

STATE OF MINNESOTA

Journal of the Senate

SEVENTY-NINTH LEGISLATURE

ONE HUNDRED TWELFTH DAY

St. Paul, Minnesota, Tuesday, April 2, 1996

The Senate met at 9:00 a.m. and was called to order by the President.

CALL OF THE SENATE

Mr. Knutson imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

Prayer was offered by Senator Pat Piper.

The roll was called, and the following Senators answered to their names:

Anderson	Frederickson	Krentz	Morse	Reichgott Junge
Beckman	Hanson	Kroening	Murphy	Riveness
Belanger	Hottinger	Laidig	Neuville	Robertson
Berg	Janezich	Langseth	Novak	Runbeck
Berglin	Johnson, D.E.	Larson	Oliver	Sams
Betzold	Johnson, D.J.	Lesewski	Olson	Samuelson
Chandler	Johnson, J.B.	Lessard	Ourada	Scheevel
Cohen	Johnston	Limmer	Pappas	Solon
Day	Kelly	Marty	Pariseau	Spear
Dille	Kiscaden	Merriam	Piper	Stevens
Finn	Kleis	Metzen	Pogemiller	Stumpf
Fischbach	Knutson	Moe, R.D.	Price	Terwilliger
Flynn	Kramer	Mondale	Ranum	Vickerman

The President declared a quorum present.

The reading of the Journal was dispensed with and the Journal, as printed and corrected, was approved.

EXECUTIVE AND OFFICIAL COMMUNICATIONS

The following communication was received.

April 1, 1996

The Honorable Allan H. Spear
President of the Senate

Dear President Spear:

It is my honor to inform you that I have received, approved, signed and deposited in the Office of Secretary of State Chapter 395, Senate File 2849 (with the exceptions of Section 2, clause (a) on page 2, lines 17 through 29; and Section 2, clause (c) on page 3, lines 48 through 60, and on page 4, lines 1 through 10).

I have line item vetoed the \$50,000 for "Loan Repayment Assistance." This appropriation sets a bad precedent for the future of higher education funding. Targeted resources or financial aid should be directed to students who are struggling to attend institutions currently, and not to

someone who has successfully graduated. One has to be curious when the legislature is prepared to pay back loans for certain attorneys while failing to extend this presumed virtue to doctors, nurses, etc.

I have also line item vetoed the \$1,500,000 for "State Grants." In a time when colleges and universities, especially the University of Minnesota, are struggling to provide quality programs with limited resources, this appropriation is a particularly poor use of state resources. Under this appropriation the amount of aid that would flow to students is about \$26 per student. This amount is not nearly significant enough to influence student attendance or choices. In addition, changes in financial aid should be made in the budget year as they were last year.

The rest of the 1996 higher education omnibus bill is disappointing. The administration requested \$15 million in programs for higher education and of this amount the legislature saw fit to fund \$8.8 million of that request. The legislature took it upon themselves to "veto" \$200,000 in funding for Grants to Community Organizations, and they reduced planning funds for the Statewide Online Information system by \$100,000. But the most disturbing action of the legislature was their reduction in funding for the University of Minnesota's Academic Health Center. The Administration requested \$14.5 million and the legislature returned with only \$8.6 million.

Warmest regards,
Arne H. Carlson, Governor

Mr. Moe, R.D. moved that S.F. No. 2849 and the veto message thereon be laid on the table. The motion prevailed.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 3012:

H.F. No. 3012: A bill for an act relating to metropolitan government; modifying a certain levy limitation for the metropolitan council; allowing for distribution of funds from the tax base revitalization account to development authorities; authorizing the metropolitan council to issue bonds; requiring a transfer between certain accounts of the council; amending Minnesota Statutes 1994, section 473.167, subdivision 2a; Minnesota Statutes 1995 Supplement, sections 473.167, subdivisions 2 and 3; and 473.252; Laws 1989, chapter 279, section 7, subdivision 6; repealing Minnesota Statutes 1994, section 473.167, subdivision 5; Minnesota Statutes 1995 Supplement, section 473.167, subdivision 3a.

The House respectfully requests that a Conference Committee of 5 members be appointed thereon.

Long, Brown, Rest, Skoglund and Garcia have been appointed as such committee on the part of the House.

House File No. 3012 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 1, 1996

Mr. Mondale moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 3012, and that a Conference Committee of 5 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

MOTIONS AND RESOLUTIONS

Ms. Johnston moved that S.F. No. 2588, No. 7 on General Orders, be stricken and re-referred to the Committee on Taxes and Tax Laws. The motion prevailed.

RECESS

Mr. Moe, R.D. moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

APPOINTMENTS

Mr. Moe, R.D. from the Subcommittee on Committees recommends that the following Senators be and they hereby are appointed as a Conference Committee on:

H.F. No. 3012: Mr. Mondale, Mrs. Pariseau, Mr. Murphy, Ms. Flynn and Mr. Day.

Mr. Moe, R.D. moved that the foregoing appointments be approved. The motion prevailed.

MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, the Senate proceeded to the Order of Business of Introduction and First Reading of Senate Bills.

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bill was read the first time and referred to the committee indicated.

Ms. Johnson, J.B. introduced--

S.F. No. 2892: A bill for an act relating to utilities; regulating rates for extended area telephone service; amending Minnesota Statutes 1995 Supplement, section 237.762, subdivision 5; proposing coding for new law in Minnesota Statutes, chapter 237.

Referred to the Committee on Jobs, Energy and Community Development.

MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Kroening moved that H.F. No. 3243 and the Conference Committee report thereon be taken from the table. The motion prevailed.

H.F. No. 3243: A bill for an act relating to the organization and operation of state government; appropriating money for economic development and other purposes; providing for assessments against utilities; amending Minnesota Statutes 1994, sections 116G.151; 138.664, by adding a subdivision; 138.763, subdivision 1; 168.33, subdivision 2; and 469.303; Minnesota Statutes 1995 Supplement, sections 79.561, subdivision 3; 138.01, by adding a subdivision; Laws 1994, chapter 573, sections 1, subdivisions 6 and 7; 4; and 5, subdivisions 1 and 2; Laws 1995, chapters 231, article 1, section 33; and 224, sections 2, subdivision 2; and 5, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 116J; repealing Minnesota Statutes 1994, sections 116J.873, subdivisions 1, 2, and 4; 138.662, subdivision 5; and 268.9783, subdivision 8; Minnesota Statutes 1995 Supplement, section 116J.873, subdivisions 3 and 5.

