANS.] A person is guilty of a gross misdemeanor if the person violates this chapter or an order, standard, stipulation, agreement, or schedule of compliance of the commissioner, and the violation endangers humans.

Subd. 3. [VIOLATION WITH KNOWLEDGE.] A person is guilty of a gross misdemeanor if the person knowingly violates this chapter or an order, standard, stipulation, agreement, or schedule of compliance of the commissioner.

ARTICLE 7

CONFORMING CHANGES

Section 1. [REPEALER.]

(a) Minnesota Statutes 2002, sections 17.23; 18.012; 18.021; 18.022; 18.0223; 18.0225; 18.0227; 18.0228; 18.0229; 18.023; 18.024; 18.041; 18.051; 18.061; 18.071; 18.081; 18.091; 18.101; 18.111; 18.121; 18.131; 18.141; 18.151; 18.161; 18.331; 18.332; 18.333; 18.334; 18.335; 18.44; 18.45; 18.46; 18.47; 18.48; 18.49; 18.50; 18.51; 18.52; 18.525; 18.53; 18.54; 18.55; 18.56; 18.57; 18.59; 18.60; 18.61; 18.85, are repealed.

(b) Minnesota Rules, part 1510.0281, is repealed.

ARTICLE 8

SEED LAW

Section 1. Minnesota Statutes 2002, section 21.81, is amended by adding a subdivision to read:

Subd. 7a. [DORMANT.] "Dormant" means viable seed, exclusive of hard seed, that fail to germinate under the specified germination conditions for the kind of seed.

Sec. 2. Minnesota Statutes 2002, section 21.81, subdivision 8, is amended to read:

Subd. 8. [FLOWER SEEDS.] "Flower seeds" includes seeds of herbaceous plants grown for their blooms, ornamental foliage, or other ornamental parts and commonly known and sold under the name of flower seeds in this state. This does not include native or introduced wildflowers.

Sec. 3. Minnesota Statutes 2002, section 21.81, is amended by adding a subdivision to read:

Subd. 10a. [HARD SEED.] "Hard seed" means seeds that remain hard at the end of the prescribed test period because they have not absorbed water due to an impermeable seed coat.

Sec. 4. Minnesota Statutes 2002, section 21.81, is amended by adding a subdivision to read:

Subd. 11a. [INERT MATTER.] "Inert matter" means all matter that is not seed, including broken seeds, sterile florets, chaff, fungus bodies, and stones as determined by methods defined by rule.

Sec. 5. Minnesota Statutes 2002, section 21.81, is amended by adding a subdivision to read:

Subd. 16a. [NATIVE WILDFLOWER.] "Native wildflower" means a kind, type, or variety of wildflower derived from wildflowers that are indigenous to Minnesota and wildflowers that are defined or designated as native species under chapter 84D.

Sec. 6. Minnesota Statutes 2002, section 21.81, is amended by adding a subdivision to read:

Subd. 17b. [ORIGIN.] "Origin," for an indigenous stand of trees, means the area on which the trees are growing and, for a nonindigenous stand, the place from which the seed or plants were originally introduced. "Origin" for agricultural and vegetable seed is the area where the seed was produced, and for native grasses and forbs, it is the area where the original seed was harvested.

Sec. 7. Minnesota Statutes 2002, section 21.81, is amended by adding a subdivision to read:

Subd. 17c. [OTHER CROP SEED.] "Other crop seed" means seed of plants grown as crops, other than the variety included in the pure seed, as determined by methods defined by rule.

Sec. 8. Minnesota Statutes 2002, section 21.81, is amended by adding a subdivision to read:

Subd. 17d. [PERSON.] "Person" means an individual, firm, corporation, partnership, association, trust, joint stock company, or unincorporated organization; the state, a state agency, or a political subdivision.

Sec. 9. Minnesota Statutes 2002, section 21.82, is amended to read:

21.82 [LABEL REQUIREMENTS; AGRICULTURAL, VEGETABLE, ~~OR~~ FLOWER, ~~OR~~ WILDFLOWER SEEDS.]

Subdivision 1. [FORM.] Each container of agricultural, vegetable, ~~or~~ flower, ~~or~~ wildflower seed which is offered for sale for sowing purposes ~~shall~~ must bear or have attached in a conspicuous place a plainly written or printed label or tag in the English language giving the information required by this section. This statement ~~shall~~ must not be modified or denied in the labeling or on another label attached to the container.

Subd. 2. [CONTENT.] For agricultural, vegetable, ~~or~~ flower, ~~or~~ wildflower seeds offered for sale as agricultural seed, except as otherwise provided in subdivisions 4, 5, ~~and~~ 6, ~~7 and 8~~, the label ~~shall~~ must contain:

(a) The name of the kind or kind and variety for each ~~agricultural or vegetable~~ seed component in excess of five percent of the whole and the percentage by weight of each in order of its predominance. The commissioner shall by rule designate the kinds that are required to be labeled as to variety. If the variety of those kinds generally labeled as to variety is not stated and it is not required to be stated, the label shall show the name of the kind and the words: "Variety not stated." The heading "pure seed" must be indicated on the seed label in close association with other required label information.

(1) The percentage that is hybrid shall be at least 95 percent of the percentage of pure seed shown unless the percentage of pure seed which is hybrid seed is shown separately. If two or more kinds or varieties are present in excess of five percent and are named on the label, each that is hybrid shall be designated as hybrid on the label. Any one kind or kind and variety that has pure seed which is less than 95 percent but more than 75 percent hybrid seed as a result of incompletely controlled pollination in a cross shall be labeled to show the percentage of pure seed that is hybrid seed or a statement such as "contains from 75 percent to 95 percent hybrid seed." No one kind or variety of seed shall be labeled as hybrid if the pure seed contains less than 75 percent hybrid seed. The word hybrid shall be shown on the label in conjunction with the kind.

(2) Blends shall be listed on the label using the term "blend" in conjunction with the kind.

(3) Mixtures shall be listed on the label using the term "mixture," "mix," or "mixed."

(b) Lot number or other lot identification.

(c) Origin, if known, or that the origin is unknown.

(d) Percentage by weight of all weed seeds present ~~in agricultural, vegetable, or flower seed.~~ This percentage may not exceed one percent. ~~If weed seeds are not present in vegetable or flower seeds,~~ The heading "weed seeds seed" ~~may be omitted from the label~~ must be indicated on the seed label in close association with other required label information.

(e) Name and rate of occurrence per pound of each kind of restricted noxious weed seeds present. They ~~shall~~ must be listed under the heading "noxious weed seeds:" ~~If noxious weed seeds are not present in vegetable or flower seeds, the heading "noxious weed seeds" may be omitted from the label~~ in close association with other required label information.

(f) Percentage by weight of ~~agricultural, vegetable, or flower~~ seeds other than those kinds and varieties required to be named on the label. They ~~shall~~ must be listed under the heading "other crop:" ~~If "other crop" seeds are not present in vegetable or flower seeds, the heading "other crop" may be omitted from the label~~ in close association with other required label information.

(g) Percentage by weight of inert matter. The heading "inert matter" must be indicated on the seed label in close association with other required label information.

(h) Net weight of contents, to appear on either the container or the label, ~~except that in the case of vegetable or flower seed containers with contents of 200 seeds or less, a statement indicating the number of seeds in the container may be listed along with or in lieu of the net weight of contents.~~

(i) For each named ~~agricultural or vegetable~~ kind or variety of seed:

(1) percentage of germination, exclusive of hard or dormant seed or both;

(2) percentage of hard or dormant seed or both, if present; and

(3) the calendar month and year the percentages were determined by test or the statement "sell by (month and year)" which may not be more than 12 months from the date of test, exclusive of the month of test.

The headings for "germination" and "hard seed or dormant seed" percentages must be stated separately on the seed label. A separate percentage derived from combining these percentages may also be stated on the seed label, but the heading for this percentage must be "total germination and hard seed or dormant seed when applicable." They must not be stated as "total live seed," "total germination," or in any other unauthorized manner.

(j) Name and address of the person who labeled the seed or who sells the seed within this state, or a code number which has been registered with the commissioner.

Subd. 3. [TREATED SEED.] For all named agricultural, vegetable, ~~or flower,~~ or wildflower seeds which are treated, for which a separate label may be used, the label ~~shall~~ must contain:

~~(1)~~ (1) a word or statement to indicate that the seed has been treated;

(b) (2) the commonly accepted, coined, chemical, or abbreviated generic chemical name of the applied substance;

(c) (3) the caution statement "Do not use for food, feed, or oil purposes" if the substance in the amount present with the seed is harmful to human or other vertebrate animals;

(d) (4) in the case of mercurials or similarly toxic substances, a poison statement and symbol;

(e) (5) a word or statement describing the process used when the treatment is not of pesticide origin; and

(f) (6) the date beyond which the inoculant is considered ineffective if the seed is treated with an inoculant. It ~~shall~~ must be listed on the label as "inoculant: expires (month and year)" or wording that conveys the same meaning.

Subd. 4. [HYBRID SEED CORN.] For hybrid seed corn purposes a label ~~shall~~ must contain:

(a) (1) a statement indicating the number of seeds in the container may be listed along with or in lieu of the net weight of contents; and

(b) (2) for each variety of hybrid seed field corn, the day classification as determined by the originator or owner. The day classification ~~shall~~ must approximate the number of days of growing season necessary from emergence of the corn plant above ground to relative maturity and ~~shall~~ must conform to the day classification established by the director of the Minnesota agricultural experiment station for the appropriate zone.

Subd. 5. [GRASS SEED.] For grass seed and mixtures of grass seeds intended for lawn and turf purposes, the requirements in ~~clauses paragraphs~~ (a) ~~to~~ (e) and (b) must be met.

(a) The label ~~shall~~ must contain the ~~percentage by weight of inert matter, up to ten percent by weight except for those kinds specified by rule. The percentage by weight of foreign material not common to grass seed must be listed as a separate item in close association with the inert matter percentage statement "sell by (month and year listed here)" which may be no more than 15 months from the date of test, exclusive of the month of test.~~

(b) ~~If the seed contains no "other crop" seed, the following statement may be used and may be flagged: "contains no other crop seed."~~

(c) When grass seeds are sold outside their original containers, the labeling requirements are met if the seed is weighed from a properly labeled container in the presence of the purchaser.

Subd. 6. [COATED AGRICULTURAL SEEDS.] For coated agricultural seeds the label ~~shall~~ must contain:

(a) (1) percentage by weight of pure seeds with coating material removed;

(b) (2) percentage by weight of coating material shown as a separate item in close association with the percentage of inert matter; and

(c) (3) percentage of germination determined on 400 pellets with or without seeds.

Subd. 7. [VEGETABLE SEEDS.] For vegetable seeds prepared for use in home gardens or household plantings the requirements in ~~clauses paragraphs~~ (a) to (d) (p) apply. ~~The origin may be omitted from the label. Vegetable seeds packed for sale in commercial quantities to farmers, conservation groups, and other similar entities are considered agricultural seeds and must be labeled accordingly.~~

(a) The label shall must contain the following: name of the kind or kind and variety for each seed component in excess of five percent of the whole and the percentage by weight of each in order of its predominance. If the variety of those kinds generally labeled as to variety is not stated and it is not required to be stated, the label must show the name of the kind and the words "variety not stated."

(b) The percentage that is hybrid must be at least 95 percent of the percentage of pure seed shown unless the percentage of pure seed which is hybrid seed is shown separately. If two or more kinds of varieties are present in excess of five percent and are named on the label, each that is hybrid must be designated as hybrid on the label. Any one kind or kind and variety that has pure seed that is less than 95 percent but more than 75 percent hybrid seed as a result of incompletely controlled pollination in a cross must be labeled to show the percentage of pure seed that is hybrid seed or a statement such as "contains from 75 percent to 95 percent hybrid seed." No one kind or variety of seed may be labeled as hybrid if the pure seed contains less than 75 percent hybrid seed. The word "hybrid" must be shown on the label in conjunction with the kind.

(c) Blends must be listed on the label using the term "blend" in conjunction with the kind.

(d) Mixtures shall be listed on the label using the term "mixture," "mix," or "mixed."

(e) The label must show a lot number or other lot identification.

(f) The origin may be omitted from the label.

(4) (g) The label must show the year for which the seed was packed for sale listed as "packed for (year);" or for seed with a percentage of germination that exceeds the standard last established by the commissioner, the percentage of germination and the calendar month and year that the percentages were determined by test; and, or the calendar month and year the germination test was completed and the statement "sell by (month and year listed here)," which may be no more than 12 months from the date of test, exclusive of the month of test.

(2) (h) For vegetable seeds which germinate less than the standard last established by the commissioner, the label must show:

(i) (1) a percentage of germination, exclusive of hard or dormant seed or both;

(ii) (2) a percentage of hard or dormant seed or both, if present; and

(iii) (3) the words "below standard" in not less than eight point type and the month and year the percentages were determined by test.

(i) The net weight of the contents must appear on either the container or the label, except that for containers with contents of 200 seeds or less a statement indicating the number of seeds in the container may be listed along with or in lieu of the net weight of contents.

(b) (j) The heading for and percentage by weight of pure seed may be omitted from a label if the total is more than 90 percent.

(k) The heading for and percentage by weight of weed seed may be omitted from a label if they are not present in the seed.

(l) The heading "noxious weed seeds" may be omitted from a label if they are not present in the seed.

(m) The heading for and percentage by weight of other crop seed may be omitted from a label if it is less than five percent.

(n) The heading for and percentage by weight of inert matter may be omitted from a label if it is less than ten percent.

(o) The label must contain the name and address of the person who labeled the seed or who sells the seed in this state or a code number that has been registered with the commissioner.

(p) The labeling requirements for vegetable seeds prepared for use in home gardens or household plantings when sold outside their original containers are met if the seed is weighed from a properly labeled container in the presence of the purchaser.

Subd. 8. [FLOWER SEEDS.] ~~(a) All flower seed labels shall contain:~~ For flower and wildflower seeds prepared for use in home gardens or household plantings, the requirements in paragraphs (a) to (l) apply. Flower and wildflower seeds packed for sale in commercial quantities to farmers, conservation groups, and other similar entities are considered agricultural seeds and must be labeled accordingly.

(a) The label must contain the name of the kind and variety or a statement of type and performance characteristics as prescribed by ~~rules~~; rule.

(b) The percentage that is hybrid must be at least 95 percent of the percentage of pure seed shown unless the percentage of pure seed which is hybrid seed is shown separately. If two or more kinds of varieties are present in excess of five percent and are named on the label, each that is hybrid must be designated as hybrid on the label. Any one kind or kind and variety that has pure seed that is less than 95 percent but more than 75 percent hybrid seed as a result of incompletely controlled pollination in a cross must be labeled to show the percentage of pure seed that is hybrid seed or a statement such as "contains from 75 percent to 95 percent hybrid seed." No one kind or variety of seed may be labeled as hybrid if the pure seed contains less than 75 percent hybrid seed. The word "hybrid" must be shown on the label in conjunction with the kind.

(c) Blends must be listed on the label using the term "blend" in conjunction with the kind.

(d) Mixtures must be listed on the label using the term "mixture," "mix," or "mixed."

(e) The label must contain the lot number or other lot identification.

(f) The origin may be omitted from the label.

(g) The label must contain the year for which the seed was packed for sale listed as "packed for (year)," ~~or for seed with a percentage of germination that exceeds the standard last established by the commissioner, the percentage of germination and the calendar month and year that the percentage was~~ percentages were determined by test; ~~and, or the calendar month and year the germination test was completed and the statement "sell by (month and year listed here)," which may be no more than 12 months from the date of test, exclusive of the month of test.~~

(h) For flower seeds which germinate less than the standard last established by the commissioner, the label must show:

(i) ~~the~~ (1) percentage of germination exclusive of hard or dormant seed or both; ~~and~~

(ii) (2) percentage of hard or dormant seed or both, if present; and

(3) the words "below standard" in not less than eight point type and the month and year this percentage was determined by test.

~~(b) The origin may be omitted from the label.~~

(i) The label must show the net weight of contents on either the container or the label, except that for containers with contents of 200 seeds or less a statement indicating the number of seeds in the container may be listed along with or in lieu of the net weight of contents.

~~(e)~~ (j) The heading for and percentage by weight of pure seed may be omitted from a label if the total is more than 90 percent.

(k) The heading for and percentage by weight of weed seed may be omitted from a label if they are not present in the seed.

(l) The heading "noxious weed seeds" may be omitted from a label if they are not present in the seed.

(m) The heading for and percentage by weight of other crop seed may be omitted from a label if it is less than five percent.

~~(d)~~ (n) The heading for and percentage by weight of inert matter may be omitted from a label if it is less than ten percent.

(o) The label must show the name and address of the person who labeled the seed or who sells the seed within this state, or a code number which has been registered with the commissioner.

Sec. 10. Minnesota Statutes 2002, section 21.83, subdivision 2, is amended to read:

Subd. 2. [LABEL CONTENT.] For all tree or shrub seed subject to this section the label shall contain:

(a) the common name of the species, and the subspecies if appropriate;

(b) the scientific name of the genus and species, and the subspecies if appropriate;

(c) the lot number or other lot identification;

(d) for seed collected from a predominantly indigenous stand, the area of collection given by latitude and longitude, or geographic description, or political subdivision such as state or county;

(e) for seed collected from a predominantly nonindigenous stand, the identity of the area of collection and the origin of the stand or the words "origin not indigenous";

(f) the elevation or the upper and lower limits of elevation within which the seed was collected;

(g) the percentage of pure seed by weight;

(h) for those kinds of seed for which standard testing procedures are prescribed:

(1) the percentage of germination exclusive of hard or dormant seed;

(2) the percentage of hard or dormant seed, if present; and

(3) the calendar month and year the percentages were determined by test; or

(4) in lieu of the requirements of clauses (1) to (3), the seed may be labeled "test is in progress, results will be supplied upon request";

(i) for those species for which standard germination testing procedures have not been prescribed by the commissioner, the calendar year in which the seed was collected; and

(j) the name and address of the person who labeled the seed or who sells the seed within this state.

Sec. 11. Minnesota Statutes 2002, section 21.84, is amended to read:

21.84 [RECORDS.]

Each person whose name appears on the label of agricultural, vegetable, flower, wildflower, tree, or shrub seeds subject to section 21.82 or 21.83 shall keep for three years complete records of each lot of agricultural, vegetable, flower, wildflower, tree, or shrub seed sold in this state and shall keep for one year a file sample of each lot of seed after disposition of the lot. ~~In addition, the grower shall have as a part of the record a "genuine grower's declaration" or a "tree seed collector's declaration."~~

Sec. 12. Minnesota Statutes 2002, section 21.85, subdivision 11, is amended to read:

Subd. 11. [RULES.] The commissioner may ~~make necessary rules for the proper enforcement of sections 21.80 to 21.92~~ adopt rules under this chapter. ~~Existing rules shall remain in effect unless permanent rules are made that supersede them.~~ A violation of the rules is a violation of this chapter.

Sec. 13. Minnesota Statutes 2002, section 21.85, subdivision 13, is amended to read:

Subd. 13. [SAMPLING EXPORT SEED.] The commissioner may sample agricultural, vegetable, flower, wildflower, tree, or shrub seeds which are destined for export to other countries, and may establish and collect suitable fees from the exporter for this service.

Sec. 14. Minnesota Statutes 2002, section 21.86, is amended to read:

21.86 [UNLAWFUL ACTS.]

Subdivision 1. [PROHIBITIONS.] A person may not advertise or sell any agricultural, vegetable, flower, wildflower, tree ~~and~~, or shrub seed if:

(a) ~~except as provided in clauses (1) to (3), a test to determine the percentage of germination required by sections 21.82 and 21.83 has not been completed within a nine-month~~ 12-month period, exclusive of the calendar month in which the test was completed; or it is offered for sale beyond the sell by date exclusive of the calendar month in which the seed was to have been sold, except that:

(1) when advertised or offered for sale as agricultural seed, native grass and forb (wildflowers) seeds must have been tested for percentage of germination as required by section 21.82 within a ~~14-month~~ 15-month period, exclusive of the calendar month in which the test was completed;

(2) it is unlawful to offer cool season lawn and turf grasses including Kentucky bluegrass, red fescue, chewings fescue, hard fescue, tall fescue, perennial ryegrass, intermediate ryegrass, annual ryegrass, colonial bent grass, creeping bent grass, and mixtures or blends of those grasses, for sale beyond the sell by date exclusive of the calendar month in which the seed was to have been sold;

(3) this prohibition does not apply to tree, shrub, agricultural, flower, wildflower, or vegetable seeds packaged in hermetically sealed containers. Seeds packaged in hermetically sealed containers under the conditions defined by rule may be offered for sale for a period of 36 months after the last day of the month that the seeds were tested for germination prior to packaging; and

~~(3)~~ (4) if seeds in hermetically sealed containers are offered for sale more than 36 months after the last day of the month in which they were tested prior to packaging, they must be retested within a nine-month period, exclusive of the calendar month in which the retest was completed;

(b) it is not labeled in accordance with sections 21.82 and 21.83 or has false or misleading labeling;

(c) false or misleading advertisement has been used in respect to its sale;

(d) it contains prohibited noxious weed seeds;

(e) it consists of or contains restricted noxious weed seeds in excess of 25 seeds per pound or in excess of the number declared on the label attached to the container of the seed or associated with the seed;

(f) it contains more than one percent by weight of all weed seeds;

(g) it contains less than the stated net weight of contents;

(h) it contains less than the stated number of seeds in the container;

(i) it contains any labeling, advertising, or other representation subject to sections 21.82 and 21.83 representing the seed to be certified unless:

(1) it has been determined by a seed certifying agency that the seed conformed to standards of purity and identity as to kind, species, subspecies, or variety, and also that tree seed was found to be of the origin and elevation claimed, in compliance with the rules pertaining to the seed; and

(2) the seed bears an official label issued for it by a seed certifying agency stating that the seed is of a certified class and a specified kind, species, subspecies, or variety;

(j) it is labeled with a variety name but not certified by an official seed certifying agency when it is a variety for which a United States certificate of plant variety protection has been granted under United States Code, title 7, sections 2481 to 2486, specifying sale by variety name only as a class of certified seed. Seed from a certified lot may be labeled as to variety name when used in a blend or mixture by or with approval of the owner of the variety; or

(k) the person whose name appears on the label does not have complete records including a file sample of each lot of agricultural, vegetable, flower, tree or shrub seed sold in this state as required in section 21.84.

Subd. 2. [MISCELLANEOUS VIOLATIONS.] No person may:

(a) detach, alter, deface, or destroy any label required in sections 21.82 and 21.83 ~~or~~, alter or substitute seed in a manner that may defeat the purposes of sections 21.82 and 21.83, or alter or falsify any seed tests, laboratory reports, records, or other documents to create a misleading impression as to kind, variety, history, quality, or origin of the seed;

(b) hinder or obstruct in any way any authorized person in the performance of duties under sections 21.80 to 21.92;

(c) fail to comply with a "stop sale" order or to move or otherwise handle or dispose of any lot of seed held under a stop sale order or attached tags, except with express permission of the enforcing officer for the purpose specified;

(d) use the word "type" in any labeling in connection with the name of any agricultural seed variety;

(e) use the word "trace" as a substitute for any statement which is required; or

(f) plant any agricultural seed which the person knows contains weed seeds or noxious weed seeds in excess of the limits for that seed.

Sec. 15. Minnesota Statutes 2002, section 21.88, is amended to read:

21.88 [PENALTIES NOT TO APPLY.]

~~Subdivision 1. [MISDEMEANOR; GROSS MISDEMEANOR.] A violation of sections 21.80 to 21.92 or a rule adopted under section 21.85 is a misdemeanor. Each additional day of violation is a separate offense. A subsequent violation by a person is a gross misdemeanor.~~

~~Subd. 2. [UNLAWFUL PRACTICE.] In addition to other penalties provided by law, a person who violates a provision of sections 21.80 to 21.92 or a rule adopted under section 21.85 has committed an unlawful practice under sections 325F.68 and 325F.69 and is subject to the remedies provided in sections 8.31 and 325F.70.~~

~~Subd. 3. [PENALTIES NOT TO APPLY.] A person is not subject to the penalties in subdivision 1 or 2 for having sold seeds which were incorrectly labeled or represented as to kind, species, subspecies, if appropriate, variety, type, origin and year, elevation or place of collection if required, if the seeds cannot be identified by examination unless the person has failed to obtain an invoice or genuine grower's or tree seed collector's declaration or other labeling information and to take other reasonable precautions to ensure the identity is as stated.~~

Sec. 16. Minnesota Statutes 2002, section 21.89, subdivision 2, is amended to read:

Subd. 2. [PERMITS; ISSUANCE AND REVOCATION.] The commissioner shall issue a permit to the initial labeler of agricultural, vegetable, ~~or~~ flower, and wildflower seeds which are sold for use in Minnesota and which conform to and are labeled under sections 21.80 to 21.92. The categories of permits are as follows:

(1) for initial labelers who sell 50,000 pounds or less of agricultural seed each calendar year, an annual permit issued for a fee established in section 21.891, subdivision 2, paragraph (b);

(2) for initial labelers who sell vegetable, flower, and wildflower seed packed for use in home gardens or household plantings, an annual permit issued for a fee established in section 21.891, subdivision 2, paragraph (c), based upon the gross sales from the previous year; and

(3) for initial labelers who sell more than 50,000 pounds of agricultural seed each calendar year, a permanent permit issued for a fee established in section 21.891, subdivision 2, paragraph (d).

In addition, the person shall furnish to the commissioner an itemized statement of all seeds sold in Minnesota for the periods established by the commissioner. This statement shall be delivered, along with the payment of the fee, based upon the amount and type of seed sold, to the commissioner no later than 30 days after the end of each reporting period. Any person holding a permit shall show as part of the analysis labels or invoices on all agricultural, vegetable, flower, wildflower, tree, or shrub seeds all information the commissioner requires. The commissioner may revoke any permit in the event of failure to comply with applicable laws and rules.

Sec. 17. Minnesota Statutes 2002, section 21.89, subdivision 4, is amended to read:

Subd. 4. [EXEMPTIONS.] An initial labeler who sells for use in Minnesota agricultural, vegetable, or flower seeds must have a seed fee permit unless:

~~(a) The person labels and sells less than 50,000 pounds of agricultural seed in Minnesota each calendar year. If more than 50,000 pounds are labeled and sold in Minnesota by any person, the person must have a seed fee permit and pay fees on all seed sold. A person who labels and sells grass seeds and mixtures of grass seeds intended for lawn or turf purposes is not exempted from having a permit and paying seed fees on all seeds in this category sold in Minnesota; or~~

~~(b) the agricultural, vegetable, or flower seeds are of the breeder or foundation seed classes of varieties developed by publicly financed research agencies intended for the purpose of increasing the quantity of seed available.~~

Sec. 18. [21.891] [MINNESOTA SEED LAW FEES.]

Subdivision 1. [SAMPLING EXPORT SEED.] In accordance with section 21.85, subdivision 13, the commissioner may, if requested, sample seed destined for export to other countries. The fee for sampling export seed is an hourly rate published annually by the commissioner and it must be an amount sufficient to recover the actual costs of the service provided.

Subd. 2. [SEED FEE PERMITS.] (a) An initial labeler who wishes to sell seed in Minnesota must comply with section 21.89, subdivisions 1 and 2, and the procedures in this subdivision. Each initial labeler who wishes to sell seed in Minnesota must apply to the commissioner to obtain a permit. The application must contain the name and address of the applicant, the application date, and the name and title of the applicant's contact person.

(b) The application for a seed permit covered by section 21.89, subdivision 2, clause (1), must be accompanied by an application fee of \$50.

(c) The application for a seed permit covered by section 21.89, subdivision 2, clause (2), must be accompanied by an application fee based on the level of annual gross sales as follows:

(1) for gross sales of \$0 to \$25,000, the annual permit fee is \$50;

(2) for gross sales of \$25,001 to \$50,000, the annual permit fee is \$100;

(3) for gross sales of \$50,001 to \$100,000, the annual permit fee is \$200;

(4) for gross sales of \$100,001 to \$250,000, the annual permit fee is \$500;

(5) for gross sales of \$250,001 to \$500,000, the annual permit fee is \$1,000; and

(6) for gross sales of \$500,001 and above, the annual permit fee is \$2,000.

(d) The application for a seed permit covered by section 21.89, subdivision 2, clause (3), must be accompanied by an application fee of \$50. Initial labelers holding seed fee permits covered under this paragraph need not apply for a new permit or pay the application fee. Under this permit category, the fees for the following kinds of agricultural seed sold either in bulk or containers are:

(1) oats, wheat, and barley, 6.3 cents per hundredweight;

(2) rye, field beans, soybeans, buckwheat, and flax, 8.4 cents per hundredweight;

(3) field corn, 29.4 cents per hundredweight;

(4) forage, lawn and turf grasses, and legumes, 49 cents per hundredweight;

(5) sunflower, \$1.40 per hundredweight;

(6) sugar beet, \$3.29 per hundredweight; and

(7) for any agricultural seed not listed in clauses (1) to (6), the fee for the crop most closely resembling it in normal planting rate applies.

(e) If, for reasons beyond the control and knowledge of the initial labeler, seed is shipped into Minnesota by a person other than the initial labeler, the responsibility for the seed fees are transferred to the shipper. An application for a transfer of this responsibility must be made to the commissioner. Upon approval by the commissioner of the transfer, the shipper is responsible for payment of the seed permit fees.

(f) Seed permit fees may be included in the cost of the seed either as a hidden cost or as a line item cost on each invoice for seed sold. To identify the fee on an invoice, the words "Minnesota seed permit fees" must be used.

(g) All seed fee permit holders must file semiannual reports with the commissioner, even if no seed was sold during the reporting period. Each semiannual report must be submitted within 30 days of the end of each reporting period. The reporting periods are October 1 to March 31 and April 1 to September 30 of each year or July 1 to December 31 and January 1 to June 30 of each year. Permit holders may change their reporting periods with the approval of the commissioner.

(h) The holder of a seed fee permit must pay fees on all seed for which the permit holder is the initial labeler and which are covered by sections 21.80 to 21.92 and sold during the reporting period.

(i) If a seed fee permit holder fails to submit a semiannual report and pay the seed fee within 30 days after the end of each reporting period, the commissioner shall assess a penalty of \$100 or eight percent, calculated on an annual basis, of the fee due, whichever is greater, but no more than \$500 for each late semiannual report. A \$15 penalty must be charged when the semiannual report is late, even if no fee is due for the reporting period. Seed fee permits may be revoked for failure to comply with the applicable provisions of this paragraph or the Minnesota seed law.

Subd. 3. [HYBRID SEED CORN VARIETY REGISTRATION FEE.] Until August 1, 2006, and in accordance with section 21.90, subdivision 2, the fee for the registration of each hybrid seed corn variety or blend is \$50, which must be paid at the time of registration. New hybrid seed corn variety registrations received after March 1 and renewed registrations of older varieties received after August 1 of each year have an annual registration fee of \$75 per variety.

Subd. 3a. [DISCONTINUATION OF REGISTRATION AND TESTING.] The commissioner, in consultation with the Minnesota agricultural experiment station, shall develop a standardized testing method for labelers to determine relative maturity for the hybrid seed corn sold in this state. Standards may be developed without regard to chapter 14 and without complying with section 14.386. After development of the standardized method, the registration and testing of hybrids sold in this state will no longer be required.

Subd. 4. [BRAND NAME REGISTRATION FEE.] The fee is \$25 for each variety registered for sale by brand name.

Sec. 19. Minnesota Statutes 2002, section 21.90, subdivision 2, is amended to read:

Subd. 2. [FEES.] A record of each new hybrid seed field corn variety to be sold in Minnesota shall be registered with the commissioner by ~~February~~ March 1 of each year by the originator or owner. Records of all other hybrid seed field corn varieties sold in Minnesota shall be registered with the commissioner by August 1 of each year by the originator or owner. The commissioner shall establish the annual fee for registration for each variety. The record shall include the permanent designation of the hybrid as well as the day classification and zone of adaptation, as determined under subdivision 1, which the originator or owner declares to be the zone in which the variety is adapted. In addition, at the time of the first registration of a hybrid seed field corn variety, the originator or owner shall include a sworn statement that the declaration of the zone of adaptation was based on actual field trials in that zone and that the field trials substantiate the declaration as to the day and zone classifications to which the variety is adapted. The name or number used to designate a hybrid seed field corn variety in the registration is the only name of all seed corn covered by or sold under that registration.

Sec. 20. Minnesota Statutes 2002, section 21.90, subdivision 3, is amended to read:

Subd. 3. [~~TESTS OF VARIETIES~~ TRANSFER OF MONEY.] ~~If the commissioner needs to verify that a hybrid seed field corn variety is adapted to the corn growing zone declared by the originator or owner, it must, when grown in several official comparative trials by the director of the Minnesota agricultural experiment station in the declared zone of adaptation, have an average kernel moisture at normal harvest time which does not differ from the average kernel moisture content of three or more selected standard varieties adapted for grain production in that particular growing zone by more than four percentage points. If a new variety when tested has more than six percentage points of moisture over the standard variety, it must have the relative maturity increased by five days in the correct zone of adaptation before it can be sold the second year. If it does not exceed the standard varieties by more than five percentage points of moisture the second year tested, it can be sold the third year with the same relative maturity. If upon being tested the third year the moisture percentage points are found to be over the four percentage points allowed, the variety then must have the relative maturity increased by five days in the correct zone. The varieties to be used as standard varieties for determining adaptability to a zone shall be selected for each zone by the director of the Minnesota agricultural experiment station with the advice and consent of the commissioner of agriculture. Should a person, firm, originator, or owner of a hybrid seed field corn variety wish to offer hybrid seed for sale or distribution in this state, the person, firm, originator, or owner not having distributed any products in Minnesota during the past ten years, or not having any record of testing by an agency acceptable to the commissioner, then after registration of the variety the commissioner is required to have the variety tested for one year by the director of the Minnesota agricultural experiment station before it may be distributed in Minnesota. Should any person, firm, originator, or owner of a seed field corn variety be guilty of two successive violations with respect to the declaration of relative maturity date and zone number, then the violator must commence a program of pretesting for varieties as determined by the commissioner. The list of varieties to be used as standards in each growing zone shall be sent by the commissioner not later than February 1 of each year to each seed firm registering hybrid varieties with the commissioner as of the previous April 1. To assist in defraying the expenses of the Minnesota agricultural experiment station in carrying out the provisions of this section, there shall be transferred annually from the seed inspection account to the agricultural experiment station a sum which shall at least equal 80 60 percent of the total revenue from all hybrid seed field corn variety registrations.~~

Sec. 21. Minnesota Statutes 2002, section 21.901, is amended to read:

21.901 [BRAND NAME REGISTRATION.]

The owner or originator of a variety of nonhybrid seed that is to be sold in this state must annually register the variety with the commissioner if the variety is to be sold only under a brand name. The registration must include the brand name and the variety of seed. The brand name for a blend or mixture need not be registered.

~~The fee is \$15 for each variety registered for sale by brand name.~~

Sec. 22. [REPEALER.]

(a) Minnesota Statutes 2002, section 21.85, subdivisions 1, 3, 4, 5, 6, 7, 8, and 9, are repealed.

(b) Minnesota Statutes, sections 21.891, subdivisions 3 and 3a, as added by this article; and 21.90, are repealed August 1, 2006.

ARTICLE 9

CENTRAL IRON RANGE SANITARY SEWER DISTRICT

Section 1. Laws 2002, chapter 382, article 2, section 1, subdivision 2, is amended to read:

Subd. 2. [DISTRICT.] "Central iron range sanitary sewer district" and "district" mean the area over which the central iron range sanitary sewer board has jurisdiction, which includes the area within the cities of Hibbing, Chisholm, ~~and Buhl, and Kinney~~; the townships of ~~Kinney, Balkan, and Great Scott~~; and the territory occupied by Ironworld. The district shall precisely describe the area over which it has jurisdiction by a metes and bounds description in the comprehensive plan adopted pursuant to section 5.

Sec. 2. Laws 2002, chapter 382, article 2, section 1, subdivision 5, is amended to read:

Subd. 5. [LOCAL GOVERNMENTAL UNITS.] "Local governmental units" or "governmental units" means the iron range resources and rehabilitation board, the cities of Hibbing, Chisholm, ~~and Buhl, and Kinney~~, and the townships of ~~Kinney, Balkan, and Great Scott~~.

Sec. 3. Laws 2002, chapter 382, article 2, section 2, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT.] A sanitary sewer district is established in the cities of Hibbing, Chisholm, ~~and Buhl, and Kinney~~; the townships of ~~Kinney, Balkan, and Great Scott~~; and the territory occupied by Ironworld, to be known as the central iron range sanitary sewer district. The sewer district is under the control and management of the central iron range sanitary sewer board. The board is established as a public corporation and political subdivision of the state with perpetual succession and all the rights, powers, privileges, immunities, and duties granted to or imposed upon a municipal corporation, as provided in sections 1 to 19.

Sec. 4. Laws 2002, chapter 382, article 2, section 2, subdivision 2, is amended to read:

Subd. 2. [MEMBERS AND SELECTION.] The board is composed of 13 members selected as provided in this subdivision. Each of the town boards of the townships shall meet to appoint one resident to the sewer board. Four members must be selected by the governing body of the city of Hibbing. Three members must be selected by the governing body of the city of Chisholm. Two members must be selected by the governing body of the city of Buhl. One member must be selected by the governing body of the city of Kinney. One member must be selected by the iron range resources and rehabilitation board on behalf of Ironworld. Each member has one vote. The first terms are as follows: four for one year, four for two years, and five for three years, fixed by lot at the district's first meeting. Thereafter, all terms are for three years.

Sec. 5. Laws 2002, chapter 382, article 2, section 3, subdivision 4, is amended to read:

Subd. 4. [PUBLIC EMPLOYEES.] The executive director, if any, and other persons, if any, employed by the district are public employees and have all the rights and duties conferred on public employees under Minnesota Statutes, sections 179A.01 to 179A.25. The board may elect to have employees become members of either the public employees retirement association or the Minnesota state retirement system. The compensation and conditions of employment of the employees must be governed by rules applicable to state employees in the classified service and to the provisions of Minnesota Statutes, chapter 15A.

Sec. 6. Laws 2002, chapter 382, article 2, section 4, subdivision 6, is amended to read:

Subd. 6. [STUDIES AND INVESTIGATIONS.] The board may conduct research studies and programs, collect and analyze data, prepare reports, maps, charts, and tables, and conduct all necessary hearings and investigations in connection with the need for, benefits of, design, construction, and operation of the district disposal system.

Sec. 7. Laws 2002, chapter 382, article 2, section 4, subdivision 8, is amended to read:

Subd. 8. [PROPERTY RIGHTS, POWERS.] By vote of at least 75 percent of the members of the board, the board may acquire by purchase, lease, condemnation, gift, or grant, any real or personal property including positive and negative easements and water and air rights, and it may construct, enlarge, improve, replace, repair, maintain, and operate any interceptor, treatment works, or water facility determined to be necessary or convenient for the collection and disposal of sewage in the district. Any local governmental unit and the commissioners of transportation and natural resources are authorized to convey to or permit the use of any of the above-mentioned facilities owned or controlled by it, ~~by the board,~~ subject to the rights of the holders of any bonds issued with respect to those facilities, with or without compensation, without an election or approval by any other governmental unit or agency. All powers conferred by this subdivision may be exercised both within or without the district as may be necessary for the exercise by the board of its powers or the accomplishment of its purposes. By vote of at least 75 percent of the members of the board, the board may hold, lease, convey, or otherwise dispose of the above-mentioned property for its purposes upon the terms and in the manner it deems advisable. Unless otherwise provided, the right to acquire lands and property rights by condemnation may be exercised only in accordance with Minnesota Statutes, sections 117.011 to 117.232, and applies to any property or interest in the property owned by any local governmental unit. Property devoted to an actual public use at the time, or held to be devoted to such a use within a reasonable time, must not be so acquired unless a court of competent jurisdiction determines that the use proposed by the board is paramount to the existing use. Except in the case of property in actual public use, the board may take possession of any property on which condemnation proceedings have been commenced at any time after the issuance of a court order appointing commissioners for its condemnation.

Sec. 8. Laws 2002, chapter 382, article 2, section 4, subdivision 10, is amended to read:

Subd. 10. [DISPOSAL OF PROPERTY.] By vote of at least 75 percent of the members of the board, the board may sell, lease, or otherwise dispose of any real or personal property acquired by it which is no longer required for accomplishment of its purposes. The property may be sold in the manner provided by Minnesota Statutes, section 469.065, insofar as practical. The board may give notice of sale as it deems appropriate. When the board determines that any property or any part of the district disposal system acquired from a local governmental unit without compensation is no longer required but is required as a local facility by the governmental unit from which it was acquired, the board may by resolution transfer it to that governmental unit.

Sec. 9. Laws 2002, chapter 382, article 2, section 5, subdivision 1, is amended to read:

Subdivision 1. [BOARD PLAN AND PROGRAM.] The board shall adopt a comprehensive plan for the collection, treatment, and disposal of sewage in the district for a designated period the board deems proper and reasonable. The board shall prepare and adopt subsequent comprehensive plans for the collection, treatment, and disposal of sewage in the district for each succeeding designated period as the board deems proper and reasonable. All comprehensive plans of the district shall be subject to the planning and zoning authority of St. Louis county and in conformance with all planning and zoning ordinances of St. Louis county. The first plan, as modified by the board, and any subsequent plan shall take into account the preservation and best and most economic use of water and other natural resources in the area; the preservation, use, and potential for use of lands adjoining waters of the state to be used for the disposal of sewage; and the impact the disposal system will have on present and future land use in the area affected. ~~In no case shall the comprehensive plan provide for more than 325 connections to the disposal system. All connections must be charged a full assessment. Connections made after the initial assessment~~

~~period ends must be charged an amount equal to the initial assessment plus an adjustment for inflation and plus any other charges determined to be reasonable and necessary by the board. Deferred assessments may be permitted, as provided for in Minnesota Statutes, chapter 429.~~ The plans shall include the general location of needed interceptors and treatment works, a description of the area that is to be served by the various interceptors and treatment works, a long-range capital improvements program, and any other details as the board deems appropriate. In developing the plans, the board shall consult with persons designated for the purpose by governing bodies of any governmental unit within the district to represent the entities and shall consider the data, resources, and input offered to the board by the entities and any planning agency acting on behalf of one or more of the entities. Each plan, when adopted, must be followed in the district and may be revised as often as the board deems necessary.

Sec. 10. Laws 2002, chapter 382, article 2, section 5, is amended by adding a subdivision to read:

Subd. 3. [REMOVAL OF AREA.] After adopting the first plan, any of the local governmental units can elect not to be included within the central iron range sanitary sewer district by delivering a written resolution of the governing body of the governmental unit to the central iron range sanitary sewer district within 60 days of adoption of the first comprehensive plan. The area of the local governmental unit shall then be removed from the district.

Sec. 11. Laws 2002, chapter 382, article 2, section 6, is amended to read:

Sec. 6. [POWERS TO ISSUE OBLIGATIONS AND IMPOSE SPECIAL ASSESSMENTS.]

The central iron range sanitary sewer board, in order to implement the powers granted under sections 1 to 19 to establish, maintain, and administer the central iron range sanitary sewer district upon a vote of at least 75 percent of the members of the board, may issue obligations and impose special assessments against benefited property within the limits of the district benefited by facilities constructed under sections 1 to 19 in the manner provided for local governments by Minnesota Statutes, chapter 429.

Sec. 12. Laws 2002, chapter 382, article 2, section 8, subdivision 3, is amended to read:

Subd. 3. [UTILIZATION OF DISTRICT SYSTEM.] By vote of at least 75 percent of the members of the board, the board may require any person or local governmental unit to provide for the discharge of any sewage, directly or indirectly, into the district disposal system, or to connect any disposal system or a part of it with the district disposal system wherever reasonable opportunity for connection is provided; may regulate the manner in which the connections are made; may require any person or local governmental unit discharging sewage into the disposal system to provide preliminary treatment for it; may prohibit the discharge into the district disposal system of any substance that it determines will or may be harmful to the system or any persons operating it; and may require any local governmental unit to discontinue the acquisition, betterment, or operation of any facility for the unit's disposal system wherever and so far as adequate service is or will be provided by the district disposal system.

Sec. 13. Laws 2002, chapter 382, article 2, section 9, is amended to read:

Sec. 9. [BUDGET.]

(a) The board shall prepare and adopt, on or before October 1, ~~2002~~ 2003, and each year thereafter, a budget showing for the following calendar year or other fiscal year determined by the board, sometimes referred to in sections 1 to 19 as the budget year, estimated receipts of money from all sources, including but not limited to payments by each local governmental unit, federal or state grants, taxes on property, and funds on hand at the beginning of the year, and estimated expenditures for:

(1) costs of operation, administration, and maintenance of the district disposal system;

(2) cost of acquisition and betterment of the district disposal system; and

(3) debt service, including principal and interest, on general obligation bonds and certificates issued pursuant to section 13, and any money judgments entered by a court of competent jurisdiction.

(b) Expenditures within these general categories, and any other categories as the board may from time to time determine, must be itemized in detail as the board prescribes. The board and its officers, agents, and employees must not spend money for any purpose other than debt service without having set forth the expense in the budget nor in excess of the amount set forth in the budget for it. No obligation to make an expenditure of the above-mentioned type is enforceable except as the obligation of the person or persons incurring it. The board may amend the budget at any time by transferring from one purpose to another any sums except money for debt service and bond proceeds or by increasing expenditures in any amount by which actual cash receipts during the budget year exceed the total amounts designated in the original budget. The creation of any obligation under section 13, or the receipt of any federal or state grant is a sufficient budget designation of the proceeds for the purpose for which it is authorized, and of the tax or other revenue pledged to pay the obligation and interest on it, whether or not specifically included in any annual budget.

Sec. 14. Laws 2002, chapter 382, article 2, section 10, subdivision 2, is amended to read:

Subd. 2. [METHOD OF ALLOCATION OF CURRENT COSTS.] Current costs must be allocated in the district on an equitable basis as the board may determine by resolution to be in the best interests of the district. The adoption or revision of any method of allocation used by the board must be by the affirmative vote of at least ~~two-thirds~~ 75 percent of the members of the board.

Sec. 15. Laws 2002, chapter 382, article 2, section 11, is amended to read:

Sec. 11. [TAX LEVIES.]

To accomplish any duty imposed on it the board may, upon a vote of at least 75 percent of the members of the board, in addition to the powers granted in sections 1 to 19 and in any other law or charter, exercise the powers granted any municipality by Minnesota Statutes, chapters 117, 412, 429, 475, sections 115.46, 444.075, and 471.59, with respect to the area in the district. By vote of at least 75 percent of the members of the board, the board may levy taxes upon all taxable property in the district for all or a part of the amount payable to the board, pursuant to section 10, to be assessed and extended as a tax upon that taxable property by the county auditor for the next calendar year, free from any limit of rate or amount imposed by law or charter. The tax must be collected and remitted in the same manner as other general taxes.

Sec. 16. Laws 2002, chapter 382, article 2, section 12, subdivision 5, is amended to read:

Subd. 5. [POWER OF THE BOARD TO SPECIALLY ASSESS.] The board may, upon a vote of at least 75 percent of the members of the board, specially assess all or any part of the costs of acquisition and betterment as provided in this subdivision, of any project ordered under this section. The special assessments must be levied in accordance with Minnesota Statutes, sections 429.051 to 429.081, except as otherwise provided in this subdivision. No other provisions of Minnesota Statutes, chapter 429, apply. For purposes of levying the special assessments, the hearing on the project required in subdivision 1 serves as the hearing on the making of the original improvement provided for by Minnesota Statutes, section 429.051. The area assessed may be less than but may not exceed the area proposed to be assessed as stated in the notice of hearing on the project provided for in subdivision 2.

Sec. 17. Laws 2002, chapter 382, article 2, section 13, subdivision 3, is amended to read:

Subd. 3. [GENERAL OBLIGATION BONDS.] The board may, upon a vote of at least 75 percent of the members of the board, by resolution authorize the issuance of general obligation bonds for the acquisition or betterment of any part of the district disposal system, including but without limitation the payment of interest during construction and for a reasonable period thereafter, or for the refunding of outstanding bonds, certificates of indebtedness, or judgments. The board shall pledge its full faith and credit and taxing power for the payment of the bonds and shall provide for the issuance and sale and for the security of the bonds in the manner provided in Minnesota Statutes, chapter 475. The board has the same powers and duties as a municipality issuing bonds under that law, except that no election is required and the debt limitations of Minnesota Statutes, chapter 475, do not apply to the bonds. The board may also pledge for the payment of the bonds and deduct from the amount of any tax levy required under Minnesota Statutes, section 475.61, subdivision 1, and any revenues receivable under any state and federal grants anticipated by the board and may covenant to refund the bonds if and when and to the extent that for any reason the revenues, together with other funds available and appropriated for that purpose, are not sufficient to pay all principal and interest due or about to become due, provided that the revenues have not been anticipated by the issuance of certificates under subdivision 1.

Sec. 18. Laws 2002, chapter 382, article 2, section 16, is amended to read:

Sec. 16. [SERVICE CONTRACTS WITH GOVERNMENTAL ENTITIES OUTSIDE THE JURISDICTION OF THE BOARD.]

(a) The board may, upon a vote of at least 75 percent of the members of the board, contract with the United States or any agency of the federal government, any state or its agency, or any municipal or public corporation, governmental subdivision or agency or political subdivision in any state, outside the jurisdiction of the board, for furnishing services to those entities, including but not limited to planning for and the acquisition, betterment, operation, administration, and maintenance of any or all interceptors, treatment works, and local water and sanitary sewer facilities. The board may include as one of the terms of the contract that the entity must pay to the board an amount agreed upon as a reasonable estimate of the proportionate share properly allocable to the entity of costs of acquisition, betterment, and debt service previously allocated in the district. When payments are made by entities to the board, they must be applied in reduction of the total amount of costs thereafter allocated in the district, on an equitable basis as the board deems to be in the best interests of the district, applying so far as practicable and appropriate the criteria set forth in section 10, subdivision 2. A municipality in the state of Minnesota may enter into a contract and perform all acts and things required as a condition or consideration therefor consistent with the purposes of sections 1 to 19, whether or not included among the powers otherwise granted to the municipality by law or charter.

(b) The board shall contract with a qualified entity to make necessary inspections of the district facilities, and to otherwise process or assist in processing any of the work of the district.

Sec. 19. [LOCAL APPROVAL.]

This article takes effect the day after each of the governing bodies of each of the local governmental units has complied with Minnesota Statutes, section 645.021, subdivision 3.

ARTICLE 10

APPROPRIATIONS ECONOMIC DEVELOPMENT

Section 1. [ECONOMIC DEVELOPMENT; APPROPRIATIONS.]

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or another named fund, to the agencies and for the purposes specified in this act, to be available for the fiscal years indicated for each purpose. The figures "2004" and "2005," where used in this act, mean that the appropriation or

appropriations listed under them are available for the year ending June 30, 2004, or June 30, 2005, respectively. The term "first year" means the fiscal year ending June 30, 2004, and the term "second year" means the fiscal year ending June 30, 2005. The term "DR-1419" as used in this act refers to the area included in Presidential Declaration of Major Disaster DR-1419, whether included in the original declaration or added later by federal government action.

SUMMARY BY FUND

	2004	2005	TOTAL
General	\$134,620,000	\$128,527,000	\$263,147,000
Petroleum Tank Cleanup	750,000	-0-	750,000
Environmental Fund	700,000	700,000	1,400,000
Workers' Compensation	21,415,000	20,890,000	42,305,000
Workforce Development Fund	9,200,000	9,120,000	18,320,000
Special Revenue	240,000	240,000	480,000
TOTAL	\$166,925,000	\$159,477,000	\$326,402,000

APPROPRIATIONS
Available for the Year
Ending June 30

2004	2005
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Sec. 2. TRADE AND ECONOMIC DEVELOPMENT

Subdivision 1. Total Appropriation	\$67,659,000	\$64,429,000
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Summary by Fund

General	57,219,000	54,819,000
Petroleum Tank Cleanup	750,000	-0-
Environmental Fund	700,000	700,000
Workforce Development Fund	8,750,000	8,670,000
Special Revenue	240,000	240,000

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

Subd. 2. Business and Community Development	10,489,000	7,734,000
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APPROPRIATIONS
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Summary by Fund

General	9,039,000	7,034,000
Petroleum Tank Cleanup	750,000	-0-
Environmental Fund	700,000	700,000

Of this amount, \$35,000 the first year from funds available for small business assistance is for a onetime grant to Blue Earth county for the Rural Advanced Business Facilitation program. The grant shall be provided on the condition that the funds be matched on a one-to-one basis from nonstate sources. This appropriation is available until spent.

\$1,203,000 the first year and \$1,203,000 the second year are for Minnesota investment fund grants.

\$150,000 the first year and \$150,000 the second year are for grants to the rural policy and development center at Minnesota State University, Mankato. The grant shall be used for research and policy analysis on emerging economic and social issues in rural Minnesota, to serve as a policy resource center for rural Minnesota communities, to encourage collaboration across higher education institutions to provide interdisciplinary team approaches to research and problem solving in rural communities, and to administer overall operations of the center.

The grant shall be provided upon the condition that each state-appropriated dollar be matched with a nonstate dollar. Acceptable matching funds are nonstate contributions that the center has received and have not been used to match previous state grants. The funds not spent the first year are available the second.

\$1,000,000 the first year and \$1,000,000 the second year are onetime appropriations to encourage and facilitate a joint partnership with the University of Minnesota and the Mayo Foundation for research in biotechnology and medical genomics. This appropriation must be matched dollar for dollar by nonstate funds. Funds shall be made available on a reimbursement basis after certification to the commissioner of finance of the nonstate match.

In the first year, the appropriation funds operating costs of the collaboration, including salaries, but does not include capital expenditures. The University of Minnesota and the Mayo Foundation shall submit a business plan to the governor, the chair

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of the house jobs and economic development committee, and the chair of the senate jobs, housing, and community development committee no later than October 1, 2003. The plan should identify specific disciplines for development and collaboration, data access and confidentiality policies; timelines, and include a discussion of the expected economic benefits of the partnership to the state of Minnesota.

After adoption of the business plan by the governing bodies of the University of Minnesota and the Mayo Foundation, the appropriation in the second year shall be made available on a reimbursement basis to begin implementation of the business plan. A preliminary report on the budgeted expenditure of these funds should be submitted no later than October 1, 2004. A final report on the expenditure of these funds should be submitted no later than July 31, 2005.

\$2,000,000 the first year is to the Minnesota investment fund to make grants to local units of government for locally administered grants or loan programs, including buyouts, for businesses directly and adversely affected by flooding in the area included in DR-1419. Criteria and requirements must be locally established with the approval of the commissioner. For the purposes of this appropriation, Minnesota Statutes, sections 116J.8731, subdivisions 3, 4, 5, and 7; 116J.993; 116J.994; and 116J.995, are waived. Businesses that receive grants or loans from this appropriation must set goals for jobs retained and wages paid within the area included in DR-1419.

This is a onetime appropriation and is available until expended.

Notwithstanding Minnesota Statutes, section 115C.08, subdivision 4, \$750,000 the first year is for grants to local units of government in the area included in DR-1419 to safely rehabilitate buildings if a portion of the rehabilitation costs is attributable to petroleum contamination or to buy out property substantially damaged by a petroleum tank release. This appropriation is not subject to the limitations of Minnesota Statutes, section 115C.09, subdivision 3i.

This is a onetime appropriation from the petroleum tank release cleanup fund and is available until expended.

APPROPRIATIONS
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Ending June 30

	2004	2005
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Subd. 3. Minnesota Trade Office	2,187,000	2,187,000
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Of this amount, \$127,000 the first year is for a onetime transfer to the department of agriculture for the purposes of agricultural trade promotion.

Subd. 4. Workforce Development	7,385,000	7,385,000
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Summary by Fund

General	7,285,000	7,285,000
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Workforce Development Fund	100,000	100,000
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(a) \$6,785,000 the first year and \$6,785,000 the second year are for the job skills partnership and pathways programs. If the appropriation for either year is insufficient, the appropriation for the other year is available. This appropriation does not cancel.

(b) \$100,000 the first year and \$100,000 the second year are from the workforce development fund for onetime grants to Lifetrack Resources for its immigrant/refugee collaborative programs, including those related to job-seeking skills and workplace orientation, intensive job development, functional work English, and on-site job coaching.

(c) \$250,000 the first year and \$250,000 the second year are from the general fund for grants under Minnesota Statutes, section 116J.8747 to Twin Cities Rise to provide training to hard-to-train individuals. The commissioner must present information reported by grant recipients to the legislative committees with jurisdiction over economic development by February 15 of 2004 and 2005.

(d) \$100,000 the first year and \$100,000 the second year are for a grant to the Metropolitan Economic Development Association for continuing minority business development programs in the metropolitan area.

(e) \$150,000 the first year and \$150,000 the second year are for grants to WomenVenture for women's business development programs.

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Subd. 5. Office of Tourism

8,066,000 8,059,000

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

In order to maximize marketing grant benefits, the commissioner must give priority for joint venture marketing grants to organizations with year-round sustained tourism activities. For programs and projects submitted, the commissioner must give priority to those that encompass two or more areas or that attract nonresident travelers to the state.

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

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

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

Of this amount, \$50,000 the first year is for a onetime grant to the Mississippi River parkway commission to support the increased promotion of tourism along the Great River Road. This appropriation is available until June 30, 2005.

Of this amount, \$175,000 the first year and \$175,000 the second year are for the Minnesota film board. The appropriation in each year is available only upon receipt by the board of \$1 in matching contributions of money or in-kind from nonstate sources for every \$3 provided by this appropriation.

Subd. 6. Administrative Support

4,992,000 4,604,000

APPROPRIATIONS Available for the Year Ending June 30		
2004	2005	
Subd. 7. Workforce Services	8,274,000	8,254,000

Summary by Fund

General	6,389,000	6,389,000
Workforce Development Fund	1,645,000	1,625,000
Special Revenue	240,000	240,000

(a) \$990,000 the first year and \$990,000 the second year are for displaced homemaker programs under Minnesota Statutes, section 268.96. Of this amount, \$750,000 each year is from the workforce development fund and \$240,000 each year is from the special revenue fund. The commissioner of economic security shall report to the legislature by February 15, 2005, on the outcome of grants under this paragraph.

(b) \$875,000 the first year and \$875,000 the second year are from the workforce development fund for the Opportunities Industrialization Center programs.

(c) \$1,257,000 the first year and \$1,257,000 the second year are for youth intervention programs under Minnesota Statutes, section 268.30. One percent of this appropriation is for a grant to the Minnesota Youth Intervention Programs Association (YIPA) to provide collaborative training and technical assistance to community-based grantees of the program. The base funding in the fiscal year 2006-2007 biennium is \$1,446,000 each year.

(d) \$4,154,000 the first year and \$4,154,000 the second year are for the Minnesota youth program. If the appropriation in either year is insufficient, the appropriation for the other year is available. Of the money appropriated for the summer youth program for the first year, \$400,000 is immediately available. Any remaining balance of the immediately available money is available in the first year.

(e) \$754,000 the first year and \$754,000 the second year are for the Youthbuild program under Minnesota Statutes, sections 268.361 to 268.3661. A Minnesota Youthbuild program funded under this section as authorized in Minnesota Statutes, sections 268.361 to 268.3661, qualifies as an approved training program under Minnesota Rules, part 5200.0930, subpart 1.

APPROPRIATIONS
Available for the Year
Ending June 30

2004	2005
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(f) \$20,000 the first year is a onetime appropriation from the workforce development fund for a transfer to the University of Minnesota Duluth for the purpose of funding the continuation of workforce surveys in northeast Minnesota. The chancellor of the University of Minnesota Duluth is requested to direct the School of Business and Economics to conduct a survey of households and businesses with the goal of providing information on regional workforce demand and supply. The survey results must be organized and distributed as follows:

- (1) information organized in the form of a development information sheet to be used in industrial recruiting;
- (2) a formal report, similar to those produced by the School of Business and Economics previous surveys;
- (3) appropriate oral presentations to a reasonable number of interested parties;
- (4) a Web page, usable by economic developers and prospective industries, summarizing the data; and
- (5) continuous updates to be presented to the legislature.

An advisory committee may be appointed to review and aid in the survey effort.

Subd. 8. Rehabilitation Services	21,818,000	21,758,000
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Summary by Fund

General	14,813,000	14,813,000
Workforce Development		
Fund	7,005,000	6,945,000

\$11,737,000 the first year and \$11,737,000 the second year are for extended employment services for persons with severe disabilities or related conditions under Minnesota Statutes, section 268A.15. Of this amount, \$6,920,000 the first year and \$6,920,000 the second year are from the workforce development fund.

\$1,325,000 the first year and \$1,325,000 the second year are for grants to fund the eight centers for independent living. The base funding in the fiscal year 2006-2007 biennium is \$1,690,000 each year. Money not expended in the first year is available in the second year.

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\$150,000 the first year and \$150,000 the second year are for grants to the Minnesota employment center for people who are deaf or hard-of-hearing. Money not expended in the first year is available in the second year.

\$1,000,000 the first year and \$1,000,000 the second year are for grants for programs that provide employment support services to persons with mental illness under Minnesota Statutes, sections 268A.13 and 268A.14. Up to \$70,000 each year may be used for administrative and salary expenses.

\$60,000 the first year is a onetime appropriation from the workforce development fund for education for employers to support HIV/AIDS general education and awareness and to improve capacities to manage HIV/AIDS in the workplace. The commissioner may contract with a community-based organization for education and legal and technical assistance for employers and their employees. This appropriation is available until June 30, 2005.

Subd. 9. State Services for the Blind	4,448,000	4,448,000
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The base funding restored by this subdivision is intended to be used to provide services to blind persons, and that restored funding should be used to hire staff that provide direct services, including accessible materials from the communication center, to blind persons.

Sec. 3. MINNESOTA TECHNOLOGY, INC.	3,000,000	-0-
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\$3,000,000 the first year is for transfer from the general fund to the Minnesota Technology, Inc. fund. This is a onetime appropriation and no base funding is provided for any future year.

Sec. 4. HOUSING FINANCE AGENCY

Subdivision 1. Total Appropriation	35,385,000	34,885,000
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The amounts that may be spent from this appropriation for certain programs are specified in the following subdivisions.

This appropriation is for transfer to the housing development fund for the programs specified. Except as otherwise indicated, this transfer is part of the agency's permanent budget base.

APPROPRIATIONS
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Subd. 2. Roseau Flood Assistance

\$500,000 the first year is for a onetime grant for the city of Roseau to buy out flood damaged residential properties as provided below. The agency is authorized to provide assistance for the city of Roseau to acquire properties within the area included in DR-1419 that meet the following criteria:

- (1) the owner agrees to voluntarily sell the property;
- (2) the property to be acquired was the principal residence of the owner prior to the flooding described in DR-1419; and
- (3) the cost of restoring the property to its predamage condition would equal or exceed 50 percent of the market value of the structure before the damage occurred, or the property has been declared uninhabitable by a state or local official in accordance with current codes or ordinances.

Property owners may receive assistance from the city in amounts up to the preflood fair market value of their property. The city must reduce the assistance provided to a property owner by any duplication of benefits from other sources. If the property owner is selling the structure which served as the principal residence but not the real property on which the structure is located, the assistance must be reduced by the preflood fair market value of the real property. If the city sells the real property it has acquired with the assistance provided under this subdivision, it will repay to the agency any funds obtained from the sale of the real property.

Subd. 3. Affordable Rental Investment Fund

\$9,273,000 the first year and \$9,273,000 the second year are for the affordable rental investment fund program under Minnesota Statutes, section 462A.21, subdivision 8b.

This appropriation is to finance the acquisition, rehabilitation, and debt restructuring of federally assisted rental property and for making equity take-out loans under Minnesota Statutes, section 462A.05, subdivision 39. The owner of the federally assisted rental property must agree to participate in the applicable federally assisted housing program and to extend any existing low-income affordability restrictions on the housing for the maximum term permitted. The owner must also enter into an agreement that gives local units of government, housing and redevelopment

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authorities, and nonprofit housing organizations the right of first refusal if the rental property is offered for sale. Priority must be given among comparable properties to properties with the longest remaining term under an agreement for federal rental assistance. Priority must also be given among comparable rental housing developments to developments that are or will be owned by local government units, a housing and redevelopment authority, or a nonprofit housing organization.

Subd. 4. Family Homeless Prevention

\$3,715,000 the first year and \$3,715,000 the second year are for family homeless prevention and assistance programs under Minnesota Statutes, section 462A.204. Any balance in the first year does not cancel but is available in the second year.

Subd. 5. Challenge Program

\$9,622,000 the first year and \$9,622,000 the second year are for the economic development and housing challenge program under Minnesota Statutes, section 462A.33.

Subd. 6. Rental Assistance for Mentally III

\$1,638,000 the first year and \$1,638,000 the second year are for a rental housing assistance program for persons with a mental illness or families with an adult member with a mental illness under Minnesota Statutes, section 462A.2097. The agency must not reduce the funding under this subdivision.

Subd. 7. Home Ownership Education, Counseling, and Training

\$770,000 the first year and \$770,000 the second year are for the home ownership education, counseling, and training program under Minnesota Statutes, section 462A.209.

Subd. 8. Housing Trust Fund

\$4,305,000 the first year and \$4,305,000 the second year are for the housing trust fund to be deposited in the housing trust fund account created under Minnesota Statutes, section 462A.201, and used for the purposes provided in that section.

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Subd. 9. Urban Indian Housing Program

\$180,000 the first year and \$180,000 the second year are for the urban Indian housing program under Minnesota Statutes, section 462A.07, subdivision 15.

Subd. 10. Tribal Indian Housing Program

\$1,105,000 the first year and \$1,105,000 the second year are for the tribal Indian housing program under Minnesota Statutes, section 462A.07, subdivision 14.

Subd. 11. Capacity Building Grants

\$305,000 the first year and \$305,000 the second year are for nonprofit capacity building grants under Minnesota Statutes, section 462A.21, subdivision 3b.

Subd. 12. Housing Rehabilitation and Accessibility

\$3,972,000 the first year and \$3,972,000 the second year are for the housing rehabilitation and accessibility program under Minnesota Statutes, section 462A.05, subdivisions 14a and 15a.

Subd. 13. Home Ownership Assistance Fund

The budget base for the home ownership assistance fund shall be \$885,000 in fiscal year 2006 and \$885,000 in fiscal year 2007.

Sec. 5. LABOR AND INDUSTRY

Subdivision 1. Total Appropriation	23,152,000	22,561,000
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Summary by Fund

General	2,905,000	2,839,000
Workers' Compensation	19,797,000	19,272,000
Workforce Development Fund	450,000	450,000

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

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Subd. 2. Workers' Compensation

	10,566,000	10,346,000
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This appropriation is from the workers' compensation fund.

\$125,000 the first year and \$125,000 the second year are for grants to the Vinland Center for rehabilitation service.

Subd. 3. Workplace Services

	6,994,000	6,928,000
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Summary by Fund

General	2,905,000	2,839,000
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Workers' Compensation	3,639,000	3,639,000
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Workforce Development Fund	450,000	450,000
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\$345,000 the first year and \$345,000 the second year are for boiler inspections under Minnesota Statutes, section 183.38, subdivision 1. This is a onetime appropriation and is not added to the department's base.

\$350,000 each year is from the workforce development fund for the apprenticeship program under Minnesota Statutes, chapter 178.

\$100,000 the first year and \$100,000 the second year are for labor education and advancement program grants. This appropriation is from the workforce development fund.

Subd. 4. General Support

	5,592,000	5,287,000
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This appropriation is from the workers' compensation fund.

Sec. 6. BUREAU OF MEDIATION SERVICES

Subdivision 1. Total Appropriation	1,773,000	1,773,000
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The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

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Subd. 2. Mediation Services

1,673,000	1,673,000
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Subd. 3. Labor Management Cooperation Grants

100,000	100,000
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\$100,000 each year is for grants to area labor-management committees. Grants may be awarded for a 12-month period beginning July 1 of each year. Any unencumbered balance remaining at the end of the first year does not cancel but is available for the second year.

Sec. 7. WORKERS' COMPENSATION COURT OF APPEALS	1,618,000	1,618,000
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This appropriation is from the workers' compensation fund.

Sec. 8. MINNESOTA HISTORICAL SOCIETY

Subdivision 1. Total Appropriation	22,407,000	22,280,000
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The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

The historical society shall make its best possible efforts, including the use of volunteers, to avoid closing historic sites or substantially limiting public access to them. Before closing any site, the society must consult with, and fully consider proposals from, interested community groups or individuals who are willing to provide financial or in-kind support for site operations.

Subd. 2. Education and Outreach	12,381,000	12,381,000
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Subd. 3. Preservation and Access	9,772,000	9,772,000
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Subd. 4. Fiscal Agent	254,000	127,000
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(a) Minnesota International Center

43,000	42,000
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(b) Minnesota Air National Guard Museum

16,000	-0-
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APPROPRIATIONS
Available for the Year
Ending June 30

	2004	2005
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For emergency services grants under Laws 1997, chapter 162, article 3, section 7. Any balance in the first year does not cancel but is available in the second year.

Subd. 3. Transitional Housing	2,988,000	2,988,000
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\$2,988,000 the first year and \$2,988,000 the second year are for transitional housing programs according to Minnesota Statutes, section 119A.43. Any balance in the first year does not cancel but is available in the second year.

Sec. 11. [CANCELLATIONS AND TRANSFERS.]

(a) The unexpended balance as of July 1, 2003, from all appropriations to the capital access program established under Minnesota Statutes, section 116J.8761, is canceled to the general fund.

(b) The unexpended balance as of July 1, 2003, in the nongame wildlife tourism program in the department of trade and economic development is canceled to the general fund.

(c) Of the appropriation made to the department of trade and economic development in Laws 1997, chapter 200, article 1, section 2, subdivision 2, \$361,000 is canceled to the general fund.

(d) Of the appropriation made to the public facilities authority in Laws 2000, chapter 492, article 1, section 22, subdivision 3, \$700,000 is canceled to the general fund.

(e) After July 1, 2003, but before September 30, 2003, the commissioner of finance shall transfer \$800,000 of the unexpended balance in the tourism loan account established under Minnesota Statutes, section 116J.617, subdivision 5, to the general fund.

(f) Any repayments of principal and any interest earned on money previously in the tourism loan account shall be deposited in the general fund.

(g) On or before June 30 of each fiscal year, the commissioner of finance shall transfer \$550,000 from the workforce development fund to the general fund.

Sec. 12. Laws 2002, chapter 220, article 13, section 9, subdivision 2, as amended by Laws 2002, chapter 374, article 8, section 6, is amended to read:

Subd. 2. [SPECIAL COMPENSATION FUND.] After June 1, 2003, but no later than June 30, 2003, the commissioner of finance shall transfer ~~\$250,000,000~~ \$265,000,000 in assets of the excess surplus account of the special compensation fund created under Minnesota Statutes, section 176.129, to the general fund.

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

Sec. 13. Laws 2002, chapter 331, section 19, is amended to read:

Sec. 19. [EFFECTIVE DATE.]

Sections 16 and 17 are effective July 1, ~~2003~~ 2004.

Sec. 14. [FEDERAL FUND APPROVAL.]

Requests to spend federal grants and aids as shown in the biennial budget document and its supplements for the departments of trade and economic development, economic security, and labor and industry; the Minnesota housing finance agency; and Minnesota Technology, Inc., for which further review was requested under Minnesota Statutes, section 3.3005, subdivision 2a, in January or February 2003, are approved and the amounts shown in the budget documents are appropriated for the purpose indicated in the request.

Sec. 15. [REPEALER.]

Minnesota Statutes 2002, section 138.91, is repealed.

ARTICLE 11

DEPARTMENT OF LABOR AND INDUSTRY POLICY PROVISIONS

Section 1. Minnesota Statutes 2002, section 175.16, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHED.] The department of labor and industry shall consist of the following divisions: division of workers' compensation, division of boiler inspection, division of occupational safety and health, division of statistics, division of steamfitting standards, ~~division of voluntary apprenticeship~~, division of labor standards and apprenticeship, and such other divisions as the commissioner of the department of labor and industry may deem necessary and establish. Each division of the department and persons in charge thereof shall be subject to the supervision of the commissioner of the department of labor and industry and, in addition to such duties as are or may be imposed on them by statute, shall perform such other duties as may be assigned to them by ~~said~~ the commissioner. Notwithstanding any other law to the contrary, the commissioner is the administrator and supervisor of all of the department's dispute resolution functions and personnel and may delegate authority to compensation judges and others to make determinations under sections 176.106, 176.238, and 176.239 and to approve settlement of claims under section 176.521.

Sec. 2. Minnesota Statutes 2002, section 177.26, subdivision 1, is amended to read:

Subdivision 1. [CREATION.] The division of labor standards and apprenticeship in the department of labor and industry is supervised and controlled by the commissioner of labor and industry.

Sec. 3. Minnesota Statutes 2002, section 177.26, subdivision 2, is amended to read:

Subd. 2. [POWERS AND DUTIES.] ~~The powers, duties, and functions given to the department's division of women and children by this chapter, and other applicable laws relating to wages, hours, and working conditions, are transferred to the division of labor standards.~~ The division of labor standards and apprenticeship shall administer sections 177.21 to 177.35 and chapter chapters 177, 178, 181, 181A, and 184. ~~The division shall perform duties under sections 181.9435 and 181.9436.~~

Sec. 4. Minnesota Statutes 2002, section 178.01, is amended to read:

178.01 [PURPOSES.]

The purposes of this chapter are: to open to young people regardless of race, sex, creed, color or national origin, the opportunity to obtain training that will equip them for profitable employment and citizenship; to establish as a means to this end, a program of voluntary apprenticeship under approved apprentice agreements providing facilities for their training and guidance in the arts, skills, and crafts of industry and trade, with concurrent, supplementary instruction in related subjects; to promote employment opportunities under conditions providing adequate training and reasonable earnings; to relate the supply of skilled workers to employment demands; to establish standards for apprentice training; to establish an apprenticeship advisory council and apprenticeship committees to assist in effectuating the purposes of this chapter; to provide for a division of ~~voluntary labor standards~~ and apprenticeship within the department of labor and industry; to provide for reports to the legislature regarding the status of apprentice training in the state; to establish a procedure for the determination of apprentice agreement controversies; and to accomplish related ends.

Sec. 5. Minnesota Statutes 2002, section 178.03, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT OF DIVISION.] There is ~~hereby~~ established a division of ~~voluntary labor standards and~~ apprenticeship in the department of labor and industry. This division shall be administered by a director, and be under the supervision of the commissioner of labor and industry, hereinafter referred to as the commissioner.

Sec. 6. Minnesota Statutes 2002, section 178.03, subdivision 2, is amended to read:

Subd. 2. [DIRECTOR OF ~~VOLUNTARY LABOR STANDARDS AND~~ APPRENTICESHIP.] The commissioner shall appoint a director of the division of ~~voluntary labor standards and~~ apprenticeship, hereinafter referred to as the director, and may appoint and employ such clerical, technical, and professional help as is necessary to accomplish the purposes of this chapter. The director and division staff shall be appointed and shall serve in the classified service pursuant to civil service law and rules.

Sec. 7. [178.12] [REGISTRATION FEE.]

The apprenticeship registration account is established in the special revenue fund of the state treasury. An annual registration fee will be charged to each sponsor for each apprentice registered in the program. The fee is established at \$30 per apprentice. Subsequent adjustments to this fee will be made pursuant to Minnesota Statutes, sections 16A.1283 and 16A.1285, subdivision 2. The fees collected and any interest earned are appropriated to the commissioner for purposes of this chapter.

Sec. 8. Minnesota Statutes 2002, section 181.9435, subdivision 1, is amended to read:

Subdivision 1. [INVESTIGATION.] The division of labor standards and apprenticeship shall receive complaints of employees against employers relating to sections 181.940 to 181.9436 and investigate informally whether an employer may be in violation of sections 181.940 to 181.9436. The division shall attempt to resolve employee complaints by informing employees and employers of the provisions of the law and directing employers to comply with the law.

Sec. 9. Minnesota Statutes 2002, section 181.9436, is amended to read:

181.9436 [POSTING OF LAW.]

The division of labor standards and apprenticeship shall develop, with the assistance of interested business and community organizations, an educational poster stating employees' rights under sections 181.940 to 181.9436. The department shall make the poster available, upon request, to employers for posting on the employer's premises.

Sec. 10. Minnesota Statutes 2002, section 182.667, subdivision 2, is amended to read:

Subd. 2. Any employer who willfully or repeatedly violates the requirements of section 182.653, any safety and health standard promulgated under this chapter, any existing rule promulgated by the department, may be punished by a fine of not more than ~~\$20,000~~ \$70,000 or by imprisonment for not more than six months or by both; except, that if the conviction is for a violation committed after a first conviction of such person, punishment shall be a fine of not more than ~~\$35,000~~ \$100,000 or by imprisonment for not more than one year, or by both.

Sec. 11. [BOILER INSPECTION AND LICENSE FEE SURCHARGE.]

The commissioner of labor and industry shall impose a surcharge of \$5 on each of the fees authorized under Minnesota Statutes, section 183.545, subdivisions 2, 3, and 4, for the period starting July 1, 2003, and ending June 30, 2005.

Sec. 12. [WORKERS' COMPENSATION WORKING GROUP.]

The commissioner of labor and industry shall convene a working group to study issues related to the medical cost drivers of the workers' compensation program. The group shall report its findings, along with any recommendations to the workers' compensation advisory council before January 9, 2004. The purpose of the study is to examine the medical cost drivers of the workers' compensation program in order to ensure costs are not excessive, while at the same time ensuring that injured workers have adequate access to health care providers under the workers' compensation system. The working group shall consist of an equal number of provider, employer, and labor representatives. The study shall examine:

(1) the growth in medical costs in the workers' compensation program compared to the growth in overall medical costs; and

(2) the costs that are unique to providing medical services to injured workers under the workers' compensation program.

The commissioner shall convene the study group no later than September 1, 2003. By February 15, 2004, the workers' compensation advisory council must report to the chairs of the legislative committees with jurisdiction over workers' compensation regarding the recommendations of the working group, including a description of action taken on the recommendations.

ARTICLE 12

DEPARTMENT OF TRADE AND ECONOMIC DEVELOPMENT POLICY PROVISIONS - PART ONE

Section 1. Minnesota Statutes 2002, section 248.10, is amended to read:

248.10 [REHABILITATION COUNCIL FOR THE BLIND.]

(a) The commissioner shall establish a rehabilitation council for the blind consistent with the federal Rehabilitation Act of 1973, Public Law Number 93-112, as amended. Council members shall be compensated as provided in section 15.059, subdivision 3. The council shall advise the commissioner about programs of the division of state services for the blind.

(b) Notwithstanding section 13D.01, the rehabilitation council for the blind may conduct a meeting of its members by telephone or other electronic means so long as the following conditions are met:

(1) all members of the council participating in the meeting, wherever their physical location, can hear one another and can hear all discussion and testimony;

(2) members of the public present at the regular meeting location of the council can hear all discussion and testimony and all votes of members of the council;

(3) at least one member of the council is physically present at the regular meeting location; and

(4) all votes are conducted by roll call, so each member's vote on each issue can be identified and recorded.

(c) Each member of the council participating in a meeting by telephone or other electronic means is considered present at the meeting for purposes of determining a quorum and participating in all proceedings.

(d) If telephone or another electronic means is used to conduct a meeting, the council to the extent practical, shall allow a person to monitor the meeting electronically from a remote location. The council may require the person making such a connection to pay for documented marginal costs that the council incurs as a result of the additional connection.

(e) If telephone or another electronic means is used to conduct a regular, special, or emergency meeting, the council shall provide notice of the regular meeting location, of the fact that some members may participate by electronic means, and of the provisions of paragraph (d). The timing and method of providing notice is governed by section 13D.04.

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

Sec. 2. Minnesota Statutes 2002, section 268A.02, is amended by adding a subdivision to read:

Subd. 3. [ELECTRONIC OR TELEPHONIC MEETINGS.] (a) Notwithstanding section 13D.01, the state rehabilitation council and the statewide independent living council may conduct a meeting of its members by telephone or other electronic means so long as the following conditions are met:

(1) all members of the council participating in the meeting, wherever their physical location, can hear one another and can hear all discussion and testimony;

(2) members of the public present at the regular meeting location of the council can hear all discussion and testimony and all votes of members of the council;

(3) at least one member of the council is physically present at the regular meeting location; and

(4) all votes are conducted by roll call, so each member's vote on each issue can be identified and recorded.

(b) Each member of the council participating in a meeting by telephone or other electronic means is considered present at the meeting for purposes of determining a quorum and participating in all proceedings.

(c) If telephone or other electronic means is used to conduct a meeting, the council, to the extent practical, shall allow a person to monitor the meeting electronically from a remote location. The council may require the person making such a connection to pay for documented marginal costs that the council incurs as a result of the additional connection.

(d) If telephone or other electronic means is used to conduct a regular, special, or emergency meeting, the council shall provide notice of the regular meeting location, of the fact that some members may participate by telephone or other electronic means, and of the provisions of paragraph (c). The timing and method of providing notice is governed by section 13D.04.

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

Sec. 3. Minnesota Statutes 2002, section 517.08, subdivision 1b, is amended to read:

Subd. 1b. [TERM OF LICENSE; FEE; PREMARITAL EDUCATION.] (a) The court administrator shall examine upon oath the party applying for a license relative to the legality of the contemplated marriage. If at the expiration of a five-day period, on being satisfied that there is no legal impediment to it, including the restriction contained in section 259.13, the court administrator shall issue the license, containing the full names of the parties before and after marriage, and county and state of residence, with the district court seal attached, and make a record of the date of issuance. The license shall be valid for a period of six months. In case of emergency or extraordinary circumstances, a judge of the district court of the county in which the application is made, may authorize the license to be issued at any time before the expiration of the five days. Except as provided in paragraph (b), the court administrator shall collect from the applicant a fee of ~~\$70~~ \$80 for administering the oath, issuing, recording, and filing all papers required, and preparing and transmitting to the state registrar of vital statistics the reports of marriage required by this section. If the license should not be used within the period of six months due to illness or other extenuating circumstances, it may be surrendered to the court administrator for cancellation, and in that case a new license shall issue upon request of the parties of the original license without fee. A court administrator who knowingly issues or signs a marriage license in any manner other than as provided in this section shall pay to the parties aggrieved an amount not to exceed \$1,000.

(b) The marriage license fee for parties who have completed at least 12 hours of premarital education is \$20. In order to qualify for the reduced fee, the parties must submit a signed and dated statement from the person who provided the premarital education confirming that it was received. The premarital education must be provided by a licensed or ordained minister or the minister's designee, a person authorized to solemnize marriages under section 517.18, or a person authorized to practice marriage and family therapy under section 148B.33. The education must include the use of a premarital inventory and the teaching of communication and conflict management skills.

(c) The statement from the person who provided the premarital education under paragraph (b) must be in the following form:

"I, (name of educator), confirm that (names of both parties) received at least 12 hours of premarital education that included the use of a premarital inventory and the teaching of communication and conflict management skills. I am a licensed or ordained minister, a person authorized to solemnize marriages under Minnesota Statutes, section 517.18, or a person licensed to practice marriage and family therapy under Minnesota Statutes, section 148B.33."

The names of the parties in the educator's statement must be identical to the legal names of the parties as they appear in the marriage license application. Notwithstanding section 138.17, the educator's statement must be retained for seven years, after which time it may be destroyed.

(d) If section 259.13 applies to the request for a marriage license, the court administrator shall grant the marriage license without the requested name change. Alternatively, the court administrator may delay the granting of the marriage license until the party with the conviction:

(1) certifies under oath that 30 days have passed since service of the notice for a name change upon the prosecuting authority and, if applicable, the attorney general and no objection has been filed under section 259.13; or

(2) provides a certified copy of the court order granting it. The parties seeking the marriage license shall have the right to choose to have the license granted without the name change or to delay its granting pending further action on the name change request.

Sec. 4. Minnesota Statutes 2002, section 517.08, subdivision 1c, is amended to read:

Subd. 1c. [DISPOSITION OF LICENSE FEE.] (a) Of the marriage license fee collected pursuant to subdivision 1b, paragraph (a), \$15 must be retained by the county. The court administrator must pay ~~\$55~~ \$65 to the state treasurer to be deposited as follows:

(1) \$50 in the general fund;

(2) \$3 in the special revenue fund to be appropriated to the commissioner of children, families, and learning for parenting time centers under section 119A.37; ~~and~~

(3) \$2 in the special revenue fund to be appropriated to the commissioner of health for developing and implementing the MN ENABL program under section 145.9255; and

(4) \$10 in the special revenue fund to be appropriated to the commissioner of economic security for the displaced homemaker program under section 268.96.

(b) Of the \$20 fee under subdivision 1b, paragraph (b), \$15 must be retained by the county. The state court administrator must pay \$5 to the state treasurer to be distributed as provided in paragraph (a), clauses (2) and (3).

Sec. 5. Laws 2001, First Special Session chapter 4, article 2, section 31, is amended to read:

Sec. 31. [WORKFORCE ENHANCEMENT FEE.]

Subdivision 1. [FEE.] Notwithstanding Minnesota Statutes, section 268.022, effective January 1, 2002, the special assessment under that section on taxable wages as defined in Minnesota Statutes, section 268.035, subdivision 24, is suspended until December 31, 2005. Effective January 1, 2002, there shall be assessed, in addition to unemployment taxes due under Minnesota Statutes, section 268.051, a workforce enhancement fee of ~~.09~~ .12 percent on taxable wages. If the commissioner of trade and economic development determines that the need for services under the dislocated worker program substantially exceeds the resources that will be available for that program, the commissioner may increase the fee to no more than .14 percent of taxable wages. This fee shall be due and be paid on the same schedule and in the same manner as unemployment taxes under Minnesota Statutes, section 268.051. Any amount past due under this section shall be subject to the same interest and collection provisions as unemployment taxes. This fee shall expire on December 31, 2005.

Subd. 2. [USE OF FUNDS COLLECTED.] ~~An amount equal to .07 percent on taxable wages shall be deposited in the workforce development fund provided for under Minnesota Statutes, section 268.022, subdivision 2. An amount equal to .02 percent on taxable wages, less reimbursement for collection costs of the total amount of the fee,~~

shall be deposited in the unemployment insurance technology initiative account provided for in section 32. The remaining funds collected under this section shall be deposited in the workforce development fund provided for under Minnesota Statutes, section 268.022, subdivision 2.

[EFFECTIVE DATE.] This section is effective January 1, 2004.