Mr. Kroening moved that the foregoing recommendations and Conference Committee report on H.F. No. 3243 be now adopted, and that the bill be repassed as amended by the Conference Committee.

CALL OF THE SENATE

Mr. Kroening imposed a call of the Senate for the balance of the proceedings on H.F. No. 3243. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the motion.

The roll was called, and there were yeas 31 and nays 28, as follows:

Those who voted in the affirmative were:

Anderson	Fischbach	Langseth	Piper	Stevens
Beckman	Flynn	Metzen	Pogemiller	Stumpf
Berglin	Hottinger	Moe, R.D.	Price	Terwilliger
Betzold	Johnson, D.J.	Mondale	Ranum	
Chandler	Johnson, J.B.	Murphy	Reichgott Junge	
Cohen	Krentz	Novak	Samuelson	
Dille	Kroening	Pappas	Solon	

Those who voted in the negative were:

Belanger	Johnston	Lesewski	Oliver	Sams
Berg	Kiscaden	Limmer	Olson	Scheevel
Day	Kleis	Marty	Ourada	Spear
Frederickson	Knutson	Merriam	Pariseau	Vickerman
Hanson	Kramer	Morse	Robertson	
Johnson, D.E.	Larson	Neuville	Runbeck	

The motion prevailed. So the recommendations and Conference Committee report were adopted.

H.F. No. 3243 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 37 and nays 24, as follows:

Those who voted in the affirmative were:

Anderson	Flynn	Krentz	Pappas	Solon
Beckman	Hanson	Kroening	Piper	Spear
Berglin	Hottinger	Langseth	Pogemiller	Stevens
Betzold	Janezich	Metzen	Price	Stumpf
Chandler	Johnson, D.J.	Moe, R.D.	Ranum	Vickerman
Cohen	Johnson, J.B.	Mondale	Reichgott Junge	
Dille	Kelly	Murphy	Sams	
Fischbach	Kramer	Novak	Samuelson	

Those who voted in the negative were:

Belanger	Johnston	Lesewski	Neuville	Robertson
Berg	Kiscaden	Limmer	Oliver	Runbeck
Day	Kleis	Marty	Olson	Scheevel
Frederickson	Knutson	Merriam	Ourada	Terwilliger
Johnson, D.E.	Larson	Morse	Pariseau	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Mr. Johnson, D.J. moved that the following members be excused for a Conference Committee on H.F. No. 3249 at 10:00 a.m.:

Messrs. Hottinger, Belanger, Mses. Flynn, Pappas and Mr. Johnson, D.J. The motion prevailed.

MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 2204, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2204 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 1, 1996

CONFERENCE COMMITTEE REPORT ON H.F. NO. 2204

A bill for an act relating to civil actions; creating a nuisance action by individuals and neighborhood organizations; proposing coding for new law in Minnesota Statutes, chapter 617.

March 29, 1996

The Honorable Irv Anderson
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H.F. No. 2204, 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. 2204 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [617.88] [DEFINITION.]

(a) The terms used in section 617.89 have the meanings given in this section.

(b) "Nuisance" means:

(1) an act of prostitution that would violate sections 609.321 to 609.324;

(2) unlawful sale or possession of controlled substances; or

(3) unlawful use or possession of a firearm in violation of section 609.66, subdivision 1a; 609.67; or 624.713.

(c) "Neighborhood organization" means a nonprofit corporation incorporated under chapter 317A that satisfies clauses (1) and (2).

The corporation shall:

(1) designate in its articles of incorporation or bylaws a specific geographic community to which its activities are limited; and

(2) be formed for the purposes of promoting community safety, crime prevention, and housing quality in a nondiscriminatory manner.

Sec. 2. [617.89] [NUISANCE ACTION.]

Subdivision 1. [ACTION ESTABLISHED.] A nuisance action may be brought under this section for a nuisance as defined in section 617.88. The action may be brought by a resident of a jurisdiction or a neighborhood organization in a jurisdiction where a nuisance has occurred. Upon the request of a resident or neighborhood organization, the prosecuting attorney for the jurisdiction may bring an action under this section. The complaint shall be filed with the court and served on the respondent in the manner provided by the rules of civil procedures.

Subd. 2. [PROOF.] A nuisance may be proved by evidence of:

(1) two or more separate behavioral incidents within the previous 12 months that would constitute a nuisance as defined in section 617.88; or

(2) two or more convictions within the previous 12 months for violating any of the offenses described in section 617.80 or 617.88.

Proof of nuisance under clause (1) exists if each of the elements of the conduct constituting the nuisance is established by clear and convincing evidence. Illegally obtained evidence is not admissible in these actions.

Subd. 3. [REMEDIES.] If, upon a hearing, the court finds proof of a nuisance under this section, it shall permanently enjoin the respondent from engaging in the nuisance activity. The court shall award a prevailing individual or neighborhood organization damages in the amount of actual damages suffered or exemplary damages of \$500 per incident, whichever is greater. If the action is brought by the prosecuting attorney, the court shall order the damages, other than actual damages, to be paid to a crime victim witness fund serving the jurisdiction. The court may award a prevailing petitioner reasonable attorney fees and costs.

Subd. 4. [DEFENSES.] It is a defense to a complaint or action brought under this section that:

(1) the individual alleged to be committing a nuisance was coerced, as defined in section 611A.80, subdivision 2, into committing the alleged nuisance; or

(2) the prosecution of the nuisance action was brought on the basis of discrimination based on membership in a protected class under chapter 363.

The defense in clause (1) may be proved without identifying any person who coerced the individual.

Sec. 3. [REPEALER.]

Sections 1 and 2 are repealed August 1, 1999."

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

House Conferees: (Signed) Andy Dawkins, Chuck Brown, Steve Smith

Senate Conferees: (Signed) Ellen R. Anderson, Sandra L. Pappas, Roy W. Terwilliger

Ms. Anderson moved that the foregoing recommendations and Conference Committee report on H.F. No. 2204 be now adopted, and that the bill be repassed as amended by the Conference Committee.

CALL OF THE SENATE

Ms. Anderson imposed a call of the Senate for the balance of the proceedings on H.F. No. 2204. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the motion.