ARTICLE 13

DEPARTMENT OF TRADE AND ECONOMIC DEVELOPMENT POLICY PROVISIONS - PART TWO

Section 1. Minnesota Statutes 2002, section 17.03, subdivision 6, is amended to read:

Subd. 6. [~~COOPERATION WITH MINNESOTA TRADE DIVISION~~ DEPARTMENT OF TRADE AND ECONOMIC DEVELOPMENT.] The commissioner of agriculture, ~~and the commissioner of trade and economic development, and the director of the Minnesota trade division~~ shall cooperate with each other to promote the beneficial agricultural interests of the state. The commissioner of ~~trade and economic development and the director of the Minnesota trade division~~ agriculture has primary responsibility for promoting state agricultural interests to international markets. The commissioner of ~~trade and economic development and the director of the Minnesota trade division~~ agriculture is also responsible for the promotion of national trade programs related to international marketing. The commissioner of agriculture has primary responsibility for promoting the agriculture interests of producers, promoting state agricultural markets, and promoting agricultural interests of the state in cooperative production and marketing efforts with other states and the United States Department of Agriculture. The commissioner of agriculture is also responsible for promoting the national and international marketing of state agricultural products.

Sec. 2. Minnesota Statutes 2002, section 17.101, subdivision 1, is amended to read:

Subdivision 1. [DEPARTMENTAL DUTIES.] For the purposes of expanding, improving, and developing production and marketing of products of Minnesota agriculture, the commissioner shall encourage and promote the production and marketing of these products by means of:

- (a) advertising Minnesota agricultural products;
- (b) assisting state agricultural commodity organizations;
- (c) developing methods to increase processing and marketing of agricultural commodities including commodities not being produced in Minnesota on a commercial scale, but which may have economic potential in national and international markets;
- (d) investigating and identifying new marketing technology and methods to enhance the competitive position of Minnesota agricultural products;
- (e) evaluating livestock marketing opportunities;
- (f) assessing and developing national and international markets for Minnesota agricultural products;
- (g) studying the conversion of raw agricultural products to manufactured products including ethanol;
- (h) hosting the visits of foreign trade teams to Minnesota and defraying the teams' expenses;

- (i) assisting Minnesota agricultural businesses desiring to sell their products;
- (j) conducting research to eliminate or reduce specific production or technological barriers to market development and trade; and
- (k) other activities the commissioner deems appropriate to promote Minnesota agricultural products, provided that the activities do not duplicate programs or services provided by the Minnesota trade division ~~or the Minnesota world trade center.~~

Sec. 3. Minnesota Statutes 2002, section 41A.036, subdivision 2, is amended to read:

Subd. 2. [SMALL BUSINESS DEVELOPMENT LOANS; PREFERENCES.] The following eligible small businesses have preference among all business applicants for small business development loans:

- (1) businesses located in rural areas of the state that are experiencing the most severe unemployment rates in the state;
- (2) businesses that are likely to expand and provide additional permanent employment in rural areas of the state, or enhance the quality of existing jobs in those areas;
- (3) businesses located in border communities that experience a competitive disadvantage due to location;
- (4) businesses that have been unable to obtain traditional financial assistance due to a disadvantageous location, minority ownership, or other factors rather than due to the business having been considered a poor financial risk;
- (5) businesses that utilize state resources and reduce state dependence on outside resources, and that produce products or services consistent with the long-term social and economic needs of the state; and
- (6) businesses located in designated enterprise zones, as described in section 469.168.

Sec. 4. Minnesota Statutes 2002, section 115C.08, subdivision 4, is amended to read:

Subd. 4. [EXPENDITURES.] (a) Money in the fund may only be spent:

- (1) to administer the petroleum tank release cleanup program established in this chapter;
- (2) for agency administrative costs under sections 116.46 to 116.50, sections 115C.03 to 115C.06, and costs of corrective action taken by the agency under section 115C.03, including investigations;
- (3) for costs of recovering expenses of corrective actions under section 115C.04;
- (4) for training, certification, and rulemaking under sections 116.46 to 116.50;
- (5) for agency administrative costs of enforcing rules governing the construction, installation, operation, and closure of aboveground and underground petroleum storage tanks;
- (6) for reimbursement of the environmental response, compensation, and compliance account under subdivision 5 and section 115B.26, subdivision 4;
- (7) for administrative and staff costs as set by the board to administer the petroleum tank release program established in this chapter;

(8) for corrective action performance audits under section 115C.093; and

(9) for contamination cleanup grants, as provided in paragraph (c).

(b) Except as provided in paragraph (c), money in the fund is appropriated to the board to make reimbursements or payments under this section.

(c) \$6,200,000 is annually appropriated from the fund to the commissioner of trade and economic development for contamination cleanup grants under section 116J.554. Of this amount, the commissioner may spend up to ~~\$120,000~~ \$180,000 annually for administration of the contamination cleanup grant program. The appropriation does not cancel and is available until expended. The appropriation shall not be withdrawn from the fund nor the fund balance reduced until the funds are requested by the commissioner of trade and economic development. The commissioner shall schedule requests for withdrawals from the fund to minimize the necessity to impose the fee authorized by subdivision 2. Unless otherwise provided, the appropriation in this paragraph may be used for:

(1) project costs at a qualifying site if a portion of the cleanup costs are attributable to petroleum contamination; and

(2) the costs of performing contamination investigation if there is a reasonable basis to suspect the contamination is attributable to petroleum.

[EFFECTIVE DATE.] This section is effective June 30, 2003.

Sec. 5. Minnesota Statutes 2002, section 116J.011, is amended to read:

116J.011 [MISSION.]

The mission of the department of trade and economic development is to employ all of the available state government resources to facilitate an economic environment that produces net new job growth in excess of the national average, to improve the quality of existing jobs, and to increase nonresident and resident tourism revenues. It is part of the department's mission that within the department's resources the commissioner shall endeavor to:

(1) prevent the waste or unnecessary spending of public money;

(2) use innovative fiscal and human resource practices to manage the state's resources and operate the department as efficiently as possible;

(3) coordinate the department's activities wherever appropriate with the activities of other governmental agencies;

(4) use technology where appropriate to increase agency productivity, improve customer service, increase public access to information about government, and increase public participation in the business of government;

(5) utilize constructive and cooperative labor-management practices to the extent otherwise required by chapters 43A and 179A;

(6) report to the legislature on the performance of agency operations and the accomplishment of agency goals in the agency's biennial budget according to section 16A.10, subdivision 1; and

(7) recommend to the legislature appropriate changes in law necessary to carry out the mission and improve the performance of the department.

Sec. 6. Minnesota Statutes 2002, section 116J.411, is amended by adding a subdivision to read:

Subd. 2a. [JOB ENHANCEMENT.] "Job enhancement" means:

(1) an increase in wages, and an increase in the responsibility or skill level of job duties; or

(2) the provision of additional training or education for employees in existing jobs.

Sec. 7. Minnesota Statutes 2002, section 116J.415, subdivision 1, is amended to read:

Subdivision 1. [ORGANIZATION.] The commissioner shall make challenge grants to regional organizations, for the purpose of providing financial assistance to encourage private investment, to provide jobs or job enhancement for low-income persons, and to promote economic development in the rural areas of the state.

Sec. 8. Minnesota Statutes 2002, section 116J.415, subdivision 2, is amended to read:

Subd. 2. [FUNDING REGIONS.] The commissioner shall divide the state outside of the metropolitan area as defined in section 473.121, subdivision 2, into six regions. A region's boundaries must be coterminous with the boundaries of one or more of the development regions established under section 462.385. The commissioner shall ~~designate up to \$1,000,000 for each region, to be awarded over a period of three years~~ allocate all funds remaining in each regional subaccount of the rural rehabilitation account, as established under section 166J.955, to each respective regional organization. The money designated to each region must be used for ~~revolving loans~~ assistance authorized in this section.

Sec. 9. Minnesota Statutes 2002, section 116J.415, subdivision 4, is amended to read:

Subd. 4. [REVOLVING LOAN FUND.] A regional organization shall establish a commissioner certified revolving loan fund ~~to provide loans to new and expanding businesses in rural Minnesota~~ to promote economic development in rural Minnesota. ~~Eligible business enterprises include technologically innovative industries, value-added manufacturing, agriprocessing, information industries, and agricultural marketing. Loan applications given preliminary approval by the organization must be forwarded to the commissioner for final approval. The amount of state money allocated for each loan is appropriated from the rural rehabilitation account established in section 116J.955 to the organization's regional revolving loan fund when the commissioner gives final approval for each loan. The amount of money appropriated from the rural rehabilitation account may not exceed 50 percent for each loan. The amount of nonpublic money must equal at least 50 percent for each loan. Funds may be used to provide loans, loan guarantees, interest buy-downs, and other forms of participation with private sources of financing, provided that the financial assistance must be for a principal amount that does not exceed one-half of the cost of the project for which financing is sought.~~

Sec. 10. Minnesota Statutes 2002, section 116J.415, subdivision 5, is amended to read:

Subd. 5. [LOAN ASSISTANCE CRITERIA.] ~~The following criteria apply to loans made under Projects supported through the challenge grant program~~ must be used principally to benefit low-income persons by:

~~(1) loans must be made to businesses that are not likely to undertake a project for which loans are sought without assistance from the challenge grant program;~~

~~(2) a loan must be used for a project designed principally to benefit low income persons through the creation of job or business opportunities for them;~~

~~(3) the minimum loan is \$5,000 and the maximum is \$200,000;~~

~~(4) a loan may not exceed 50 percent of the total cost of an individual project;~~

~~(5) a loan may not be used for a retail development project; and~~

~~(6) a business applying for a loan, except a microenterprise loan under subdivision 6, must be sponsored by a resolution of the governing body of the local governmental unit within whose jurisdiction the project is located.~~

(1) creating new jobs, job enhancement, or retaining existing jobs;

(2) increasing the local tax base;

(3) demonstrating that investment of public dollars induces private funds;

(4) providing higher wage levels to the community or adding value to current workforce skills;

(5) retaining existing business; or

(6) attracting out-of-state business.

Sec. 11. Minnesota Statutes 2002, section 116J.415, subdivision 7, is amended to read:

Subd. 7. [REVOLVING FUND ADMINISTRATION.] ~~(a) The commissioner shall establish a minimum interest rate for loans to ensure that necessary management costs are covered.~~

~~(b) Loan Repayment amounts equal to one-half of the principal and interest must be deposited in the rural rehabilitation revolving fund for challenge grants to the region from which the money was originally designated. The remaining amount of the loan repayment may must be deposited in the regional revolving loan fund for further distribution by the regional organization, consistent with the loan criteria specified in subdivisions 4 and 5.~~

~~(c) The first \$1,000,000 of revolving loans for each region must be matched by nonstate sources. The matching requirement does not apply to loans made under paragraph (b).~~

~~(d) Administrative expenses of each organization may be paid out of the interest earned on loans and on interest earned on money invested by the state board of investment under section 116J.413, subdivision 2.~~

Sec. 12. Minnesota Statutes 2002, section 116J.415, subdivision 11, is amended to read:

Subd. 11. [REPORTING REQUIREMENTS.] An organization that receives a challenge grant shall:

(1) submit an annual report to the commissioner by ~~February 15 of each~~ August 30 for the preceding fiscal year that includes a ~~description of projects supported by the challenge grant program,~~ an account of loans made, written off, and fully paid during the calendar year, the source and amount of money collected and distributed by the ~~challenge grant program~~ regional revolving fund, and the ~~program's assets and liabilities, and an explanation of administrative expenses~~ funds' cash balance and loans receivable; and

(2) provide for an independent annual audit to be performed in accordance with generally accepted accounting practices and auditing standards and submit a copy of each annual audit report to the commissioner.

Sec. 13. Minnesota Statutes 2002, section 116J.553, subdivision 2, is amended to read:

Subd. 2. [REQUIRED CONTENT.] (a) The commissioner shall prescribe and provide the application form. The application must include at least the following information:

- (1) identification of the site;
 - (2) an approved response action plan for the site, including the results of engineering and other tests showing the nature and extent of the release or threatened release of contaminants at the site;
 - (3) a detailed estimate, along with necessary supporting evidence, of the total cleanup costs for the site;
 - (4) an appraisal of the current market value of the property, separately taking into account the effect of the contaminants on the market value, prepared by a qualified independent appraiser licensed under chapter 82B using accepted appraisal methodology or, the estimated market value of the property for the latest year shown on the most recent valuation notice used under section 273.121;
 - (5) an assessment of the development potential or likely use of the site after completion of the response action plan, including any specific commitments from third parties to construct improvements on the site;
 - (6) the manner in which the municipality will meet the local match requirement; and
 - (7) any additional information or material that the commissioner prescribes.
- (b) A response action plan is not required as a condition to receive a grant under section 116J.554, subdivision 1, paragraph (c).

Sec. 14. Minnesota Statutes 2002, section 116J.554, subdivision 2, is amended to read:

Subd. 2. [QUALIFYING SITES.] A site qualifies for a grant under this section, if the following criteria are met:

- (1) the site is not scheduled for funding during the current or next fiscal year under the Comprehensive Environmental Response, Compensation, and Liability Act, United States Code, title 42, section 9601, et seq. or under the Environmental Response, and Liability Act under sections 115B.01 to 115B.24;
- (2) the appraised value of the site after adjusting for the effect on the value of the presence or possible presence of contaminants using accepted appraisal methodology, or the current market value of the site as issued under section 273.121, separately taking into account the effect of the contaminants on the market value, (i) is less than 75 percent of the estimated project costs for the site or (ii) is less than or equal to the estimated cleanup costs for the site and the cleanup costs equal or exceed \$3 per square foot for the site; and
- (3) if the proposed cleanup is completed, it is expected that the site will be improved with buildings or other improvements and these improvements will provide a substantial increase in the property tax base within a reasonable period of time or the site will be used for an important publicly owned or tax-exempt facility.

Sec. 15. Minnesota Statutes 2002, section 116J.64, subdivision 2, is amended to read:

Subd. 2. "Indian" means a person ~~of one-quarter or more Indian blood and~~ who is an enrolled member of a federally recognized Minnesota based band or tribe.

Sec. 16. Minnesota Statutes 2002, section 116J.8731, subdivision 1, is amended to read:

Subdivision 1. [PURPOSE.] The Minnesota investment fund is created to provide financial assistance, through partnership with communities, for the creation of new employment or to maintain existing employment, and for business start-up, expansions, and retention. It shall accomplish these goals by the following means:

(1) creation or retention of permanent private-sector jobs in order to create above-average economic growth consistent with environmental protection, which includes investments in technology and equipment that increase productivity and provide for a higher wage;

(2) stimulation or leverage of private investment to ensure economic renewal and competitiveness;

(3) increasing the local tax base, based on demonstrated measurable outcomes, to guarantee a diversified industry mix;

(4) improving the quality of existing jobs, based on increases in wages or improvements in the job duties, training, or education associated with those jobs;

(5) improvement of employment and economic opportunity for citizens in the region to create a reasonable standard of living, consistent with federal and state guidelines on low- to moderate-income persons; and

~~(5)~~ (6) stimulation of productivity growth through improved manufacturing or new technologies, including cold weather testing.

Sec. 17. Minnesota Statutes 2002, section 116J.8731, subdivision 4, is amended to read:

Subd. 4. [ELIGIBLE PROJECTS.] Assistance must be evaluated on the existence of the following conditions:

(1) creation of new jobs or retention of existing jobs, or improvements in the quality of existing jobs as measured by the wages, skills, or education associated with those jobs;

(2) increase in the tax base;

(3) the project can demonstrate that investment of public dollars induces private funds;

(4) the project can demonstrate an excessive public infrastructure or improvement cost beyond the means of the affected community and private participants in the project;

(5) the project provides higher wage levels to the community or will add value to current workforce skills;

(6) whether assistance is necessary to retain existing business; and

(7) whether assistance is necessary to attract out-of-state business.

A grant or loan cannot be made based solely on a finding that the conditions in clause (6) or (7) exist. A finding must be made that a condition in clause (1), (2), (3), (4), or (5) also exists.

Applications recommended for funding shall be submitted to the commissioner.

Sec. 18. Minnesota Statutes 2002, section 116J.8731, subdivision 5, is amended to read:

Subd. 5. [GRANT LIMITS.] A Minnesota investment fund grant may not be approved for an amount in excess of ~~\$500,000~~ \$1,000,000. This limit covers all money paid to complete the same project, whether paid to one or more grant recipients and whether paid in one or more fiscal years. The portion of a Minnesota investment fund grant that exceeds \$100,000 must be repaid to the state when it is repaid to the local community or recognized Indian tribal government by the person or entity to which it was loaned by the local community or Indian tribal government. Money repaid to the state must be credited to ~~the general fund~~ a Minnesota investment revolving loan account in the state treasury. Funds in the account are appropriated to the commissioner and must be used in the same manner as are funds appropriated to the Minnesota investment fund. Funds repaid to the state through existing Minnesota investment fund agreements must be credited to the Minnesota investment revolving loan account effective July 1, 2003. A grant or loan may not be made to a person or entity for the operation or expansion of a casino or a store which is used solely or principally for retail sales. Persons or entities receiving grants or loans must pay each employee total compensation, including benefits not mandated by law, that on an annualized basis is equal to at least 110 percent of the federal poverty level for a family of four.

Sec. 19. Minnesota Statutes 2002, section 116J.8731, subdivision 7, is amended to read:

Subd. 7. [CONTRACTUAL OBLIGATION.] A business receiving Minnesota investment fund grants must demonstrate why the grant is necessary for a project and enter into an agreement with the local grantor. The agreement, among other things, must obligate the recipient to pay the minimum compensation set by this section and meet job creation or job enhancement goals. A recipient that breaches the agreement must repay the grant directly to the commissioner. Repayments under this subdivision must be deposited in the ~~general fund~~ Minnesota investment revolving loan account. If the commissioner determines, during the repayment period of a Minnesota investment fund loan, that the project for which the loan was made is in imminent danger of ceasing operations due to financial difficulties, the commissioner may elect to delay loan payments due on the loan for a period of no more than two years. In making a determination about whether a recipient qualifies for possible delay in payments, the commissioner must consider all available information regarding the health of the affected business and the industry in which it operates, the potential for displacement of workers in the event that operations cease, and the likelihood that a delay of payments will provide the business with a reasonable ability to improve its financial condition.

Sec. 20. [116J.8747] [JOB TRAINING PROGRAM GRANT.]

Subdivision 1. [GRANT ALLOWED.] The commissioner may provide a grant to a qualified job training program from money appropriated for the purposes of this section as follows:

(1) a \$9,000 placement grant paid to a job training program upon placement in employment of a qualified graduate of the program; and

(2) a \$9,000 retention grant paid to a job training program upon retention in employment of a qualified graduate of the program for at least one year.

Subd. 2. [QUALIFIED JOB TRAINING PROGRAM.] To qualify for grants under this section, a job training program must satisfy the following requirements:

(1) the program must be operated by a nonprofit corporation that qualifies under section 501(c)(3) of the Internal Revenue Code;

(2) the program must spend at least \$15,000 per graduate of the program;

(3) the program must provide education and training in:

(i) basic skills, such as reading, writing, mathematics, and communications;

(ii) thinking skills, such as reasoning, creative thinking, decision making, and problem solving; and

(iii) personal qualities, such as responsibility, self-esteem, self-management, honesty, and integrity;

(4) the program must provide income supplements, when needed, to participants for housing, counseling, tuition, and other basic needs;

(5) the program's education and training course must last for at least six months;

(6) individuals served by the program must:

(i) be 18 years of age or older;

(ii) have federal adjusted gross income of no more than \$11,000 per year in the two years immediately before entering the program;

(iii) have assets of no more than \$7,000, excluding the value of a homestead; and

(iv) not have been claimed as a dependent on the federal tax return of another person in the previous taxable year; and

(7) the program must be certified by the commissioner of trade and economic development as meeting the requirements of this subdivision.

Subd. 3. [GRADUATION AND RETENTION GRANT REQUIREMENTS.] For purposes of a placement grant under this section, a qualified graduate is a graduate of a job training program qualifying under subdivision 2 who is placed in a job in Minnesota that pays at least \$9 per hour or its equivalent plus health care benefits. To qualify for a retention grant under this section for a retention fee, a job in which the graduate is retained must pay at least \$10 per hour or its equivalent plus health care benefits at the end of the first year of employment.

Subd. 4. [DUTIES OF PROGRAM.] (a) A program certified by the commissioner under subdivision 2 must comply with the requirements of this subdivision.

(b) A program must maintain records for each qualified graduate. The records must include information sufficient to verify the graduate's eligibility under this section, identify the employer, and describe the job including its compensation rate and benefits.

(c) A program must report by January 1 of each year to the commissioner. The report must include, at least, information on:

(1) the number of graduates placed;

(2) demographic information on the graduates;

(3) the type of position in which each graduate is placed, including compensation information;

(4) the tenure of each graduate at the placed position or in other jobs;

(5) the amount of employer fees paid to the program;

(6) the amount of money raised by the program from other sources; and

(7) the types and sizes of employers with which graduates have been placed and retained.

Sec. 21. Minnesota Statutes 2002, section 116J.8764, is amended by adding a subdivision to read:

Subd. 2a. [ENROLLMENT OF LOANS WITHOUT COMMISSIONER'S FULL PREMIUM PAYMENT.] The commissioner may continue to accept loans for enrollment into the program even if the amount of funds contained in the account is zero or an amount less than the full amount that is required to be transferred under section 116J.8765, subdivision 2, paragraph (a), (b), or (c).

Sec. 22. Minnesota Statutes 2002, section 116J.955, subdivision 2, is amended to read:

Subd. 2. [EXPENDITURE OF ACCOUNT.] The commissioner may use the rural rehabilitation account for the purposes that are allowed under the Minnesota rural rehabilitation corporation's charter and agreement ~~with, as may be amended or modified by,~~ the United States Secretary of Agriculture as provided in Public Law Number 499, 81st Congress, enacted May 3, 1950 and as allowed under Laws 1987, chapter 386, article 1. Not more than three percent of the combined book value of the Minnesota rural rehabilitation ~~corporation's assets account and the regional revolving funds~~ may be used for administrative purposes in a year without approval of the United States Secretary of Agriculture. Any funds used for administrative purposes may only be drawn from money remaining in the Minnesota rural rehabilitation account.

Sec. 23. Minnesota Statutes 2002, section 116J.966, subdivision 2, is amended to read:

Subd. 2. [AGRICULTURAL PROMOTION.] The commissioner of agriculture, ~~and the commissioner of trade and economic development, and the director of the Minnesota trade division~~ shall cooperate with each other to promote the beneficial agricultural interests of the state. The commissioner of ~~trade and economic development and the director of the Minnesota trade division~~ have agriculture has primary responsibility for promoting state agricultural interests to international markets. The commissioner of ~~trade and economic development and the director of the Minnesota trade division~~ are agriculture is also responsible for the promotion of national trade programs related to international marketing. The commissioner of agriculture has primary responsibility for promoting the agriculture interests of producers, promoting state agricultural markets, and promoting agricultural interests of the state in cooperative production and marketing efforts with other states and the United States Department of Agriculture. The commissioner of agriculture is also responsible for promoting the national and international marketing of state agricultural products.

Sec. 24. Minnesota Statutes 2002, section 116J.994, subdivision 4, is amended to read:

Subd. 4. [WAGE AND JOB GOALS.] The subsidy agreement, in addition to any other goals, must include: (1) goals for the number of jobs created, which may include separate goals for the number of part-time or full-time jobs, or, in cases where job loss is specific and demonstrable, goals for the number of jobs retained; ~~and~~ (2) wage goals for ~~the any~~ jobs created or retained; and (3) wage goals for any jobs to be enhanced through increased wages. After a public hearing, if the creation or retention of jobs is determined not to be a goal, the wage and job goals may be set at zero.

In addition to other specific goal time frames, the wage and job goals must contain specific goals to be attained within two years of the benefit date.

Sec. 25. Minnesota Statutes 2002, section 116J.994, subdivision 9, is amended to read:

Subd. 9. [COMPILATION AND SUMMARY REPORT.] The department of trade and economic development must publish a compilation and summary of the results of the reports for the previous calendar year by August 1 of ~~each year 2004 and every other year thereafter~~. The reports of the government agencies to the department and the compilation and summary report of the department must be made available to the public.

The commissioner must coordinate the production of reports so that useful comparisons across time periods and across grantors can be made. The commissioner may add other information to the report as the commissioner deems necessary to evaluate business subsidies. Among the information in the summary and compilation report, the commissioner must include:

- (1) total amount of subsidies awarded in each development region of the state;
- (2) distribution of business subsidy amounts by size of the business subsidy;
- (3) distribution of business subsidy amounts by time category;
- (4) distribution of subsidies by type and by public purpose;
- (5) percent of all business subsidies that reached their goals;
- (6) percent of business subsidies that did not reach their goals by two years from the benefit date;
- (7) total dollar amount of business subsidies that did not meet their goals after two years from the benefit date;
- (8) percent of subsidies that did not meet their goals and that did not receive repayment;
- (9) list of recipients that have failed to meet the terms of a subsidy agreement in the past five years and have not satisfied their repayment obligations;
- (10) number of part-time and full-time jobs within separate bands of wages; and
- (11) benefits paid within separate bands of wages.

Sec. 26. Minnesota Statutes 2002, section 116J.994, subdivision 10, is amended to read:

Subd. 10. [COMPILATION.] The department of trade and economic development must publish a compilation of granting agencies' criteria policies adopted in the previous two calendar ~~year~~ years by August 1 of ~~each year 2004 and every other year thereafter~~.

Sec. 27. Minnesota Statutes 2002, section 116J.995, is amended to read:

116J.995 [ECONOMIC GRANTS.]

An appropriation rider in an appropriation to the department of trade and economic development that specifies that the appropriation be granted to a particular business or class of businesses must contain a statement of the expected benefits associated with the grant. At a minimum, the statement must include goals for the number of jobs created or enhanced, wages paid, and the tax revenue increases due to the grant. The wage and job goals must contain specific goals to be attained within two years of the benefit date. The statement must specify the recipient's obligation if the recipient does not attain the goals. At a minimum, the statement must require a recipient failing to

meet the job and wage goals to pay back the assistance plus interest to the department of trade and economic development provided that repayment may be prorated to reflect partial fulfillment of goals. The interest rate must be set at no less than the implicit price deflator as defined under section 116J.994, subdivision 6. The legislature, after a public hearing, may extend for up to one year the period for meeting the goals provided in the statement.

Sec. 28. Minnesota Statutes 2002, section 116L.02, is amended to read:

116L.02 [JOB SKILLS PARTNERSHIP PROGRAM.]

(a) The Minnesota job skills partnership program is created to act as a catalyst to bring together employers with specific training needs with educational or other nonprofit institutions which can design programs to fill those needs. The partnership shall work closely with employers to prepare, train and place prospective or incumbent workers in identifiable positions as well as assisting educational or other nonprofit institutions in developing training programs that coincide with current and future employer requirements. The partnership shall provide grants to educational or other nonprofit institutions for the purpose of training workers. A participating business must match the grant-in-aid made by the Minnesota job skills partnership. The match may be in the form of funding, equipment, or faculty.

(b) The partnership program shall administer the health care and human services worker training and retention program under sections 116L.10 to 116L.15.

(c) The partnership program is authorized to use funds to pay for training for individuals who have incomes at or below 200 percent of the federal poverty line. The board may grant funds to eligible recipients to pay for board-certified training. Eligible recipients of grants may include public, private, or nonprofit entities that provide employment services to low-income individuals.

Sec. 29. Minnesota Statutes 2002, section 116L.04, subdivision 1, is amended to read:

Subdivision 1. [PARTNERSHIP PROGRAM.] (a) The partnership program may provide grants-in-aid to educational or other nonprofit educational institutions using the following guidelines:

(1) the educational or other nonprofit educational institution is a provider of training within the state in either the public or private sector;

(2) the program involves skills training that is an area of employment need; and

(3) preference will be given to educational or other nonprofit training institutions which serve economically disadvantaged people, minorities, or those who are victims of economic dislocation and to businesses located in rural areas.

(b) A single grant to any one institution shall not exceed \$400,000. Up to 25 percent of a grant may be used for preemployment training.

Sec. 30. Minnesota Statutes 2002, section 116L.04, subdivision 1a, is amended to read:

Subd. 1a. [PATHWAYS PROGRAM.] The pathways program may provide grants-in-aid for developing programs which assist in the transition of persons from welfare to work and assist individuals at or below 200 percent of the federal poverty guidelines. The program is to be operated by the board. The board shall consult and coordinate with program administrators at the department of economic security to design and provide services for temporary assistance for needy families recipients.

Pathways grants-in-aid may be awarded to educational or other nonprofit training institutions for education and training programs and services supporting education and training programs that serve eligible recipients.

Preference shall be given to projects that:

- (1) provide employment with benefits paid to employees;
- (2) provide employment where there are defined career paths for trainees;
- (3) pilot the development of an educational pathway that can be used on a continuing basis for transitioning persons from welfare to work; and
- (4) demonstrate the active participation of department of economic security workforce centers, Minnesota state college and university institutions and other educational institutions, and local welfare agencies.

Pathways projects must demonstrate the active involvement and financial commitment of private business. Pathways projects must be matched with cash or in-kind contributions on at least a one-to-one ratio by participating private business.

A single grant to any one institution shall not exceed \$400,000. Up to 25 percent of a grant may be used for preemployment training.

~~The board shall annually, by March 31, report to the commissioners of economic security and trade and economic development on pathways programs, including the number of recipients participating in the program, the number of participants placed in employment, the salary and benefits they receive, and the state program costs per participant.~~

Sec. 31. Minnesota Statutes 2002, section 116L.12, subdivision 4, is amended to read:

Subd. 4. [GRANTS.] Within the limits of available appropriations, the board shall make grants not to exceed \$400,000 each to qualifying consortia to operate local, regional, or statewide training and retention programs. Grants may be made from TANF funds, general fund appropriations, and any other funding sources available to the board, provided the requirements of those funding sources are satisfied. Up to 25 percent of a grant may be used for preemployment training. Grant awards must establish specific, measurable outcomes and timelines for achieving those outcomes.

Sec. 32. Minnesota Statutes 2002, section 116L.17, subdivision 2, is amended to read:

Subd. 2. [GRANTS.] The board shall make grants to workforce service areas or other eligible organizations to provide services to dislocated workers. The board shall allocate funds available for the purposes of this section in its discretion to respond to large layoffs. The board shall regularly allocate funds to provide services to individual dislocated workers or small groups. The allocation for this purpose must be ~~no less than~~ at least 35 percent and no more than 50 percent of the ~~projected actual~~ actual collections, including penalty and interest accounts, interest, and other earnings of the workforce development fund during the period for which the allocation is made, less any collection costs paid out of the fund and any amounts appropriated by the legislature from the workforce development fund for programs other than the state dislocated worker program. The board shall consider the need for services to individual workers and workers in small layoffs in comparison to those in large layoffs relative to the needs in previous years when making this allocation. The board may, in its discretion, allocate funds carried forward from previous years under subdivision 9 for large, small, or individual layoffs.

Sec. 33. Minnesota Statutes 2002, section 116L.17, subdivision 3, is amended to read:

Subd. 3. [ALLOCATION OF FUNDS.] The board, in consultation with local workforce councils and local elected officials, shall develop a method of distributing funds to provide services for dislocated workers who are dislocated as a result of small or individual layoffs. The board shall consider current requests for services and the likelihood of future layoffs when making this allocation. The board shall consider factors for determining the allocation amounts that include, but are not limited to, the previous year's obligations and projected layoffs. After the first quarter of the program year, the board shall evaluate the obligations by workforce service areas for the purpose of reallocating funds to workforce service areas with increased demand for services. Periodically throughout the program year, the board shall consider making additional allocations to the workforce service areas with a demonstrated need for increased funding. The board shall make an initial determination regarding allocations under this subdivision by July 15, 2001, and in subsequent years shall make a determination by ~~April~~ June 15.

Sec. 34. Minnesota Statutes 2002, section 116L.17, subdivision 8, is amended to read:

Subd. 8. [ADMINISTRATIVE COSTS.] No more than ~~three~~ five percent of the funds appropriated to the board for the purposes of this section may be spent by the board for its administrative costs.

Sec. 35. Minnesota Statutes 2002, section 116L.17, is amended by adding a subdivision to read:

Subd. 9. [RAPID RESPONSE ACTIVITIES.] The commissioner, in cooperation with local workforce councils, shall be responsible for implementing the following rapid response activities:

(1) establishing on-site contact with employer and employee representatives within a short period of time after becoming aware of a current or projected plant closing or substantial layoff in order to:

(i) provide information on and facilitate access to available public programs and services; and

(ii) provide emergency assistance adapted to the particular closure or layoff;

(2) promoting the formation of a employee-management committee by providing:

(i) immediate assistance in the establishment of the employee-management committee;

(ii) technical advice and information on sources of assistance and liaison with other public and private services and programs; and

(iii) assistance in the selection of worker representatives in the event no union is present;

(3) collecting and disseminating information related to economic dislocation, including potential closings or layoffs, and all available resources with the state for dislocated workers;

(4) providing or obtaining appropriate financial and technical advice and liaison with economic development agencies and other organizations to assist in efforts to avert dislocation;

(5) disseminating information throughout the state on the availability of services and activities carried out by the dislocated worker unit; and

(6) assisting the local workforce council in developing its own coordinated response to a plant closing or substantial layoff and access to state economic development assistance.

Sec. 36. Minnesota Statutes 2002, section 116M.14, subdivision 4, is amended to read:

Subd. 4. [LOW-INCOME AREA.] "Low-income area" means Minneapolis, St. Paul, and those cities in the metropolitan area as defined in section 473.121, subdivision 2, that have an average income that is below ~~60~~ 80 percent of the median income for a four-person family as of the latest report by the United States Census Bureau.

Sec. 37. [SUSPENSION OF MORTGAGE CREDIT CERTIFICATE AID.]

Notwithstanding Minnesota Statutes, section 462C.15, during the fiscal years 2004 and 2005, no applications or reports shall be made pursuant to subdivision 1 of that section, no aid shall be provided pursuant to subdivision 3 of that section, and no money is appropriated pursuant to subdivision 4 of that section.

Sec. 38. [WORKFORCE SERVICE AREA STUDY.]

The governor's workforce development council, in consultation with representatives of the local workforce councils and local elected officials, shall study the current configuration of workforce services areas in Minnesota and whether the efficiency or quality of service delivery could be improved by changing the boundaries of the workforce service areas or reducing the number of areas. As part of this study, the council shall develop recommendations for clarifying the governance role of the local workforce councils and strategies for improving the ability of the local workforce councils and local elected officials to oversee and manage an integrated service delivery system at the community level. Before redesignating any workforce service area, the governor must seek the advice of the local elected officials from the affected workforce services areas. The council shall report to the legislative committees with jurisdiction over workforce development by January 15, 2004.

Sec. 39. [DISLOCATED WORKER PROGRAM STUDY.]

The governor's workforce development council, in consultation with representatives of the local workforce councils, certified providers, including independent grantees, and local elected officials, shall develop recommendations for legislative changes that would improve the efficiency of the dislocated worker program.

The governor's workforce development council shall report the recommendations to the legislative committees with jurisdiction over workforce development programs by January 15, 2004.

Sec. 40. [REPEALER.]

Minnesota Statutes 2002, sections 13.598, subdivision 2; 17.03, subdivision 8; 116J.411, subdivision 3; 116J.415, subdivisions 6, 9, and 10; 116J.617, subdivisions 5 and 6; 116J.693; and 116J.9665, are repealed.

ARTICLE 14

MOTOR VEHICLE INSTALLMENT SALES

Section 1. Minnesota Statutes 2002, section 47.59, subdivision 4a, is amended to read:

Subd. 4a. [FINANCE CHARGE FOR MOTOR VEHICLE RETAIL INSTALLMENT SALES.] A retail installment contract evidencing the retail installment sale of a motor vehicle as defined in section 168.66 is subject to the finance charge limitations in paragraphs (a) and (b).

(a) The finance charge authorized by this subdivision in a retail installment sale may not exceed the following annual percentage rates applied to the principal balance determined in the same manner as in section 168.71, subdivision 2, clause (5):

(1) Class 1. A motor vehicle designated by the manufacturer by a year model of the same or not more than one year before the year in which the sale is made, 18 percent per year.

(2) Class 2. A motor vehicle designated by the manufacturer by a year model of two to three years before the year in which the sale is made, 19.75 percent per year.

(3) Class 3. Any motor vehicle not in Class 1 or Class 2, 23.25 percent per year.

(b) A sale of a manufactured home made after July 31, 1983, is governed by this subdivision for purposes of determining the lawful finance charge rate, except that the maximum finance charge for a Class 1 manufactured home may not exceed 14.5 percent per year. A retail installment sale of a manufactured home that imposes a finance charge that is greater than the rate permitted by this subdivision is lawful and enforceable in accordance with its terms until the indebtedness is fully satisfied if the rate was lawful when the sale was made.

Sec. 2. Minnesota Statutes 2002, section 168.66, subdivision 14, is amended to read:

Subd. 14. [CASH SALE PRICE.] "Cash sale price" means the price at which the seller would in good faith sell to the buyer, and the buyer would in good faith buy from the seller, the motor vehicle which is the subject matter of the retail installment contract, if such sale were a sale for cash, instead of a retail installment sale. The cash sale price may include any taxes, charges for delivery, servicing, repairing or improving the motor vehicle, including accessories and their installation, and any other charges agreed upon between the parties. The cash price may not include a documentary fee or document administration fee in excess of ~~\$25~~ \$50 for services actually rendered to, for, or on behalf of, the retail buyer in preparing, handling, and processing documents relating to the motor vehicle and the closing of the retail sale.

Sec. 3. Minnesota Statutes 2002, section 168.71, subdivision 2, is amended to read:

Subd. 2. [CONTENTS.] The retail installment contract shall contain the following items:

- (1) the cash sale price of the motor vehicle which is the subject matter of the retail installment contract;
- (2) the total amount of the retail buyer's down payment, whether made in money or goods, or partly in money or partly in goods;
- (3) the difference between clauses (1) and (2);
- (4) the ~~charge amount~~, if any, included in the transaction but not included in clause (1) to pay the balance of an existing purchase money motor vehicle lien which exceeds the value of the trade-in amount, ~~or to discharge an interest in an existing motor vehicle lease~~, for any insurance ~~and other benefits not included in clause (1)~~, specifying the types of coverage ~~and~~, taxes, fees, and charges that actually are or will be paid to public officials or government agencies, including those for perfecting, releasing, or satisfying a security interest ~~if such taxes, fees, or charges are not included in clause (1)~~, and any other amount to be financed that is related to the transaction;
- (5) principal balance, which is the sum of clauses (3) and (4);
- (6) the amount of the finance charge;
- (7) the total of payments payable by the retail buyer to the retail seller and the number of installment payments required and the amount of each installment expressed in dollars or percentages, and date of each payment necessary finally to pay the total of payments which is the sum of clauses (5) and (6).

Provided, however, that said clauses (1) to (7) inclusive need not be stated in the terms, sequence, or order set forth above. Provided further, that clauses (6) and (7) may be disclosed on the assumption that all scheduled payments under the contract will be made when due.

In lieu of the above clauses, the retail seller may give the retail buyer disclosures which satisfy the requirements of the Federal Truth-In-Lending Act in effect as of the time of the contract, notwithstanding whether or not that act applies to the transaction.

Sec. 4. Minnesota Statutes 2002, section 168.75, is amended to read:

168.75 [VEHICLE SALES FINANCE COMPANY VIOLATIONS; REMEDIES.]

(a) [CRIMINAL VIOLATIONS.] Any person engaged in the business of a sales finance company in this state without a license therefor as provided in sections 168.66 to 168.77 shall be guilty of a gross misdemeanor and punished by a fine not exceeding \$3,000, or by imprisonment for a period not to exceed one year, or by both such fine and imprisonment in the discretion of the court.

(b) In case of ~~an intentional failure to comply with a~~ fraudulent violation of any provision of sections 168.66 to 168.77, the buyer shall have a right to recover from the person committing such violation, to set off or counterclaim in any action by such person to enforce such contract an amount as liquidated damages, the whole of the contract due and payable, plus reasonable attorneys' fees.

(c) In case of a failure to comply with any provision of sections 168.66 to 168.77, other than ~~an intentional failure~~ a fraudulent violation, the buyer shall have a right to recover from the person committing such violation, to set off or counterclaim in any action by such person to enforce such contract an amount as liquidated damages equal to three times the amount of any time price differential charged in excess of the amount authorized by sections 168.66 to 168.77 or \$50, whichever is greater, plus reasonable attorneys' fees.

Sec. 5. [EFFECTIVE DATE.]

Sections 1 to 3 are effective the day following final enactment. Section 4 is effective August 1, 2003, and applies to all installment sales contracts entered into on or after that date.

ARTICLE 15

MISCELLANEOUS

Section 1. Minnesota Statutes 2002, section 13.462, subdivision 2, is amended to read:

Subd. 2. [PUBLIC DATA.] The names and addresses of applicants for and recipients of benefits, aid, or assistance through programs administered by any political subdivision, state agency, or statewide system that are intended to assist with the purchase ~~of~~ rehabilitation, or other purposes related to housing or other real property are classified as public data on individuals. If an applicant or recipient is a corporation, the names and addresses of the officers of the corporation are public data on individuals. If an applicant or recipient is a partnership, the names and addresses of the partners are public data on individuals. The amount or value of benefits, aid, or assistance received is public data.

Sec. 2. Minnesota Statutes 2002, section 43A.24, subdivision 2, is amended to read:

Subd. 2. [OTHER ELIGIBLE PERSONS.] The following persons are eligible for state paid life insurance and hospital, medical, and dental benefits as determined in applicable collective bargaining agreements or by the commissioner or by plans pursuant to section 43A.18, subdivision 6, or by the board of regents for employees of the University of Minnesota not covered by collective bargaining agreements. Coverages made available, including optional coverages, are as contained in the plan established pursuant to section 43A.18, subdivision 2:

(a) a member of the state legislature, provided that changes in benefits resulting in increased costs to the state shall not be effective until expiration of the term of the members of the existing house of representatives. An eligible member of the state legislature may decline to be enrolled for state paid coverages by filing a written waiver with the commissioner. The waiver shall not prohibit the member from enrolling the member or dependents for optional coverages, without cost to the state, as provided for in section 43A.26. A member of the state legislature who returns from a leave of absence to a position previously occupied in the civil service shall be eligible to receive the life insurance and hospital, medical, and dental benefits to which the position is entitled;

(b) an employee of the legislature or an employee of a permanent study or interim committee or commission or a state employee on leave of absence to work for the legislature, during a regular or special legislative session, as determined by the legislative coordinating commission;

(c) a judge of the appellate courts or an officer or employee of these courts; a judge of the district court, a judge of county court, or a judge of county municipal court; a district court referee, judicial officer, court reporter, or law clerk; a district administrator; an employee of the office of the district administrator that is not in the second or fourth judicial district; a court administrator or employee of the court administrator in a judicial district under section 480.181, subdivision 1, paragraph (b), and a guardian ad litem program employee;

(d) a salaried employee of the public employees retirement association;

(e) a full-time military or civilian officer or employee in the unclassified service of the department of military affairs whose salary is paid from state funds;

(f) a salaried employee of the Minnesota historical society, whether paid from state funds or otherwise, who is not a member of the governing board;

(g) an employee of the regents of the University of Minnesota;

(h) notwithstanding section 43A.27, subdivision 3, an employee of the state of Minnesota or the regents of the University of Minnesota who is at least 60 and not yet 65 years of age on July 1, 1982, who is otherwise eligible for employee and dependent insurance and benefits pursuant to section 43A.18 or other law, who has at least 20 years of service and retires, earlier than required, within 60 days of March 23, 1982; or an employee who is at least 60 and not yet 65 years of age on July 1, 1982, who has at least 20 years of state service and retires, earlier than required, from employment at Rochester state hospital after July 1, 1981; or an employee who is at least 55 and not yet 65 years of age on July 1, 1982, and is covered by the Minnesota state retirement system correctional employee retirement plan or the state patrol retirement fund, who has at least 20 years of state service and retires, earlier than required, within 60 days of March 23, 1982. For purposes of this clause, a person retires when the person terminates active employment in state or University of Minnesota service and applies for a retirement annuity. Eligibility shall cease when the retired employee attains the age of 65, or when the employee chooses not to receive the annuity that the employee has applied for. The retired employee shall be eligible for coverages to which the employee was entitled at the time of retirement, subject to any changes in coverage through collective bargaining or plans established pursuant to section 43A.18, for employees in positions equivalent to that from which retired, provided that the retired employee shall not be eligible for state-paid life insurance. Coverages shall be coordinated with relevant health insurance benefits provided through the federally sponsored Medicare program;

(i) an employee of an agency of the state of Minnesota identified through the process provided in this paragraph who is eligible to retire prior to age 65. The commissioner and the exclusive representative of state employees shall enter into agreements under section 179A.22 to identify employees whose positions are in programs that are being permanently eliminated or reduced due to federal or state policies or practices. Failure to reach agreement identifying these employees is not subject to impasse procedures provided in chapter 179A. The commissioner must prepare a plan identifying eligible employees not covered by a collective bargaining agreement in accordance with

the process outlined in section 43A.18, subdivisions 2 and 3. For purposes of this paragraph, a person retires when the person terminates active employment in state service and applies for a retirement annuity. Eligibility ends as provided in the agreement or plan, but must cease at the end of the month in which the retired employee chooses not to receive an annuity, or the employee is eligible for employer-paid health insurance from a new employer. The retired employees shall be eligible for coverages to which they were entitled at the time of retirement, subject to any changes in coverage through collective bargaining or plans established under section 43A.18 for employees in positions equivalent to that from which they retired, provided that the retired employees shall not be eligible for state-paid life insurance;

(j) employees of the state board of public defense, with eligibility determined by the state board of public defense in consultation with the commissioner of employee relations; ~~and~~

(k) employees of the health data institute under section 62J.451, subdivision 12, as paid for by the health data institute; and

(l) employees of supporting organizations of Minnesota Technology, Inc., established after July 1, 2003, under section 116O.05, subdivision 4, as paid for by the supporting organization.

Sec. 3. Minnesota Statutes 2002, section 116O.03, subdivision 2, is amended to read:

Subd. 2. [BOARD OF DIRECTORS.] The corporation is governed by a board of ~~45~~ directors. The selection, membership terms, compensation, removal, and filling of vacancies of public members of the board are as provided in ~~section 15.0575~~ the corporation's bylaws. ~~Membership of the board consists of the following:~~

~~(1) a person from the private sector, appointed by the governor, who shall act as chair and serve as chief science advisor to the governor and the legislature;~~

~~(2) the dean of the institute of technology of the University of Minnesota;~~

~~(3) the dean of the graduate school of the University of Minnesota;~~

~~(4) the commissioner of the department of trade and economic development;~~

~~(5) the commissioner of administration;~~

~~(6) six members appointed by the governor, at least one of whom must be a person from a public post secondary system other than the University of Minnesota; and~~

~~(7) one member who is not a member of the legislature appointed by each of the following: the speaker of the house of representatives, the house of representatives minority leader, the senate majority leader, and the senate minority leader.~~

~~At least 50 percent of the members described in clauses (6) and (7) must live outside the metropolitan area as defined in section 473.121, subdivision 2, and must have experience in manufacturing, the technology industry, or research and development.~~

Sec. 4. Minnesota Statutes 2002, section 116O.091, subdivision 7, is amended to read:

Subd. 7. [ADVISORY COMMITTEES.] An advisory committee is created to assist in selecting vendors and evaluating the corporation's project outreach activities. The advisory committee shall include the president of the University of Minnesota or the president's designee, the commissioner of trade and economic development or the

commissioner's designee, the chair of the Minnesota Technology, Inc., board of directors or the chair's designee, a member of the state senate appointed by the subcommittee on committees of the senate rules and administration committee, a member of the house of representatives appointed by the speaker, and at least five users of project outreach services appointed by the named members. The advisory committee expires June 30, 2004.

Sec. 5. Minnesota Statutes 2002, section 116O.12, is amended to read:

116O.12 [MINNESOTA TECHNOLOGY ACCOUNT.]

~~(a)~~ The Minnesota technology account is in the special revenue fund. Money in the account not needed for the immediate purposes of the corporation may be invested by the state board of investment in any way authorized by section 11A.24. Money in the account is appropriated to the corporation to be used as provided in this chapter.

~~(b) The account consists of:~~

~~(1) money appropriated and transferred from other state funds;~~

~~(2) fees and charges collected by the corporation;~~

~~(3) income from investments and purchases;~~

~~(4) revenue from loans, rentals, royalties, dividends, and other proceeds collected in connection with lawful corporate purposes;~~

~~(5) gifts, donations, and bequests made to the corporation; and~~

~~(6) other income credited to the account by law.~~

Sec. 6. Minnesota Statutes 2002, section 624.20, subdivision 1, is amended to read:

Subdivision 1. (a) As used in sections 624.20 to 624.25, the term "fireworks" means any substance or combination of substances or article prepared for the purpose of producing a visible or an audible effect by combustion, explosion, deflagration, or detonation, and includes blank cartridges, toy cannons, and toy canes in which explosives are used, the type of balloons which require fire underneath to propel them, firecrackers, torpedoes, skyrocketes, Roman candles, daygo bombs, sparklers other than those specified in paragraph (c), or other fireworks of like construction, and any fireworks containing any explosive or inflammable compound, or any tablets or other device containing any explosive substance and commonly used as fireworks.

(b) The term "fireworks" shall not include toy pistols, toy guns, in which paper caps containing 25/100 grains or less of explosive compound are used and toy pistol caps which contain less than 20/100 grains of explosive mixture.

(c) The term also does not include wire or wood sparklers of not more than 100 grams of mixture per item, other sparkling items which are nonexplosive and nonaerial and contain 75 grams or less of chemical mixture per tube or a total of 200 grams or less for multiple tubes, snakes and glow worms, smoke devices, or trick noisemakers which include paper streamers, party poppers, string poppers, snappers, and drop pops, each consisting of not more than twenty-five hundredths grains of explosive mixture. The use of items listed in this paragraph is not permitted on public property. This paragraph does not authorize the purchase of items listed in it by persons younger than 18 years of age. The age of a purchaser of items listed in this paragraph must be verified by photographic identification.

(d) A local unit of government may impose an annual license fee for the retail sale of items authorized under paragraph (c). The annual license fee of each retail seller that is in the business of selling only the items authorized under paragraph (c) may not exceed \$350, and the annual license of each other retail seller may not exceed \$100. A local unit of government may not:

(1) impose any fee or charge, other than the fee authorized by this paragraph, on the retail sale of items authorized under paragraph (c);

(2) prohibit or restrict the display of items for permanent or temporary retail sale authorized under paragraph (c) that comply with National Fire Protection Association Standard 1124 (2003 edition); or

(3) impose on a retail seller any financial guarantee requirements, including bonding or insurance provisions, containing restrictions or conditions not imposed on the same basis on all other business licensees.

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

Sec. 7. [TRANSFER OF RESPONSIBILITIES FOR INDIAN BUSINESS LOAN PROGRAM.]

The responsibilities of the Indian Affairs Council in administering the Indian Business Loan program under Minnesota Statutes, section 116J.64, are transferred to the department of trade and economic development, which may enter into an agreement with the governing body of a federally recognized Indian tribe in Minnesota to administer the program or a portion of the program.

Sec. 8. [SEASONAL AGRICULTURAL OPERATIONS; MANUFACTURED HOME PARK EXCLUSIONS.]

Notwithstanding Minnesota Statutes, section 327.14, subdivision 3, and section 327.23, subdivision 2, the term "manufactured home park" shall not be construed to include up to four manufactured homes maintained by an individual or a company on premises associated with a seasonal agricultural operation and used exclusively to house labor or other personnel occupied in such operation if:

(1) these manufactured homes are equipped with indoor plumbing facilities and meet the standards established in Minnesota Rules, parts 4630.0600, subpart 1, 4630.0700, 4630.1200, 4630.3500, and 4715.0310;

(2) these manufactured homes provide at least 80 square feet of indoor living space per inhabitant of each home;

(3) these manufactured homes are installed in compliance with the state building code under Minnesota Rules, chapter 1350;

(4) these manufactured homes are in compliance with Minnesota Statutes, section 326.243;

(5) the individual or company maintaining these manufactured homes, with the assistance and approval of the city or town where the homes are located, develops a plan to be posted in conspicuous locations near the homes for the sheltering, or the safe evacuation to a safe place of shelter, of the residents of the homes in time of severe weather conditions, such as tornadoes, high winds, and floods; and

(6) the individual or company maintains the homes in a clean, orderly, and sanitary condition.

[EFFECTIVE DATE.] This section is effective the day following final enactment and expires two years after the effective date.

Sec. 9. [WORKING GROUP ON SUPPORTIVE HOUSING FOR LONG-TERM HOMELESSNESS.]

The commissioners of the department of human services, trade and economic development, the Minnesota housing finance agency, and the department of corrections shall convene a working group to develop and implement strategies to foster the development of supportive housing options in order to:

- (1) reduce the number of Minnesota individuals and families that experience long-term homelessness;
- (2) reduce the inappropriate use of emergency health care, shelter, chemical dependency, corrections, and similar services; and
- (3) increase the employability, self-sufficiency, and other social outcomes for individuals and families experiencing long-term homelessness.

The working group must include metropolitan area and greater Minnesota representatives of:

- (1) counties;
- (2) housing authorities;
- (3) nonprofit organizations knowledgeable about supportive housing;
- (4) nonprofit organizations experienced in the provision of services to the homeless;
- (5) developers and other business interests;
- (6) philanthropic organizations; and
- (7) other representatives identified as necessary to the development of the plan, including other government agencies.

The working group shall:

- (1) determine the key characteristics of individuals and families experiencing long-term homelessness for whom affordable housing with links to support services is needed;
- (2) identify a variety of supportive housing models that address the different needs of individuals and families experiencing long-term homelessness;
- (3) determine the existing resources that may fund these models for families and individuals who are experiencing long-term homelessness;
- (4) identify the gaps in capital, operating, and service funding that affect the ability to develop supportive housing models;
- (5) propose a formal, interagency decision-making process and a plan to fund supportive housing proposals based on the agreed upon criteria, with the goal of maximizing access to funding for the capital, operating, and services costs of supportive housing proposals either scattered site or project based;

(6) identify and recommend models to coordinate mainstream resources and services, i.e., resources and services available to the general population, or more specifically, low-income populations, that can be utilized to assist individuals and families experiencing homelessness, so that housing and homelessness supports can be maximized; and

(7) identify and recommend remediation actions to remove barriers individuals and families experiencing homelessness face when attempting to access mainstream resources and services.

The plan must include an estimate of the statewide need for supportive housing, an estimate of necessary resources to implement the plan, and alternative timetables for implementation of the plan and propose changes in laws and regulations that impede the effective delivery and coordination of services for the targeted population in affordable housing.

The commissioners must report on the status of efforts by the working group to improve the effectiveness of the delivery and coordination of services and access to housing for individuals and families experiencing long-term homelessness and recommend next steps to the appropriate committees of the legislature by February 15, 2004."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

S. F. No. 905, A bill for an act relating to environment; modifying expenditure limits for upgrading feedlots; amending Minnesota Statutes 2002, section 116.07, subdivision 7.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 73 yeas and 61 nays as follows:

Those who voted in the affirmative were:

Abeler	Dempsey	Heidgerken	Lindner	Powell	Vandever
Abrams	Dill	Holberg	Lipman	Rhodes	Walz
Adolphson	Dorman	Hoppe	Mahoney	Ruth	Wardlow
Beard	Eastlund	Howes	McNamara	Samuelson	Westerberg
Blaine	Erhardt	Jacobson	Meslow	Seagren	Westrom
Borrell	Erickson	Johnson, J.	Nelson, C.	Seifert	Wilkin
Boudreau	Finstad	Kielkucki	Nelson, P.	Simpson	Zellers
Bradley	Fuller	Klinzing	Nornes	Smith	Spk. Sviggum
Brod	Gerlach	Knoblach	Olsen, S.	Stang	
Buesgens	Gunther	Kohls	Osterman	Strachan	
Davids	Haas	Krinkie	Ozment	Swenson	
DeLaForest	Hackbarth	Kuisle	Paulsen	Sykora	
Demmer	Harder	Lanning	Penas	Tingelstad	

Those who voted in the negative were:

Anderson, B.	Dorn	Jaros	Lindgren	Paymar	Thao
Anderson, I.	Eken	Johnson, S.	Magnus	Pelowski	Thissen
Anderson, J.	Ellison	Juhnke	Mariani	Peterson	Urdahl
Atkins	Entenza	Kahn	Marquart	Pugh	Wagenius
Bernardy	Goodwin	Kelliher	Mullery	Rukavina	Walker
Biernat	Greiling	Koenen	Murphy	Sertich	Wasiluk
Carlson	Hausman	Larson	Nelson, M.	Severson	
Clark	Hilstrom	Latz	Olson, M.	Sieben	
Cornish	Hilty	Lenczewski	Opatz	Slawik	
Cox	Hornstein	Lesch	Otremba	Soderstrom	
Davnie	Huntley	Lieder	Otto	Solberg	

The bill was passed, as amended, and its title agreed to.

S. F. No. 420, A bill for an act relating to consumer protection; regulating membership travel contracts; amending Minnesota Statutes 2002, sections 325G.50; 325G.51; proposing coding for new law in Minnesota Statutes, chapter 325G.

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 123 yeas and 10 nays as follows:

Those who voted in the affirmative were:

Abeler	Dill	Holberg	Lindgren	Paulsen	Stang
Abrams	Dorman	Hoppe	Lindner	Paymar	Strachan
Anderson, I.	Dorn	Hornstein	Lipman	Pelowski	Swenson
Anderson, J.	Eastlund	Howes	Magnus	Penas	Sykora
Atkins	Eken	Huntley	Mahoney	Peterson	Thao
Beard	Ellison	Jacobson	Mariani	Powell	Thissen
Bernardy	Entenza	Jaros	Marquart	Pugh	Tingelstad
Biernat	Erhardt	Johnson, J.	McNamara	Rhodes	Urdahl
Blaine	Erickson	Johnson, S.	Meslow	Rukavina	Wagenius
Borrell	Finstad	Juhnke	Mullery	Ruth	Walker
Boudreau	Fuller	Kahn	Murphy	Samuelson	Walz
Bradley	Gerlach	Kelliher	Nelson, C.	Seagren	Wardlow
Brod	Goodwin	Knoblach	Nelson, M.	Seifert	Wasiluk
Carlson	Greiling	Koenen	Nelson, P.	Sertich	Westerberg
Clark	Gunther	Kuise	Nornes	Severson	Westrom
Cornish	Hackbarth	Lanning	Olsen, S.	Sieben	Wilkin
Cox	Harder	Larson	Opatz	Simpson	Zellers
Davids	Hausman	Latz	Osterman	Slawik	Spk. Sviggum
Davnie	Heidgerken	Lenczewski	Otremba	Smith	
Demmer	Hilstrom	Lesch	Otto	Soderstrom	
Dempsey	Hilty	Lieder	Ozment	Solberg	

Those who voted in the negative were:

Adolphson	Buesgens	Kielkucki	Kohls	Olson, M.
Anderson, B.	DeLaForest	Klinzing	Krinkie	Vandevveer

The bill was passed and its title agreed to.

There being no objection, the order of business advanced to Motions and Resolutions.

MOTIONS AND RESOLUTIONS

Paulsen introduced:

House Concurrent Resolution No. 6, A House concurrent resolution relating to adjournment of the House of Representatives and the Senate until 2004.

SUSPENSION OF RULES

Paulsen moved that the rules be so far suspended that House Concurrent Resolution No. 6 be now considered and be placed upon its adoption. The motion prevailed.

HOUSE CONCURRENT RESOLUTION NO. 6

A House concurrent resolution relating to adjournment of the House of Representatives and the Senate until 2004.

Be It Resolved, by the House of Representatives of the State of Minnesota, the Senate concurring:

1. Upon their adjournments on May 19, 2003, the House may set its next day of meeting for Monday, February 2, 2004, at 12:00 noon and the Senate may set its next day of meeting for Monday, February 2, 2004, at 12:00 noon.
2. By adoption of this resolution, each house consents to adjournment of the other house for more than three days.

Paulsen moved that House Concurrent Resolution No. 6 be now adopted. The motion prevailed and House Concurrent Resolution No. 6 was adopted.

There being no objection, the order of business reverted to the Calendar for the Day.

CALENDAR FOR THE DAY

S. F. No. 1015 was reported to the House.

Clark; Anderson, I.; Brod; Nelson, M., and Lieder moved to amend S. F. No. 1015 as follows:

Page 1, line 21, after "hazards" insert ", including, but not limited to, hearing loss, chemical, biological, and radiation exposure, Gulf War Syndrome, and other injuries as they become recognized"

Page 1, line 24, after "entitled" insert ", including, but not limited to, eligibility for health care assistance for post-traumatic stress disorders and chemical dependency treatment as well as physical injuries"

The motion prevailed and the amendment was adopted.

S. F. No. 1015, A bill for an act relating to veterans affairs; permitting the commissioner of veterans affairs access to taxpayer identification information to notify veterans of health hazards that might affect them; amending Minnesota Statutes 2002, section 270B.14, by adding a subdivision.

The bill was read for the third time, as amended, 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 2 nays as follows:

Those who voted in the affirmative were:

Abeler	Demmer	Hilstrom	Latz	Osterman	Smith
Abrams	Dempsey	Hilty	Lenczewski	Otremba	Soderstrom
Adolphson	Dill	Holberg	Lesch	Otto	Solberg
Anderson, B.	Dorman	Hoppe	Lieder	Ozment	Stang
Anderson, I.	Dorn	Hornstein	Lindgren	Paulsen	Strachan
Anderson, J.	Eastlund	Howes	Lindner	Paymar	Swenson
Atkins	Eken	Huntley	Lipman	Pelowski	Sykora
Beard	Ellison	Jacobson	Magnus	Penas	Thao
Bernardy	Entenza	Jaros	Mahoney	Peterson	Thissen
Biernat	Erhardt	Johnson, J.	Mariani	Powell	Tingelstad
Blaine	Erickson	Johnson, S.	Marquart	Pugh	Urdahl
Borrell	Finstad	Juhnke	McNamara	Rhodes	Vanderveer
Boudreau	Fuller	Kahn	Meslow	Rukavina	Wagenius
Bradley	Gerlach	Kelliher	Mullery	Ruth	Walker
Brod	Goodwin	Kielkucki	Murphy	Samuelson	Walz
Carlson	Greiling	Klinzing	Nelson, C.	Seagren	Wardlow
Clark	Gunther	Knoblach	Nelson, M.	Seifert	Wasiluk
Cornish	Haas	Koenen	Nelson, P.	Sertich	Westerberg
Cox	Hackbarth	Kohls	Nornes	Severson	Westrom
Davids	Harder	Kuisle	Olsen, S.	Sieben	Wilkin
Davnie	Hausman	Lanning	Olson, M.	Simpson	Zellers
DeLaForest	Heidgerken	Larson	Opatz	Slawik	Spk. Sviggum

Those who voted in the negative were:

Buesgens Krinkie

The bill was passed, as amended, and its title agreed to.

Paulsen moved that the House recess subject to the call of the Chair. The motion prevailed.

RECESS

RECONVENED

The House reconvened and was called to order by Speaker pro tempore Abrams.

The following Conference Committee Report was received:

CONFERENCE COMMITTEE REPORT ON H. F. NO. 326

A bill for an act relating to health; modifying dental practice provisions; amending Minnesota Statutes 2002, sections 150A.06, subdivisions 1a, 3, by adding a subdivision; 150A.10, subdivision 1a, by adding a subdivision; 256B.55, subdivisions 3, 4, 5.

May 19, 2003

The Honorable Steve Sviggum
Speaker of the House of Representatives

The Honorable James P. Metzen
President of the Senate

We, the undersigned conferees for H. F. No. 326, 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. 326 be further amended as follows:

Page 9, after line 29, insert:

"Sec. 10. [DENTAL ASSISTANT STUDY.]

The board of dentistry, in consultation with the Minnesota Dental Association, the Minnesota Dental Assistants Association, and the Minnesota Dental Hygienists' Association, shall make recommendations on the appropriate level of regulation for dental assistants and the appropriate terminology used to distinguish the different levels of training and education. The recommendations must include:

(1) whether registered dental assistants should be licensed; and

(2) whether the term "nonregistered dental assistants" should be changed to a term that better describes this position.

In making these recommendations, the board must consult with representatives of registered and nonregistered dental assistants and must review the issues in terms of the requirements of Minnesota Statutes, section 214.001, subdivision 2, and consumer safety and awareness. The board must report the recommendations to the chairs and ranking minority members of the house and senate health and human services policy committees by January 15, 2004."

Page 9, line 30, delete "10" and insert "11"

Correct the internal references

Amend the title as follows:

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

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

House Conferees: CHARLOTTE SAMUELSON, TIM WILKIN AND THOMAS HUNTLEY.

Senate Conferees: BECKY LOUREY, LINDA HIGGINS AND SHEILA M. KISCADEN.

Samuelson moved that the report of the Conference Committee on H. F. No. 326 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 326, A bill for an act relating to health; modifying dental practice provisions; amending Minnesota Statutes 2002, sections 150A.06, subdivisions 1a, 3, by adding a subdivision; 150A.10, subdivision 1a, by adding a subdivision; 256B.55, subdivisions 3, 4, 5.

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

The question was taken on the repassage of the bill and the roll was called. There were 129 yeas and 4 nays as follows:

Those who voted in the affirmative were:

Abeler	Dempsey	Hilty	Lesch	Ozment	Stang
Abrams	Dill	Holberg	Lieder	Paulsen	Strachan
Adolphson	Dorman	Hoppe	Lindgren	Paymar	Swenson
Anderson, I.	Dorn	Hornstein	Lindner	Pelowski	Sykora
Anderson, J.	Eastlund	Howes	Lipman	Penas	Thao
Atkins	Eken	Huntley	Magnus	Peterson	Thissen
Beard	Ellison	Jacobson	Mahoney	Powell	Tingelstad
Bernardy	Entenza	Jaros	Mariani	Pugh	Urdahl
Biernat	Erhardt	Johnson, J.	Marquart	Rhodes	Vandever
Blaine	Erickson	Johnson, S.	McNamara	Rukavina	Wagenius
Borrell	Finstad	Juhnke	Meslow	Ruth	Walker
Boudreau	Fuller	Kahn	Mullery	Samuelson	Walz
Bradley	Gerlach	Kelliher	Murphy	Seagren	Wardlow
Brod	Goodwin	Klinzing	Nelson, C.	Seifert	Wasiluk
Carlson	Greiling	Knoblach	Nelson, M.	Sertich	Westerberg
Clark	Gunther	Koenen	Nelson, P.	Severson	Westrom
Cornish	Haas	Kohls	Nornes	Sieben	Wilkin
Cox	Hackbarth	Kuisle	Olsen, S.	Simpson	Zellers
Davids	Harder	Lanning	Opatz	Slawik	Spk. Sviggum
Davnie	Hausman	Larson	Osterman	Smith	
DeLaForest	Heidgerken	Latz	Otremba	Soderstrom	
Demmer	Hilstrom	Lenczewski	Otto	Solberg	

Those who voted in the negative were:

Buesgens	Kielkucki	Krinkie	Olson, M.
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The bill was repassed, as amended by Conference, 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 House Concurrent Resolution, herewith returned:

House Concurrent Resolution No. 6, A House concurrent resolution relating to adjournment of the House of Representatives and the Senate until 2004.

PATRICE DWORAK, First Assistant 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. 294, A bill for an act relating to the military; requiring payment of a salary differential and continuation of certain benefits to certain state employees who are members of the national guard or other military reserve units and who reported for active military duty; permitting local governments to pay a similar salary differential for their employees who are members of the national guard or other military reserve units and who have reported for active military service; amending Minnesota Statutes 2002, section 471.975; proposing coding for new law in Minnesota Statutes, chapter 43A.

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.

PATRICE DWORAK, First Assistant 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. 719, A bill for an act relating to liquor; modifying a posting provision; authorizing cities to issue licenses in addition to the number allowed by law; amending Minnesota Statutes 2002, section 340A.318, subdivision 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.

PATRICE DWORAK, First Assistant Secretary of the Senate

Mr. Speaker:

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

S. F. No. 1180, A bill for an act relating to state government; department of administration; updating references; increasing the threshold project amount for designer selection board approval; modifying building code language; eliminating a report; amending Minnesota Statutes 2002, sections 16B.054; 16B.24, subdivisions 1, 5; 16B.33, subdivision 3; 16B.61, subdivision 1a; 16B.62, subdivision 1; 16C.10, subdivision 5; 16C.15; 16C.16, subdivision 7; 327A.01, subdivision 2; repealing Minnesota Statutes 2002, section 16C.18, subdivision 1.

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

Senators Marko, Skoglund and Kelley.

Said Senate File is herewith transmitted to the House with the request that the House appoint a like committee.

PATRICE DWORAK, First Assistant Secretary of the Senate

Krinkie moved that the House accede to the request of the Senate and that the Speaker appoint a Conference Committee of 3 members of the House to meet with a like committee appointed by the Senate on the disagreeing votes of the two houses on S. F. No. 1180. The motion prevailed.

Mr. Speaker:

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

S. F. No. 960.

PATRICK E. FLAHAVEN, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 960, A bill for an act relating to crime prevention; allowing aggregation of certain prostitution offense prosecutions; requiring the collection of information concerning certain types of prostitution and requiring a report; modifying provisions regulating vehicle forfeiture for offenses related to prostitution and fleeing a peace officer; requiring a report on the use of money collected from penalty assessments imposed against individuals committing certain prostitution crimes; clarifying headnotes; providing that the penalty assessments be appropriated to the commissioner of public safety; amending Minnesota Statutes 2002, sections 609.322, by adding a subdivision; 609.3241; 609.5913, subdivisions 3, 4.

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

ANNOUNCEMENT BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 1180:

Krinkie, Holberg and Jacobson.

The Speaker resumed the Chair.

There being no objection, the order of business reverted to Messages from the Senate.

MESSAGES FROM THE SENATE

The following message was received from the Senate:

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendments the concurrence of the House is respectfully requested:

H. F. No. 302, A bill for an act relating to education; clarifying the date of school board organizational meetings; amending Minnesota Statutes 2002, section 123B.14, subdivision 1.

PATRICE DWORAK, First Assistant Secretary of the Senate

CONCURRENCE AND REPASSAGE

Sykora moved that the House concur in the Senate amendments to H. F. No. 302 and that the bill be repassed as amended by the Senate. The motion prevailed.

The Speaker called Olson, M., to the Chair.

H. F. No. 302, A bill for an act relating to education; repealing and replacing the profile of learning; providing for rulemaking; amending Minnesota Statutes 2002, sections 120B.02; 120B.30, subdivision 1, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 120B; repealing Minnesota Statutes 2002, section 120B.031; Minnesota Rules, parts 3501.0300; 3501.0310; 3501.0320; 3501.0330; 3501.0340; 3501.0350; 3501.0370; 3501.0380; 3501.0390; 3501.0400; 3501.0410; 3501.0420; 3501.0440; 3501.0441; 3501.0442; 3501.0443; 3501.0444; 3501.0445; 3501.0446; 3501.0447; 3501.0448; 3501.0449; 3501.0450; 3501.0460; 3501.0461; 3501.0462; 3501.0463; 3501.0464; 3501.0465; 3501.0466; 3501.0467; 3501.0468; 3501.0469.

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

The question was taken on the repassage of the bill and the roll was called. There were 125 yeas and 9 nays as follows:

Those who voted in the affirmative were:

Abeler	Demmer	Hilty	Latz	Osterman	Slawik
Abrams	Dempsey	Holberg	Lenczewski	Otremba	Smith
Adolphson	Dill	Hoppe	Lesch	Otto	Soderstrom
Anderson, B.	Dorman	Hornstein	Lieder	Ozment	Solberg
Anderson, I.	Dorn	Howes	Lindgren	Paulsen	Stang
Anderson, J.	Eastlund	Huntley	Lindner	Paymar	Strachan
Atkins	Eken	Jacobson	Lipman	Pelowski	Swenson
Beard	Ellison	Jaros	Magnus	Penas	Sykora
Biernat	Entenza	Johnson, J.	Mahoney	Peterson	Thissen
Blaine	Erhardt	Johnson, S.	Marquart	Powell	Tingelstad
Borrell	Erickson	Juhnke	McNamara	Pugh	Urdahl
Boudreau	Finstad	Kelliher	Meslow	Rhodes	Vandever
Bradley	Fuller	Kielkucki	Mullery	Rukavina	Walz
Brod	Gerlach	Klinzing	Murphy	Ruth	Wardlow
Buesgens	Goodwin	Knoblach	Nelson, C.	Samuelson	Wasiluk
Carlson	Gunther	Koenen	Nelson, M.	Seagren	Westerberg
Cornish	Haas	Kohls	Nelson, P.	Seifert	Westrom
Cox	Hackbarth	Krinkie	Nornes	Sertich	Wilkin
Davids	Harder	Kuisle	Olsen, S.	Severson	Zellers
Davnie	Heidgerken	Lanning	Olson, M.	Sieben	Spk. Sviggum
DeLaForest	Hilstrom	Larson	Opatz	Simpson	

Those who voted in the negative were:

Bernardy	Greiling	Kahn	Thao	Walker
Clark	Hausman	Mariani	Wagenius	

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

Anderson, B., was excused for the remainder of today's session.

CALENDAR FOR THE DAY

S. F. No. 30 was reported to the House.

Seifert moved that the name of Haas be added as chief author and that his name be shown as second author on H. F. No. 534, the companion to S. F. No. 30. The motion prevailed.

Haas moved to amend S. F. No. 30 as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

STATE GOVERNMENT APPROPRIATIONS

Section 1. [STATE GOVERNMENT APPROPRIATIONS.]

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or another fund named, to the agencies and for the purposes specified in this act, to be available for the fiscal years indicated for each purpose. The figures "2003," "2004," and "2005," where used in this act, mean that the appropriation or appropriations listed under them are available for the year ending June 30, 2003, June 30, 2004, or June 30, 2005, respectively.

SUMMARY BY FUND

	2004	2005	TOTAL
General	\$264,857,000	\$267,568,000	\$532,425,000
For 2003 - \$369,000			
Health Care Access	1,782,000	1,782,000	3,564,000
State Government Special Revenue	25,024,000	31,629,000	56,653,000
Environmental	520,000	436,000	956,000
Remediation	484,000	484,000	968,000
Special Revenue	2,947,000	2,947,000	5,894,000
Highway User Tax Distribution	2,097,000	2,097,000	4,194,000
Workers' Compensation	7,286,000	7,349,000	14,635,000
TOTAL	\$304,997,000	\$314,292,000	\$619,289,000

APPROPRIATIONS
Available for the Year
Ending June 30

2004 2005

Sec. 2. LEGISLATURE

Subdivision 1. Total Appropriation \$58,328,000 \$58,328,000

Summary by Fund

General	58,200,000	58,200,000
Health Care Access	128,000	128,000

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

APPROPRIATIONS
 Available for the Year
 Ending June 30
 2004 2005

Subd. 2. Senate

	19,319,000	19,319,000
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Subd. 3. House of Representatives

	25,993,000	25,993,000
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Subd. 4. Legislative Coordinating Commission

	13,016,000	13,016,000
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Summary by Fund

General	12,888,000	12,888,000
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Health Care Access	128,000	128,000
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\$5,023,000 the first year and \$5,023,000 the second year are for the office of the revisor of statutes.

\$1,086,000 the first year and \$1,086,000 the second year are for the legislative reference library.

\$4,623,000 the first year and \$4,623,000 the second year are for the office of the legislative auditor.

\$360,000 the first year and \$360,000 the second year are for public information television, Internet, Intranet, and other transmission of legislative activities. At least one-half must go for programming to be broadcast and transmitted to rural Minnesota.

During the biennium ending June 30, 2005, the legislative coordinating commission, the office of the legislative auditor, and the office of the revisor of statutes are not subject to the limitations in uses of funds provided under Minnesota Statutes, section 16A.281.

During the biennium ending June 30, 2005, a legislative commission or subcommittee of the legislative coordinating commission may by resolution adopt per diem payments for members attending commission meetings that are less than the payments permitted by rules of the house of representatives and the senate.

APPROPRIATIONS
 Available for the Year
 Ending June 30
 2004 2005

(a) If the legislative coordinating commission requires employees under its jurisdiction to take temporary leave without pay during the biennium ending June 30, 2005, the first 80 hours of leave without pay in fiscal year 2004 and the first 80 hours of leave without pay in fiscal year 2005 are governed by this paragraph. The commission must permit employees taking this leave to continue accruing vacation and sick leave, be eligible for paid holidays and insurance benefits, accrue seniority, and accrue service credit and credited salary 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. The commission may make the employer contribution to the employee's retirement plan if the employee participates in a defined contribution plan. If the leave without pay is for one full pay period or longer, any holiday pay must be included in the first payroll warrant after return from the leave. Managers must attempt to schedule leaves to meet the needs of employees and the need to continue efficient operation of their offices.

(b) Notwithstanding Minnesota Statutes, section 43A.18, subdivisions 2 and 3, the legislative coordinating commission may require employees in the office of the legislative auditor whose terms and conditions of employment are determined through the commissioner and managerial compensation plans to take leave without pay as described in paragraph (a).

Sec. 3. GOVERNOR AND LIEUTENANT GOVERNOR

3,586,000

3,586,000

This appropriation is to fund the offices of the governor and lieutenant governor.

\$19,000 the first year and \$19,000 the second year are for necessary expenses in the normal performance of the governor's and lieutenant governor's duties for which no other reimbursement is provided.

By September 1 of each year, the commissioner of finance shall report to the chairs of the senate governmental operations budget division and the house state government finance division any personnel costs incurred by the office of the governor and lieutenant governor that were supported by appropriations to other agencies during the previous fiscal year. The office of the governor shall inform the chairs of the divisions before initiating any interagency agreements.

		APPROPRIATIONS Available for the Year Ending June 30	
		2004	2005
Sec. 4. STATE AUDITOR		8,306,000	8,306,000
Sec. 5. ATTORNEY GENERAL		24,800,000	24,779,000
Summary by Fund			
General	22,559,000	22,559,000	
State Government Special Revenue	1,612,000	1,591,000	
Environmental	145,000	145,000	
Remediation	484,000	484,000	
Sec. 6. SECRETARY OF STATE		5,912,000	6,032,000
For 2003 - \$369,000			
<p>\$369,000 is appropriated in fiscal year 2003 from the general fund to the secretary of state for payment of the attorney fees awarded by court order in Zachman et al. vs. Kiffmeyer et al. This is a onetime appropriation and not added to the secretary of state's base budget.</p>			
Sec. 7. CAMPAIGN FINANCE AND PUBLIC DISCLOSURE BOARD		712,000	712,000
Sec. 8. INVESTMENT BOARD		2,167,000	2,167,000
Sec. 9. ADMINISTRATIVE HEARINGS		7,186,000	7,249,000
This appropriation is from the workers' compensation fund.			
<p>Fee rates charged during fiscal years 2004 and 2005 by the Administrative Law Division of the Office of Administrative Hearings must be reduced by ten percent from fiscal year 2003 levels.</p>			
Sec. 10. OFFICE OF STRATEGIC AND LONG-RANGE PLANNING		3,314,000	3,314,000

\$50,000 the first year and \$50,000 the second year are for a grant to the Northern Counties Land Use Coordinating Board for purposes of the pilot project established in Laws 2002, chapter 373, section 33. The pilot project is extended until June 30, 2005. This is a onetime appropriation.

APPROPRIATIONS
Available for the Year
Ending June 30

	2004	2005
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Sec. 11. ADMINISTRATION

Subdivision 1. Total Appropriation

	21,422,000	20,922,000
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The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Operations Management

	2,669,000	2,669,000
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The commissioner of administration, in consultation with heads of other executive agencies, must identify state agency: (1) telecommunication device usage; and (2) vehicle usage, that is not cost-efficient. The commissioner must implement policies to reduce usage that is found not to be cost-efficient. The commissioner must report to the legislature by January 15, 2004, on implementation of this section, including savings achieved by eliminating usage that is not cost-efficient.

Subd. 3. Office of Technology

	2,479,000	2,479,000
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Subd. 4. Facilities Management

	11,541,000	11,041,000
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\$7,888,000 the first year and \$7,888,000 the second year are for office space costs of the legislature and veterans organizations, for ceremonial space, and for statutorily free space.

\$500,000 the first year is for onetime funding of agency relocation expenses.

\$2,050,000 in the first year and \$2,050,000 in the second year of the balance in the facility repair and replacement account in the state government special revenue fund is canceled to the general fund. This amount is in addition to amounts transferred under Minnesota Statutes, section 16B.24, subdivision 5.

Subd. 5. Management Services

	2,830,000	2,830,000
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\$196,000 the first year and \$196,000 the second year are for the office of the state archaeologist.

APPROPRIATIONS
Available for the Year
Ending June 30
2004 2005

\$74,000 the first year and \$74,000 the second year are for the developmental disabilities council.

Subd. 6. Public Broadcasting

1,903,000 1,903,000

\$1,175,000 the first year and \$1,175,000 the second year are for matching grants for public television.

\$203,000 the first year and \$203,000 the second year are for public television equipment grants.

Equipment or matching grant allocations shall be made after considering the recommendations of the Minnesota public television association.

\$17,000 the first year and \$17,000 the second year are for grants to the Twin Cities regional cable channel.

\$313,000 the first year and \$313,000 the second year are for community service grants to public educational radio stations. The grants must be allocated after considering the recommendations of the association of Minnesota public educational radio stations under Minnesota Statutes, section 129D.14.

\$195,000 the first year and \$195,000 the second year are for equipment grants to Minnesota Public Radio, Inc.

Any unencumbered balance remaining the first year for grants to public television or radio stations does not cancel and is available for the second year.

Sec. 12. CAPITOL AREA ARCHITECTURAL AND PLANNING BOARD

262,000 262,000

During the biennium ending June 30, 2005, money received by the board from public agencies, as provided by Minnesota Statutes, section 15.50, subdivision 40, is appropriated to the board.

Sec. 13. FINANCE

Subdivision 1. Total Appropriation

15,216,000 15,216,000

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

APPROPRIATIONS
Available for the Year
Ending June 30

2004	2005
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Subd. 2. State Financial Management

8,711,000	8,711,000
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Subd. 3. Information and Management Services

6,505,000	6,505,000
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Sec. 14. EMPLOYEE RELATIONS

Subdivision 1. Total Appropriation

	6,188,000	6,188,000
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The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Employee Insurance

63,000	63,000
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Subd. 3. Human Resources Management

6,125,000	6,125,000
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The commissioner of employee relations shall convene a work group to study the structure of current human resources processes and responsibilities related to technology systems. The study should include:

- (1) an analysis of the current division of labor for completing standard human resource electronic transactions;
- (2) opportunities for improvements to the current structure that will create more effective and efficient methods of operation;
- (3) the recommended course of action to maximize the use of statewide systems and resources; and
- (4) a plan to address any fiscal impact necessitated by the proposed plan.

The commissioner must provide a report of findings to the chairs of the house state government finance committee and senate state government budget division by January 19, 2004.

APPROPRIATIONS
Available for the Year
Ending June 30
2004 2005

Subd. 4. Insurance Contingency Reserve

By June 30, 2005, the commissioner of finance shall transfer \$23,000,000 of the contingency reserve within the employee insurance trust fund maintained under Minnesota Statutes, section 43A.30, subdivision 6, to the general fund.

Sec. 15. REVENUE

Subdivision 1. Total Appropriation	93,442,000	97,596,000
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Summary by Fund

General	89,316,000	93,554,000
Health Care Access	1,654,000	1,654,000
Highway User Tax Distribution	2,097,000	2,097,000
Environmental	375,000	291,000

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

Subd. 2. Tax System Management

	78,842,000	81,872,000
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Summary by Fund

General	74,716,000	77,830,000
Health Care Access	1,654,000	1,654,000
Highway User Tax Distribution	2,097,000	2,097,000
Environmental	375,000	291,000

\$2,742,000 the first year and \$5,856,000 the second year are for additional activities to identify and collect tax liabilities from individuals and businesses that currently do not pay all taxes owed.

APPROPRIATIONS
 Available for the Year
 Ending June 30
 2004 2005

This initiative is expected to result in new general fund revenues of \$59,838,000 for the biennium ending June 30, 2005.

The department must report to the chairs of the house ways and means and senate finance committees by March 1, 2004, and January 15, 2005, on the following performance indicators:

- (1) the number of corporations noncompliant with the corporate tax system each year and the percentage and dollar amounts of valid tax liabilities collected;
- (2) the number of businesses noncompliant with the sales and use tax system and the percentage and dollar amounts of the valid tax liabilities collected; and
- (3) the number of individual noncompliant cases resolved and the percentage and dollar amounts of valid tax liabilities collected.

The reports must also identify base level expenditures and staff positions related to compliance and audit activities, including baseline information as of January 1, 2002. The information must be provided at the budget activity level.

\$30,000 from the general fund the first year and \$30,000 from the general fund the second year are for the preparation of the income tax sample.

Subd. 3. Accounts Receivable Management

14,600,000	15,724,000
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\$1,558,000 the first year and \$2,682,000 the second year are for additional activities to identify and collect tax liabilities from individuals and businesses that currently do not pay all taxes owed.

Sec. 16. MILITARY AFFAIRS

Subdivision 1. Total Appropriation

	12,279,000	12,279,000
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The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Maintenance of Training Facilities

5,590,000	5,590,000
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APPROPRIATIONS
Available for the Year
Ending June 30

	2004	2005
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Sec. 19. MILITARY ORDER OF THE PURPLE HEART	20,000	20,000
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Sec. 20. DISABLED AMERICAN VETERANS	13,000	13,000
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For carrying out the provisions of Laws 1941, chapter 425.

Sec. 21. GAMBLING CONTROL	2,728,000	2,526,000
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Summary by Fund

General	202,000	-0-
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Special Revenue	2,526,000	2,526,000
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The general fund appropriation in fiscal year 2004 is intended to assist with the transition to fee-based funding. The commissioner of finance must approve the use of this onetime appropriation and must require that it be reimbursed to the general fund if sufficient resources are available in the special revenue fund.

The special revenue fund appropriation is made from the lawful gambling regulation account.

Sec. 22. RACING COMMISSION	525,000	421,000
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Summary by Fund

General	104,000	-0-
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Special Revenue	421,000	421,000
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The general fund appropriation in fiscal year 2004 is intended to assist with the transition to fee-based funding. The commissioner of finance must approve the use of this onetime appropriation and must require that it be reimbursed to the general fund from the special revenue fund.

The special revenue fund appropriation is made from the racing and card playing regulation account.

Sec. 23. STATE LOTTERY

Notwithstanding Minnesota Statutes, section 349A.10, the operating budget must not exceed \$43,538,000 in fiscal year 2004 and \$43,538,000 in fiscal year 2005 and thereafter. The savings must be transferred 60 percent to the general fund in the state treasury and 40 percent to the Minnesota environment and natural resources trust fund in the state treasury.