The roll was called, and there were yeas 35 and nays 17, as follows:

Those who voted in the affirmative were:

Anderson	Janezich	Langseth	Novak	Reichgott Junge
Beckman	Johnson, J.B.	Lesewski	Olson	Runbeck
Berg	Kelly	Marty	Ourada	Sams
Chandler	Kleis	Merriam	Piper	Samuelson
Cohen	Kramer	Metzen	Pogemiller	Stumpf
Dille	Krentz	Moe, R.D.	Price	Terwilliger
Frederickson	Kroening	Morse	Ranum	Vickerman

Those who voted in the negative were:

Berglin	Johnson, D.E.	Larson	Robertson	Stevens
Betzold	Johnston	Limmer	Scheevel	
Fischbach	Kiscaden	Neuville	Solon	
Hanson	Knutson	Oliver	Spear	

The motion prevailed. So the recommendations and Conference Committee report were adopted.

H.F. No. 2204 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 34 and nays 15, as follows:

Those who voted in the affirmative were:

Anderson	Janezich	Kroening	Novak	Runbeck
Beckman	Johnson, J.B.	Langseth	Olson	Sams
Berg	Johnston	Lesewski	Ourada	Solon
Chandler	Kelly	Marty	Piper	Stumpf
Cohen	Kleis	Merriam	Pogemiller	Terwilliger
Dille	Kramer	Metzen	Price	Vickerman
Frederickson	Krentz	Moe, R.D.	Reichgott Junge	

Those who voted in the negative were:

Berglin	Hanson	Knutson	Neuville	Scheevel
Betzold	Johnson, D.E.	Larson	Oliver	Spear
Fischbach	Kiscaden	Limmer	Robertson	Stevens

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Mr. Morse moved that the following members be excused for a Conference Committee on H.F. No. 3273 at 11:00 a.m.:

Messrs. Riveness, Merriam, Laidig, Morse and Ms. Ranum. The motion prevailed.

CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Mr. Mondale moved that the following members be excused for a Conference Committee on H.F. No. 3012 at 11:15 a.m.:

Messrs. Day, Murphy, Mondale, Ms. Flynn and Mrs. Pariseau. The motion prevailed.

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce the adoption by the House of the following Senate Concurrent Resolution, herewith returned:

Senate Concurrent Resolution No. 15: A Senate concurrent resolution relating to the delivery of bills to the governor after final adjournment.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 2, 1996

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 219:

H.F. No. 219: A bill for an act relating to insurance; health plans; requiring coverage for treatment of Lyme disease; requiring a study; amending Minnesota Statutes 1994, section 62A.136; proposing coding for new law in Minnesota Statutes, chapter 62A.

The House respectfully requests that a Conference Committee of 5 members be appointed thereon.

Anderson, R.; Murphy; Otremba; Tompkins and Bradley have been appointed as such committee on the part of the House.

House File No. 219 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 2, 1996

Mr. Samuelson moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 219, and that a Conference Committee of 5 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

RECESS

Mr. Moe, R.D. moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

APPOINTMENTS

Mr. Moe, R.D. from the Subcommittee on Committees recommends that the following Senators be and they hereby are appointed as a Conference Committee on:

H.F. No. 219: Mr. Samuelson, Ms. Piper, Messrs. Vickerman, Stevens and Oliver.

Mr. Moe, R.D. moved that the foregoing appointments be approved. The motion prevailed.

RECESS

Mr. Moe, R.D. moved that the Senate do now recess until 2:00 p.m. The motion prevailed.

The hour of 2:00 p.m. having arrived, the President called the Senate to order.

CALL OF THE SENATE

Mr. Belanger imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 2318:

H.F. No. 2318: A bill for an act relating to lawful gambling; regulating expenditures and reports; providing enforcement powers; removing the restriction on compensation to persons who participate in the conduct of lawful gambling; amending Minnesota Statutes 1994, sections 349.151, subdivision 4; 349.166, subdivisions 2 and 3; 349.18, subdivision 1; and 349.19, subdivision 3; repealing Minnesota Statutes 1994, section 349.168, subdivision 3.

The House respectfully requests that a Conference Committee of 3 members be appointed thereon.

Dorn, Perlit and Dehler have been appointed as such committee on the part of the House.

House File No. 2318 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 2, 1996

Mr. Berg moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 2318, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 1800, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1800 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 2, 1996

CONFERENCE COMMITTEE REPORT ON H.F. NO. 1800

A bill for an act relating to local government; requiring a sustainable development planning guide and a model ordinance to be developed for local government use by the office of strategic and long-range planning; adopting principles of sustainable development; requiring reports; proposing coding for new law in Minnesota Statutes, chapter 4A.

April 1, 1996

The Honorable Irv Anderson
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H.F. No. 1800, 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. 1800 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [4A.08] [SUSTAINABLE DEVELOPMENT FOR LOCAL GOVERNMENT.]

Subdivision 1. [DEFINITIONS.] (a) "Local unit of government" means a county, statutory or home rule charter city, town, or watershed district.

(b) "Sustainable development" means development that maintains or enhances economic opportunity and community well-being while protecting and restoring the natural environment upon which people and economies depend. Sustainable development meets the needs of the present without compromising the ability of future generations to meet their own needs.

Subd. 2. [PLANNING GUIDE.] The office of strategic and long-range planning must develop and publish a planning guide for local units of government to plan for sustainable development, based on the principles of sustainable development adopted by the environmental quality board with advice of the governor's round table on sustainable development. The office must make the planning guide available to local units of government within the state.

Subd. 3. [MODEL ORDINANCE.] The office of strategic and long-range planning, in consultation with appropriate and affected parties, must prepare a model ordinance to guide sustainable development.

Subd. 4. [SPECIFICITY AND DISTRIBUTION.] The model ordinance must specify the technical and administrative procedures to guide sustainable development. When adopted by a local unit of government, the model ordinance is the minimum regulation to guide sustainable development that may be adopted. Upon completion, the office of strategic and long-range planning must notify local units of government that the model ordinance is available, and must distribute it to interested local units.

Subd. 5. [PERIODIC REVIEW.] At least once every five years, the planning office must review the model ordinance and its use with local units of government to ensure its continued applicability and relevance.

Sec. 2. [AGENCIES' REPORTS TO BOARD.]

Each state department, agency, and board shall report to the environmental quality board by October 15, 1996, how the mission and programs of the department, agency, or board reflect and implement the state sustainable development principles, or how the mission and programs could be changed to do so.

Sec. 3. [REPORT TO LEGISLATURE.]

The environmental quality board shall report to the legislature by January 15, 1997, on the state agencies' review of their missions and programs in relation to the principles of sustainable development.