APPROPRIATIONS
Available for the Year
Ending June 30

	2004	2005
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Sec. 24. AMATEUR SPORTS COMMISSION	525,000	525,000
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\$225,000 the first year and \$225,000 the second year may only be spent up to the amount of offsetting fee revenue generated by the commission under Minnesota Statutes, section 240A.03.

Sec. 25. TORT CLAIMS	161,000	161,000
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To be spent by the commissioner of finance.

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

Sec. 26. MINNESOTA STATE RETIREMENT SYSTEM	2,518,000	2,727,000
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The amounts estimated to be needed for each program are as follows:

(a) Legislators

	2,150,000	2,300,000
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Under Minnesota Statutes, sections 3A.03, subdivision 2; 3A.04, subdivisions 3 and 4; and 3A.11.

(b) Constitutional Officers

	368,000	427,000
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Under Minnesota Statutes, sections 352C.031, subdivision 5; 352C.04, subdivision 3; and 352C.09, subdivision 2.

If an appropriation in this section for either year is insufficient, the appropriation for the other year is available for it.

Sec. 27. MINNEAPOLIS EMPLOYEES RETIREMENT FUND	6,632,000	6,632,000
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Sec. 28. GENERAL CONTINGENT ACCOUNTS	1,500,000	500,000
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Summary by Fund

General	1,000,000	-0-
State Government Special Revenue	400,000	400,000

APPROPRIATIONS
Available for the Year
Ending June 30
2004 2005

Workers'		
Compensation	100,000	100,000

The appropriations in this section may only be spent with the approval of the governor after consultation with the legislative advisory commission pursuant to Minnesota Statutes, section 3.30.

If an appropriation in this section for either year is insufficient, the appropriation for the other year is available for it.

Sec. 29. PUBLIC SAFETY	23,012,000	29,640,000
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This appropriation is from the state government special revenue fund for 911 emergency telecommunications services.

(a) Public Safety Answering Points

	6,970,000	8,522,000
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To be distributed as provided in Minnesota Statutes, section 403.113, subdivision 2.

This appropriation may only be used for public safety answering points that have implemented enhanced 911 service or whose governmental agency has made a binding commitment to the commissioner of public safety to implement enhanced 911 service by January 1, 2008.

(b) Consolidation and Minimum Standards Study

	150,000	-0-
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The public safety radio communication system planning committee shall study and make recommendations on the feasibility of consolidating public safety answering points. In making recommendations, the planning committee must consider a cost-benefit analysis of consolidations, the impact on public safety, interoperability issues, and best practices models.

In addition, the planning committee shall recommend minimum standards for public safety answering points and recommend possible funding incentives for consolidation. The planning committee shall report its findings to the chairs of the senate crime prevention and public safety committee, the senate state government budget division, and the house judiciary policy and finance committee by January 15, 2004.

Sec. 30. [GENERAL REDUCTION.]

The commissioner of finance shall reduce general fund appropriations to executive branch state agencies for state agency operations in the biennium ending June 30, 2005, by \$17,581,000. The reduction to the Minnesota state colleges and universities must not be more than \$2,500,000. The reductions to state constitutional officers must be the same percentage of each officer's general fund appropriation.

Sec. 31. [SALE OF STATE LAND.]

Subdivision 1. [STATE LAND SALES.] The commissioner of administration shall coordinate with the head of each department or agency having control of state-owned land to identify and sell at least \$5,505,000 of state-owned land. Sales should be completed according to law and as provided in this section as soon as practicable but no later than June 30, 2005. Notwithstanding Minnesota Statutes, sections 94.09 and 94.10, or any other law to the contrary, the commissioner may offer land for public sale by only providing notice of lands or an offer of sale of lands to state departments or agencies, the University of Minnesota, cities, counties, towns, school districts, or other public entities.

Subd. 2. [ANTICIPATED SAVINGS.] Notwithstanding Minnesota Statutes, section 94.16, subdivision 3, or other law to the contrary, the amount of the proceeds from the sale of land under this section that exceeds the actual expenses of selling the land must be deposited in the general fund, except as otherwise provided by the commissioner of finance. Notwithstanding Minnesota Statutes, section 94.11, the commissioner of finance may establish the timing of payments for land purchased under this section. If the total of all money deposited into the general fund from the proceeds of the sale of land under this section is anticipated to be less than \$5,505,000, the governor must allocate the amount of the difference as reductions to general fund operating expenditures for other executive agencies for the biennium ending June 30, 2005.

Subd. 3. [STATE LAND SALES FOR CONSIDERATION.] Based on the inventory of state-owned land under Laws 2002, chapter 393, section 36, the commissioner of administration with the cooperation of the responsible agency head may consider the following for sale under this section:

(1) the BCA property at 1246 University Avenue in St. Paul with a public use classification of "to be determined"; and

(2) other land identified as surplus in the inventory of state-owned land.

Subd. 4. [SALE OF STATE LANDS REVOLVING LOAN FUND.] \$180,075 is appropriated from the general fund in fiscal year 2004 to the commissioner of administration for purposes of paying the actual expenses of selling state-owned lands to achieve the anticipated savings required in this section. From the gross proceeds of land sales under this section, the commissioner of administration must cancel the amount of the appropriation in this subdivision to the general fund by June 30, 2005.

Sec. 32. [EFFECTIVE DATE.]

The appropriations for fiscal year 2003 are effective the day following final enactment.

ARTICLE 2

STATE GOVERNMENT OPERATIONS

Section 1. Minnesota Statutes 2002, section 3.885, subdivision 1, is amended to read:

Subdivision 1. [MEMBERSHIP.] The legislative commission on planning and fiscal policy consists of ~~48~~ nine members of the senate appointed by the subcommittee on committees of the committee on rules and administration and nine members of the house of representatives appointed by the ~~legislative coordinating commission speaker~~. Vacancies on the commission are filled in the same manner as original appointments. The commission shall elect a chair and a vice-chair from among its members. The chair alternates between a member of the senate and a member of the house in January of each odd-numbered year.

Sec. 2. Minnesota Statutes 2002, section 3.971, subdivision 2, is amended to read:

Subd. 2. [STAFF; COMPENSATION.] The legislative auditor shall establish a financial audits division and a program evaluation division to fulfill the duties prescribed in this section. Each division ~~must~~ may be supervised by a deputy auditor, appointed by the legislative auditor, with the approval of the commission, for a term coterminous with the legislative auditor's term. The deputy auditors may be removed before the expiration of their terms only for cause. The legislative auditor and deputy auditors may each appoint a confidential secretary to serve at pleasure. The salaries and benefits of the legislative auditor, deputy auditors and confidential secretaries shall be determined by the compensation plan approved by the legislative coordinating commission. The deputy auditors may perform and exercise the powers, duties and responsibilities imposed by law on the legislative auditor when authorized by the legislative auditor. The deputy auditors and the confidential secretaries serve in the unclassified civil service, but all other employees of the legislative auditor are in the classified civil service. While in office, a person appointed deputy for the financial audit division must hold an active license as a certified public accountant.

Sec. 3. [3A.115]

The amount necessary to fund the retirement allowance granted under this chapter to a former legislator upon retirement is appropriated from the general fund to the director to pay pension obligations due to the retiree. Retirement allowances payable to retired legislators and their survivors under this chapter 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 retirees of a participating public pension fund.

Sec. 4. Minnesota Statutes 2002, section 6.48, is amended to read:

6.48 [EXAMINATION OF COUNTIES; COST, FEES.]

All the powers and duties conferred and imposed upon the state auditor shall be exercised and performed by the state auditor in respect to the offices, institutions, public property, and improvements of several counties of the state. At least once in each year, if funds and personnel permit, the state auditor ~~shall~~ may visit, without previous notice, each county and make a thorough examination of all accounts and records relating to the receipt and disbursement of the public funds and the custody of the public funds and other property. If the audit is performed by a private certified public accountant, the state auditor may require additional information from the private certified public accountant as the state auditor deems in the public interest. The state auditor may accept the audit or make additional examinations as the state auditor deems to be in the public interest. The state auditor shall prescribe and install systems of accounts and financial reports that shall be uniform, so far as practicable, for the same class of offices. A copy of the report of such examination shall be filed and be subject to public inspection in the office of the state auditor and another copy in the office of the auditor of the county thus examined. The state auditor may accept the records and audit, or any part thereof, of the department of human services in lieu of examination of the county social welfare funds, if such audit has been made within any period covered by the state auditor's audit of the other records of the county. If any such examination shall disclose malfeasance, misfeasance, or nonfeasance in any office of such county, such report shall be filed with the county attorney of the county, and the county attorney shall institute such civil and criminal proceedings as the law and the protection of the public interests shall require.

The county receiving ~~such~~ any examination shall pay to the state general fund, notwithstanding the provisions of section 16A.125, the total cost and expenses of such examinations, including the salaries paid to the examiners while actually engaged in making such examination. The state auditor on deeming it advisable may bill counties, having a population of 200,000 or over, monthly for services rendered and the officials responsible for approving and paying claims shall cause said bill to be promptly paid. The general fund shall be credited with all collections made for any such examinations.

Sec. 5. Minnesota Statutes 2002, section 6.49, is amended to read:

6.49 [CITIES OF FIRST CLASS.]

All powers and duties conferred and imposed upon the state auditor with respect to state and county officers, institutions, property, and improvements are hereby extended to cities of the first class. Copies of the written report of the state auditor on the financial condition and accounts of such city shall be filed in the state auditor's office, with the mayor, city council, and city comptroller thereof, and with the city commissioners, if such city have such officers. If such report disclose malfeasance, misfeasance, or nonfeasance in office, copies thereof shall be filed with the city attorney thereof and with the county attorney of the county in which such city is located, and these officials of the law shall institute such proceedings, civil or criminal, as the law and the public interest require.

The state auditor ~~may~~ shall bill said cities monthly for services rendered, including any examination, and the officials responsible for approving and paying claims shall cause said bill to be promptly paid.

Sec. 6. Minnesota Statutes 2002, section 6.54, is amended to read:

6.54 [EXAMINATION OF COUNTY AND MUNICIPAL RECORDS PURSUANT TO PETITION.]

The registered voters in a county or home rule charter or statutory city or the electors at an annual or special town meeting of a town may petition the state auditor to examine the books, records, accounts, and affairs of the county, home rule charter or statutory city, town, or of any organizational unit, activity, project, enterprise, or fund thereof; and the scope of the examination may be limited by the petition, but the examination shall cover, at least, all cash received and disbursed and the transactions relating thereto, provided that the state auditor shall not examine more than the six latest years preceding the circulation of the petition, unless it appears to the state auditor during the examination that the audit period should be extended to permit a full recovery under bonds furnished by public officers or employees, and may if it appears to the auditor in the public interest confine the period or the scope of audit or both period and scope of audit, to less than that requested by the petition. In the case of a county or home rule charter or statutory city, the petition shall be signed by a number of registered voters at least equal to 20 percent of those voting in the last presidential election. The eligible voters of any school district may petition the state auditor, who shall be subject to the same restrictions regarding the scope and period of audit, provided that the petition shall be signed by at least ten eligible voters for each 50 resident pupils in average daily membership during the preceding school year as shown on the records in the office of the commissioner of children, families, and learning. In the case of school districts, the petition shall be signed by at least ten eligible voters. At the time it is circulated, every petition shall contain a statement that the cost of the audit will be borne by the county, city, or school district as provided by law. Thirty days before the petition is delivered to the state auditor it shall be presented to the appropriate city or school district clerk and the county auditor. The county auditor shall determine and certify whether the petition is signed by the required number of registered voters or eligible voters as the case may be. The certificate shall be conclusive evidence thereof in any action or proceeding for the recovery of the costs, charges, and expenses of any examination made pursuant to the petition.

Sec. 7. Minnesota Statutes 2002, section 6.55, is amended to read:

6.55 [EXAMINATION OF RECORDS PURSUANT TO RESOLUTION OF GOVERNING BODY.]

The governing body of any city, town, county or school district, by appropriate resolution may ask the state auditor to examine the books, records, accounts and affairs of their government, or of any organizational unit, activity, project, enterprise, or fund thereof; and the state auditor shall examine the same upon receiving, pursuant to

said resolution, a written request signed by a majority of the members of the governing body; and the governing body of any public utility commission, or of any public corporation having a body politic and corporate, or of any instrumentality joint or several of any city, town, county, or school district, may request an audit of its books, records, accounts and affairs in the same manner; provided that the scope of the examination may be limited by the request, but such examination shall cover, at least, all cash received and disbursed and the transactions relating thereto. Such written request shall be presented to the clerk, or recording officer of such city, town, county, school district, public utility commission, public corporation, or instrumentality, before being presented to the state auditor, who shall determine whether the same is signed by a majority of the members of such governing body and, if found to be so signed, shall certify such fact, and the fact that such resolution was passed, which certificate shall be conclusive evidence thereof in any action or proceedings for the recovery of the costs, charges and expenses of any examination made pursuant to such request. Nothing contained in any of the laws of the state relating to the state auditor, shall be so construed as to prevent any county, city, town, or school district from employing a certified public accountant to examine its books, records, accounts, and affairs. For the purposes of this section, the governing body of a town is the town board.

Sec. 8. Minnesota Statutes 2002, section 6.64, is amended to read:

6.64 [COOPERATION WITH PUBLIC ACCOUNTANTS; PUBLIC ACCOUNTANT DEFINED.]

There shall be mutual cooperation between the state auditor and public accountants in the performance of auditing, accounting, and other related services for counties, cities, towns, school districts, and other public corporations. For the purposes of sections 6.64 to 6.71 the term public accountant shall have the meaning ascribed to it in section 412.222.

Sec. 9. Minnesota Statutes 2002, section 6.65, is amended to read:

6.65 [MINIMUM PROCEDURES FOR AUDITORS, PRESCRIBED.]

The state auditor shall prescribe minimum procedures and the audit scope for auditing the books, records, accounts, and affairs of counties and local governments in Minnesota. The minimum scope for audits of all local governments must include financial and legal compliance audits. Audits of all school districts must include a determination of compliance with uniform financial accounting and reporting standards. The state auditor shall promulgate an audit guide for legal compliance audits, in consultation with representatives of the state auditor, the attorney general, towns, cities, counties, school districts, and private sector public accountants.

Sec. 10. Minnesota Statutes 2002, section 6.66, is amended to read:

6.66 [CERTAIN PRACTICES OF PUBLIC ACCOUNTANTS AUTHORIZED.]

Any public accountant may engage in the practice of auditing the books, records, accounts, and affairs of counties, cities, towns, school districts, and other public corporations which are not otherwise required by law to be audited exclusively by the state auditor.

Sec. 11. Minnesota Statutes 2002, section 6.67, is amended to read:

6.67 [PUBLIC ACCOUNTANTS; REPORT OF EVIDENCE POINTING TO MISCONDUCT.]

Whenever a public accountant in the course of auditing the books and affairs of a county, city, town, school district, or other public corporations, shall discover evidence pointing to nonfeasance, misfeasance, or malfeasance, on the part of an officer or employee in the conduct of duties and affairs, the public accountant shall promptly make a report of such discovery to the state auditor and the county attorney of the county in which the governmental unit is situated and the public accountant shall also furnish a copy of the report of audit upon completion to said officers. The county attorney shall act on such report in the same manner as required by law for reports made to the county attorney by the state auditor.

Sec. 12. Minnesota Statutes 2002, section 6.68, subdivision 1, is amended to read:

Subdivision 1. [REQUEST TO GOVERNING BODY.] If in an audit of a county, city, town, school district, or other public corporation, a public accountant has need of the assistance of the state auditor, the accountant may obtain such assistance by requesting the governing body of the governmental unit being examined to request the state auditor to perform such auditing or investigative services, or both, as the matter and the public interest require.

Sec. 13. Minnesota Statutes 2002, section 6.70, is amended to read:

6.70 [ACCESS TO REPORTS.]

The state auditor and the public accountants shall have reasonable access to each other's audit reports, working papers, and audit programs concerning audits made by each of counties, cities, towns, school districts, and other public corporations.

Sec. 14. Minnesota Statutes 2002, section 6.71, is amended to read:

6.71 [SCOPE OF AUDITOR'S INVESTIGATION.]

Whenever the governing body of a county, city, town, or school district shall have requested a public accountant to make an audit of its books and affairs, and such audit is in progress or has been completed, and ~~freeholders~~ registered voters or electors petition or the governing body requests or both the state auditor to make an examination covering the same, or part of the same, period, the state auditor may, in the public interest, limit the scope of the examination to less than that specified in section 6.54, but the scope shall cover, at least, an investigation of those complaints which are within the state auditor's powers and duties to investigate.

Sec. 15. Minnesota Statutes 2002, section 6.74, is amended to read:

6.74 [INFORMATION COLLECTED FROM LOCAL GOVERNMENTS.]

The state auditor, or a designated agent, shall collect annually from all city, county, and other local units of government, information as to the assessment of property, collection of taxes, receipts from licenses and other sources, the expenditure of public funds for all purposes, borrowing, debts, principal and interest payments on debts, and such other information as may be needful. The data shall be supplied upon ~~blanks~~ forms prescribed by the state auditor, and all public officials so called upon shall fill out properly and return promptly all ~~blanks~~ forms so transmitted. The state auditor or assistants, may examine local records in order to complete or verify the information.

Sec. 16. [6.78] [BEST PRACTICES REVIEWS.]

The state auditor shall conduct best practices reviews that examine the procedures and practices used to deliver local government services, determine the methods of local government service delivery, identify variations in cost and effectiveness, and identify practices to save money or provide more effective service delivery. The state auditor shall recommend to local governments service delivery methods and practices to improve the cost-effectiveness of services. The state auditor shall determine the local government services to be reviewed in consultation with representatives of the Association of Minnesota Counties, the League of Minnesota Cities, the Association of Metropolitan Municipalities, the Minnesota Association of Townships, the Minnesota Municipal Utilities Association, and the Minnesota Association of School Administrators.

[EFFECTIVE DATE.] This section is effective July 1, 2004.

Sec. 17. Minnesota Statutes 2002, section 8.06, is amended to read:

8.06 [ATTORNEY FOR STATE OFFICERS, BOARDS, OR COMMISSIONS; EMPLOY COUNSEL.]

The attorney general shall act as the attorney for all state officers and all boards or commissions created by law in all matters pertaining to their official duties. When requested by the attorney general, it shall be the duty of any county attorney of the state to appear within the county and act as attorney for any such board, commission, or officer in any court of such county. The attorney general may, upon request in writing, employ, and fix the compensation of, a special attorney for any such board, commission, or officer when, in the attorney general's judgment, the public welfare will be promoted thereby. Such special attorney's fees or salary shall be paid from the appropriation made for such board, commission, or officer. Except as herein provided, no board, commission, or officer shall hereafter employ any attorney at the expense of the state.

Whenever the attorney general, the governor, and the chief justice of the supreme court shall certify, in writing, filed in the office of the secretary of state, that it is necessary, in the proper conduct of the legal business of the state, either civil or criminal, that the state employ additional counsel, the attorney general shall thereupon be authorized to employ such counsel and, with the governor and the chief justice, fix the additional counsel's compensation. The governor, if in the governor's opinion the public interest requires such action, may employ counsel to act in any action or proceeding if the attorney general is in any way interested adversely to the state. Except as herein stated, no additional counsel shall be employed and the legal business of the state shall be performed exclusively by the attorney general and the attorney general's assistants.

Sec. 18. Minnesota Statutes 2002, section 10A.01, subdivision 21, is amended to read:

Subd. 21. [LOBBYIST.] (a) "Lobbyist" means an individual:

(1) engaged for pay or other consideration, ~~or authorized to spend money by another individual, association, political subdivision, or public higher education system, who spends more than five hours in any month or more than \$250, not including the individual's own travel expenses and membership dues, of more than \$3,000 from all sources~~ in any year, for the purpose of attempting to influence legislative or administrative action, or the official action of a metropolitan governmental unit, by communicating or urging others to communicate with public or local officials; or

(2) who spends more than \$250, not including the individual's own traveling expenses and membership dues, in any year for the purpose of attempting to influence legislative or administrative action, or the official action of a metropolitan governmental unit, by communicating or urging others to communicate with public or local officials.

(b) "Lobbyist" does not include:

(1) a public official;

(2) an employee of the state, including an employee of any of the public higher education systems;

(3) an elected local official;

(4) a nonelected local official or an employee of a political subdivision acting in an official capacity, unless the nonelected official or employee of a political subdivision spends more than 50 hours in any month attempting to influence legislative or administrative action, or the official action of a metropolitan governmental unit other than the political subdivision employing the official or employee, by communicating or urging others to communicate with public or local officials, including time spent monitoring legislative or administrative action, or the official action of a metropolitan governmental unit, and related research, analysis, and compilation and dissemination of information relating to legislative or administrative policy in this state, or to the policies of metropolitan governmental units;

(5) a party or the party's representative appearing in a proceeding before a state board, commission, or agency of the executive branch unless the board, commission, or agency is taking administrative action;

(6) an individual while engaged in selling goods or services to be paid for by public funds;

(7) a news medium or its employees or agents while engaged in the publishing or broadcasting of news items, editorial comments, or paid advertisements which directly or indirectly urge official action;

(8) a paid expert witness whose testimony is requested by the body before which the witness is appearing, but only to the extent of preparing or delivering testimony; or

(9) a party or the party's representative appearing to present a claim to the legislature and communicating to legislators only by the filing of a claim form and supporting documents and by appearing at public hearings on the claim.

(c) An individual who volunteers personal time to work without pay or other consideration on a lobbying campaign, and who does not spend more than the limit in paragraph (a), clause (2), need not register as a lobbyist.

(d) An individual who provides administrative support to a lobbyist and whose salary and administrative expenses attributable to lobbying activities are reported as lobbying expenses by the lobbyist, but who does not communicate or urge others to communicate with public or local officials, need not register as a lobbyist.

Sec. 19. Minnesota Statutes 2002, section 10A.02, is amended by adding a subdivision to read:

Subd. 15. [DISPOSITION OF FEES.] The board must deposit all fees collected under this chapter into the general fund in the state treasury.

Sec. 20. Minnesota Statutes 2002, section 10A.025, subdivision 2, is amended to read:

Subd. 2. [PENALTY FOR FALSE STATEMENTS.] A report or statement required to be filed under this chapter must be signed and certified as true by the individual required to file the report. The signature may be an electronic signature consisting of a password assigned by the board. An individual who signs and certifies to be true a report or statement knowing it contains false information or who knowingly omits required information is guilty of a gross misdemeanor and subject to a civil penalty imposed by the board of up to \$3,000.

Sec. 21. Minnesota Statutes 2002, section 10A.03, subdivision 1, is amended to read:

Subdivision 1. [FIRST REGISTRATION.] A lobbyist must file a registration form with the board within five days after becoming a lobbyist or being engaged by a new individual, association, political subdivision, or public higher education system.

Sec. 22. Minnesota Statutes 2002, section 10A.04, subdivision 1, is amended to read:

Subdivision 1. [REPORTS REQUIRED.] A lobbyist must file reports of the lobbyist's activities with the board as long as the lobbyist continues to lobby. The report may be filed electronically. A lobbyist may file a termination statement at any time after ceasing to lobby.

[EFFECTIVE DATE.] This section is effective January 1, 2005.

Sec. 23. Minnesota Statutes 2002, section 10A.04, subdivision 2, is amended to read:

Subd. 2. [TIME OF REPORTS.] Each report must cover the time from the last day of the period covered by the last report to 15 days before the current filing date. The reports must be filed with the board by the following dates:

(1) January 15; and

(2) ~~April 15; and~~

(3) ~~July 15~~ June 15.

Sec. 24. Minnesota Statutes 2002, section 10A.04, is amended by adding a subdivision to read:

Subd. 2a. [FEE.] On January 15 each year, each lobbyist must pay a fee of \$50 for each individual, association, political subdivision, or public higher education system on whose behalf the lobbyist is registered, except as otherwise provided in this subdivision. The fee must be no more than necessary to cover the cost of administering sections 10A.03 to 10A.06. The amount of the fee is subject to change each biennium in accordance with the budget request made by the board. This subdivision expires June 30, 2004.

Sec. 25. Minnesota Statutes 2002, section 10A.04, subdivision 4, is amended to read:

Subd. 4. [CONTENT.] (a) A report under this section must include information the board requires from the registration form and the information required by this subdivision for the reporting period.

(b) A lobbyist must report the lobbyist's total disbursements on lobbying, separately listing lobbying to influence legislative action, lobbying to influence administrative action, and lobbying to influence the official actions of a metropolitan governmental unit, and a breakdown of disbursements for each of those kinds of lobbying into categories specified by the board, including but not limited to the cost of publication and distribution of each publication used in lobbying; other printing; media, including the cost of production; postage; travel; fees, including allowances; entertainment; telephone and telegraph; and other expenses.

(c) A lobbyist must report the amount and nature of each gift, item, or benefit, excluding contributions to a candidate, equal in value to \$5 or more, given or paid to any official, as defined in section 10A.071, subdivision 1, by the lobbyist or an employer or employee of the lobbyist. The list must include the name and address of each official to whom the gift, item, or benefit was given or paid and the date it was given or paid.

(d) A lobbyist must report each original source of money in excess of \$500 in any year used for the purpose of lobbying to influence legislative action, administrative action, or the official action of a metropolitan governmental unit. The list must include the name, address, and employer, or, if self-employed, the occupation and principal place of business, of each payer of money in excess of \$500.

(e) On the report due ~~April~~ June 15, the lobbyist must provide a general description of the subjects lobbied in the previous 12 months.

Sec. 26. Minnesota Statutes 2002, section 10A.04, subdivision 5, is amended to read:

Subd. 5. [LATE FILING.] The board must send a notice by certified mail to any lobbyist or principal who fails after seven days after a filing date imposed by this section to file a report or statement or to pay a fee required by this section. If a lobbyist or principal fails to file a report or pay a fee within ten business days after the notice was sent, the board may impose a late filing fee of \$5 per day, not to exceed \$100, commencing with the 11th day after the notice was sent. The board must send an additional notice by certified mail to any lobbyist or principal who fails

to file a report or pay a fee within 14 days after the first notice was sent by the board that the lobbyist or principal may be subject to a civil penalty for failure to file the report or pay the fee. A lobbyist or principal who fails to file a report or statement or pay a fee within seven days after the second notice was sent by the board is subject to a civil penalty imposed by the board of up to \$1,000.

Sec. 27. Minnesota Statutes 2002, section 10A.04, subdivision 6, is amended to read:

Subd. 6. [PRINCIPAL REPORTS.] (a) A principal must report to the board as required in this subdivision by March 15 for the preceding calendar year. Along with the report, the principal must pay a fee of \$50, except as otherwise provided in this subdivision. The fee must be no more than necessary to cover the cost of administering sections 10A.03 to 10A.06. The amount of the fee is subject to change each biennium in accordance with the budget request made by the board.

(b) The principal must report the total amount, rounded to the nearest \$20,000, spent by the principal during the preceding calendar year to influence legislative action, administrative action, and the official action of metropolitan governmental units.

(c) The principal must report under this subdivision a total amount that includes:

(1) all direct payments by the principal to lobbyists in this state;

(2) all expenditures for advertising, mailing, research, analysis, compilation and dissemination of information, and public relations campaigns related to legislative action, administrative action, or the official action of metropolitan governmental units in this state; and

(3) all salaries and administrative expenses attributable to activities of the principal relating to efforts to influence legislative action, administrative action, or the official action of metropolitan governmental units in this state.

Sec. 28. Minnesota Statutes 2002, section 10A.34, subdivision 1a, is amended to read:

Subd. 1a. [~~RECOVERING LATE FEES~~ AND PENALTIES.] The board may bring an action in the district court in Ramsey county to recover a fee, late filing fee, or penalty imposed under this chapter. Money recovered must be deposited in the general fund of the state.

Sec. 29. Minnesota Statutes 2002, section 14.091, is amended to read:

14.091 [PETITION; UNIT OF LOCAL GOVERNMENT.]

(a) The elected governing body of a statutory or home rule city, a county, or a sanitary district may petition for amendment or repeal of a rule or a specified portion of a rule. The petition must be adopted by resolution of the elected governing body and must be submitted in writing to the agency and to the office of administrative hearings, must specify what amendment or repeal is requested, and must demonstrate that one of the following has become available since the adoption of the rule in question:

(1) significant new evidence relating to the need for or reasonableness of the rule; or

(2) less costly or intrusive methods of achieving the purpose of the rule.

(b) Within 30 days of receiving a petition, an agency shall reply to the petitioner in writing stating either that the agency, within 90 days of the date of the reply, will give notice under section 14.389 of intent to adopt the amendment or repeal requested by the petitioner or that the agency does not intend to amend or repeal the rule and has requested the office of administrative hearings to review the petition. If the agency intends to amend or repeal the rule in the manner requested by the petitioner, the agency must use the process under section 14.389 to amend or repeal the rule. Section 14.389, subdivision 5, applies.

(c) Upon receipt of an agency request under paragraph (b), the chief administrative law judge shall assign an administrative law judge, who was not involved when the rule or portion of a rule that is the subject of the petition was adopted or amended, to review the petition to determine whether the petitioner has complied with the requirements of paragraph (a). The petitioner, the agency, or any interested person, at the option of any of them, may submit written material for the assigned administrative law judge's consideration within ten days of the chief administrative law judge's receipt of the agency request. The administrative law judge shall dismiss the petition if the judge determines that:

- (1) the petitioner has not complied with the requirements of paragraph (a);
- (2) the rule is required to comply with a court order; or
- (3) the rule is required by federal law or is required to maintain authority to administer a federal program.

(d) If the administrative law judge assigned by the chief administrative law judge determines that the petitioner has complied with the requirements of paragraph (a), the administrative law judge shall conduct a hearing and issue a decision on the petition within 120 days of its receipt by the office of administrative hearings. The agency shall give notice of the hearing in the same manner required for notice of a proposed rule hearing under section 14.14, subdivision 1a. At the public hearing, the agency shall make an affirmative presentation of facts establishing the need for and reasonableness of the rule or portion of the rule in question. If the administrative law judge determines that the agency has not established the continued need for and reasonableness of the rule or portion of the rule, the rule or portion of the rule does not have the force of law, effective 90 days after the administrative law judge's decision, unless the agency has before then published notice in the State Register of intent to amend or repeal the rule in accordance with paragraph (e).

(e) The agency may amend or repeal the rule in the manner requested by the petitioner, or in another manner that the administrative law judge has determined is needed and reasonable. Amendments under this paragraph may be adopted under the expedited process in section 14.389. Section 14.389, subdivision 5, applies to this adoption. If the agency uses the expedited process and no public hearing is required, the agency must complete the amendment or repeal of the rule within 90 days of the administrative law judge's decision under paragraph (d). If a public hearing is required, the agency must complete the amendment or repeal of the rule within 180 days of the administrative law judge's decision under paragraph (d). A rule or portion of a rule that is not amended or repealed in the time prescribed by this paragraph does not have the force of law upon expiration of the deadline. A rule that is amended within the time prescribed in this paragraph has the force of law, as amended.

(f) The chief administrative law judge shall report the decision under paragraph (d) within 30 days to the chairs of the house and senate committees having jurisdiction over governmental operations and the chairs of the house and senate committees having jurisdiction over the agency whose rule or portion of a rule was the subject of the petition.

(g) The chief administrative law judge shall assess a petitioner half the cost of processing a petition and conducting a public hearing under paragraph (d).

~~(h) This section expires July 31, 2006.~~

Sec. 30. Minnesota Statutes 2002, section 14.48, is amended by adding a subdivision to read:

Subd. 4. [MANDATORY RETIREMENT.] An administrative law judge and compensation judge must retire upon attaining age 70. The chief administrative law judge may appoint a retired administrative law judge or compensation judge to hear any proceeding that is properly assignable to an administrative law judge or compensation judge. When a retired administrative law judge or compensation judge undertakes this service, the retired judge shall receive pay and expenses in the amount payable to temporary administrative law judges or compensation judges serving under section 14.49.

[EFFECTIVE DATE.] This section is effective June 30, 2003. An administrative law judge or compensation judge who has attained the age of 70 on or before that date must retire by June 30, 2003.

Sec. 31. Minnesota Statutes 2002, section 16A.102, subdivision 1, is amended to read:

Subdivision 1. ~~[GOVERNOR'S RECOMMENDATION.] By the fourth Tuesday in January of each odd-numbered year date specified in section 16A.11, subdivision 1, for submission of parts one and two of the governor's budget,~~ the governor shall submit to the legislature a recommended revenue target for the next two bienniums. The recommended revenue target must specify:

(1) the maximum share of Minnesota personal income to be collected in taxes and other revenues to pay for state and local government services;

(2) the division of the share between state and local government revenues; and

(3) the mix and rates of income, sales, and other state and local taxes including property taxes and other revenues.

The recommendations must be based on the November forecast prepared under section 16A.103.

Sec. 32. Minnesota Statutes 2002, section 16A.11, subdivision 3, is amended to read:

Subd. 3. [PART TWO: DETAILED BUDGET.] (a) Part two of the budget, the detailed budget estimates both of expenditures and revenues, must contain any statements on the financial plan which the governor believes desirable or which may be required by the legislature. The detailed estimates shall include the governor's budget arranged in tabular form.

(b) Tables listing expenditures for the next biennium must show the appropriation base for each year as well as the governor's total recommendation for that year for each expenditure line. The appropriation base is the amount appropriated for the second year of the current biennium, adjusted in accordance with any provisions of law that specify changes to the base.

~~(c) The detailed estimates must include a separate line listing the total number of professional or technical service contracts and the total cost of those professional and technical service contracts for the prior biennium and the projected number of professional or technical service contracts and the projected costs of those contracts for the current and upcoming biennium. They must also include a summary of the personnel employed by the agency, reflected as full-time equivalent positions, and the number of professional or technical service consultants for the current biennium.~~

~~(c)~~ (d) The detailed estimates for internal service funds must include the number of full-time equivalents by program; detail on any loans from the general fund, including dollar amounts by program; proposed investments in technology or equipment of \$100,000 or more; an explanation of any operating losses or increases in retained earnings; and a history of the rates that have been charged, with an explanation of any rate changes and the impact of the rate changes on affected agencies.

Sec. 33. Minnesota Statutes 2002, section 16A.1285, subdivision 3, is amended to read:

Subd. 3. [DUTIES OF COMMISSIONER OF FINANCE.] The commissioner of finance shall classify, monitor, analyze, and report all departmental earnings that fall within the definition established in subdivision 1. Specifically, the commissioner shall:

(1) establish and maintain a classification system that clearly defines and distinguishes categories and types of departmental earnings and takes into account the purpose of the various earnings types and the extent to which various earnings types serve a public or private interest;

(2) prepare a biennial report that documents collection costs, purposes, and yields of all departmental earnings, the report to be submitted to the legislature on or before the fourth Tuesday in January in each odd-numbered year and to include estimated data for the year in which the report is prepared, actual data for the two years immediately before, and estimates for the two years immediately following; and

(3) prepare and maintain a detailed directory of all departmental earnings.

In a year following the election of a governor who had not been governor the previous year, the report required by clause (2) must be submitted by the third Tuesday in February.

Sec. 34. Minnesota Statutes 2002, section 16A.151, subdivision 5, is amended to read:

Subd. 5. [EXPIRATION.] This section expires June 30, ~~2004~~ 2006.

Sec. 35. Minnesota Statutes 2002, section 16A.17, is amended by adding a subdivision to read:

Subd. 10. [DIRECT DEPOSIT.] Notwithstanding section 177.23, the commissioner may require direct deposit for all state employees that are being paid by the state payroll system.

Sec. 36. Minnesota Statutes 2002, section 16A.40, is amended to read:

16A.40 [WARRANTS AND ELECTRONIC FUND TRANSFERS.]

Money must not be paid out of the state treasury except upon the warrant of the commissioner or an electronic fund transfer approved by the commissioner. Warrants must be drawn on printed blanks that are in numerical order. The commissioner shall enter, in numerical order in a warrant register, the number, amount, date, and payee for every warrant issued.

The commissioner may require payees ~~receiving more than ten payments or \$10,000 per year must~~ to supply the commissioner with their bank routing information to enable the payments to be made through an electronic fund transfer.

Sec. 37. Minnesota Statutes 2002, 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 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~~ January 1 of each year.

Sec. 38. Minnesota Statutes 2002, section 16A.642, subdivision 1, is amended to read:

Subdivision 1. [REPORTS.] (a) The commissioner of finance shall report to the chairs of the senate committee on finance and the house of representatives committees on ways and means and on capital investment by ~~February~~ January 1 of each odd-numbered year on the following:

(1) all laws authorizing the issuance of state bonds or appropriating general fund money for state or local government capital investment projects enacted more than four years before ~~February~~ January 1 of that odd-numbered year; the projects authorized to be acquired and constructed for which less than 100 percent of the authorized total cost has been expended, encumbered, or otherwise obligated; the cost of contracts to be let in accordance with existing plans and specifications shall be considered expended for this report; and the amount of general fund money appropriated but not spent or otherwise obligated, and the amount of bonds not issued and bond proceeds held but not previously expended, encumbered, or otherwise obligated for these projects; and

(2) all laws authorizing the issuance of state bonds or appropriating general fund money for state or local government capital programs or projects other than those described in clause (1), enacted more than four years before ~~February~~ January 1 of that odd-numbered year; and the amount of general fund money appropriated but not spent or otherwise obligated, and the amount of bonds not issued and bond proceeds held but not previously expended, encumbered, or otherwise obligated for these programs and projects.

(b) The commissioner shall also report on general fund appropriations for capital projects, bond authorizations or bond proceed balances that may be canceled because projects have been canceled, completed, or otherwise concluded, or because the purposes for which the money was appropriated or bonds were authorized or issued have been canceled, completed, or otherwise concluded. The general fund appropriations, bond authorizations or bond proceed balances that are unencumbered or otherwise not obligated that are reported by the commissioner under this subdivision are canceled, effective July 1 of the year of the report, unless specifically reauthorized by act of the legislature.

Sec. 39. Minnesota Statutes 2002, section 16B.24, subdivision 5, is amended to read:

Subd. 5. [RENTING OUT STATE PROPERTY.] (a) [AUTHORITY.] The commissioner may rent out state property, real or personal, that is not needed for public use, if the rental is not otherwise provided for or prohibited by law. The property may not be rented out for more than five years at a time without the approval of the state executive council and may never be rented out for more than 25 years. A rental agreement may provide that the state will reimburse a tenant for a portion of capital improvements that the tenant makes to state real property if the state does not permit the tenant to renew the lease at the end of the rental agreement.

(b) [RESTRICTIONS.] Paragraph (a) does not apply to state trust fund lands, other state lands under the jurisdiction of the department of natural resources, lands forfeited for delinquent taxes, lands acquired under section 298.22, or lands acquired under section 41.56 which are under the jurisdiction of the department of agriculture.

(c) [FORT SNELLING CHAPEL; RENTAL.] The Fort Snelling Chapel, located within the boundaries of Fort Snelling State Park, is available for use only on payment of a rental fee. The commissioner shall establish rental fees for both public and private use. The rental fee for private use by an organization or individual must reflect the reasonable value of equivalent rental space. Rental fees collected under this section must be deposited in the general fund.

(d) [RENTAL OF LIVING ACCOMMODATIONS.] The commissioner shall establish rental rates for all living accommodations provided by the state for its employees. Money collected as rent by state agencies pursuant to this paragraph must be deposited in the state treasury and credited to the general fund.

(e) [LEASE OF SPACE IN CERTAIN STATE BUILDINGS TO STATE AGENCIES.] The commissioner may lease portions of the state-owned buildings in the capitol complex, the capitol square building, the health building, the Duluth government center, and the building at 1246 University Avenue, St. Paul, Minnesota, to state agencies and the court administrator on behalf of the judicial branch of state government and charge rent on the basis of space occupied. Notwithstanding any law to the contrary, all money collected as rent pursuant to the terms of this section shall be deposited in the state treasury. Money collected as rent to recover the bond interest costs of a building funded from the state bond proceeds fund shall be credited to the general fund. Money collected as rent to recover the depreciation costs of a building funded from the state bond proceeds fund and money collected as rent to recover capital expenditures from capital asset preservation and replacement appropriations and statewide building access appropriations shall be credited to a segregated account in a special revenue fund. Fifty percent of the money credited to the account each fiscal year must be transferred to the general fund. The remaining money in the account is appropriated to the commissioner to be expended for asset preservation projects as determined by the commissioner. Money collected as rent to recover the depreciation and interest costs of a building built with other state dedicated funds shall be credited to the dedicated fund which funded the original acquisition or construction. All other money received shall be credited to the general services revolving fund.

Sec. 40. Minnesota Statutes 2002, section 16B.35, subdivision 1, is amended to read:

Subdivision 1. [PERCENT OF APPROPRIATIONS FOR ART.] An appropriation for the construction or alteration of any state building may contain an amount not to exceed the lesser of \$100,000 or one percent of the total appropriation for the building for the acquisition of works of art, excluding landscaping, which may be an integral part of the building or its grounds, attached to the building or grounds or capable of being displayed in other state buildings. If the appropriation for works of art is limited by the \$100,000 cap in this section, the appropriation for the construction or alteration of the building must be reduced to reflect the reduced amount that will be spent on works of art. Money used for this purpose is available only for the acquisition of works of art to be exhibited in areas of a building or its grounds accessible, on a regular basis, to members of the public. No more than ten percent of the total amount available each fiscal year under this subdivision may be used for administrative expenses, either by the commissioner of administration or by any other entity to whom the commissioner delegates administrative authority. For the purposes of this section "state building" means a building the construction or alteration of which is paid for wholly or in part by the state.

Sec. 41. Minnesota Statutes 2002, section 16B.465, subdivision 1a, is amended to read:

Subd. 1a. [CREATION.] Except as provided in subdivision 4, the commissioner, through the state information infrastructure, shall arrange for the provision of voice, data, video, and other telecommunications transmission services to state agencies. The state information infrastructure may also serve educational institutions, including public schools as defined in section 120A.05, subdivisions 9, 11, 13, and 17, nonpublic, church or religious organization schools that provide instruction in compliance with sections 120A.22, 120A.24, and 120A.41, and private colleges; public corporations; Indian tribal governments; ~~and~~ state political subdivisions; and public noncommercial educational television broadcast stations as defined in section 129D.12, subdivision 2. It is not a telephone company for purposes of chapter 237. The commissioner may purchase, own, or lease any telecommunications network facilities or equipment after first seeking bids or proposals and having determined that the private sector cannot, will not, or is unable to provide these services, facilities, or equipment as bid or proposed in a reasonable or timely fashion consistent with policy set forth in this section. The commissioner shall not resell or sublease any services or facilities to nonpublic entities except to serve private schools and colleges. The commissioner has the responsibility for planning, development, and operations of the state information infrastructure in order to provide cost-effective telecommunications transmission services to state information infrastructure users consistent with the policy set forth in this section.

Sec. 42. Minnesota Statutes 2002, section 16B.465, subdivision 7, is amended to read:

Subd. 7. [EXEMPTION.] The system is exempt from the five-year limitation on contracts set by sections 16C.05, subdivision 2, paragraph ~~(a)~~, clause ~~(5)~~ (b), 16C.08, subdivision 3, clause ~~(7)~~ (5), and 16C.09, clause (6).

Sec. 43. Minnesota Statutes 2002, section 16B.47, is amended to read:

16B.47 [MICROGRAPHICS.]