Sec. 4. [EFFECTIVE DATE.]

This act is effective the day after final enactment."

Delete the title and insert:

"A bill for an act relating to local government; requiring a sustainable development planning guide and a model ordinance to be developed for local government use by the office of strategic and long-range planning; directing the environmental quality board to adopt principles of sustainable development; requiring reports; proposing coding for new law in Minnesota Statutes, chapter 4A."

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

House Conferees: (Signed) Dee Long, Myron Orfield, Peg Larsen

Senate Conferees: (Signed) Janet B. Johnson, Steven Morse, Gary W. Laidig

Ms. Johnson, J.B. moved that the foregoing recommendations and Conference Committee Report on H.F. No. 1800 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 1800 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 53 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Knutson	Metzen	Ranum
Beckman	Hanson	Kramer	Moe, R.D.	Reichgott Junge
Belanger	Hottinger	Krentz	Morse	Robertson
Berglin	Janezich	Kroening	Murphy	Runbeck
Betzold	Johnson, D.E.	Laidig	Neuville	Sams
Chandler	Johnson, D.J.	Langseth	Novak	Scheevel
Cohen	Johnson, J.B.	Larson	Olson	Solon
Day	Johnston	Lesewski	Ourada	Spear
Dille	Kelly	Limmer	Pappas	Stumpf
Finn	Kiscaden	Marty	Pariseau	
Fischbach	Kleis	Merriam	Price	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

RECESS

Mr. Moe, R.D. moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

APPOINTMENTS

Mr. Moe, R.D. from the Subcommittee on Committees recommends that the following Senators be and they hereby are appointed as a Conference Committee on:

H.F. No. 2318: Messrs. Berg, Janezich and Neuville.

Mr. Moe, R.D. moved that the foregoing appointments be approved. The motion prevailed.

MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 2218, and repassed said bill in accordance with the report of the Committee, so adopted.

H.F. No. 2218: A bill for an act relating to state government; modifying performance report requirements; requiring that interagency bills be paid promptly; prohibiting state agencies from undertaking capital improvements without legislative authority; conforming certain leased space requirements to existing law; requiring that state agencies comply with certain information policy office requirements regarding information systems equipment and data collection; modifying revolving fund authority; increasing resource recovery goals; modifying collection requirements; amending Minnesota Statutes 1994, sections 16A.055, subdivision 1; 16A.124, subdivision 7, and by adding a subdivision; 16B.30; 16B.31, subdivision 6; 16B.41, by adding a subdivision; 16B.48, subdivision 2; and 115A.151; Minnesota Statutes 1995 Supplement, sections 15.91, subdivision 2; and 115A.15, subdivision 9.

House File No. 2218 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 1, 1996

Mr. President:

I have the honor to announce that the House wishes to recall for the purpose of further consideration House File No. 2218.

Edward A. Burdick, Chief Clerk, House of Representatives

April 2, 1996

Mr. Moe, R.D. moved that the Senate accede to the request of the House for the return of H.F. No. 2218 for further consideration. The motion prevailed.

MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Sams introduced--

Senate Resolution No. 133: A Senate resolution congratulating the Staples-Motley High School Boys Basketball Team on their third-place finish at the 1996 State High School Boys Basketball Tournament.

Referred to the Committee on Rules and Administration.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 1844 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 1844: A bill for an act relating to taxation; proposing an amendment to the Minnesota Constitution, article XIII, section 1; prohibiting financing of certain education costs with property taxes; changing the date for certification and payment of certain costs for purposes of property tax levies; amending Minnesota Statutes 1994, section 270.52.

Mr. Johnson, D.J. moved to amend H.F. No. 1844 as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1995 Supplement, section 124.3201, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For the purposes of this section and sections 124.3202 and 124.321, the definitions in this subdivision apply.

(a) "Base year" for fiscal year 1996 means fiscal year 1995. Base year for later fiscal years means the second fiscal year preceding the fiscal year for which aid will be paid.

(b) "Basic revenue" has the meaning given it in section 124A.22, subdivision 2. For the purposes of computing basic revenue pursuant to this section, each child with a disability shall be counted as prescribed in section 124.17, subdivision 1.

(c) "Essential personnel" means teachers, related services, and support services staff providing direct services to students.

(d) "Average daily membership" has the meaning given it in section 124.17.

(e) "Program growth factor" means 1.00 for fiscal year 1998 and later.

(f) "Aid percentage factor" means 60 percent for fiscal year 1996, 70 percent for fiscal year 1997 and 1998, 80 percent for fiscal year 1998 1999, 90 percent for fiscal year 1999 2000, and 100 percent for fiscal years 2000 2001 and later.

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

Sec. 2. Minnesota Statutes 1995 Supplement, section 124.574, subdivision 2c, is amended to read:

Subd. 2c. [DEFINITIONS.] For the purposes of this section and section 124.321, the definitions in this subdivision apply.

(a) "Base year" for fiscal year 1996 means fiscal year 1995. Base year for later fiscal years means the second fiscal year preceding the fiscal year for which aid will be paid.

(b) "Basic revenue" has the meaning given it in section 124A.22, subdivision 2. For the purposes of computing basic revenue pursuant to this section, each child with a disability shall be counted as prescribed in section 124.17, subdivision 1.

(c) "Average daily membership" has the meaning given it in section 124.17.

(d) "Program growth factor" means 1.00 for fiscal year 1998 and later.

(e) "Aid percentage factor" means 60 percent for fiscal year 1996, 70 percent for fiscal year 1997 and 1998, 80 percent for fiscal year 1998 1999, 90 percent for fiscal year 1999 2000, and 100 percent for fiscal year 2000 2001 and later.

Sec. 3. Minnesota Statutes 1995 Supplement, section 134.34, subdivision 4a, is amended to read:

Subd. 4a. [SUPPORT GRANTS.] In state fiscal years 1993, 1994, 1995, and 1996, and 1997, a regional library basic system support grant also may be made to a regional public library system for a participating city or county which meets the requirements under paragraph (a) or (b), or (c).

(a) The city or county decreases the dollar amount provided by it for operating purposes of public library service if the amount provided by the city or county is not less than the amount provided by the city or county for such purposes in the second preceding year.