The commissioner ~~shall~~ may provide micrographics services and products to meet agency needs. Within available resources, the commissioner may also provide micrographic services to political subdivisions. Agency plans and programs for micrographics must be submitted to and receive the approval of the commissioner prior to implementation. Upon the commissioner's approval, subsidiary or independent microfilm operations may be implemented in other state agencies. The commissioner may direct that copies of official state documents be distributed to official state depositories on microfilm.

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

Sec. 44. Minnesota Statutes 2002, section 16B.48, subdivision 2, is amended to read:

Subd. 2. [PURPOSE OF FUNDS.] Money in the state treasury credited to the general services revolving fund and money that is deposited in the fund is appropriated annually to the commissioner for the following purposes:

- (1) to operate a central store and equipment service;
- ~~(2) to operate a central duplication and printing service;~~
- ~~(3) to operate the central mailing service, including purchasing postage and related items and refunding postage deposits;~~
- ~~(4)~~ (3) to operate a documents service as prescribed by section 16B.51;
- ~~(5)~~ (4) to provide services for the maintenance, operation, and upkeep of buildings and grounds managed by the commissioner of administration;
- ~~(6)~~ (5) to operate a materials handling service, including interagency mail and product delivery, solid waste removal, courier service, equipment rental, and vehicle and equipment maintenance;
- ~~(7)~~ (6) to provide analytical, statistical, and organizational development services to state agencies, local units of government, metropolitan and regional agencies, and school districts;
- ~~(8)~~ (7) to operate a records center and provide micrographics products and services; and
- ~~(9)~~ (8) to perform services for any other agency. Money may be expended for this purpose only when directed by the governor. The agency receiving the services shall reimburse the fund for their cost, and the commissioner shall make the appropriate transfers when requested. The term "services" as used in this clause means compensation paid officers and employees of the state government; supplies, materials, equipment, and other articles and things used by or furnished to an agency; and utility services and other services for the maintenance, operation, and upkeep of buildings and offices of the state government.

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

Sec. 45. Minnesota Statutes 2002, section 16C.02, subdivision 6, is amended to read:

Subd. 6. [CONTRACT.] "Contract" means any written instrument or electronic document containing the elements of offer, acceptance, and consideration to which an agency is a party, including an amendment to or extension of a contract.

Sec. 46. Minnesota Statutes 2002, section 16C.03, is amended by adding a subdivision to read:

Subd. 17. [CONTRACT EXTENSION.] The term of a contract may be extended for a time longer than the time specified in this chapter, up to a total term of ten years, if the commissioner, in consultation with the commissioner of finance, determines that the contractor will incur upfront costs under the contract that cannot be recovered within a two-year period and that will provide cost savings to the state and that these costs will be amortized over the life of the contract.

Sec. 47. [16C.045] [REPORTING OF VIOLATIONS.]

A state employee who discovers evidence of violation of laws or rules governing state contracts is encouraged to report the violation or suspected violation to the employee's supervisor, the commissioner or the commissioner's designee, or the legislative auditor. The legislative auditor must report to the legislative audit commission if there are multiple complaints about the same agency. The auditor's report to the legislative audit commission under this section must disclose only the number and type of violations alleged. An employee making a good faith report under this section is covered by section 181.932, prohibiting the employer from discriminating against the employee.

Sec. 48. Minnesota Statutes 2002, section 16C.05, subdivision 2, is amended to read:

Subd. 2. [CREATION AND VALIDITY OF CONTRACTS.] (a) A contract is not valid and the state is not bound by it and no agency, without the prior written approval of the commissioner granted pursuant to subdivision 2a, may authorize work to begin on it unless:

- (1) it has first been executed by the head of the agency or a delegate who is a party to the contract;
- (2) it has been approved by the commissioner; and
- ~~(3) it has been approved by the attorney general or a delegate as to form and execution;~~
- ~~(4) the accounting system shows an obligation in an expense budget or encumbrance for the amount of the contract liability; and~~

~~(5)~~ (b) The combined contract and amendments ~~shall~~ must not exceed five years without specific, written approval by the commissioner according to established policy, procedures, and standards, or unless otherwise provided for by law. The term of the original contract must not exceed two years unless the commissioner determines that a longer duration is in the best interest of the state.

~~(b)~~ (c) Grants, interagency agreements, purchase orders, work orders, and annual plans need not, in the discretion of the commissioner and attorney general, require the signature of the commissioner and/or the attorney general. A signature is not required for work orders and amendments to work orders related to department of transportation contracts. Bond purchase agreements by the Minnesota public facilities authority do not require the approval of the commissioner.

~~(e)~~ (d) Amendments to contracts must entail tasks that are substantially similar to those in the original contract or involve tasks that are so closely related to the original contract that it would be impracticable for a different contractor to perform the work. The commissioner or an agency official to whom the commissioner has delegated contracting authority under section 16C.03, subdivision 16, must determine that an amendment would serve the interest of the state better than a new contract and would cost no more.

(e) A fully executed copy of every contract, amendments to the contract, and performance evaluations relating to the contract must be kept on file at the contracting agency for a time equal to that specified for contract vendors and other parties in subdivision 5.

(f) The attorney general must periodically review and evaluate a sample of state agency contracts to ensure compliance with laws.

Sec. 49. Minnesota Statutes 2002, section 16C.05, is amended by adding a subdivision to read:

Subd. 2a. [EMERGENCY AUTHORIZATION.] The commissioner may grant an agency approval to authorize work to begin on a contract prior to the full execution of the contract in the event of an emergency as defined in section 16C.10, subdivision 2.

Sec. 50. Minnesota Statutes 2002, section 16C.06, subdivision 1, is amended to read:

Subdivision 1. [PUBLICATION REQUIREMENTS.] Notices of solicitations for acquisitions estimated to be more than \$25,000, or \$100,000 in the case of a department of transportation acquisition, must be publicized in a manner designated by the commissioner. To the extent practical, this must include posting on a state Web site.

Sec. 51. Minnesota Statutes 2002, section 16C.08, subdivision 2, is amended to read:

Subd. 2. [DUTIES OF CONTRACTING AGENCY.] (a) Before an agency may seek approval of a professional or technical services contract valued in excess of \$5,000, it must ~~certify to the commissioner that~~ provide the following:

(1) a description of how the proposed contract or amendment is necessary and reasonable to advance the statutory mission of the agency;

(2) a description of the agency's plan to notify firms or individuals who may be available to perform the services called for in the solicitation; and

(3) a description of the performance measures or other tools that will be used to monitor and evaluate contract performance.

(b) In addition to paragraph (a), the agency must certify that:

(1) no current state employee is able and available to perform the services called for by the contract;

(2) the normal competitive bidding mechanisms will not provide for adequate performance of the services;

(3) ~~the contractor has certified that the product of the services will be original in character;~~

(4) reasonable efforts ~~were~~ will be made to publicize the availability of the contract to the public;

~~(5) the agency has received, reviewed, and accepted a detailed work plan from the contractor for performance under the contract, if applicable;~~

~~(6) (4) the agency has developed, will develop and fully intends to implement, a written plan providing for the assignment of specific agency personnel to manage the contract, including a monitoring and liaison function, the periodic review of interim reports or other indications of past performance, and the ultimate utilization of the final product of the services; and~~

~~(7) (5) the agency will not allow the contractor to begin work before the contract is fully executed unless an exception under section 16C.05, subdivision 2a, has been granted by the commissioner and funds are fully encumbered-;~~

~~(6) the contract will not establish an employment relationship between the state or the agency and any persons performing under the contract; and~~

~~(7) in the event the results of the contract work will be carried out or continued by state employees upon completion of the contract, the contractor is required to include state employees in development and training, to the extent necessary to ensure that after completion of the contract, state employees can perform any ongoing work related to the same function.~~

~~(c) A contract establishes an employment relationship for purposes of paragraph (b), clause (6), if, under federal laws governing the distinction between an employee and an independent contract, a person would be considered an employee.~~

Sec. 52. Minnesota Statutes 2002, section 16C.08, subdivision 3, is amended to read:

Subd. 3. [PROCEDURE FOR PROFESSIONAL OR TECHNICAL SERVICES CONTRACTS.] Before approving a proposed contract for professional or technical services, the commissioner must determine, at least, that:

(1) all provisions of subdivision 2 and section 16C.16 have been verified or complied with;

(2) the agency has demonstrated that the work to be performed under the contract is necessary to the agency's achievement of its statutory responsibilities and there is statutory authority to enter into the contract;

~~(3) the contract will not establish an employment relationship between the state or the agency and any persons performing under the contract;~~

~~(4) the contractor and agents are not employees of the state;~~

~~(5) no agency has previously performed or contracted for the performance of tasks which would be substantially duplicated under the proposed contract;~~

~~(6) (4) the contracting agency has specified a satisfactory method of evaluating and using the results of the work to be performed; and~~

~~(7) (5) the combined contract and amendments will not exceed five years, unless otherwise provided for by law. The term of the original contract must not exceed two years unless the commissioner determines that a longer duration is in the best interest of the state.~~

Sec. 53. Minnesota Statutes 2002, section 16C.08, subdivision 4, is amended to read:

Subd. 4. [REPORTS.] (a) The commissioner shall submit to the governor, the chairs of the house ways and means and senate finance committees, and the legislative reference library a yearly listing of all contracts for professional or technical services executed. The report must identify the contractor, contract amount, duration, and services to be provided. The commissioner shall also issue yearly reports summarizing the contract review activities of the department by fiscal year.

(b) The fiscal year report must be submitted by September 1 of each year and must:

(1) be sorted by agency and by contractor;

(2) show the aggregate value of contracts issued by each agency and issued to each contractor;

(3) distinguish between contracts that are being issued for the first time and contracts that are being extended;

(4) state the termination date of each contract; and

(5) identify services by commodity code, including topics such as contracts for training, contracts for research and opinions, and contracts for computer systems.

(c) Within 30 days of final completion of a contract over ~~\$40,000~~ \$50,000 covered by this subdivision, the head of the agency entering into the contract must submit a one-page report to the commissioner who must submit a copy to the legislative reference library. The report must:

(1) summarize the purpose of the contract, including why it was necessary to enter into a contract;

(2) state the amount spent on the contract; and

(3) ~~explain why this amount was a cost effective way to enable the agency to provide its services or products better or more efficiently~~ be accompanied by the performance evaluation prepared according to subdivision 4a.

Sec. 54. Minnesota Statutes 2002, section 16C.08, is amended by adding a subdivision to read:

Subd. 4a. [PERFORMANCE EVALUATION.] Upon completion of a professional or technical services contract, an agency entering into the contract must complete a written performance evaluation of the work done under the contract. The evaluation must include an appraisal of the contractor's timeliness, quality, cost, and overall performance in meeting the terms and objectives of the contract. Contractors may request copies of evaluations prepared under this subdivision and may respond in writing. Contractor responses must be maintained with the contract file.

Sec. 55. [16C.085] [WAIVER.]

Notwithstanding sections 16C.08, 16C.09, 43A.047, or other law to the contrary, the commissioner of administration may enter into or approve a service contract for printing services or services provided by the DocuComm division without determining that no current state employee is able and available to perform the services called for by the contract.

Sec. 56. Minnesota Statutes 2002, section 16C.10, subdivision 7, is amended to read:

Subd. 7. [REVERSE AUCTION.] (a) For the purpose of this subdivision, "reverse auction" means a purchasing process in which vendors compete to provide goods or engineering design or computer services at the lowest selling price in an open and interactive environment.

(b) The provisions of section 16C.06, subdivisions 2 and 3, do not apply when the commissioner determines that a reverse auction is the appropriate purchasing process.

Sec. 57. Minnesota Statutes 2002, section 16D.08, subdivision 2, is amended to read:

Subd. 2. [POWERS.] (a) In addition to the collection remedies available to private collection agencies in this state, the commissioner, with legal assistance from the attorney general, may utilize any statutory authority granted to a referring agency for purposes of collecting debt owed to that referring agency. The commissioner may also ~~delegate to the enterprise~~ use the tax collection remedies in sections 270.06, ~~clauses (7) and (17), excluding the power to subpoena witnesses; 270.66₂; 270.67, subdivisions 2 and 4, 270.69, excluding subdivisions 7 and 13; 270.70, excluding subdivision 14; 270.7001 to 270.72₂; and 290.92, subdivision 23, except that a continuous wage levy under section 290.92, subdivision 23, is only effective for 70 days, unless no competing wage garnishments, executions, or levies are served within the 70-day period, in which case a wage levy is continuous until a competing garnishment, execution, or levy is served in the second or a succeeding 70-day period, in which case a continuous wage levy is effective for the remainder of that period.~~ A debtor may take advantage of any administrative or appeal rights contained in the listed sections. For administrative and appeal rights for nontax debts, references to administrative appeals or to the taxpayer rights advocate shall be construed to be references to the case reviewer, references to tax court shall be construed to mean district court, and offers in compromise shall be submitted to the referring agency. A debtor who qualifies for cancellation of collection costs under section 16D.11, subdivision 3, clause (1), can apply to the commissioner for reduction or release of a continuous wage levy, if the debtor establishes that the debtor needs all or a portion of the wages being levied upon to pay for essential living expenses, such as food, clothing, shelter, medical care, or expenses necessary for maintaining employment. The commissioner's determination not to reduce or release a continuous wage levy is appealable to district court. The word "tax" or "taxes" when used in the tax collection statutes listed in this subdivision also means debts referred under this chapter.

(b) ~~For debts other than state taxes, child support, or student loans, before any of the tax collection remedies listed in this subdivision can be used, except for the remedies in section 270.06, clauses (7) and (17), if the referring agency has not already obtained a judgment or filed a lien, the commissioner must first obtain a judgment against the debtor. For student loans when the referring agency has not obtained a judgment or filed a lien, Before using the tax collection remedies listed in this subdivision, except for the remedies in section 270.06, clauses (7) and (17), the commissioner shall give the debtor 30 days' notice in writing, which may be served in any manner permitted in section 270.68 for service of a summons and complaint. The notice must advise the debtor of the debtor's right to request that the commissioner commence a court action, and that if no such request is made within 30 days after service of the notice, the commissioner may use these tax collection remedies. If a timely request is made, the commissioner shall obtain a judgment before using these tax collection remedies.~~ notice and demand for payment of the amount due must be given to the person liable for the payment or collection of the debt at least 30 days prior to the use of the remedies. The notice must be sent to the person's last known address and must include a brief statement that sets forth in simple and nontechnical terms the amount and source of the debt, the nature of the available collection remedies, and remedies available to the debtor.

[EFFECTIVE DATE.] This section is effective the day following final enactment for all debts referred, whether referred prior to, on, or after the day following final enactment.

Sec. 58. Minnesota Statutes 2002, section 16E.01, subdivision 3, is amended to read:

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

(1) coordinate the efficient and effective use of available federal, state, local, and private resources to develop statewide information and communications technology and its infrastructure;

(2) review state agency and intergovernmental information and communications systems development efforts involving state or intergovernmental funding, including federal funding, provide information to the legislature regarding projects reviewed, and recommend projects for inclusion in the governor's budget under section 16A.11;

(3) encourage cooperation and collaboration among state and local governments in developing intergovernmental communication and information systems, and define the structure and responsibilities of the information policy council;

(4) cooperate and collaborate with the legislative and judicial branches in the development of information and communications systems in those branches;

(5) continue the development of North Star, the state's official comprehensive online service and information initiative;

(6) promote and collaborate with the state's agencies in the state's transition to an effectively competitive telecommunications market;

(7) collaborate with entities carrying out education and lifelong learning initiatives to assist Minnesotans in developing technical literacy and obtaining access to ongoing learning resources;

(8) promote and coordinate public information access and network initiatives, consistent with chapter 13, to connect Minnesota's citizens and communities to each other, to their governments, and to the world;

(9) promote and coordinate electronic commerce initiatives to ensure that Minnesota businesses and citizens can successfully compete in the global economy;

(10) promote and coordinate the regular and periodic reinvestment in the core information and communications technology infrastructure so that state and local government agencies can effectively and efficiently serve their customers;

(11) facilitate the cooperative development of standards for information systems, electronic data practices and privacy, and electronic commerce among international, national, state, and local public and private organizations; and

(12) work with others to avoid unnecessary duplication of existing services provided by other public and private organizations while building on the existing governmental, educational, business, health care, and economic development infrastructures.

(b) The commissioner of administration in consultation with the commissioner of finance may determine that it is cost-effective for agencies to develop and use shared information and communications technology systems for the delivery of electronic government services. This determination may be made if an agency proposes a new system that duplicates an existing system, a system in development, or a system being proposed by another agency. The commissioner of administration shall establish reimbursement rates in cooperation with the commissioner of finance to be billed to agencies and other governmental entities sufficient to cover the actual development, operating, maintenance, and administrative costs of the shared systems. The methodology for billing may include the use of interagency agreements, or other means as allowed by law.

Sec. 59. Minnesota Statutes 2002, section 16E.07, subdivision 9, is amended to read:

Subd. 9. [AGGREGATION OF SERVICE DEMAND.] The office shall identify opportunities to aggregate demand for technical services required by government units for online activities and may contract with governmental or nongovernmental entities to provide services. These contracts are not subject to the requirements of chapters 16B and 16C, except sections 16C.04, ~~16C.07~~, 16C.08, and 16C.09.

Sec. 60. Minnesota Statutes 2002, section 43A.17, subdivision 9, is amended to read:

Subd. 9. [POLITICAL SUBDIVISION COMPENSATION LIMIT.] (a) The salary and the value of all other forms of compensation of a person employed by a ~~statutory or home rule charter city, county, town, metropolitan or regional agency, or other~~ political subdivision of this state, excluding a school district, or employed under section 422A.03, may not exceed 95 percent of the salary of the governor as set under section 15A.082, except as provided in this subdivision. For purposes of this subdivision, "political subdivision of this state" includes a statutory or home rule charter city, county, town, metropolitan or regional agency, or other political subdivision, but does not include a hospital, clinic, or health maintenance organization owned by such a governmental unit.

(b) Deferred compensation and payroll allocations to purchase an individual annuity contract for an employee are included in determining the employee's salary. Other forms of compensation which shall be included to determine an employee's total compensation are all other direct and indirect items of compensation which are not specifically excluded by this subdivision. Other forms of compensation which shall not be included in a determination of an employee's total compensation for the purposes of this subdivision are:

(1) employee benefits that are also provided for the majority of all other full-time employees of the political subdivision, vacation and sick leave allowances, health and dental insurance, disability insurance, term life insurance, and pension benefits or like benefits the cost of which is borne by the employee or which is not subject to tax as income under the Internal Revenue Code of 1986;

(2) dues paid to organizations that are of a civic, professional, educational, or governmental nature; and

(3) reimbursement for actual expenses incurred by the employee which the governing body determines to be directly related to the performance of job responsibilities, including any relocation expenses paid during the initial year of employment.

The value of other forms of compensation shall be the annual cost to the political subdivision for the provision of the compensation.

(c) The salary of a medical doctor or doctor of osteopathy occupying a position that the governing body of the political subdivision has determined requires an M.D. or D.O. degree is excluded from the limitation in this subdivision.

(d) The commissioner may increase the limitation in this subdivision for a position that the commissioner has determined requires special expertise necessitating a higher salary to attract or retain a qualified person. The commissioner shall review each proposed increase giving due consideration to salary rates paid to other persons with similar responsibilities in the state and nation. The commissioner may not increase the limitation until the commissioner has presented the proposed increase to the legislative coordinating commission and received the commission's recommendation on it. The recommendation is advisory only. If the commission does not give its recommendation on a proposed increase within 30 days from its receipt of the proposal, the commission is deemed to have ~~recommended approval~~ made no recommendation.

Sec. 61. [43A.311] [DRUG PURCHASING PROGRAM.]

The commissioner of employee relations, in conjunction with the commissioner of human services and other state agencies, shall evaluate whether participation in a multistate or multiagency drug purchasing program can reduce costs or improve the operations of the drug benefit programs administered by the department and other state agencies. The commissioner and other state agencies may enter into a contract with a vendor or other states for purposes of participating in a multistate or multiagency drug purchasing program.

Sec. 62. Minnesota Statutes 2002, section 69.772, subdivision 2, is amended to read:

Subd. 2. [DETERMINATION OF ACCRUED LIABILITY.] Each firefighters' relief association which pays a service pension when a retiring firefighter meets the minimum requirements for entitlement to a service pension specified in section 424A.02 and which in its articles of incorporation or bylaws requires service credit for a period of service of at least 20 years of active service for a totally nonforfeitable service pension shall determine the accrued liability of the special fund of the firefighters' relief association relative to each active ~~or deferred~~ member of the relief association, calculated individually using the following table:

Cumulative Year	Accrued Liability
1	\$60
2	124
3	190
4	260
5	334
6	410
7	492
8	576
9	666
10	760
11	858
12	962
13	1070
14	1184
15	1304

16	1428
17	1560
18	1698
19	1844
20	2000
21 and thereafter	100 additional per year

As set forth in the table the accrued liability for each member ~~or deferred member~~ of the relief association corresponds to the cumulative years of active service to the credit of the member. The accrued liability of the special fund for each active ~~or deferred~~ member is determined by multiplying the accrued liability from the chart by the ratio of the lump sum service pension amount currently provided for in the bylaws of the relief association to a service pension of \$100 per year of service. If a member has fractional service as of December 31, the figure for service credit to be used for the determination of accrued liability pursuant to this section shall be rounded to the nearest full year of service credit. The total accrued liability of the special fund as of December 31 shall be the sum of the accrued liability attributable to each active ~~or deferred~~ member of the relief association.

To the extent that the state auditor considers it to be necessary or practical, the state auditor may specify and issue procedures, forms, or mathematical tables for use in performing the calculations of the accrued liability for deferred members pursuant to this subdivision.

Sec. 63. Minnesota Statutes 2002, section 115A.929, is amended to read:

115A.929 [FEES; ACCOUNTING.]

Each political subdivision that provides for solid waste management shall account for all revenue collected from waste management fees, together with interest earned on revenue from the fees, separately from other revenue collected by the political subdivision and shall report revenue collected from the fees and use of the revenue separately from other revenue and use of revenue in any required financial report or audit. Each political subdivision must file with the director, on or before June 30 annually, the separate report of all revenue collected from waste management fees, together with interest on revenue from the fees, for the previous year. For the purposes of this section, "waste management fees" means:

- (1) all fees, charges, and surcharges collected under sections 115A.919, 115A.921, and 115A.923;
- (2) all tipping fees collected at waste management facilities owned or operated by the political subdivision;
- (3) all charges imposed by the political subdivision for waste collection and management services; and
- (4) any other fees, charges, or surcharges imposed on waste or for the purpose of waste management, whether collected directly from generators or indirectly through property taxes or as part of utility or other charges for services provided by the political subdivision.

Sec. 64. Minnesota Statutes 2002, section 116J.8771, is amended to read:

116J.8771 [WAIVER.]

The capital access program is exempt from section 16C.05, subdivision 2, paragraph ~~(a), clause (5)~~ (b).

Sec. 65. Minnesota Statutes 2002, section 197.608, is amended to read:

197.608 [VETERANS SERVICE OFFICE GRANT PROGRAM.]

Subdivision 1. [GRANT PROGRAM.] A veterans service office grant program is established to be administered by the commissioner of veterans affairs consisting of grants to counties to enable them to enhance the effectiveness of their veterans service offices.

Subd. 2. [RULE DEVELOPMENT.] The commissioner ~~of veterans affairs~~ shall consult with the Minnesota association of county veterans service officers in formulating rules to implement the grant program.

Subd. 2a. [GRANT CYCLE.] Counties may become eligible to receive grants on a three-year rotating basis according to a schedule to be developed and announced in advance by the commissioner. The schedule must list no more than one-third of the counties in each year of the three-year cycle. A county may be considered for a grant only in the year of its listing in the schedule.

Subd. 3. [ELIGIBILITY.] (a) To be eligible for a grant under this program, a county must:

~~(1) employ a county veterans service officer as authorized by sections 197.60 and 197.606, who is certified to serve in this position by the commissioner of veterans affairs;~~

~~(2) submit a written plan for the proposed expenditures to enhance the functioning of the county veterans service office in accordance with the program rules; and~~

~~(3) apply for the grant according to procedures to be established for this program by the commissioner and receive written approval from the commissioner for the grant in advance of making the proposed expenditures.~~

(b) A county that employs a newly hired county veterans service officer who is serving an initial probationary period and who has not been certified by the commissioner is eligible to receive a grant under subdivision 2a.

(c) Except for the situation described in paragraph (b), a county whose veterans service officer does not receive certification during any year of the three-year cycle is not eligible to receive a grant during the remainder of that cycle or the next three-year cycle.

Subd. 4. [GRANT APPLICATION PROCESS.] (a) ~~A grant application must be submitted to the department of veterans affairs according to procedures to be established by the commissioner. The grant application must include a specific description of the plan for enhancing the operation of the county veterans service office. The commissioner shall determine the process for awarding grants. A grant may be used only for the purpose of enhancing the operations of the county veterans service office.~~

~~(b) The commissioner shall provide a list of qualifying uses for grant expenditures as developed in subdivision 5 and shall approve a grant application only if it meets the criteria for eligibility as established and announced by the commissioner for a qualifying use and if there are sufficient funds remaining in the grant program to cover the full amount of the grant. The commissioner may request modification of a plan. If the commissioner rejects a grant application, written reasons for the rejection must be provided to the applicant county and the county may modify the application and resubmit it.~~

Subd. 5. [QUALIFYING USES.] The commissioner ~~of veterans affairs~~ shall ~~determine whether the plan specified in the grant application will enable the applicant county to enhance the effectiveness of its county veterans office.~~

~~Notwithstanding subdivision 3, clause (1), a county may apply for and use a grant for the training and education required by the commissioner for a newly employed county veterans service officer's certificate, or for the continuing education of other staff consult with the Minnesota association of county veterans service officers in developing a list of qualifying uses for grants awarded under this program.~~

Subd. 6. [GRANT AMOUNT.] The amount of each grant must be determined by the commissioner ~~of veterans affairs, and may not exceed the lesser of:~~

~~(1) the amount specified in the grant application to be expended on the plan for enhancing the effectiveness of the county veterans service office; or~~

~~(2) the county's share of the total funds available under the program, determined in the following manner:~~

~~(i) (1) \$1,400, if the county's veteran population is less than 1,000, the county's grant share shall be \$2,000;~~

~~(ii) (2) \$2,800, if the county's veteran population is 1,000 or more but less than 3,000, the county's grant share shall be \$4,000;~~

~~(iii) (3) \$4,200, if the county's veteran population is 3,000 or more but less than 10,000, the county's grant share shall be \$6,000; or~~

~~(iv) (4) \$5,600, if the county's veteran population is 10,000 or more, the county's grant share shall be \$8,000.~~

~~In any year, only one half of the counties in each of the four veteran population categories (i) to (iv) may be awarded grants. Grants shall be awarded on a first-come first-served basis to counties submitting applications which meet the commissioner's criteria as established in the rules. Any county not receiving a grant in any given year shall receive priority consideration for a grant the following year.~~

~~In any year, after a period of time to be determined by the commissioner, any amounts remaining from undistributed county grant shares may be reallocated to the other counties which have submitted qualifying application.~~

The veteran population of each county shall be determined by the figure supplied by the United States Department of Veterans Affairs, as adopted by the commissioner.

Subd. 7. [RECAPTURE.] If a county fails to use the grant for the qualified use approved by the commissioner, the commissioner shall seek recovery of the grant from the county and the county must repay the grant amount.

Sec. 66. Minnesota Statutes 2002, section 237.49, is amended to read:

237.49 [COMBINED LOCAL ACCESS SURCHARGE.]

Each local telephone company shall collect from each subscriber an amount per telephone access line representing the total of the surcharges required under sections 237.52, 237.70, and 403.11. Amounts collected must be remitted to the ~~department of administration~~ commissioner of public safety in the manner prescribed in section 403.11. The ~~department of administration~~ commissioner of public safety shall divide the amounts received proportional to the individual surcharges and deposit them in the appropriate accounts. The commissioner of public safety may recover from the agencies receiving the surcharges the personnel and administrative costs to collect and distribute the surcharge. A company or the billing agent for a company shall list the surcharges as one amount on a billing statement sent to a subscriber.

Sec. 67. Minnesota Statutes 2002, section 237.52, subdivision 3, is amended to read:

Subd. 3. [COLLECTION.] Every telephone company or communications carrier that provides service capable of originating a telecommunications relay call, including cellular communications and other nonwire access services, in this state shall collect the charges established by the commission under subdivision 2 and transfer amounts collected to the commissioner of ~~administration~~ public safety in the same manner as provided in section 403.11, subdivision 1, paragraph (d). The commissioner of ~~administration~~ public safety must deposit the receipts in the fund established in subdivision 1.

Sec. 68. Minnesota Statutes 2002, section 237.701, subdivision 1, is amended to read:

Subdivision 1. [FUND CREATED; AUTHORIZED EXPENDITURES.] The telephone assistance fund is created as a separate account in the state treasury to consist of amounts received by the ~~department of administration~~ commissioner of public safety representing the surcharge authorized by section 237.70, subdivision 6, and amounts earned on the fund assets. Money in the fund may be used only for:

(1) reimbursement to telephone companies for expenses and credits allowed in section 237.70, subdivision 7, paragraph (d), clause (5);

(2) reimbursement of the administrative expenses of the department of human services to implement sections 237.69 to 237.71, not to exceed \$314,000 annually;

(3) reimbursement of the administrative expenses of the commission not to exceed \$25,000 annually; and

(4) reimbursement of the statewide indirect cost of the commission.

Sec. 69. Minnesota Statutes 2002, section 240.03, is amended to read:

240.03 [COMMISSION POWERS AND DUTIES.]

The commission has the following powers and duties:

(1) to regulate horse racing in Minnesota to ensure that it is conducted in the public interest;

(2) to issue licenses as provided in this chapter;

(3) to enforce all laws and rules governing horse racing;

(4) to collect and distribute all taxes provided for in this chapter;

(5) to conduct necessary investigations and inquiries and compel the submission of information, documents, and records it deems necessary to carry out its duties;

(6) to supervise the conduct of pari-mutuel betting on horse racing;

(7) to employ and supervise personnel under this chapter;

(8) to determine the number of racing days to be held in the state and at each licensed racetrack; ~~and~~

(9) to take all necessary steps to ensure the integrity of racing in Minnesota; and

(10) to impose fees on the racing and card playing industries sufficient to recover the operating costs of the commission with the approval of the legislature according to section 16A.1283. Notwithstanding section 16A.1283, when the legislature is not in session, the commissioner of finance may grant interim approval for any new fees or adjustments to existing fees that are not statutorily specified, until such time as the legislature reconvenes and acts upon the new fees or adjustments. As part of its biennial budget request, the commission must propose changes to its fees that will be sufficient to recover the operating costs of the commission.

Sec. 70. Minnesota Statutes 2002, section 240.10, is amended to read:

240.10 [LICENSE FEES.]

The fee for a class A license is ~~\$10,000~~ \$253,000 per year and must be remitted on July 1. The fee for a class B license is ~~\$100~~ \$500 for each assigned racing day ~~on which racing is actually conducted,~~ and ~~\$50~~ \$100 for each day on which simulcasting is authorized and ~~actually takes place,~~ plus \$10,000 per year if the class B license includes authorization to operate a card club must be remitted on July 1. Included herein are all days assigned to be conducted after January 1, 2003. The fee for a class D license is \$50 for each assigned racing day on which racing is actually conducted. Fees imposed on ~~class B and~~ class D licenses must be paid to the commission at a time and in a manner as provided by rule of the commission.

The commission shall by rule establish an annual license fee for each occupation it licenses under section 240.08 but no annual fee for a class C license may exceed \$100.

~~License fee payments received must be paid by the commission to the state treasurer for deposit in the general fund.~~

Sec. 71. Minnesota Statutes 2002, section 240.15, subdivision 6, is amended to read:

Subd. 6. [DISPOSITION OF PROCEEDS; ACCOUNT.] The commission shall distribute all money received under this section, and all money received from license fees and fines it collects, ~~as follows:~~ according to this subdivision. All money designated for deposit in the Minnesota breeders fund must be paid into that fund for distribution under section 240.18 except that all money generated by full racing card simulcasts must be distributed as provided in section 240.18, subdivisions 2, paragraph (d), clauses (1), (2), and (3); and 3. Revenue from an admissions tax imposed under subdivision 1 must be paid to the local unit of government at whose request it was imposed, at times and in a manner the commission determines. ~~All other revenues Taxes received under this section by the commission, and all license fees, fines, and other revenue it receives, and fines collected under section 240.22 must be paid to the state treasurer for deposit in the general fund. All revenues from licenses and other fees imposed by the commission must be deposited in the state treasury and credited to a racing and card playing regulation account in the special revenue fund. Receipts in this account are available for the operations of the commission up to the amount authorized in biennial appropriations from the legislature.~~

Sec. 72. Minnesota Statutes 2002, section 240.155, subdivision 1, is amended to read:

Subdivision 1. [REIMBURSEMENT ACCOUNT CREDIT.] Money received by the commission as reimbursement for the costs of services provided by ~~assistant~~ veterinarians, stewards, and medical testing of horses must be deposited in the state treasury and credited to a racing reimbursement account, except as provided under subdivision 2. Receipts are appropriated to the commission to pay the costs of providing the services.

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

Sec. 73. Minnesota Statutes 2002, section 240A.03, subdivision 10, is amended to read:

Subd. 10. [USE AGREEMENTS AND FEES.] The commission may lease, license, or enter into agreements and may fix, alter, charge, and collect rentals, fees, and charges to persons for the use, occupation, and availability of part or all of any premises, property, or facilities under its ownership, operation, or control. Fees charged by the commission are not subject to section 16A.1285. The commission may also impose other fees it deems appropriate with the approval of the legislature according to section 16A.1283. Notwithstanding section 16A.1283, when the legislature is not in session, the commissioner of finance may grant interim approval of the fees, until such time as the legislature reconvenes and acts upon the fees. A use agreement may provide that the other contracting party has exclusive use of the premises at the times agreed upon.

Sec. 74. Minnesota Statutes 2002, section 240A.04, is amended to read:

240A.04 [PROMOTION AND DEVELOPMENT OF AMATEUR SPORTS.]

In addition to the powers and duties granted under section 240A.03, the commission ~~shall~~ may:

- (1) promote the development of olympic training centers;
- (2) promote physical fitness by promoting participation in sports;
- (3) develop, foster, and coordinate physical fitness services and programs;
- (4) sponsor amateur sport workshops, clinics, and conferences;
- (5) provide recognition for outstanding developments, achievements, and contributions to amateur sports;
- (6) stimulate and promote amateur sport research;
- (7) collect, disseminate, and communicate amateur sport information;
- (8) promote amateur sport and physical fitness programs in schools and local communities;
- (9) develop programs to promote personal health and physical fitness by participation in amateur sports in cooperation with medical, dental, sports medicine, and similar professional societies;
- (10) promote the development of recreational amateur sport opportunities and activities in the state, including the means of facilitating acquisition, financing, construction, and rehabilitation of sports facilities for the holding of amateur sporting events;
- (11) promote national and international amateur sport competitions and events;
- (12) sanction or sponsor amateur sport competition;
- (13) take membership in regional or national amateur sports associations or organizations; and
- (14) promote the mainstreaming and normalization of people with physical disabilities and visual and hearing impairments in amateur sports.

Sec. 75. Minnesota Statutes 2002, section 240A.06, subdivision 1, is amended to read:

Subdivision 1. [SPONSORSHIP REQUIRED.] The commission ~~shall~~ may sponsor and sanction a series of statewide amateur athletic games patterned after the winter and summer Olympic Games, with variations as required by facilities, equipment, and expertise, and as necessary to include people with physical disabilities and visual and hearing impairments. The games may be held annually beginning in 1989, if money and facilities are available, unless the time of the games would conflict with other sporting events as the commission determines.

Sec. 76. Minnesota Statutes 2002, section 256B.435, subdivision 2a, is amended to read:

Subd. 2a. [DURATION AND TERMINATION OF CONTRACTS.] (a) All contracts entered into under this section are for a term of one year. Either party may terminate this contract at any time without cause by providing 90 calendar days' advance written notice to the other party. Notwithstanding section 16C.05, subdivisions 2, paragraph ~~(a)~~ (b), and 5, if neither party provides written notice of termination, the contract shall be renegotiated for additional one-year terms or the terms of the existing contract will be extended for one year. The provisions of the contract shall be renegotiated annually by the parties prior to the expiration date of the contract. The parties may voluntarily renegotiate the terms of the contract at any time by mutual agreement.

(b) If a nursing facility fails to comply with the terms of a contract, the commissioner shall provide reasonable notice regarding the breach of contract and a reasonable opportunity for the facility to come into compliance. If the facility fails to come into compliance or to remain in compliance, the commissioner may terminate the contract. If a contract is terminated, provisions of section 256B.48, subdivision 1a, shall apply.

Sec. 77. Minnesota Statutes 2002, section 268.186, is amended to read:

268.186 [RECORDS.]

(a) Each employer shall keep true and accurate records for the periods of time and containing the information the commissioner may require. For the purpose of administering this chapter, the commissioner has the power to examine, or cause to be supplied or copied, any books, correspondence, papers, records, or memoranda that are relevant, whether the books, correspondence, papers, records, or memoranda are the property of or in the possession of the employer or any other person at any reasonable time and as often as may be necessary.

(b) The commissioner may make summaries, compilations, photographs, duplications, or reproductions of any records, or reports that the commissioner considers advisable for the preservation of the information contained therein. Any summaries, compilations, photographs, duplications, or reproductions shall be admissible in any proceeding under this chapter. ~~Regardless of any restrictions contained in section 16B.50,~~ The commissioner may duplicate records, reports, summaries, compilations, instructions, determinations, or any other written or recorded matter pertaining to the administration of this chapter.

(c) Regardless of any law to the contrary, the commissioner may provide for the destruction of any records, reports, or reproductions thereof, or other papers, that are more than two years old, and that are no longer necessary for determining employer liability or an applicant's unemployment benefit rights or for the administration of this chapter, including any required audit. The commissioner may provide for the destruction or disposition of any record, report, or other paper that has been photographed, duplicated, or reproduced.

Sec. 78. Minnesota Statutes 2002, section 270.052, is amended to read:

270.052 [AGREEMENT WITH INTERNAL REVENUE SERVICE.]

Pursuant to section 270B.12, the commissioner may enter into an agreement with the Internal Revenue Service to identify taxpayers who have refunds due from the department of revenue and liabilities owing to the Internal Revenue Service. In accordance with the procedures established in the agreement, the Internal Revenue Service

may levy against the refunds to be paid by the department of revenue. For each refund levied upon, the commissioner shall first deduct from the refund a fee of \$20, and then remit the refund or the amount of the levy, whichever is less, to the Internal Revenue Service. The proceeds of fees shall be deposited into the department of revenue recapture revolving fund under section 270A.07, subdivision 1.

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

Sec. 79. Minnesota Statutes 2002, section 270.44, is amended to read:

270.44 [CHARGES FOR COURSES, EXAMINATIONS OR MATERIALS.]

The board ~~may establish reasonable fees or charges for courses, examinations or materials, the proceeds of which shall be used to finance the activities and operation of the board.~~ shall charge the following fees:

- (1) \$105 for a senior accredited Minnesota assessor license;
- (2) \$80 for an accredited Minnesota assessor license;
- (3) \$65 for a certified Minnesota assessor specialist license;
- (4) \$55 for a certified Minnesota assessor license;
- (5) \$50 for a course challenge examination;
- (6) \$35 for grading a form appraisal;
- (7) \$60 for grading a narrative appraisal;
- (8) \$30 for a reinstatement fee;
- (9) \$25 for a record retention fee;
- (10) \$20 for an educational transcript; and
- (11) \$30 for all retests of board-sponsored educational courses.

[EFFECTIVE DATE.] This section is effective for license terms beginning on or after July 1, 2004, and for all other fees imposed on or after July 1, 2004.

Sec. 80. Minnesota Statutes 2002, section 270A.07, subdivision 1, is amended to read:

Subdivision 1. [NOTIFICATION REQUIREMENT.] Any claimant agency, seeking collection of a debt through setoff against a refund due, shall submit to the commissioner information indicating the amount of each debt and information identifying the debtor, as required by section 270A.04, subdivision 3.

For each setoff of a debt against a refund due, the commissioner shall charge a fee of ~~\$10~~ \$15. The proceeds of fees shall be allocated by depositing ~~\$2.55~~ \$4 of each ~~\$10~~ \$15 fee collected into a department of revenue recapture revolving fund and depositing the remaining balance into the general fund. The sums deposited into the revolving fund are appropriated to the commissioner for the purpose of administering the Revenue Recapture Act.

The claimant agency shall notify the commissioner when a debt has been satisfied or reduced by at least \$200 within 30 days after satisfaction or reduction.

[EFFECTIVE DATE.] This section is effective for refund setoffs after June 30, 2003.

Sec. 81. Minnesota Statutes 2002, section 289A.08, subdivision 16, is amended to read:

Subd. 16. **[TAX REFUND OR RETURN PREPARERS; ELECTRONIC FILING; PAPER FILING FEE IMPOSED.]** (a) A "tax refund or return preparer," as defined in section 289A.60, subdivision 13, paragraph (g), who prepared more than 500 Minnesota individual income tax returns for the prior calendar year must file all Minnesota individual income tax returns prepared for the current calendar year by electronic means.

(b) For tax returns prepared for the tax year beginning in 2001, the "500" in paragraph (a) is reduced to 250.

(c) For tax returns prepared for tax years beginning after December 31, 2001, the "500" in paragraph (a) is reduced to 100.

(d) Paragraph (a) does not apply to a return if the taxpayer has indicated on the return that the taxpayer did not want the return filed by electronic means.

(e) For each return that is not filed electronically by a tax refund or return preparer under this subdivision, including returns filed under paragraph (d), a paper filing fee of \$5 is imposed upon the preparer. The fee is collected from the preparer in the same manner as income tax.

[EFFECTIVE DATE.] This section is effective for returns filed for tax years beginning after December 31, 2002.

Sec. 82. Minnesota Statutes 2002, section 306.95, is amended to read:

306.95 [DUTIES OF THE COUNTY AUDITOR.]

Subdivision 1. **[NOTIFICATION OF STATE AUDITOR.]** Any county auditor finding evidence of violations of this chapter when reviewing reports or bonds filed by any person, firm, partnership, association, or corporation operating a cemetery, mausoleum, or columbarium must notify the ~~state auditor's office~~ county attorney in a timely manner of such finding.

Subd. 2. **[ANNUAL LETTER.]** Every county auditor must file an annual letter by May 31 with the ~~state auditor's office~~ county attorney disclosing whether the county auditor has detected any indications of violations of this chapter in the reports or bonds which were filed or should have been filed. If the county auditor has not detected from the information supplied to the county auditor any such indications, that fact must be reported to the ~~state auditor~~ county attorney in the annual letter.

Sec. 83. [326.992] **[BOND REQUIREMENT; GAS, HEATING, VENTILATION, AIR CONDITIONING, REFRIGERATION (G/HVACR) CONTRACTORS.]**

(a) A person contracting to do gas, heating, ventilation, cooling, air conditioning, fuel burning, or refrigeration work must give bond to the state in the amount of \$25,000 for all work entered into within the state. The bond must be for the benefit of persons suffering financial loss by reason of the contractor's failure to comply with the requirements of the State Mechanical Code. A bond given to the state must be filed with the commissioner of administration and is in lieu of all other bonds to any political subdivision required for work covered by this section. The bond must be written by a corporate surety licensed to do business in the state.

(b) The commissioner of administration may charge each person giving bond under this section an annual bond filing fee of \$15. The money must be deposited in a special revenue fund and is appropriated to the commissioner to cover the cost of administering the bond program.

Sec. 84. Minnesota Statutes 2002, section 349.12, is amended by adding a subdivision to read:

Subd. 11a. [DISTRIBUTOR SALESPERSON.] "Distributor salesperson" means a person who in any manner receives orders for gambling equipment or who solicits a licensed, exempt, or excluded organization to purchase gambling equipment from a licensed distributor.

Sec. 85. Minnesota Statutes 2002, section 349.12, subdivision 25, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(17) payment of heat, water, sanitation, telephone, and other utility bills for a building owned or leased by, and used as the primary headquarters of, a veterans organization; ~~or~~

(18) expenditure by a veterans organization of up to \$5,000 in a calendar year in net costs to the organization for meals and other membership events, limited to members and spouses, held in recognition of military service; or

(19) payment of fees authorized under this chapter imposed by the state of Minnesota to conduct lawful gambling in Minnesota.

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

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

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

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

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

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

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

Sec. 86. Minnesota Statutes 2002, section 349.151, subdivision 4, is amended to read:

Subd. 4. [POWERS AND DUTIES.] (a) The board has the following powers and duties:

- (1) to regulate lawful gambling to ensure it is conducted in the public interest;
- (2) to issue licenses to organizations, distributors, distributor salespersons, bingo halls, manufacturers, and gambling managers;
- (3) to collect and deposit license, permit, and registration fees due under this chapter;
- (4) to receive reports required by this chapter and inspect all premises, records, books, and other documents of organizations, distributors, manufacturers, and bingo halls to insure compliance with all applicable laws and rules;
- (5) to make rules authorized by this chapter;
- (6) to register gambling equipment and issue registration stamps;
- (7) to provide by rule for the mandatory posting by organizations conducting lawful gambling of rules of play and the odds and/or house percentage on each form of lawful gambling;

(8) to report annually to the governor and legislature on its activities and on recommended changes in the laws governing gambling;

(9) to impose civil penalties of not more than \$500 per violation on organizations, distributors, ~~employees eligible to make sales on behalf of a distributor~~ salespersons, manufacturers, bingo halls, and gambling managers for failure to comply with any provision of this chapter or any rule or order of the board;

(10) to issue premises permits to organizations licensed to conduct lawful gambling;

(11) to delegate to the director the authority to issue or deny license and premises permit applications and renewals under criteria established by the board;

(12) to suspend or revoke licenses and premises permits of organizations, distributors, distributor salespersons, manufacturers, bingo halls, or gambling managers as provided in this chapter;

(13) to register employees of organizations licensed to conduct lawful gambling;

(14) to require fingerprints from persons determined by board rule to be subject to fingerprinting;

(15) to delegate to a compliance review group of the board the authority to investigate alleged violations, issue consent orders, and initiate contested cases on behalf of the board;

(16) to order organizations, distributors, distributor salespersons, manufacturers, bingo halls, and gambling managers to take corrective actions; and

(17) to take all necessary steps to ensure the integrity of and public confidence in lawful gambling.

(b) The board, or director if authorized to act on behalf of the board, may by citation assess any organization, distributor, employee eligible to make sales on behalf of a distributor, manufacturer, bingo hall licensee, or gambling manager a civil penalty of not more than \$500 per violation for a failure to comply with any provision of this chapter or any rule adopted or order issued by the board. Any organization, distributor, bingo hall licensee, gambling manager, or manufacturer assessed a civil penalty under this paragraph may request a hearing before the board. Appeals of citations imposing a civil penalty are not subject to the provisions of the Administrative Procedure Act.

(c) All ~~fees and~~ penalties received by the board must be deposited in the general fund.

(d) All fees imposed by the board under sections 349.16 to 349.165 must be deposited in the state treasury and credited to a lawful gambling regulation account in the special revenue fund. Receipts in this account are available for the operations of the board up to the amount authorized in biennial appropriations from the legislature.

Sec. 87. Minnesota Statutes 2002, section 349.151, subdivision 4b, is amended to read:

Subd. 4b. [PULL-TAB SALES FROM DISPENSING DEVICES.] (a) The board may by rule authorize but not require the use of pull-tab dispensing devices.

(b) Rules adopted under paragraph (a):

(1) must limit the number of pull-tab dispensing devices on any permitted premises to three; and

(2) must limit the use of pull-tab dispensing devices to a permitted premises which is (i) a licensed premises for on-sales of intoxicating liquor or 3.2 percent malt beverages; or (ii) a licensed bingo hall that allows gambling only by persons 18 years or older.

(c) Notwithstanding rules adopted under paragraph (b), pull-tab dispensing devices may be used in establishments licensed for the off-sale of intoxicating liquor, other than drugstores and general food stores licensed under section 340A.405, subdivision 1.

~~(d) The director may charge a manufacturer a fee of up to \$5,000 per pull tab dispensing device to cover the costs of services provided by an independent testing laboratory to perform testing and analysis of pull tab dispensing devices. The director shall deposit in a separate account in the state treasury all money the director receives as reimbursement for the costs of services provided by independent testing laboratories that have entered into contracts with the state to perform testing and analysis of pull tab dispensing devices. Money in the account is appropriated to the director to pay the costs of services under those contracts.~~

Sec. 88. Minnesota Statutes 2002, section 349.155, subdivision 3, is amended to read:

Subd. 3. [MANDATORY DISQUALIFICATIONS.] (a) In the case of licenses for manufacturers, distributors, distributor salespersons, bingo halls, and gambling managers, the board may not issue or renew a license under this chapter, and shall revoke a license under this chapter, if the applicant or licensee, or a director, officer, partner, governor, or person in a supervisory or management position of the applicant or licensee, ~~or an employee eligible to make sales on behalf of the applicant or licensee:~~

(1) has ever been convicted of a felony or a crime involving gambling;

(2) has ever been convicted of (i) assault, (ii) a criminal violation involving the use of a firearm, or (iii) making terroristic threats;

(3) is or has ever been connected with or engaged in an illegal business;

(4) owes \$500 or more in delinquent taxes as defined in section 270.72;

(5) had a sales and use tax permit revoked by the commissioner of revenue within the past two years; or

(6) after demand, has not filed tax returns required by the commissioner of revenue. The board may deny or refuse to renew a license under this chapter, and may revoke a license under this chapter, if any of the conditions in this paragraph are applicable to an affiliate or direct or indirect holder of more than a five percent financial interest in the applicant or licensee.

(b) In the case of licenses for organizations, the board may not issue or renew a license under this chapter, and shall revoke a license under this chapter, if the organization, or an officer or member of the governing body of the organization:

(1) has been convicted of a felony or gross misdemeanor within the five years before the issuance or renewal of the license;

(2) has ever been convicted of a crime involving gambling; or

(3) has had a license issued by the board or director permanently revoked for violation of law or board rule.

Sec. 89. Minnesota Statutes 2002, section 349.16, subdivision 6, is amended to read:

Subd. 6. [~~LICENSE CLASSIFICATIONS FEES.~~] ~~The board may issue four classes of organization licenses: a class A license authorizing all forms of lawful gambling; a class B license authorizing all forms of lawful gambling except bingo; a class C license authorizing bingo only, or bingo and pull tabs if the gross receipts for any combination of bingo and pull tabs does not exceed \$50,000 per year; and a class D license authorizing raffles only. The board shall not charge a fee for an organization license. The board shall impose an annual fee of \$350 for an organization's license application. Organizations that expect to receive less than \$100,000 in gross annual receipts may request from the board a waiver of organization license fees.~~

Sec. 90. Minnesota Statutes 2002, section 349.161, subdivision 1, is amended to read:

Subdivision 1. [PROHIBITED ACTS; LICENSES REQUIRED.] (a) No person may:

(1) sell, offer for sale, or furnish gambling equipment for use within the state other than for lawful gambling exempt or excluded from licensing, except to an organization licensed for lawful gambling;

(2) sell, offer for sale, or furnish gambling equipment for use within the state without having obtained a distributor license or a distributor salesperson license under this section;

(3) sell, offer for sale, or furnish gambling equipment for use within the state that is not purchased or obtained from a manufacturer or distributor licensed under this chapter; or

(4) sell, offer for sale, or furnish gambling equipment for use within the state that has the same serial number as another item of gambling equipment of the same type sold or offered for sale or furnished for use in the state by that distributor.

(b) No licensed distributor salesperson may sell, offer for sale, or furnish gambling equipment for use within the state without being employed by a licensed distributor or owning a distributor license.

Sec. 91. Minnesota Statutes 2002, section 349.161, subdivision 4, is amended to read:

Subd. 4. [FEES.] ~~(a) The initial annual fee for a distributor's license is \$3,500 \$6,000. The initial term of a distributor's license is one year. Renewal licenses under this section are valid for two years and the fee for the renewal license is \$7,000.~~

(b) The annual fee for a distributor salesperson license is \$100.

Sec. 92. Minnesota Statutes 2002, section 349.161, subdivision 5, is amended to read:

Subd. 5. [PROHIBITION.] (a) No distributor, distributor salesperson, or other employee of a distributor, may also be a wholesale distributor of alcoholic beverages or an employee of a wholesale distributor of alcoholic beverages.

(b) No distributor, distributor salesperson, or any representative, agent, affiliate, or other employee of a distributor, may: (1) be involved in the conduct of lawful gambling by an organization; (2) keep or assist in the keeping of an organization's financial records, accounts, and inventories; or (3) prepare or assist in the preparation of tax forms and other reporting forms required to be submitted to the state by an organization.

(c) No distributor, distributor salesperson, or any representative, agent, affiliate, or other employee of a distributor may provide a lessor of gambling premises any compensation, gift, gratuity, premium, or other thing of value.

(d) No distributor, distributor salesperson, or any representative, agent, affiliate, or other employee of a distributor may participate in any gambling activity at any gambling site or premises where gambling equipment purchased from that distributor or distributor salesperson is being used in the conduct of lawful gambling.

(e) No distributor, distributor salesperson, or any representative, agent, affiliate, or other employee of a distributor may alter or modify any gambling equipment, except to add a "last ticket sold" prize sticker.

(f) No distributor, distributor salesperson, or any representative, agent, affiliate, or other employee of a distributor may: (1) recruit a person to become a gambling manager of an organization or identify to an organization a person as a candidate to become gambling manager for the organization; or (2) identify for an organization a potential gambling location.

(g) No distributor or distributor salesperson may purchase gambling equipment for resale to a person for use within the state from any person not licensed as a manufacturer under section 349.163.

(h) No distributor or distributor salesperson may sell gambling equipment to any person for use in Minnesota other than (i) a licensed organization or organization excluded or exempt from licensing, or (ii) the governing body of an Indian tribe.

(i) No distributor or distributor salesperson may sell or otherwise provide a pull-tab or tipboard deal with the symbol required by section 349.163, subdivision 5, paragraph (h), visible on the flare to any person other than in Minnesota to a licensed organization or organization exempt from licensing.

Sec. 93. Minnesota Statutes 2002, section 349.162, subdivision 1, is amended to read:

Subdivision 1. [STAMP REQUIRED.] (a) A distributor may not sell, transfer, furnish, or otherwise provide to a person, and no person may purchase, borrow, accept, or acquire from a distributor gambling equipment for use within the state unless the equipment has been registered with the board and has a registration stamp affixed, except for gambling equipment not stamped by the manufacturer pursuant to section 349.163, subdivision 5 or 8. ~~The board shall charge a fee of five cents for each stamp. Each stamp must bear a registration number assigned by the board. A distributor or manufacturer is entitled to a refund for unused registration stamps and replacement for registration stamps which are defective or canceled by the distributor or manufacturer.~~

(b) A manufacturer must return all unused registration stamps in its possession to the board by February 1, 1995. No manufacturer may possess unaffixed registration stamps after February 1, 1995.

(c) After February 1, 1996, no person may possess any unplayed pull-tab or tipboard deals with a registration stamp affixed to the flare or any unplayed paddleticket cards with a registration stamp affixed to the master flare. This paragraph does not apply to unplayed pull-tab or tipboard deals with a registration stamp affixed to the flare, or to unplayed paddleticket cards with a registration stamp affixed to the master flare, if the deals or cards are identified on a list of existing inventory submitted by a licensed organization or a licensed distributor, in a format prescribed by the commissioner of revenue, to the commissioner of revenue on or before February 1, 1996. Gambling equipment kept in violation of this paragraph is contraband under section 349.2125.

Sec. 94. Minnesota Statutes 2002, section 349.163, subdivision 2, is amended to read:

Subd. 2. [LICENSE; FEE.] ~~The initial license under this section is valid for one year. The fee for the initial license is \$5,000. Renewal licenses under this section are valid for two years and the fee for the renewal license is \$10,000. The annual fee for a manufacturer's license is \$9,000.~~

Sec. 95. Minnesota Statutes 2002, section 349.163, subdivision 6, is amended to read:

Subd. 6. [SAMPLES OF GAMBLING EQUIPMENT.] The board shall require each licensed manufacturer to submit to the board one or more samples of each item of gambling equipment the manufacturer manufactures for use or resale in this state. The board shall inspect and test all the equipment it deems necessary to determine the equipment's compliance with law and board rules. Samples required under this subdivision must be approved by the board before the equipment being sampled is shipped into or sold for use or resale in this state. The board shall impose a fee of \$25 for each item of gambling equipment that the manufacturer submits for approval or for which the manufacturer requests approval. The board shall impose a fee of \$100 for each sample of gambling equipment that it tests. The board may require samples of gambling equipment to be tested by an independent testing laboratory prior to submission to the board for approval. All costs of testing by an independent testing laboratory must be borne by the manufacturer. An independent testing laboratory used by a manufacturer to test samples of gambling equipment must be approved by the board before the equipment is submitted to the laboratory for testing. The board may request the assistance of the commissioner of public safety and the director of the state lottery in performing the tests.

Sec. 96. Minnesota Statutes 2002, section 349.164, subdivision 4, is amended to read:

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

Sec. 97. Minnesota Statutes 2002, section 349.165, subdivision 3, is amended to read:

Subd. 3. [FEES.] (a) The board may issue ~~four classes of~~ premises permits ~~corresponding to the classes of licenses authorized to organizations licensed~~ under section 349.16, subdivision 6. The annual fee for each ~~class of~~ premises permit is: \$150.

(1) ~~\$400 for a class A permit;~~

(2) ~~\$250 for a class B permit;~~

(3) ~~\$200 for a class C permit; and~~

(4) ~~\$150 for a class D permit.~~

(b) ~~If a premises permit is issued during the second year of an organization's license, the fee for each class of permit is:~~

(1) ~~\$200 for a class A permit;~~

(2) ~~\$125 for a class B permit;~~

~~(3) \$100 for a class C permit; and~~

~~(4) \$75 for a class D permit.~~

(b) In addition to the annual fee for a premises permit, an organization must pay a monthly regulatory fee of 0.1 percent of the organization's gross receipts from lawful gambling conducted at that site. The fee must be reported and paid on a monthly basis in a format as determined by the commissioner of revenue, and remitted to the commissioner of revenue along with the organization's monthly tax return for that premises. All premises permit fees received by the commissioner of revenue under this subdivision must be deposited in the lawful gambling regulation account in the special revenue fund according to section 349.151. Failure to pay the monthly premises permit fees in a timely manner may result in disciplinary action by the board.

Sec. 98. Minnesota Statutes 2002, section 349.166, subdivision 1, is amended to read:

Subdivision 1. [EXCLUSIONS.] (a) Bingo may be conducted without a license and without complying with sections 349.168, subdivisions 1 and 2; 349.17, subdivisions 1, 4, and 5; 349.18, subdivision 1; and 349.19, if it is conducted:

(1) by an organization in connection with a county fair, the state fair, or a civic celebration and is not conducted for more than 12 consecutive days and is limited to no more than four separate applications for activities applied for and approved in a calendar year; or

(2) by an organization that conducts four or fewer bingo occasions in a calendar year.

An organization that holds a license to conduct lawful gambling under this chapter may not conduct bingo under this subdivision.

(b) Bingo may be conducted within a nursing home or a senior citizen housing project or by a senior citizen organization if the prizes for a single bingo game do not exceed \$10, total prizes awarded at a single bingo occasion do not exceed \$200, no more than two bingo occasions are held by the organization or at the facility each week, only members of the organization or residents of the nursing home or housing project are allowed to play in a bingo game, no compensation is paid for any persons who conduct the bingo, and a manager is appointed to supervise the bingo. Bingo conducted under this paragraph is exempt from sections 349.11 to 349.23, and the board may not require an organization that conducts bingo under this paragraph, or the manager who supervises the bingo, to register or file a report with the board. The gross receipts from bingo conducted under the limitations of this subdivision are exempt from taxation under chapter 297A.

(c) Raffles may be conducted by an organization without a license and without complying with sections 349.154 to 349.165 and 349.167 to 349.213 if the value of all raffle prizes awarded by the organization in a calendar year does not exceed ~~\$750~~ \$1,500.

(d) Except as provided in paragraph (b), the organization must maintain all required records of excluded gambling activity for 3-1/2 years.

Sec. 99. Minnesota Statutes 2002, section 349.166, subdivision 2, is amended to read:

Subd. 2. [EXEMPTIONS.] (a) Lawful gambling may be conducted by an organization without a license and without complying with sections 349.168, subdivisions 1 and 2; 349.17, subdivisions 4 and 5; 349.18, subdivision 1; and 349.19 if:

(1) the organization conducts lawful gambling on five or fewer days in a calendar year;

(2) the organization does not award more than \$50,000 in prizes for lawful gambling in a calendar year;

(3) the organization pays a fee of ~~\$25~~ \$50 to the board, notifies the board in writing not less than 30 days before each lawful gambling occasion of the date and location of the occasion, or 60 days for an occasion held in the case of a city of the first class, the types of lawful gambling to be conducted, the prizes to be awarded, and receives an exemption identification number;

(4) the organization notifies the local government unit 30 days before the lawful gambling occasion, or 60 days for an occasion held in a city of the first class;

(5) the organization purchases all gambling equipment and supplies from a licensed distributor; and

(6) the organization reports to the board, on a single-page form prescribed by the board, within 30 days of each gambling occasion, the gross receipts, prizes, expenses, expenditures of net profits from the occasion, and the identification of the licensed distributor from whom all gambling equipment was purchased.

(b) If the organization fails to file a timely report as required by paragraph (a), clause (3) or (6), the board shall not issue any authorization, license, or permit to the organization to conduct lawful gambling on an exempt, excluded, or licensed basis until the report has been filed.

(c) Merchandise prizes must be valued at their fair market value.

(d) Unused pull-tab and tipboard deals must be returned to the distributor within seven working days after the end of the lawful gambling occasion. The distributor must accept and pay a refund for all returns of unopened and undamaged deals returned under this paragraph.

(e) An organization that is exempt from taxation on purchases of pull-tabs and tipboards under section 297E.02, subdivision 4, paragraph (b), clause (4), must return to the distributor any tipboard or pull-tab deal no part of which is used at the lawful gambling occasion for which it was purchased by the organization.

(f) The organization must maintain all required records of exempt gambling activity for 3-1/2 years.

Sec. 100. [349.2113] [PRIZE PAYOUT LIMIT.]

On or after January 1, 2004, a licensed organization may not put into play a pull-tab or tipboard deal that provides for a prize payout of greater than 85 percent of the ideal gross of the deal.

Sec. 101. Minnesota Statutes 2002, section 349A.08, subdivision 5, is amended to read:

Subd. 5. [PAYMENT; UNCLAIMED PRIZES.] A prize in the state lottery must be claimed by the winner within one year of the date of the drawing at which the prize was awarded or the last day sales were authorized for a game where a prize was determined in a manner other than by means of a drawing. If a valid claim is not made for a prize payable directly by the lottery by the end of this period, the prize money is considered unclaimed and the winner of the prize shall have no further claim to the prize. A prize won by a person who purchased the winning ticket in violation of section 349A.12, subdivision 1, or won by a person ineligible to be awarded a prize under subdivision 7 must be treated as an unclaimed prize under this section. The director ~~shall must~~ transfer 70 percent of all unclaimed prize money at the end of each fiscal year from the lottery cash flow account ~~as follows: of the 70 percent, 40 percent must be transferred to the Minnesota environment and natural resources trust fund and 60 percent must be transferred to the general fund. The remaining 30 percent of the unclaimed prize money must be added by the director to prize pools of subsequent lottery games.~~

Sec. 102. Minnesota Statutes 2002, section 403.02, subdivision 10, is amended to read:

Subd. 10. [COMMISSIONER.] "Commissioner" means the commissioner of ~~administration~~ public safety.

Sec. 103. Minnesota Statutes 2002, section 403.06, is amended to read:

403.06 [DEPARTMENT DUTIES.]

Subdivision 1. [DUTIES.] (a) The ~~department of administration~~ commissioner shall coordinate the maintenance of 911 systems. The ~~department~~ commissioner shall aid counties in the formulation of concepts, methods, and procedures which will improve the operation and maintenance of 911 systems. The ~~department~~ commissioner shall establish procedures for determining and evaluating requests for variations from the established design standards. The ~~department~~ commissioner shall respond to requests by wireless or wire line telecommunications service providers or by counties or other governmental agencies for system agreements, contracts, and tariff language promptly and no later than within 45 days of the request unless otherwise mutually agreed to by the parties.

(b) The ~~department~~ commissioner shall prepare a biennial budget for maintaining the 911 system. By December 15 of each year, the ~~department~~ commissioner shall ~~prepare an annual~~ submit a report to the legislature detailing the expenditures for maintaining the 911 system, the 911 fees collected, the balance of the 911 fund, and the 911-related administrative expenses of the ~~department~~ commissioner. The ~~department~~ commissioner is authorized to expend ~~funds~~ money that ~~have~~ has been appropriated to pay for the maintenance, enhancements, and expansion of the 911 system.

Subd. 2. [WAIVER.] Any county, other governmental agency, wireless telecommunications service provider, or wire line telecommunications service provider may petition the ~~department of administration~~ commissioner for a waiver of all or portions of the requirements. A waiver may be granted upon a demonstration by the petitioner that the requirement is economically infeasible.

Sec. 104. Minnesota Statutes 2002, section 403.07, subdivision 1, is amended to read:

Subdivision 1. [RULES.] The ~~department of administration~~ commissioner shall establish and adopt in accordance with chapter 14, rules for the administration of this chapter and for the development of 911 systems in the state including:

(1) design standards for 911 systems incorporating the standards adopted pursuant to subdivision 2 for the seven-county metropolitan area; and

(2) a procedure for determining and evaluating requests for variations from the established design standards.

Sec. 105. Minnesota Statutes 2002, section 403.07, subdivision 2, is amended to read:

Subd. 2. [DESIGN STANDARDS.] The metropolitan 911 board shall establish and adopt design standards for the metropolitan area 911 system and transmit them to the ~~department of administration~~ commissioner for incorporation into the rules adopted pursuant to this section.

Sec. 106. Minnesota Statutes 2002, section 403.07, subdivision 3, is amended to read:

Subd. 3. [DATABASE.] In 911 systems that have been approved by the ~~department of administration~~ commissioner for a local location identification database, each wire line telecommunications service provider shall provide current customer names, service addresses, and telephone numbers to each public safety answering point within the 911 system and shall update the information according to a schedule prescribed by the county 911 plan.

Information provided under this subdivision must be provided in accordance with the transactional record disclosure requirements of the federal Electronic Communications Privacy Act of 1986, United States Code, title 18, section 2703, subsection (c), paragraph (1), subparagraph (B)(iv).

Sec. 107. Minnesota Statutes 2002, section 403.09, subdivision 1, is amended to read:

Subdivision 1. [DEPARTMENT AUTHORITY.] At the request of the ~~department of administration~~ commissioner of public safety, the attorney general may commence proceedings in the district court against any person or public or private body to enforce the provisions of this chapter.

Sec. 108. Minnesota Statutes 2002, section 403.11, is amended to read:

403.11 [911 SYSTEM COST ACCOUNTING REQUIREMENTS; FEE.]

Subdivision 1. [EMERGENCY TELECOMMUNICATIONS SERVICE FEE.] (a) Each customer of a wireless or wire line telecommunications service provider that furnishes service capable of originating a 911 emergency telephone call is assessed a fee to cover the costs of ongoing maintenance and related improvements for trunking and central office switching equipment for 911 emergency telecommunications service, plus administrative and staffing costs of the ~~department of administration~~ commissioner related to managing the 911 emergency telecommunications service program. Recurring charges by a wire line telecommunications service provider for updating the information required by section 403.07, subdivision 3, must be paid by the ~~commissioner of administration~~ commissioner if the wire line telecommunications service provider is included in an approved 911 plan and the charges are made pursuant to tariff, price list, or contract. ~~The commissioner of administration shall transfer an amount equal to two cents a month from~~ The fee assessed under this section ~~on wireless telecommunications services to the commissioner of public safety~~ must also be used for the purpose of offsetting the costs, including administrative and staffing costs, incurred by the state patrol division of the department of public safety in handling 911 emergency calls made from wireless phones.

(b) Money remaining in the 911 emergency telecommunications service account after all other obligations are paid must not cancel and is carried forward to subsequent years and may be appropriated from time to time to the ~~commissioner of administration~~ commissioner to provide financial assistance to counties for the improvement of local emergency telecommunications services. The improvements may include providing access to 911 service for telecommunications service subscribers currently without access and upgrading existing 911 service to include automatic number identification, local location identification, automatic location identification, and other improvements specified in revised county 911 plans approved by the ~~department~~ commissioner.

(c) The fee may not be less than eight cents nor more than ~~33~~ 40 cents a month for each customer access line or other basic access service, including trunk equivalents as designated by the public utilities commission for access charge purposes and including wireless telecommunications services. With the approval of the commissioner of finance, the ~~commissioner of administration~~ public safety shall establish the amount of the fee within the limits specified and inform the companies and carriers of the amount to be collected. When the revenue bonds authorized under section 473.898, subdivision 1, have been fully paid or defeased, the commissioner shall reduce the fee to reflect that debt service on the bonds is no longer needed. The commissioner shall provide companies and carriers a minimum of 45 days' notice of each fee change. ~~For fiscal year 2003, the commissioner of administration shall provide a minimum of 35 days' notice of each fee change.~~ The fee must be the same for all customers.

(d) The fee must be collected by each wireless or wire line telecommunications service provider subject to the fee. Fees are payable to and must be submitted to the ~~commissioner of administration~~ commissioner monthly before the 25th of each month following the month of collection, except that fees may be submitted quarterly if less than \$250 a month is due, or annually if less than \$25 a month is due. Receipts must be deposited in the state treasury and credited to a 911 emergency telecommunications service account in the special revenue fund. The money in the account may only be used for 911 telecommunications services ~~as provided in paragraph (a).~~

(e) This subdivision does not apply to customers of interexchange carriers.

(f) The installation and recurring charges for integrating wireless 911 calls into enhanced 911 systems must be paid by the commissioner if the 911 service provider is included in the statewide design plan and the charges are made pursuant to tariff, price list, or contract.

Subd. 3. [METHOD OF PAYMENT.] (a) Any wireless or wire line telecommunications service provider incurring reimbursable costs under subdivision 1 shall submit an invoice itemizing rate elements by county or service area to the commissioner ~~of administration~~ for 911 services furnished under tariff, price list, or contract. Any wireless or wire line telecommunications service provider is eligible to receive payment for 911 services rendered according to the terms and conditions specified in the contract. Competitive local exchange carriers holding certificates of authority from the public utilities commission are eligible to receive payment for recurring 911 services provided after July 1, 2001. The commissioner shall pay the invoice within 30 days following receipt of the invoice unless the commissioner notifies the service provider that the commissioner disputes the invoice.

(b) The commissioner ~~of administration~~ shall estimate the amount required to reimburse wireless and wire line telecommunications service providers for the state's obligations under subdivision 1 and the governor shall include the estimated amount in the biennial budget request.

Subd. 3a. [TIMELY CERTIFICATION.] A certification must be submitted to the commissioner ~~of administration~~ no later than two years after commencing a new or additional eligible 911 service. Any wireless or wire line telecommunications service provider incurring reimbursable costs under this section at any time before January 1, 2003, may certify those costs for payment to the commissioner ~~of administration~~ according to this section for a period of 90 days after January 1, 2003. During this period, the commissioner ~~of administration~~ shall reimburse any wireless or wire line telecommunications service provider for approved, certified costs without regard to any contrary provision of this subdivision.

Subd. 3b. [CERTIFICATION.] All wireless and wire line telecommunications service providers shall submit a self-certification form signed by an officer of the company to the ~~department~~ commissioner with invoices for payment of an initial or changed service described in the service provider's 911 contract. The self-certification shall affirm that the 911 service contracted for is being provided and the costs invoiced for the service are true and correct. All certifications are subject to verification and audit.

Subd. 3c. [AUDIT.] If the commissioner ~~of administration~~ determines that an audit is necessary to document the certification described in subdivision 3b, the wireless or wire line telecommunications service provider must contract with an independent certified public accountant to conduct the audit. The audit must be conducted according to generally accepted accounting principles. The wireless or wire line telecommunications service provider is responsible for any costs associated with the audit.

Subd. 4. [LOCAL RECURRING COSTS.] Recurring costs of telecommunications equipment and services at public safety answering points must be borne by the local governmental agency operating the public safety answering point or allocated pursuant to section 403.10, subdivision 3. Costs attributable to local government electives for services not otherwise addressed under section 403.11 or 403.113 must be borne by the governmental agency requesting the elective service.

Subd. 5. [TARIFF NOTIFICATION.] Wire line telecommunications service providers or wireless telecommunications service providers holding eligible telecommunications carrier status shall give notice to the ~~department of administration~~ commissioner and any other affected governmental agency of tariff or price list changes related to 911 service at the same time that the filing is made with the public utilities commission.

Sec. 109. Minnesota Statutes 2002, section 403.113, is amended to read:

403.113 [ENHANCED 911 SERVICE COSTS; FEE.]

Subdivision 1. [FEE.] (a) Each customer receiving service from a wireless or wire line telecommunications service provider is assessed a fee to fund implementation, operation, maintenance, enhancement, and expansion of enhanced 911 service, including acquisition of necessary equipment and the costs of the commissioner to administer the program. The actual fee assessed under section 403.11 and the enhanced 911 service fee must be collected as one amount and may not exceed the amount specified in section 403.11, subdivision 1, paragraph (c).

(b) The enhanced 911 service fee must be collected and deposited in the same manner as the fee in section 403.11 and used solely for the purposes of paragraph (a) and subdivision 3.

(c) The commissioner ~~of the department of administration~~, in consultation with counties and 911 system users, shall determine the amount of the enhanced 911 service fee and. The fee must include at least 10 cents per month to be distributed under subdivision 2. The commissioner shall inform wireless and wire line telecommunications service providers that provide service capable of originating a 911 emergency telephone call of the total amount of the 911 service fees in the same manner as provided in section 403.11.

Subd. 2. [DISTRIBUTION OF MONEY.] (a) After payment of the costs of the ~~department of administration~~ commissioner to administer the program, the commissioner shall distribute the money collected under this section as follows:

(1) one-half of the amount equally to all qualified counties, and after October 1, 1997, to all qualified counties, existing ten public safety answering points operated by the Minnesota state patrol, and each governmental entity operating the individual public safety answering points serving the metropolitan airports commission, the Red Lake Indian Reservation, and the University of Minnesota police department; and

(2) the remaining one-half to qualified counties and cities with existing 911 systems based on each county's or city's percentage of the total population of qualified counties and cities. The population of a qualified city with an existing system must be deducted from its county's population when calculating the county's share under this clause if the city seeks direct distribution of its share.

(b) A county's share under subdivision 1 must be shared pro rata between the county and existing city systems in the county. A county or city or other governmental entity as described in paragraph (a), clause (1), shall deposit money received under this subdivision in an interest-bearing fund or account separate from the governmental entity's general fund and may use money in the fund or account only for the purposes specified in subdivision 3.

(c) A county or city or other governmental entity as described in paragraph (a), clause (1), is not qualified to share in the distribution of money for enhanced 911 service if it has not implemented enhanced 911 service before December 31, 1998.

(d) For the purposes of this subdivision, "existing city system" means a city 911 system that provides at least basic 911 service and that was implemented on or before April 1, 1993.

Subd. 3. [LOCAL EXPENDITURES.] (a) Money distributed under subdivision 2 for enhanced 911 service may be spent on enhanced 911 system costs for the purposes stated in subdivision 1, paragraph (a). In addition, money may be spent to lease, purchase, lease-purchase, or maintain enhanced 911 equipment, including telephone equipment; recording equipment; computer hardware; computer software for database provisioning, addressing, mapping, and any other software necessary for automatic location identification or local location identification; trunk lines; selective routing equipment; the master street address guide; dispatcher public safety answering point

equipment proficiency and operational skills; pay for long-distance charges incurred due to transferring 911 calls to other jurisdictions; and the equipment necessary within the public safety answering point for community alert systems and to notify and communicate with the emergency services requested by the 911 caller.

(b) Money distributed for enhanced 911 service may not be spent on:

(1) purchasing or leasing of real estate or cosmetic additions to or remodeling of communications centers;

(2) mobile communications vehicles, fire engines, ambulances, law enforcement vehicles, or other emergency vehicles;

(3) signs, posts, or other markers related to addressing or any costs associated with the installation or maintenance of signs, posts, or markers.

Subd. 4. [AUDITS.] Each county and city or other governmental entity as described in subdivision 2, paragraph (a), clause (1), shall conduct an annual audit on the use of funds distributed to it for enhanced 911 service. A copy of each audit report must be submitted to the commissioner ~~of administration~~.

Sec. 110. Minnesota Statutes 2002, section 458D.17, subdivision 5, is amended to read:

Subd. 5. [AUDIT.] The board shall provide for and pay the cost of an independent annual audit of its official books and records by the state ~~public examiner~~ auditor or a certified public accountant.

Sec. 111. Minnesota Statutes 2002, section 471.696, is amended to read:

471.696 [FISCAL YEAR; DESIGNATION.]

Beginning in 1979, the fiscal year of a city and all of its funds shall be the calendar year, except that a city may, by resolution, provide that the fiscal year for city-owned nursing homes be the reporting year designated by the commissioner of human services. Beginning in 1994, the fiscal year of a town and all of its funds shall be the calendar year. ~~The state auditor may upon request of a town and a showing of inability to conform, extend the deadline for compliance with this section for one year.~~

Sec. 112. Minnesota Statutes 2002, section 471.999, is amended to read:

471.999 [REPORT TO LEGISLATURE.]

The commissioner of employee relations shall report to the legislature by January 1 of each year on the status of compliance with section 471.992, subdivision 1, by governmental subdivisions.

The report must include a list of the political subdivisions in compliance with section 471.992, subdivision 1, and the estimated cost of compliance. The report must also include a list of political subdivisions found by the commissioner to be not in compliance, the basis for that finding, recommended changes to achieve compliance, estimated cost of compliance, and recommended penalties, if any. The commissioner's report must include a list of subdivisions that did not comply with the reporting requirements of this section. The commissioner may request, and a subdivision shall provide, any additional information needed for the preparation of a report under this subdivision.

Notwithstanding any rule to the contrary, beginning in 2005, a political subdivision must report to the state auditor on its compliance with the requirements of sections 471.991 to 471.999 no more frequently than once every five years. No report from a political subdivision is required for 2003 and 2004.

Sec. 113. Minnesota Statutes 2002, section 473.891, subdivision 10, is amended to read:

Subd. 10. [SECOND PHASE.] "Second phase" means the metropolitan radio board ~~building subsystems for providing assistance to~~ local government units building subsystems in the metropolitan area that did not build their own subsystems in the first phase.

Sec. 114. Minnesota Statutes 2002, section 473.891, is amended by adding a subdivision to read:

Subd. 11. [THIRD PHASE.] "Third phase" means an extension of the backbone system to serve the southeast and central districts of the state patrol.

Sec. 115. Minnesota Statutes 2002, section 473.898, subdivision 1, is amended to read:

Subdivision 1. [AUTHORIZATION.] After consulting with the commissioner of finance, the council, if requested by a vote of at least two-thirds of all of the members of the metropolitan radio board public safety radio communication system planning committee established under section 473.097, may, by resolution, authorize the issuance of its revenue bonds for any of the following purposes to:

- (1) provide funds for regionwide mutual aid and emergency medical services communications;
- (2) provide funds for the elements of the first phase of the regionwide public safety radio communications system that the board determines are of regionwide benefit and support mutual aid and emergency medical services communication including, but not limited to, costs of master controllers of the backbone;
- (3) provide money for the second phase of the public safety radio communication system; ~~or~~
- (4) provide money for the third phase of the public safety radio communication system;
- (5) to the extent money is available after meeting the needs described in clauses (1) to (3), provide money to reimburse local units of government for amounts expended for capital improvements to the first phase system previously paid for by the local government units; or
- (6) refund bonds issued under this section.

Sec. 116. Minnesota Statutes 2002, section 473.898, subdivision 3, is amended to read:

Subd. 3. [LIMITATIONS.] (a) The principal amount of the bonds issued pursuant to subdivision 1, exclusive of any original issue discount, shall not exceed the amount of \$10,000,000 plus the amount the council determines necessary to pay the costs of issuance, fund reserves, debt service, and pay for any bond insurance or other credit enhancement.

(b) In addition to the amount authorized under paragraph (a), the council may issue bonds under subdivision 1 in a principal amount of \$3,306,300, plus the amount the council determines necessary to pay the cost of issuance, fund reserves, debt service, and any bond insurance or other credit enhancement. The proceeds of bonds issued under this paragraph may not be used to finance portable or subscriber radio sets.

(c) In addition to the amount authorized under paragraphs (a) and (b), the council may issue bonds under subdivision 1 in a principal amount of ~~\$12,000,000~~ \$18,000,000, plus the amount the council determines necessary to pay the costs of issuance, fund reserves, debt service, and any bond insurance or other credit enhancement. The proceeds of bonds issued under this paragraph must be used to pay up to ~~30~~ 50 percent of the cost to a local government unit of building a subsystem and may not be used to finance portable or subscriber radio sets. The bond

proceeds may be used to make improvements to an existing 800 MHz radio system that will interoperate with the statewide public safety radio communication system, provided that the improvements conform to the board's plan and technical standards. The council must time the sale and issuance of the bonds so that the debt service on the bonds can be covered by the additional revenue that will become available in the fiscal year ending June 30, 2005, generated under section 403.11 and appropriated under section 473.901.

(d) In addition to the amount authorized under paragraphs (a) to (c), the council may issue bonds under subdivision 1 in a principal amount of up to \$27,000,000, plus the amount the council determines necessary to pay the costs of issuance, fund reserves, debt service, and any bond insurance or other credit enhancement. The proceeds of bonds issued under this paragraph are appropriated to the commissioner of public safety for phase three of the public safety radio communication system. In anticipation of the receipt by the commissioner of public safety of the bond proceeds, the metropolitan radio board may advance money from its operating appropriation to the commissioner of public safety to pay for design and preliminary engineering for phase three. The commissioner of public safety must return these amounts to the metropolitan radio board when the bond proceeds are received.

Sec. 117. Minnesota Statutes 2002, section 473.901, is amended to read:

473.901 [~~ADMINISTRATION DEPARTMENT APPROPRIATION; TRANSFERS; BUDGET.~~]

Subdivision 1. [STANDING APPROPRIATION; COSTS COVERED.] For each fiscal year beginning with the fiscal year commencing July 1, 1997, the amount necessary to pay the following costs is appropriated to the commissioner of ~~administration~~ public safety from the 911 emergency ~~telephone~~ telecommunications service account established under section 403.11:

- (1) debt service costs and reserves for bonds issued pursuant to section 473.898;
- (2) repayment of the right-of-way acquisition loans;
- (3) costs of design, construction, maintenance of, and improvements to those elements of the first ~~and~~, second, and third phases that support mutual aid communications and emergency medical services;
- (4) recurring charges for leased sites and equipment for those elements of the first ~~and~~, second, and third phases that support mutual aid and emergency medical communication services; or
- (5) aid to local units of government for sites and equipment in support of mutual aid and emergency medical communications services.

This appropriation shall be used to pay annual debt service costs and reserves for bonds issued pursuant to section 473.898 prior to use of fee money to pay other costs eligible under this subdivision. In no event shall the appropriation for each fiscal year exceed an amount equal to four cents a month for each customer access line or other basic access service, including trunk equivalents as designated by the public utilities commission for access charge purposes and including cellular and other nonwire access services, in the fiscal year. Beginning July 1, 2004, this amount will increase to ~~5.5~~ 13 cents a month.

Subd. 2. [RADIO BOARD BUDGET.] The metropolitan council shall transmit the annual budget of the radio board to the commissioner of ~~administration~~ public safety no later than December 15 of each year. The commissioner of ~~administration~~ shall include all eligible costs approved by the radio board for the statewide public safety communication system in ~~its~~ the commissioner's request for legislative appropriations from the 911 emergency ~~telephone~~ telecommunications service fee account. ~~All eligible costs approved by the radio board shall be included in the commissioner of administration's appropriation request.~~

Subd. 3. [MONTHLY APPROPRIATION TRANSFERS.] Each month, before the 25th day of the month, the commissioner of ~~administration~~ shall transmit to the metropolitan council 1/12 of its total approved appropriation for the regionwide public safety communication system.

Subd. 4. [IMPLEMENTATION OF PHASES THREE TO SIX.] To implement phases three to six of the statewide public safety radio communication system, the commissioner of public safety shall contract with the commissioner of transportation to construct, own, operate, maintain, and enhance the elements of phases three to six identified in the plan developed under section 473.907. The commissioner of transportation, under appropriate state law, shall contract for, or procure by purchase or lease (including joint purchase and lease agreements), construction, installation of materials, supplies and equipment, and other services as may be needed to build, operate, and maintain phases three to six of the system.

Sec. 118. Minnesota Statutes 2002, section 473.902, is amended by adding a subdivision to read:

Subd. 6. [OPERATING COSTS OF PHASES THREE TO SIX.] (a) The ongoing costs of the commissioner in operating phases three to six of the statewide public safety radio communication system shall be allocated among and paid by the following users, all in accordance with the statewide public safety radio communication system plan developed by the planning committee under section 473.907:

(1) the state of Minnesota for its operations using the system;

(2) all local government units using the system; and

(3) other eligible users of the system.

(b) Each local government and other eligible users of phases three to six of the system shall pay to the commissioner all sums charged under this section, at the times and in the manner determined by the commissioner. The governing body of each local government shall take all action that may be necessary to provide the funds required for these payments and to make the payments when due.

(c) If the governing body of any local government using phase three, four, five, or six of the system fails to meet any payment to the commissioner under this subdivision when due, the commissioner may certify to the auditor of the county in which the government unit is located the amount required for payment of the amount due with interest at six percent per year. The auditor shall levy and extend the amount due, with interest, as a tax upon all taxable property in the government unit for the next calendar year, free from any existing limitations imposed by law or charter. This tax shall be collected in the same manner as the general taxes of the government unit, and the proceeds of the tax, when collected, shall be paid by the county treasurer to the commissioner and credited to the government unit for which the tax was levied.

Sec. 119. Minnesota Statutes 2002, section 473.907, subdivision 1, is amended to read:

Subdivision 1. [PLANNING COMMITTEE.] (a) The commissioner of public safety shall convene and chair a planning committee to develop a project plan for a statewide, shared, trunked public safety radio communication system.