(b)(1) The city or county provided for operating purposes of public library services an amount exceeding 125 percent of the state average percentage of the adjusted net tax capacity or 125 percent of the state average local support per capita; and

(2) the local government aid distribution for the current calendar year under chapter 477A has

been reduced below the originally certified amount for payment in the preceding calendar year, if the dollar amount of the reduction from the previous calendar year in support for operating purposes of public library services is not greater than the dollar amount by which support for operating purposes of public library service would be decreased if the reduction in support were in direct proportion to the local government aid reduction as a percentage of the previous calendar year's revenue base as defined in section 477A.011, subdivision 27. Determination of a grant under paragraph (b) shall be based on the most recent calendar year for which data are available.

(c) In 1997, the city or county maintains the dollar amount provided by it for operating purposes of public library service at least at the same dollar amount it provided in 1996.

The city or county shall file a report with the department of children, families, and learning indicating the dollar amount and percentage of reduction in public library operating funds.

Sec. 4. Minnesota Statutes 1994, section 254B.02, subdivision 3, is amended to read:

Subd. 3. [RESERVE ACCOUNT.] The commissioner shall allocate money from the reserve account to counties that, during the current fiscal year, have met or exceeded the base level of expenditures for eligible chemical dependency services from local money. The commissioner shall establish the base level for fiscal year 1988 as the amount of local money used for eligible services in calendar year 1986. In later years, the base level must be increased in the same proportion as state appropriations to implement Laws 1986, chapter 394, sections 8 to 20, are increased. The base level must be decreased if the fund balance from which allocations are made under section 254B.02, subdivision 1, is decreased in later years. Notwithstanding the prior sentence, for fiscal years 1997 and 1998 the base level shall not increase over that in effect for fiscal year 1996. The local match rate for the reserve account is the same rate as applied to the initial allocation. Reserve account payments must not be included when calculating the county adjustments made according to subdivision 2.

Sec. 5. Minnesota Statutes 1995 Supplement, section 275.065, subdivision 3, is amended to read:

Subd. 3. [NOTICE OF PROPOSED PROPERTY TAXES.] (a) The county auditor shall prepare and the county treasurer shall deliver after November 10 and on or before November 24 each year, by first class mail to each taxpayer at the address listed on the county's current year's assessment roll, a notice of proposed property taxes and, in the case of a town, final property taxes.

(b) The commissioner of revenue shall prescribe the form of the notice.

(c) The notice must inform taxpayers that it contains the amount of property taxes each taxing authority other than a town proposes to collect for taxes payable the following year and, for a town, the amount of its final levy. It must clearly state that each taxing authority, including regional library districts established under section 134.201, and including the metropolitan taxing districts as defined in paragraph (i), but excluding all other special taxing districts and towns, will hold a public meeting to receive public testimony on the proposed budget and proposed or final property tax levy, or, in case of a school district, on the current budget and proposed property tax levy. It must clearly state the time and place of each taxing authority's meeting and an address where comments will be received by mail.

(d) The notice must state for each parcel:

(1) the market value of the property as determined under section 273.11, and used for computing property taxes payable in the following year and for taxes payable in the current year; and, in the case of residential property, whether the property is classified as homestead or nonhomestead. The notice must clearly inform taxpayers of the years to which the market values apply and that the values are final values;

(2) by county, city or town, school district excess referenda levy, remaining school district levy, regional library district, if in existence, the total of the metropolitan special taxing districts as defined in paragraph (i) and the sum of the remaining special taxing districts, and as a total of the

taxing authorities, including all special taxing districts, the proposed or, for a town, final net tax on the property for taxes payable the following year and the actual tax for taxes payable the current year. For the purposes of this subdivision, "school district excess referenda levy" means school district taxes for operating purposes approved at referendums, including those taxes based on net tax capacity as well as those based on market value. "School district excess referenda levy" does not include school district taxes for capital expenditures approved at referendums or school district taxes to pay for the debt service on bonds approved at referenda. For taxes payable in 1997 only, in lieu of the school district excess referenda levy, the notice must state the newly authorized or reauthorized school district referendum levies under section 124A.03 first becoming due and payable in 1997 plus any levy under section 18, subdivision 4, paragraph (b), as "levy increases approved by referendum." For taxes payable in 1997 only, "remaining school district levy" is after the deduction of the levies referred to in the prior sentence. In the case of the city of Minneapolis, the levy for the Minneapolis library board and the levy for Minneapolis park and recreation shall be listed separately from the remaining amount of the city's levy. In the case of a parcel where tax increment or the fiscal disparities areawide tax applies, the proposed tax levy on the captured value or the proposed tax levy on the tax capacity subject to the areawide tax must each be stated separately and not included in the sum of the special taxing districts; and

(3) the increase or decrease in the amounts in clause (2) from taxes payable in the current year to proposed or, for a town, final taxes payable the following year, expressed as a dollar amount and as a percentage.

(e) The notice must clearly state that the proposed or final taxes do not include the following:

(1) special assessments;

(2) levies approved by the voters after the date the proposed taxes are certified, including bond referenda, school district levy referenda, and levy limit increase referenda;

(3) amounts necessary to pay cleanup or other costs due to a natural disaster occurring after the date the proposed taxes are certified;

(4) amounts necessary to pay tort judgments against the taxing authority that become final after the date the proposed taxes are certified; and

(5) the contamination tax imposed on properties which received market value reductions for contamination.

(f) Except as provided in subdivision 7, failure of the county auditor to prepare or the county treasurer to deliver the notice as required in this section does not invalidate the proposed or final tax levy or the taxes payable pursuant to the tax levy.

(g) If the notice the taxpayer receives under this section lists the property as nonhomestead and the homeowner provides satisfactory documentation to the county assessor that the property is owned and has been used as the owner's homestead prior to June 1 of that year, the assessor shall reclassify the property to homestead for taxes payable in the following year.

(h) In the case of class 4 residential property used as a residence for lease or rental periods of 30 days or more, the taxpayer must either:

(1) mail or deliver a copy of the notice of proposed property taxes to each tenant, renter, or lessee; or

(2) post a copy of the notice in a conspicuous place on the premises of the property.

The notice must be mailed or posted by the taxpayer by November 27 or within three days of receipt of the notice, whichever is later. A taxpayer may notify the county treasurer of the address of the taxpayer, agent, caretaker, or manager of the premises to which the notice must be mailed in order to fulfill the requirements of this paragraph.

(i) For purposes of this subdivision, subdivisions 5a and 6, "metropolitan special taxing districts" means the following taxing districts in the seven-county metropolitan area that levy a property tax for any of the specified purposes listed below:

(1) metropolitan council under section 473.132, 473.167, 473.249, 473.325, 473.446, 473.521, 473.547, or 473.834;

(2) metropolitan airports commission under section 473.667, 473.671, or 473.672; and

(3) metropolitan mosquito control commission under section 473.711.