(b) The planning committee consists of the following members or their designees:

(1) the commissioner of public safety;

(2) the commissioner of transportation;

- (3) the commissioner of administration;
- (4) the commissioner of natural resources;
- (5) the chair of the metropolitan radio board;
- (6) the president of the Minnesota sheriffs' association;
- (7) a representative of the league of Minnesota cities from the metropolitan area; ~~and~~
- (8) a representative of the league of Minnesota cities from greater Minnesota; and
- (9) a representative of the association of Minnesota counties from greater Minnesota.

Additionally, the commissioner of finance or a designee shall serve on the committee as a nonvoting member.

(c) The planning committee must implement the project plan and establish the statewide, shared trunked radio and communications system. The commissioner of public safety is designated as the chair of the planning committee. The commissioner of public safety and the planning committee have overall responsibility for the successful completion of statewide communications infrastructure system integration.

(d) The planning committee must establish one or more advisory groups for the purpose of advising on the plan, design, implementation and administration of the statewide, shared trunked radio and communications system. At least one such group must consist of the following members:

- (1) the chair of the metropolitan radio board or a designee;
- (2) the chief of the Minnesota state patrol;
- (3) a representative of the Minnesota state sheriffs' association;
- (4) a representative of the Minnesota chiefs of police association; and
- (5) a representative of the Minnesota fire chiefs' association.

Sec. 120. [473.908] [SUNSET.]

Notwithstanding Laws 2001, chapter 176, the metropolitan radio board shall continue in existence through June 30, 2007.

Sec. 121. Minnesota Statutes 2002, section 477A.014, subdivision 4, is amended to read:

Subd. 4. [COSTS.] The director of the office of strategic and long-range planning shall annually bill the commissioner of revenue for one-half of the costs incurred by the state demographer in the preparation of materials required by section 4A.02. The state auditor shall bill the commissioner of revenue for the costs of best practices reviews and the services provided by the government information division and the parts of the constitutional office that are related to the government information function, not to exceed \$217,000 ~~in fiscal year 1992 and \$217,000 in each fiscal year 1993 and thereafter~~. The commissioner of administration shall bill the commissioner of revenue for the costs of the local government records program and the intergovernmental information systems activity, not to

exceed ~~\$201,100 in fiscal year 1992 and \$205,800 in each fiscal year 1993 and thereafter~~. The commissioner of employee relations shall bill the commissioner of revenue for the costs of administering the local government pay equity function, not to exceed ~~\$56,000 in fiscal year 1992 and \$55,000 in each fiscal year 1993 and thereafter~~.

[EFFECTIVE DATE.] This section is effective July 1, 2004.

Sec. 122. Laws 1998, chapter 366, section 80, as amended by Laws 2001, First Special Session chapter 10, article 2, section 86, is amended to read:

Sec. 80. [SETTLEMENT DIVISION; TRANSFER OF JUDGES.]

The office of administrative hearings shall establish a settlement division. The workers' compensation judges at the department of labor and industry, together with their support staff, offices, furnishings, equipment, and supplies, are transferred to the settlement division of the office of administrative hearings. Minnesota Statutes, section 15.039, applies to the transfer of employees. The settlement division of the office of administrative hearings shall maintain offices in either Hennepin or Ramsey county and the ~~cities~~ city of Duluth ~~and Detroit Lakes~~. The office of a judge in the settlement division of the office of administrative hearings and the support staff of the judge may be located in a building that contains offices of the department of labor and industry. The seniority of a workers' compensation judge at the office of administrative hearings, after the transfer, shall be based on the total length of service as a judge at either agency. For purposes of the commissioner's plan under Minnesota Statutes, section 43A.18, subdivision 2, all compensation judges at the office of administrative hearings shall be considered to be in the same employment condition, the same organizational unit and qualified for work in either division.

Sec. 123. [TRANSITION; RETROACTIVE PAYMENT.]

A lobbyist who was registered under Minnesota Statutes, section 10A.04, subdivision 2, on January 15, 2003, or a principal who was required to file a report under Minnesota Statutes, section 10A.04, subdivision 6, by March 15, 2003, must pay no later than August 1, 2003, a fee in the amount that would have been required under those sections had the fees imposed by this act been in effect at those times.

Sec. 124. [REAL ESTATE FILING SURCHARGE.]

All funds collected during the fiscal year ending June 30, 2004, and funds collected in the fiscal year ending June 30, 2003, that carry forward into the fiscal year ending June 30, 2004, pursuant to the additional 50-cent surcharges imposed by Laws 2001, First Special Session chapter 10, article 2, section 77, and Laws 2002, chapter 365, are appropriated to the legislative coordinating commission for the real estate task force established by Laws 2000, chapter 391, for the purposes set forth in Laws 2001, First Special Session chapter 10, article 2, sections 98 to 101. \$25,000 from those funds are to be retained by the legislative coordinating commission for the services described in Laws 2001, First Special Session chapter 10, article 2, section 99.

Sec. 125. [STUDY OF EMERGENCY MEDICAL SERVICES PREPAREDNESS.]

The department of public safety shall seek grant funding from federal, state, and private sources. If awarded funds, the department shall conduct a study of Minnesota's emergency medical service preparedness and its relationship to the department's overall homeland security planning. The study must analyze the coordination of responses to emergencies, financial stability of the industries involved in providing prehospital emergency care, effect of primary service area determinations, availability in response to terroristic activity, and authority of governmental subdivisions in determining the level of care. The department shall report its findings to the chairs of the senate health and family security committee and crime prevention and public safety committee and the chairs of the house of representatives health and human services policy committee and judiciary policy and finance committee by July 1, 2004.

Sec. 126. [TRANSFER OF RESPONSIBILITIES.]

The responsibilities of the commissioner of administration to provide 911 emergency telecommunications services under Minnesota Statutes, chapter 403, are transferred to the commissioner of public safety under Minnesota Statutes, section 15.039. The transfer may be completed in one or more phases as provided in an agreement between the commissioners of administration and public safety, but no later than the first Monday in January 2004.

Sec. 127. [GAMBLING CONTROL; FEE TRANSITION.]

Effective July 1, 2003, all licensees regulated by the gambling control board must begin paying the applicable fees under Minnesota Statutes, sections 349.16 to 349.165. The gambling control board shall provide a onetime, prorated credit against these fees to licensees who paid for licenses before July 1, 2003, that were to extend beyond July 1, 2003.

Sec. 128. [CARRYFORWARD.]

Notwithstanding Minnesota Statutes, section 16A.28, or other law to the contrary, funds encumbered by the judicial or executive agency for severance costs; unemployment compensation costs; and health, dental, and life insurance continuation costs resulting from state employee layoffs during the fiscal year ending June 30, 2003, may be carried forward and may be spent until January 1, 2004.

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

Sec. 129. [VACATION LIMIT.]

A state employee in the unclassified service who takes voluntary unpaid leave of absence during the biennium ending June 30, 2005, must be allowed to accrue a vacation leave balance up to at least 300 hours through June 30, 2005.

Sec. 130. [GAMING STUDY.]

If the legislature authorizes the state lottery to operate a gaming facility in the metropolitan area, the director of the state lottery shall contract with an independent entity to perform an analysis of the economic effects of the facility on existing tribal gaming facilities located in or within 100 miles of the metropolitan area.

Sec. 131. [VOLUNTARY UNPAID LEAVE OF ABSENCE.]

(a) Appointing authorities in state government may allow each employee to take unpaid leaves of absence for up to 1,040 hours between June 1, 2003, and June 30, 2005. The 1,040 hour limit replaces, and is not in addition to, limits set in prior laws. 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 and credited salary in the state retirement plans as if the employee had actually been employed during the time of leave. An employee covered by the unclassified plan may voluntarily make the employee contributions to the unclassified plan during the leave of absence. If the employee makes these contributions, the appointing authority must make the employer contribution. 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 the 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 the applicable provisions of collective bargaining agreements and compensation plans.

(b) To receive eligible service credit and credited salary in a defined benefit plan, the member shall pay an amount equal to the applicable employee contribution rates. If an employee pays the employee contribution for the period of the leave under this section, the appointing authority must pay the employer contribution. The appointing authority may, at its discretion, pay the employee contributions. Contributions must be made in a time and manner prescribed by the executive director of the Minnesota state retirement association.

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

Sec. 132. [OFFICIAL PUBLICATION STUDY.]

Representatives of local public corporations, as defined in Minnesota Statutes, chapter 331A, must meet with representatives of qualified newspapers and report to the legislature by January 15, 2004, on alternative means of official publication for local public corporations.

Sec. 133. [TRAINING SERVICES.]

During the biennium ending June 30, 2005, state executive agencies must consider using services provided by the government training service before contracting with other outside vendors for similar services.

Sec. 134. [CRIMNET FINANCIAL AUDIT.]

The legislative auditor must complete a financial audit of all components and expenditures of the group of projects generally referred to as CriMNet by March 1, 2004. The audit must include a review of all contracts related to CriMNet for compliance with state law, including the laws and guidelines governing the issuance of contracts.

Sec. 135. [FEE SCHEDULE.]

The campaign finance and public disclosure board, in consultation with lobbyists, political committees, political funds, principal campaign committees, and party units, shall develop an equitable schedule of fees to be imposed on them to recover the costs incurred by the board in regulating them. The board must submit the recommended fee schedule to the legislature by January 15, 2004.

Sec. 136. [REVISOR'S INSTRUCTION.]

The revisor of statutes shall renumber each section of Minnesota Statutes listed in column A with the number listed in column B. The revisor shall also make necessary cross-reference changes consistent with the renumbering.

<u>Column A</u>	<u>Column B</u>
<u>473.891</u>	<u>403.21</u>
<u>473.893</u>	<u>403.22</u>
<u>473.894</u>	<u>403.23</u>
<u>473.895</u>	<u>403.24</u>
<u>473.896</u>	<u>403.25</u>
<u>473.897</u>	<u>403.26</u>

<u>473.898</u>	<u>403.27</u>
<u>473.899</u>	<u>403.28</u>
<u>473.900</u>	<u>403.29</u>
<u>473.901</u>	<u>403.30</u>
<u>473.902</u>	<u>403.31</u>
<u>473.903</u>	<u>403.32</u>
<u>473.904</u>	<u>403.33</u>
<u>473.905</u>	<u>403.34</u>
<u>473.906</u>	<u>403.35</u>
<u>473.907</u>	<u>403.36</u>

Sec. 137. [REPEALER.]

(a) Minnesota Statutes 2002, sections 3.305, subdivision 5; 3A.11; 4A.055; 6.77; 16A.87; 16E.09; 149A.97, subdivision 8; 163.10; and 306.97, are repealed.

(b) Minnesota Rules, part 1950.1070, is repealed effective July 1, 2004.

(c) Minnesota Statutes 2002, sections 12.221, subdivision 5; 16B.50; and 16C.07, are repealed effective the day following final enactment.

(d) Minnesota Statutes 2002, section 3.971, subdivision 8, is repealed effective July 1, 2004.

ARTICLE 3

ECONOMIC DEVELOPMENT APPROPRIATIONS

Section 1. [ECONOMIC DEVELOPMENT; APPROPRIATIONS.]

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or another named fund, to the agencies and for the purposes specified in this act, to be available for the fiscal years indicated for each purpose. The figures "2004" and "2005," where used in this act, mean that the appropriation or appropriations listed under them are available for the year ending June 30, 2004, or June 30, 2005, respectively. The term "first year" means the fiscal year ending June 30, 2004, and the term "second year" means the fiscal year ending June 30, 2005.

SUMMARY BY FUND

	2004	2005	TOTAL
General	\$31,091,000	\$30,364,000	\$61,455,000

4410	JOURNAL OF THE HOUSE		[59TH DAY
Petroleum Tank Cleanup	1,084,000	1,084,000	2,168,000
Workers' Compensation	615,000	835,000	1,450,000
TOTAL	\$32,790,000	\$32,283,000	\$65,073,000

APPROPRIATIONS
 Available for the Year
 Ending June 30
 2004 2005

Sec. 2. COMMERCE

Subdivision 1. Total Appropriation	\$26,076,000	\$25,349,000
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Summary by Fund

General	24,157,000	23,430,000
Petroleum Cleanup	1,084,000	1,084,000
Workers' Compensation	615,000	835,000

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

Subd. 2. Financial Examinations

5,997,000	5,994,000
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Subd. 3. Petroleum Tank Release Cleanup Board

1,084,000	1,084,000
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This appropriation is from the petroleum tank release cleanup fund.

Subd. 4. Administrative Services

5,518,000	5,518,000
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The commissioner of commerce, after July 1, 2003, and before June 30, 2005, shall sell the unclaimed property identified by the legislative auditor in Finding 1 of the auditor's management letter dated March 20, 2003. To the degree this property has not been held for the three-year period required by law prior to sale, that three-year requirement is waived as to this property, and the commissioner shall sell the property.

APPROPRIATIONS
Available for the Year
Ending June 30
2004 2005

Subd. 5. Market Assurance

	6,402,000	5,897,000
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Summary by Fund

General	5,787,000	5,062,000
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Workers' Compensation	615,000	835,000
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Subd. 6. Energy and Telecommunications

	4,349,000	4,349,000
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After July 1, 2003, but before September 30, 2003, the commissioner of finance shall transfer \$2,500,000 of the unexpended balance in the contractor's recovery fund established under Minnesota Statutes, section 326.975, subdivision 1, to the general fund.

Subd. 7. Weights and Measurement

	2,506,000	2,507,000
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The fees proposed in the 2004-2005 biennial budget for the weights and measurement division are approved.

Of the unexpended balance in the liquefied petroleum gas account established under Minnesota Statutes, section 239.785, \$500,000 is transferred to the general fund.

Sec. 3. BOARD OF ACCOUNTANCY	577,000	577,000
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Sec. 4. BOARD OF ARCHITECTURE, ENGINEERING, LAND SURVEYING, LANDSCAPE ARCHITECTURE, GEOSCIENCE, AND INTERIOR DESIGN	785,000	785,000
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Sec. 5. BOARD OF BARBER EXAMINERS	127,000	127,000
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Sec. 6. PUBLIC UTILITIES COMMISSION	4,163,000	4,163,000
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Sec. 7. COUNCIL ON BLACK MINNESOTANS	282,000	282,000
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Sec. 8. COUNCIL ON CHICANO-LATINO AFFAIRS	275,000	275,000
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	APPROPRIATIONS	
	Available for the Year	
	Ending June 30	
	2004	2005
Sec. 9. COUNCIL ON ASIAN-PACIFIC MINNESOTANS	243,000	243,000
Sec. 10. INDIAN AFFAIRS COUNCIL	482,000	482,000

ARTICLE 4

ECONOMIC DEVELOPMENT AND COMMERCE

Section 1. [60A.035] [GOVERNMENT CONTROLLED OR OWNED COMPANY PROHIBITED FROM TRANSACTING BUSINESS.]

(a) No insurance company the voting control or ownership of which is held in whole or substantial part by any government or governmental agency or entity having a tax exemption under section 501(c)(27)(B) or 115 of the Internal Revenue Code of 1986 or which is operated for or by any such government or agency or entity having a tax exemption under section 501(c)(27)(B) or 115 of the Internal Revenue Code of 1986 is authorized to transact insurance in this state. Membership in a mutual company, subscribership in a reciprocal insurer, ownership of stock of an insurer by the alien property custodian or similar official of the United States, or supervision of an insurer by public insurance supervisory authority is not considered to be an ownership, control, or operation of the insurer for the purposes of this section.

(b) This section does not apply to an insurance company if its sole insurance business in this state is providing workers' compensation insurance and associated employers' liability coverage to an employer principally located in the insurer's state of domicile whose employee may receive benefits under section 176.041, subdivision 4, provided the operations of the employer are for fewer than 30 consecutive days in this state and provided the employer has no other significant contacts with this state.

(c) This section does not apply to a fund established under section 16B.85, subdivision 2.

Sec. 2. Laws 2002, chapter 331, section 19, is amended to read:

Sec. 19. [EFFECTIVE DATE.]

Sections 16 and 17 are effective July 1, ~~2003~~ 2004.

Sec. 3. [AMBULANCE SERVICE LIABILITY INSURANCE STUDY.]

The commissioner of commerce shall study the availability and cost to ambulance services of vehicle and malpractice insurance and the factors influencing cost increases. The commissioner shall report the results of this study and recommendations on means to ensure continued availability of affordable insurance to the legislature by January 10, 2004.

Sec. 4. [REPEALER.]

Minnesota Statutes, section 155A.03, subdivisions 14 and 15; and 155A.07, subdivision 9, are repealed."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the Haas amendment and the roll was called. There were 80 yeas and 53 nays as follows:

Those who voted in the affirmative were:

Abeler	DeLaForest	Heidgerken	Lindner	Powell	Tingelstad
Abrams	Demmer	Holberg	Lipman	Rhodes	Urdahl
Adolphson	Dempsey	Hoppe	Magnus	Ruth	Vandever
Anderson, J.	Dorman	Howes	McNamara	Samuelson	Walz
Beard	Eastlund	Jacobson	Meslow	Seagren	Wardlow
Blaine	Erhardt	Johnson, J.	Nelson, C.	Seifert	Westerberg
Borrell	Erickson	Kielkucki	Nelson, P.	Severson	Westrom
Boudreau	Finstad	Klinzing	Nornes	Simpson	Wilkin
Bradley	Fuller	Knoblach	Olsen, S.	Smith	Zellers
Brod	Gerlach	Kohls	Olson, M.	Soderstrom	Spk. Sviggum
Buesgens	Gunther	Krinkie	Osterman	Stang	
Cornish	Haas	Kuisle	Ozment	Strachan	
Cox	Hackbarth	Lanning	Paulsen	Swenson	
Dauids	Harder	Lindgren	Penas	Sykora	

Those who voted in the negative were:

Anderson, I.	Eken	Huntley	Lenczewski	Opatz	Sieben
Atkins	Ellison	Jaros	Lesch	Otremba	Slawik
Bernardy	Entenza	Johnson, S.	Lieder	Otto	Solberg
Biernat	Goodwin	Juhnke	Mahoney	Paymar	Thao
Carlson	Greiling	Kahn	Mariani	Pelowski	Thissen
Clark	Hausman	Kelliher	Marquart	Peterson	Wagenius
Davnie	Hilstrom	Koenen	Mullery	Pugh	Walker
Dill	Hilty	Larson	Murphy	Rukavina	Wasiluk
Dorn	Hornstein	Latz	Nelson, M.	Sertich	

The motion prevailed and the amendment was adopted.

The Speaker resumed the Chair.

Haas moved to amend S. F. No. 30, as amended, as follows:

Page 102, delete section 120

Page 109, line 8, delete "26,076,000" and insert "25,856,000"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Krinkie moved to amend S. F. No. 30, as amended, as follows:

Page 107, after line 20, insert:

"Sec. 136. [PUBLIC DIGITAL TRUNKED RADIO SYSTEM PLAN.]

(a) The commissioner of administration must contract with an entity outside of state government to prepare a supplemental evaluation, risk assessment, and risk mitigation plan for the public digital trunked radio system. The entity performing this work must not have any other direct or indirect financial interest in the project.

(b) Before November 1, 2003, each recipient of an appropriation for the public digital trunked radio system must, in consultation with the commissioner of administration, submit to the entity selected under paragraph (a):

(1) a list of objectives the entity expects to achieve with the money appropriated to it; and

(2) a list of performance measures that can be used to determine the extent to which these objectives are being met.

(c) The evaluation, risk assessment, and risk mitigation plan must separately consider each phase of the project, including: the integration backbone, a review of other states' interoperable radio systems, other technologies, a listing of applicable federal minimum standards, and federal requirements regarding implementation dates. For each phase, the evaluation may also consider:

(1) the likelihood that each entity will achieve its objectives within the limits of the money appropriated;

(2) the appropriateness of the performance measures suggested by each entity developing a public digital trunked radio system capability.

(d) Work on the evaluation, risk assessment, and risk mitigation plan must begin as soon as practicable but no later than July 1, 2004. The results of the evaluation, risk assessment, and risk mitigation plan must be reported to the legislature, the commissioner of administration, and the commissioner of public safety by November 1, 2004. The final report must include recommendations on changes or improvements needed for each phase of the project and whether or not a phase should proceed. A recommendation not to proceed with a phase of the project is only advisory. Decisions regarding proceeding with project phases will be made by the commissioner of public safety in consultation with the public safety radio system planning committee.

(e) During the biennium ending June 30, 2005, Minnesota Statutes, section 16E.0465, does not apply to the public digital trunked radio system.

(f) Up to \$300,000 the first year is appropriated to the commissioner of administration to fund the plan and related costs required under this section.

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

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

S. F. No. 30, A bill for an act relating to administrative rules; imposing notice requirements for use of the good cause exemption; amending Minnesota Statutes 2002, section 14.388.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 74 yeas and 58 nays as follows:

Those who voted in the affirmative were:

Abeler	Demmer	Heidgerken	Lipman	Rhodes	Tingelstad
Abrams	Dempsey	Hoppe	Magnus	Ruth	Urdahl
Adolphson	Dorman	Jacobson	McNamara	Samuelson	Walz
Anderson, J.	Eastlund	Johnson, J.	Meslow	Seagren	Wardlow
Beard	Erhardt	Kielkucki	Nelson, C.	Seifert	Westerberg
Blaine	Erickson	Klinzing	Nelson, P.	Severson	Westrom
Borrell	Finstad	Knoblach	Nornes	Simpson	Wilkin
Boudreau	Fuller	Kohls	Olsen, S.	Smith	Zellers
Bradley	Gerlach	Krinkie	Olson, M.	Soderstrom	Spk. Sviggum
Brod	Gunther	Kuisle	Osterman	Stang	
Cornish	Haas	Lanning	Ozment	Strachan	
Cox	Hackbarth	Lindgren	Paulsen	Swenson	
Davids	Harder	Lindner	Penas	Sykora	

Those who voted in the negative were:

Atkins	Eken	Howes	Lenczewski	Otremba	Slawik
Bernardy	Ellison	Huntley	Lesch	Otto	Solberg
Biernat	Entenza	Jaros	Lieder	Paymar	Thao
Buesgens	Goodwin	Johnson, S.	Mahoney	Pelowski	Thissen
Carlson	Greiling	Juhnke	Mariani	Peterson	Vandever
Clark	Hausman	Kahn	Marquart	Powell	Wagenius
Davnie	Hilstrom	Kelliher	Mullery	Pugh	Walker
DeLaForest	Hilty	Koenen	Murphy	Rukavina	Wasiluk
Dill	Holberg	Larson	Nelson, M.	Sertich	
Dorn	Hornstein	Latz	Opatz	Sieben	

The bill was passed, as amended, and its title agreed to.

S. F. No. 296, A bill for an act relating to education; renaming the department of children, families, and learning to department of education; making conforming changes to reflect the department name change; amending Minnesota Statutes 2002, sections 15.01; 119A.01, subdivision 2; 119A.02, subdivisions 2, 3; 119B.011, subdivisions 8, 10; 120A.02; 120A.05, subdivisions 4, 7; 127A.05, subdivisions 1, 3; repealing Minnesota Statutes 2002, section 119A.01, subdivision 1.

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 131 yeas and 2 nays as follows:

Those who voted in the affirmative were:

Abeler	Demmer	Hilstrom	Larson	Opatz	Slawik
Abrams	Dempsey	Hilty	Latz	Osterman	Smith
Adolphson	Dill	Holberg	Lenczewski	Otremba	Soderstrom
Anderson, I.	Dorman	Hoppe	Lesch	Otto	Solberg
Anderson, J.	Dorn	Hornstein	Lieder	Ozment	Stang
Atkins	Eastlund	Howes	Lindgren	Paulsen	Strachan
Beard	Eken	Huntley	Lindner	Paymar	Swenson
Bernardy	Ellison	Jacobson	Lipman	Pelowski	Sykora
Biernat	Entenza	Jaros	Magnus	Penas	Thissen
Blaine	Erhardt	Johnson, J.	Mahoney	Peterson	Tingelstad
Borrell	Erickson	Johnson, S.	Mariani	Powell	Urdahl
Boudreau	Finstad	Juhnke	Marquart	Pugh	Vandev eer
Bradley	Fuller	Kahn	McNamara	Rhodes	Wagenius
Brod	Gerlach	Kelliher	Meslow	Rukavina	Walz
Buesgens	Goodwin	Kielkucki	Mullery	Ruth	Wardlow
Carlson	Greiling	Klinzing	Murphy	Samuelson	Wasiluk
Clark	Gunther	Knoblach	Nelson, C.	Seagren	Westerberg
Cornish	Haas	Koenen	Nelson, M.	Seifert	Westrom
Cox	Hackbarth	Kohls	Nelson, P.	Sertich	Wilkin
Davids	Harder	Krinkie	Nornes	Severson	Zellers
Davnie	Hausman	Kuisle	Olsen, S.	Sieben	Spk. Sviggum
DeLaForest	Heidgerken	Lanning	Olson, M.	Simpson	

Those who voted in the negative were:

Thao Walker

The bill was passed and its title agreed to.

S. F. No. 1278 was reported to the House.

Soderstrom moved to amend S. F. No. 1278 as follows:

Delete everything after the enacting clause and insert the following language of H. F. No. 1482, the first engrossment:

"Section 1. Minnesota Statutes 2002, section 243.166, subdivision 3, is amended to read:

Subd. 3. [REGISTRATION PROCEDURE.] (a) A person required to register under this section shall register with the corrections agent as soon as the agent is assigned to the person. If the person does not have an assigned corrections agent or is unable to locate the assigned corrections agent, the person shall register with the law enforcement agency that has jurisdiction in the area of the person's residence.

(b) At least five days before the person starts living at a new primary address, including living in another state, the person shall give written notice of the new primary living address to the assigned corrections agent or to the law enforcement authority with which the person currently is registered. If the person will be living in a new state and that state has a registration requirement, the person shall also give written notice of the new address to the designated registration agency in the new state. A person required to register under this section shall also give written notice to the assigned corrections agent or to the law enforcement authority that has jurisdiction in the area of the person's residence that the person is no longer living or staying at an address, immediately after the person is no longer living or staying at that address. The corrections agent or law enforcement authority shall, within two business days after receipt of this information, forward it to the bureau of criminal apprehension. The bureau of criminal apprehension shall, if it has not already been done, notify the law enforcement authority having primary jurisdiction in the community where the person will live of the new address. If the person is leaving the state, the bureau of criminal apprehension shall notify the registration authority in the new state of the new address. If the person's obligation to register arose under subdivision 1, paragraph (b), the person's registration requirements under this section terminate when the person begins living in the new state.

(c) A person required to register under subdivision 1, paragraph (b), because the person is working or attending school in Minnesota shall register with the law enforcement agency that has jurisdiction in the area where the person works or attends school. In addition to other information required by this section, the person shall provide the address of the school or of the location where the person is employed. A person must comply with this paragraph within five days of beginning employment or school. A person's obligation to register under this paragraph terminates when the person is no longer working or attending school in Minnesota.

(d) A person required to register under this section who works or attends school outside of Minnesota shall register as a predatory offender in the state where the person works or attends school. The person's corrections agent, or if the person does not have an assigned corrections agent, the law enforcement authority that has jurisdiction in the area of the person's residence shall notify the person of this requirement.

Sec. 2. Minnesota Statutes 2002, section 243.166, subdivision 4a, is amended to read:

Subd. 4a. [INFORMATION REQUIRED TO BE PROVIDED.] (a) A person required to register under this section shall provide to the corrections agent or law enforcement authority the following information:

- (1) the address of the person's primary residence;
- (2) the addresses of all the person's secondary residences in Minnesota, including all addresses used for residential or recreational purposes;
- (3) the addresses of all Minnesota property owned, leased, or rented by the person;
- (4) the addresses of all locations where the person is employed;
- (5) the addresses of all residences where the person resides while attending school; and
- (6) the year, model, make, license plate number, and color of all motor vehicles owned or regularly driven by the person. "Motor vehicle" has the meaning given "vehicle" in section 169.01, subdivision 2.

(b) The person shall report to the agent or authority the information required to be provided under paragraph (a), clauses (2) to (6), within five days of the date the clause becomes applicable. If because of a change in circumstances a ~~clause~~ any information reported under clauses (1) to (6) no longer applies to ~~previously reported information~~, the person shall immediately inform the agent or authority that the information is no longer valid.

Sec. 3. [EFFECTIVE DATE.]

Sections 1 and 2 are effective July 1, 2003, and apply to persons released from confinement, sentenced, subject to registration, or who commit offenses on or after that date."

The motion prevailed and the amendment was adopted.

S. F. No. 1278, A bill for an act relating to crime prevention; clarifying the reporting requirements of the predatory offender registration law; amending Minnesota Statutes 2002, section 243.166, subdivisions 3, 4a.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Demmer	Hilstrom	Lenczewski	Ozment	Stang
Abrams	Dempsey	Holberg	Lesch	Paulsen	Strachan
Adolphson	Dill	Hoppe	Lieder	Paymar	Swenson
Anderson, I.	Dorman	Hornstein	Lindgren	Pelowski	Sykora
Anderson, J.	Dorn	Howes	Lindner	Penas	Thao
Atkins	Eastlund	Huntley	Lipman	Peterson	Thissen
Beard	Eken	Jacobson	Magnus	Powell	Tingelstad
Bernardy	Ellison	Jaros	Mahoney	Pugh	Urdahl
Biernat	Entenza	Johnson, J.	Marquart	Rhodes	Vandevveer
Blaine	Erhardt	Johnson, S.	McNamara	Rukavina	Wagenius
Borrell	Erickson	Juhnke	Meslow	Ruth	Walker
Boudreau	Finstad	Kelliher	Murphy	Samuelson	Walz
Bradley	Fuller	Kielkucki	Nelson, C.	Seagren	Wardlow
Brod	Gerlach	Klinzing	Nelson, M.	Seifert	Wasiluk
Buesgens	Goodwin	Knoblach	Nelson, P.	Sertich	Westerberg
Carlson	Greiling	Koenen	Nornes	Severson	Wilkin
Clark	Gunther	Kohls	Olsen, S.	Sieben	Zellers
Cornish	Haas	Krinkie	Olson, M.	Simpson	Spk. Sviggum
Cox	Hackbarth	Kuisle	Opatz	Slawik	
Davids	Harder	Lanning	Osterman	Smith	
Davnie	Hausman	Larson	Otremba	Soderstrom	
DeLaForest	Heidgerken	Latz	Otto	Solberg	

The bill was passed, as amended, and its title agreed to.

S. F. No. 1099, A bill for an act relating to employment; repealing laws governing entertainment agencies; repealing Minnesota Statutes 2002, sections 184A.01; 184A.02; 184A.03; 184A.04; 184A.05; 184A.06; 184A.07; 184A.08; 184A.09; 184A.10; 184A.11; 184A.12; 184A.13; 184A.14; 184A.15; 184A.16; 184A.17; 184A.18; 184A.19; 184A.20.

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 81 yeas and 52 nays as follows:

Those who voted in the affirmative were:

Abeler	DeLaForest	Heidgerken	Lindner	Paulsen	Sykora
Abrams	Demmer	Holberg	Lipman	Penas	Tingelstad
Adolphson	Dempsey	Hoppe	Magnus	Powell	Urdahl
Anderson, J.	Dorman	Howes	Mahoney	Rhodes	Vandever
Beard	Eastlund	Jacobson	Marquart	Ruth	Walz
Blaine	Erhardt	Johnson, J.	McNamara	Samuelson	Wardlow
Borrell	Erickson	Kielkucki	Meslow	Seagren	Westerberg
Boudreau	Finstad	Klinzing	Nelson, C.	Severson	Westrom
Bradley	Fuller	Knoblach	Nelson, P.	Simpson	Wilkin
Brod	Gerlach	Kohls	Nornes	Smith	Zellers
Buesgens	Gunther	Krinkie	Olsen, S.	Soderstrom	Spk. Sviggum
Cornish	Haas	Kuisle	Olson, M.	Stang	
Cox	Hackbarth	Lanning	Osterman	Strachan	
Dauids	Harder	Lindgren	Ozment	Swenson	

Those who voted in the negative were:

Anderson, I.	Eken	Huntley	Lenczewski	Otto	Slawik
Atkins	Ellison	Jaros	Lesch	Paymar	Solberg
Bernardy	Entenza	Johnson, S.	Lieder	Pelowski	Thao
Biernat	Goodwin	Juhnke	Mariani	Peterson	Thissen
Carlson	Greiling	Kahn	Mullery	Pugh	Wagenius
Clark	Hausman	Kelliher	Murphy	Rukavina	Walker
Davnie	Hilstrom	Koenen	Nelson, M.	Seifert	Wasiluk
Dill	Hilty	Larson	Opatz	Sertich	
Dorn	Hornstein	Latz	Otremba	Sieben	

The bill was passed and its title agreed to.

S. F. No. 1176, A bill for an act relating to civil law; clarifying that civil actions against the state may be brought in federal court under certain federal statutes; amending Minnesota Statutes 2002, section 1.05.

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 129 yeas and 3 nays as follows:

Those who voted in the affirmative were:

Abeler	Dempsey	Holberg	Lenczewski	Ozment	Stang
Abrams	Dill	Hoppe	Lesch	Paulsen	Strachan
Adolphson	Dorman	Hornstein	Lieder	Paymar	Swenson
Anderson, I.	Dorn	Howes	Lindgren	Pelowski	Sykora
Anderson, J.	Eastlund	Huntley	Lindner	Penas	Thao
Atkins	Eken	Jacobson	Lipman	Peterson	Thissen
Beard	Ellison	Jaros	Magnus	Powell	Tingelstad
Bernardy	Entenza	Johnson, J.	Mahoney	Pugh	Urdahl
Biernat	Erhardt	Johnson, S.	Mariani	Rhodes	Vandever
Blaine	Erickson	Juhnke	Marquart	Rukavina	Wagenius
Borrell	Finstad	Kahn	McNamara	Ruth	Walker
Boudreau	Fuller	Kelliher	Meslow	Samuelson	Walz
Bradley	Goodwin	Kielkucki	Murphy	Seagren	Wardlow
Brod	Greiling	Klinzing	Nelson, C.	Seifert	Wasiluk
Carlson	Gunther	Knoblach	Nelson, M.	Sertich	Westerberg
Clark	Haas	Koenen	Nelson, P.	Severson	Westrom
Cornish	Hackbarth	Kohls	Nornes	Sieben	Wilkin
Cox	Harder	Krinkie	Olsen, S.	Simpson	Zellers
Davids	Hausman	Kuisle	Opatz	Slawik	Spk. Sviggum
Davnie	Heidgerken	Lanning	Osterman	Smith	
DeLaForest	Hilstrom	Larson	Otremba	Soderstrom	
Demmer	Hilty	Latz	Otto	Solberg	

Those who voted in the negative were:

Buesgens Gerlach Olson, M.

The bill was passed and its title agreed to.

MOTIONS AND RESOLUTIONS

Vandever moved that his name be stricken as an author on H. F. No. 1378. The motion prevailed.

Sykora moved that the name of Nelson, C., be added as an author on H. F. No. 1626. The motion prevailed.

Thissen moved that the name of Lenczewski be added as an author on H. F. No. 1635. The motion prevailed.

Olson, M.; Juhnke; Kelliher; Lipman and Borrell introduced:

House Concurrent Resolution No. 7, A House concurrent resolution adopting Joint Rules of the Senate and House of Representatives.

The concurrent resolution was referred to the Committee on Rules and Legislative Administration.

There being no objection, the order of business reverted to Introduction and First Reading of House Bills.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Dorman and Marquart introduced:

H. F. No. 1644, A bill for an act relating to motor vehicles; providing a rebate on the purchase price of flexible fuel vehicles; appropriating money; amending Minnesota Statutes 2002, section 174.03, by adding a subdivision.

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

Urdahl, Hilstrom and Heidgerken introduced:

H. F. No. 1645, A bill for an act relating to museums and archives repositories; regulating loans to and abandoned property of museums and archives repositories; providing a process for establishing ownership of property loaned to museums and archives repositories; proposing coding for new law in Minnesota Statutes, chapter 345.

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

Latz; Bernardy; Sieben; Otto; Nelson, M.; Thissen; Jaros; Koenen; Juhnke; Otremba; Mullery; Hausman and Mariani introduced:

H. F. No. 1646, A bill for an act relating to firearms; authorizing city councils and county boards to prohibit carrying firearms in a city hall, courthouse, or a city or county meeting; providing penalties; proposing coding for new law in Minnesota Statutes, chapter 624.

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

Peterson introduced:

H. F. No. 1647, A bill for an act relating to energy; limiting eligibility of owners of wind energy conversion facilities to receive incentive payments; amending Minnesota Statutes 2002, section 216C.41, subdivision 1, by adding a subdivision.

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

Boudreau introduced:

H. F. No. 1648, A bill for an act relating to retirement; Minnesota state retirement system, authorizing an individual with prior service as a corrections program director to transfer coverage for that service from the general plan to the correctional plan.

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

Boudreau introduced:

H. F. No. 1649, A bill for an act relating to retirement; Minnesota state retirement system, authorizing an individual with service as a civil commitment review coordinator to transfer coverage for that service from the general plan to the correctional plan; amending Minnesota Statutes 2002, section 352.91, by adding a subdivision.

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

Olson, M.; Osterman; Borrell; Westerberg; Vandever; Severson; Adolphson; Beard; Cox and Westrom introduced:

H. F. No. 1650, A bill for an act relating to local government; authorizing local bonding for personal rapid transit; amending Minnesota Statutes 2002, sections 429.021, subdivision 1; 475.52, subdivisions 1, 3, 4.

The bill was read for the first time and referred to the Committee on Local Government and Metropolitan Affairs.

Olson, M., introduced:

H. F. No. 1651, A resolution appealing to the Congress of the United States to limit the appellate jurisdiction of the federal courts regarding the recitation of the Pledge of Allegiance in public schools.

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

Olson, M.; Davids and Anderson, I., introduced:

H. F. No. 1652, A bill for an act relating to insurance; prohibiting certain discriminatory charges; amending Minnesota Statutes 2002, section 72A.20, subdivision 33; proposing coding for new law in Minnesota Statutes, chapters 62J; 62Q.

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

Huntley, Pugh, Greiling, Paymar and Otremba introduced:

H. F. No. 1653, A bill for an act relating to health plans; requiring coverage for the routine costs of clinical trials; proposing coding for new law in Minnesota Statutes, chapter 62Q.

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

Solberg introduced:

H. F. No. 1654, A bill for an act relating to education finance; authorizing a special levy for independent school district No. 316, Coleraine.

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

Huntley introduced:

H. F. No. 1655, A bill for an act relating to traffic regulations; regulating display of vehicle lights; making technical, conforming, and clarifying revisions; amending Minnesota Statutes 2002, section 169.48, subdivision 1.

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

Hoppe introduced:

H. F. No. 1656, A bill for an act relating to telecommunications; modifying and recodifying telecommunications laws; imposing excise tax on certain telecommunications, cable, and video programming services; appropriating money; amending Minnesota Statutes 2002, sections 13.46, subdivision 2; 13.679, by adding a subdivision; 13.681, by adding subdivisions; 16A.124, subdivision 8; 16B.465, subdivisions 1, 1a; 115B.02, subdivision 14; 216A.03, subdivision 7; 216A.07, subdivisions 2, 5; 216B.16, subdivision 2; 221.031, subdivision 2; 256.978, subdivision 2; 270B.14, subdivision 1; 272.01, subdivision 3; 297A.61, subdivision 7; 308A.210, subdivisions 3, 8; 325E.021; 325F.692; 325F.693; 326.242, subdivision 12; 403.09; 403.11, subdivision 1; 412.014; 471.425, subdivision 5; 473.129, subdivision 6; 609.52, subdivision 2; 609.80, subdivisions 1, 2; 609.892, subdivision 1; proposing coding for new law as Minnesota Statutes, chapters 237A; 237B; repealing Minnesota Statutes 2002, sections 237.01; 237.011; 237.02; 237.03; 237.035; 237.036; 237.04; 237.05; 237.06; 237.065; 237.066; 237.067; 237.068; 237.069; 237.07; 237.071; 237.072; 237.075; 237.076; 237.081; 237.082; 237.09; 237.10; 237.101; 237.11; 237.115; 237.12; 237.121; 237.14; 237.15; 237.16; 237.162; 237.163; 237.164; 237.17; 237.18; 237.19; 237.20; 237.21; 237.22; 237.23; 237.231; 237.24; 237.25; 237.26; 237.27; 237.28; 237.295; 237.30; 237.33; 237.34; 237.35; 237.36; 237.37; 237.38; 237.39; 237.40; 237.44; 237.45; 237.46; 237.461; 237.462; 237.47; 237.49; 237.50; 237.51, subdivisions 1, 5, 5a; 237.52; 237.53; 237.54; 237.55; 237.56; 237.57; 237.59; 237.60; 237.61; 237.626; 237.63; 237.64; 237.65; 237.66; 237.661; 237.662; 237.663; 237.67; 237.68; 237.69; 237.70, subdivisions 1, 2, 3, 4a, 5, 6, 7; 237.701; 237.71; 237.711; 237.73; 237.74; 237.75; 237.76; 237.761; 237.762; 237.763; 237.764; 237.765; 237.766; 237.767; 237.768; 237.769; 237.770; 237.771; 237.772; 237.773; 237.774; 237.775; 237.79; 237.80; 237.81; 238.01; 238.02; 238.03; 238.08; 238.081; 238.082; 238.083; 238.084; 238.086; 238.11; 238.12; 238.15; 238.16; 238.17; 238.18; 238.22; 238.23; 238.24; 238.241; 238.242; 238.25; 238.26; 238.27; 238.35; 238.36; 238.37; 238.38; 238.39; 238.40; 238.41; 238.42; 238.43; Minnesota Rules, parts 7810.8715; 7810.8720; 7810.8725; 7810.8730; 7810.8735; 7810.8760; 7810.8805; 7810.8810; 7810.8815; 7811.0050; 7811.0100; 7811.0150; 7811.0200; 7811.0300; 7811.0350; 7811.0400; 7811.0500; 7811.0550; 7811.0600; 7811.0700; 7811.0800; 7811.0900; 7811.1000; 7811.1050; 7811.1100; 7811.1200; 7811.1300; 7811.1400; 7811.1500; 7811.1600; 7811.1700; 7811.1800;

7811.1900; 7811.2000; 7811.2100; 7811.2300; 7812.0050; 7812.0100, subparts 22, 23, 31, 32, 35, 45, 47; 7812.0200, subpart 2; 7812.0300, subparts 1, 2, 3, 4; 7812.0350; 7812.0400; 7812.0500; 7812.1300; 7812.1400; 7815.0100; 7815.0200; 7815.0300; 7815.0400; 7815.0500; 7815.0600; 7817.0100; 7817.0200; 7817.0300; 7817.0400; 7817.0500; 7817.0600; 7817.0700; 7817.0800; 7817.0900; 7817.1000.

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

Clark and Otremba introduced:

H. F. No. 1657, A bill for an act relating to health; extending health coverage to include surveillance tests for ovarian cancer for women at risk for ovarian cancer; amending Minnesota Statutes 2002, section 62A.30, subdivision 2, by adding a subdivision.

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

Clark and Otremba introduced:

H. F. No. 1658, A bill for an act relating to health; providing for collection of certain data relating to environmental toxicity; amending Minnesota Statutes 2002, sections 13.3806, subdivision 14, by adding a subdivision; 144.2215; 144.671.

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

ADJOURNMENT

Paulsen moved that when the House adjourns today it adjourn until 12:00 noon, Monday, February 2, 2004. The motion prevailed.

Paulsen moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 12:00 noon, Monday, February 2, 2004.

EDWARD A. BURDICK, Chief Clerk, House of Representatives