For purposes of this section, any levies made by the regional rail authorities in the county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter 398A shall be included with the appropriate county's levy and shall be discussed at that county's public hearing.

Sec. 6. Minnesota Statutes 1995 Supplement, section 276.04, subdivision 2, is amended to read:

Subd. 2. [CONTENTS OF TAX STATEMENTS.] (a) The treasurer shall provide for the printing of the tax statements. The commissioner of revenue shall prescribe the form of the property tax statement and its contents. The statement must contain a tabulated statement of the dollar amount due to each taxing authority from the parcel of real property for which a particular tax statement is prepared. The dollar amounts due the county, township or municipality, the total of the metropolitan special taxing districts as defined in section 275.065, subdivision 3, paragraph (i), school district excess referenda levy, remaining school district levy, and the total of other voter approved referenda levies based on market value under section 275.61 must be separately stated. The amounts due all other special taxing districts, if any, may be aggregated. For the purposes of this subdivision, "school district excess referenda levy" means school district taxes for operating purposes approved at referenda, including those taxes based on net tax capacity as well as those based on market value. "School district excess referenda levy" does not include school district taxes for capital expenditures approved at referendums or school district taxes to pay for the debt service on bonds approved at referenda. For taxes payable in 1997 only, in lieu of the school district excess referenda levy, the statement must state the newly authorized or reauthorized school district referendum levies under section 124A.03 first becoming due and payable in 1997 plus any levy under section 18, subdivision 4, paragraph (b), as "levy increases approved by referendum." For taxes payable in 1997 only, "remaining school district levy" and "other voter approved referenda levies based on market value" are after the deduction of the appropriate levies referred to in the prior sentence. The amount of the tax on contamination value imposed under sections 270.91 to 270.98, if any, must also be separately stated. The dollar amounts, including the dollar amount of any special assessments, may be rounded to the nearest even whole dollar. For purposes of this section whole odd-numbered dollars may be adjusted to the next higher even-numbered dollar. The amount of market value excluded under section 273.11, subdivision 16, if any, must also be listed on the tax statement. The statement shall include the following sentence, printed in upper case letters in boldface print: "THE STATE OF MINNESOTA DOES NOT RECEIVE ANY PROPERTY TAX REVENUES. THE STATE OF MINNESOTA REDUCES YOUR PROPERTY TAX BY PAYING CREDITS AND REIMBURSEMENTS TO LOCAL UNITS OF GOVERNMENT."

(b) The property tax statements for manufactured homes and sectional structures taxed as personal property shall contain the same information that is required on the tax statements for real property.

(c) Real and personal property tax statements must contain the following information in the order given in this paragraph. The information must contain the current year tax information in the right column with the corresponding information for the previous year in a column on the left:

(1) the property's estimated market value under section 273.11, subdivision 1;

(2) the property's taxable market value after reductions under section 273.11, subdivisions 1a and 16;

(3) the property's gross tax, calculated by multiplying the property's gross tax capacity times the total local tax rate and adding to the result the sum of the aids enumerated in clause (3);

(4) a total of the following aids:

- (i) education aids payable under chapters 124 and 124A;
- (ii) local government aids for cities, towns, and counties under chapter 477A; and
- (iii) disparity reduction aid under section 273.1398;

(5) for homestead residential and agricultural properties, the homestead and agricultural credit aid apportioned to the property. This amount is obtained by multiplying the total local tax rate by the difference between the property's gross and net tax capacities under section 273.13. This amount must be separately stated and identified as "homestead and agricultural credit." For purposes of comparison with the previous year's amount for the statement for taxes payable in 1990, the statement must show the homestead credit for taxes payable in 1989 under section 273.13, and the agricultural credit under section 273.132 for taxes payable in 1989;

(6) any credits received under sections 273.119; 273.123; 273.135; 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10, except that the amount of credit received under section 273.135 must be separately stated and identified as "taconite tax relief"; and

- (7) the net tax payable in the manner required in paragraph (a).

The commissioner of revenue shall certify to the county auditor the actual or estimated aids enumerated in clauses (3) and (4) that local governments will receive in the following year. In the case of a county containing a city of the first class, for taxes levied in 1991, and for all counties for taxes levied in 1992 and thereafter, the commissioner must certify this amount by September 1.

Sec. 7. Minnesota Statutes 1994, section 279.09, is amended to read:

279.09 [PUBLICATION OF NOTICE AND LIST.]

The county auditor shall cause the notice and list of delinquent real property to be published ~~once in each of two consecutive weeks~~ in the newspaper designated, the first publication of which shall be made on or before March 20 immediately following the filing of such list with the court administrator of the district court. The auditor shall deliver such list to the publisher of the newspaper designated, at least 20 days before the date upon which the list shall be published ~~for the first time~~.

Sec. 8. Minnesota Statutes 1994, section 279.10, is amended to read:

279.10 [PUBLICATION CORRECTED.]

Immediately after preparing forms for printing such notice and list, and at least five days before the first day for the publication thereof, every such publisher shall furnish proof of the proposed publication to the county auditor for correction. When such copy has been corrected, the auditor shall return the same to the printer, who shall publish it as corrected. On the first day on which such notice and list are published, the publisher shall mail a copy of the newspaper containing the same to the auditor. If during the publication of the notice and list, or within ten days after the last publication thereof, the auditor shall discover that such publication is invalid, the auditor shall forthwith direct the publisher to republish the same as corrected ~~for an additional period of two weeks~~. The publisher, if not neglectful, shall be entitled to the same compensation as allowed by law for the original publication, but shall receive no further compensation therefor if such republication is necessary by reason of the neglect of the publisher.

Sec. 9. Minnesota Statutes 1994, section 281.23, subdivision 3, is amended to read:

Subd. 3. [PUBLICATION.] As soon as practicable after the posting of the notice prescribed in subdivision 2, the county auditor shall cause to be published ~~for two successive weeks~~, in the official newspaper of the county, the notice prescribed by subdivision 2.

Sec. 10. Minnesota Statutes 1994, section 375.169, is amended to read:

375.169 [PUBLICATION OF SUMMARY BUDGET STATEMENT.]

Annually, upon adoption of the county budget, the county board shall cause a summary budget statement to be published in one of the following:

(1) the official newspaper of the county, or if there is none, in a qualified newspaper of general circulation in the county; or

(2) for a county in the metropolitan area as defined in section 473.121, subdivision 2, a county newsletter or other county mailing sent to all households in the city, or as an insert with the truth-in-taxation notice under section 275.065.

If the summary budget statement is published in a county newsletter, it must be the lead story. If the summary budget statement is published through a county newsletter or other county mailing, a copy of the newsletter or mailing shall be sent on request to any nonresident. If the summary budget statement is published by a mailing to households other than a newsletter, the color of the paper on which the summary budget statement is printed must be distinctively different than the paper containing other printed material included in the mailing. The statement shall contain information relating to anticipated revenues and expenditures in a form prescribed by the state auditor. The form prescribed shall be designed so that comparisons can be made between the current year and the budget year. A note shall be included that the complete budget is available for public inspection at a designated location within the county.

Sec. 11. Minnesota Statutes 1994, section 440.14, is amended to read:

440.14 [CONTRACTS FOR LIGHTING STREETS.]

In all cities of the first class, the council may award, enter into, and let contracts for lighting the city streets, parks, and other public places, or either or any of the same electrical power needs of the city, for any term not exceeding two ten years under any one contract. It shall not be necessary, before awarding or entering into such contracts, that provision by budget appropriations or otherwise shall first have been made to meet the indebtedness incurred by these contracts, but provision for meeting the obligation or indebtedness may be made after the letting of the contracts. Such obligation or indebtedness shall not be an obligation under chapter 475 so long as the payments under the contract are subject to annual appropriation and the city has the right of termination at the end of each fiscal year.

Sec. 12. Minnesota Statutes 1995 Supplement, section 473.864, subdivision 2, is amended to read:

Subd. 2. By December 31, ~~1998~~ 2000, and at least once every ten years thereafter, each local governmental unit shall review and, if necessary, amend its entire comprehensive plan and its fiscal devices and official controls. Such review and, if necessary, amendment shall ensure that, as provided in section 473.865, the fiscal devices and official controls of each local government unit are not in conflict with its comprehensive plan. Upon completion of review and, if necessary, amendment of its comprehensive plan, fiscal devices, and official controls as required by this section, each local government unit shall either:

(a) submit to the metropolitan council the entire current comprehensive plan together with written certification by the governing body of the local government unit that it has complied with this section and that no amendments to its plan or fiscal devices or official controls are necessary; or

(b)(1) submit the entire updated comprehensive plan and amendment or amendments to its comprehensive plan necessitated by its review to the metropolitan council for review; and

(2) submit the amendment or amendments to its fiscal devices or official controls necessitated by its review to the metropolitan council for information purposes as provided by section 473.865.

Except as otherwise provided in this paragraph, local governments shall consider, in preparing their updated comprehensive plans, amendments to metropolitan system plans in effect on December 31, 1996. For metropolitan system plans, or amendments thereto, adopted after December 31, ~~1996~~ 1998, local governments shall review their comprehensive plans to determine if an amendment is necessary to conform to the metropolitan system plans. If an amendment is necessary, the local government shall prepare the amendment and submit it to the council for review by September 30, ~~1999~~ 2001, or nine months after the council transmits the metropolitan system plan amendment to the local government, whichever is later.

The periodic review required in this subdivision shall be in addition to the review required by section 473.856.

The metropolitan council may grant extensions to local government units in order to allow local government units to complete the review and, if necessary, amendment required by this subdivision. Such extensions, if granted by the metropolitan council, must include a timetable and plan for completion of the review and amendment.

Amendments to comprehensive plans of local governmental units and to capital improvement programs of school districts shall be prepared, submitted, and adopted in conformance with guidelines adopted by the metropolitan council pursuant to section 473.854.

Sec. 13. Laws 1995 First Special Session, chapter 3, article 15, section 25, is amended to read:

Sec. 25. [HOMESTEAD AND AGRICULTURAL CREDIT ADJUSTMENT.]

(a) For the computation of homestead and agricultural aid for taxes payable in 1996, the commissioner of revenue shall permanently reduce a school district's homestead and agricultural aid by an amount equal to the lesser of: (1) 25 percent of the amount of the district's homestead and agricultural aid for calendar year 1995; or (2) an amount equal to one percent times the district's adjusted net tax capacity for assessment year 1994.

(b) ~~Prior to~~ For the computation of homestead and agricultural aid for taxes payable in ~~1997~~ 1998, the commissioner of revenue shall permanently reduce the school district's homestead and agricultural aid by an amount equal to the lesser of: (1) ~~50~~ 25 percent of the amount of the district's homestead and agricultural aid for calendar year 1995; or (2) an amount equal to one percent times the district's adjusted net tax capacity for assessment year 1994.

(c) ~~Prior to~~ For the computation of homestead and agricultural aid for taxes payable in ~~1998~~ 1999, the commissioner of revenue shall permanently reduce a school district's homestead and agricultural aid by an amount equal to the lesser of: (1) ~~75~~ 25 percent of the amount of the district's homestead and agricultural aid for calendar year 1995; or (2) an amount equal to one percent times the district's adjusted net tax capacity for assessment year 1994.

(d) ~~Prior to~~ For the computation of homestead and agricultural aid for taxes payable in ~~1999~~ 2000, the commissioner of revenue shall permanently reduce a school district's homestead and agricultural aid by an amount equal to the lesser of: (1) 25 percent of the amount of the district's homestead and agricultural aid for calendar year 1995; or (2) an amount equal to one percent times the district's adjusted net tax capacity for assessment year 1994.

(e) ~~Prior to~~ For the computation of homestead and agricultural aid for taxes payable in ~~2000~~ 2001 and later years, the commissioner of revenue shall permanently reduce a school district's homestead and agricultural aid each year by an amount equal to the lesser of: (1) any remaining amount of the district's homestead and agricultural aid; or (2) an amount equal to one percent times the district's adjusted net tax capacity for assessment year 1994.

Sec. 14. [PAY 1997 PROPERTY TAX FREEZE.]

Subdivision 1. [PROGRAM TOTAL LIMIT.] Notwithstanding any other law to the contrary, the determination of property tax levies for school districts for payable year 1997 shall be determined under this section. The commissioner of children, families, and learning shall compute the levies for payable year 1997 under Minnesota Statutes, chapters 124, 124A, 136D, and this act, whichever is applicable.

Subd. 2. [DEFINITIONS.] (a) The term "aid reduced levies" means the sum of the following levies:

(1) all levies under Minnesota Statutes, chapters 124, 124A, 124B, and this act for which an aid entitlement is calculated equal to the difference between the revenue entitlement and the authorized levy except newly authorized or reauthorized referendum levies first becoming effective for taxes payable in 1997, or any levy for debt service on school district obligations authorized by a referendum under Minnesota Statutes, section 475.98, that occurs after April 8, 1996;

(2) levies authorized for statutory obligations under Minnesota Statutes, section 124.912, subdivision 1, excluding obligations for judgments under Minnesota Statutes, section 127.05;

(3) unequalized referendum levies under Minnesota Statutes, section 124A.03, subdivision 1i, except newly authorized or reauthorized referendum levies first becoming effective for taxes payable in 1997;

(4) desegregation levies under Minnesota Statutes, section 124.912, subdivisions 2 and 3;

(5) health insurance levy under Minnesota Statutes, section 124.916, subdivision 1, and Laws 1993, chapter 224, article 8, section 18;

(6) health benefits levy under Minnesota Statutes, section 124.916, subdivision 2;

(7) Minneapolis retirement levy and additional retirement levies under Minnesota Statutes, section 124.916, subdivision 3;

(8) ice arena levy under Minnesota Statutes, section 124.912, subdivision 7;

(9) transportation off-formula levy adjustment under Minnesota Statutes, section 124.226, subdivision 3;

(10) targeted needs levy under Minnesota Statutes, section 124.314;

(11) transition levy under Minnesota Statutes, section 124A.22, subdivision 13d;

(12) extended day levy under Minnesota Statutes, section 124.2716;

(13) abatement levy under Minnesota Statutes, section 124.912, subdivision 9, paragraph (a), clause (1); and

(14) levy adjustments authorized under Minnesota Statutes, section 124.918, subdivisions 3, 5, and 6.

(b) The term "revenue reduced levies" means the sum of the following levies:

(1) operating debt levies under Minnesota Statutes, sections 121.915; 122.531, subdivision 4a; 124.914; Laws 1992, chapter 499, article 7, sections 16 and 17, and this act;

(2) crime levy under Minnesota Statutes, section 124.912, subdivision 6, and this act;

(3) severance levies under Minnesota Statutes, sections 120.08, subdivision 3; 122.531, subdivision 9; 122.535, subdivision 6; 124.2725, subdivision 15; 124.4945; and Laws 1989, chapter 329, article 13, section 18, and this act;

(4) consolidation/transition levies under Minnesota Statutes, sections 122.247, subdivision 3; 122.533; and Laws 1992, chapter 499, article 6, section 35;

(5) advance abatement levy under Minnesota Statutes, section 124.912, subdivision 9, paragraph (a), clause (2);

(6) abatement interest levy under Minnesota Statutes, section 124.912, subdivision 9, paragraph (a), clause (3);

(7) carry-over abatement levy under Minnesota Statutes, section 124.912, subdivision 9, paragraph (b);

(8) Minneapolis health insurance subsidy under Minnesota Statutes, section 124.916, subdivision 4;

(9) judgment levy under Minnesota Statutes, section 124.912, subdivision 1, and section 127.05;

(10) consolidation/retirement incentives levy under Minnesota Statutes, section 124.2726, subdivision 3;

- (11) community education grandfather levy under Minnesota Statutes, section 124.2714;
- (12) home visiting levy under Minnesota Statutes, section 124.2711, subdivision 5;
- (13) adult basic education levy under Minnesota Statutes, section 124.2601, subdivision 4;
- (14) adults with disabilities levy under Minnesota Statutes, section 124.2715, subdivision 3;
- (15) disabled access levy under Minnesota Statutes, section 124.84, subdivision 3;
- (16) cooperative building repair levy under Minnesota Statutes, section 124.91, subdivision 4;
and
- (17) late activity transportation levy under Minnesota Statutes, section 124.226, subdivision 9.

Subd. 3. [PROPERTY TAX FREEZE AID.] If the sum of the aid reduced levies for taxes payable in 1997 for a district exceeds the sum of the aid reduced levies actually certified by the district for taxes payable in 1996, the commissioner shall reduce the district's general education levy limitation for taxes payable in 1997 by the lesser of:

- (1) the difference in the aid reduced levies; or
- (2) the difference in the total levies.

An amount of state aid equal to the levy reduction shall be paid to each district according to Minnesota Statutes, section 124.195. Unless otherwise directly appropriated in this act, the amount necessary to make these payments is appropriated in fiscal year 1998 from the general fund to the commissioner of education.

Subd. 4. [PROPERTY TAX FREEZE LEVY ADJUSTMENT.] If the sum of the revenue reduced levies for taxes payable in 1997 for a district exceeds the sum of the revenue reduced levies actually certified by the district for taxes payable in 1996, the commissioner shall reduce the district's general fund levy limitation for taxes payable in 1997 by the lesser of:

- (1) the difference in the revenue reduced levies; or
- (2) the difference in the total levies.

Notwithstanding Minnesota Statutes, section 121.912, a district may transfer an amount not to exceed the amount of the levy reduction attributable to community service levies from the community service fund to the general fund.

Subd. 5. [LEVY FOR TACONITE PAYMENTS.] Notwithstanding Minnesota Statutes, section 124.918, subdivision 8, a school district's levy reduction as otherwise authorized under that subdivision for the 1997-1998 school year shall be no less than it was for the prior year. The general education aid reduction for the 1997-1998 school year shall be governed by Minnesota Statutes, section 124A.035, subdivision 5, and the levy reduction as dictated by this section.

Subd. 6. [HEALTH AND SAFETY REVENUE LIMIT.] Revenue for health and safety capital under Minnesota Statutes, section 124.83, for fiscal year 1998 shall not exceed \$41,500,000. The commissioner shall establish criteria for prioritizing health and safety project applications by districts not to exceed this amount.

Subd. 7. [HANDICAPPED ACCESS AND FIRE SAFETY REVENUE LIMIT.] Notwithstanding Minnesota Statutes, section 124.84, subdivisions 3 and 4, a school district's levy authority for purposes of Minnesota Statutes, section 124.84, subdivisions 1 and 2, for taxes payable in 1997 shall not exceed the amount certified for taxes payable in 1996.

Subd. 8. [BONDS.] (a) Notwithstanding Minnesota Statutes, section 124.239, after April 8, 1996, no school district can sell bonds under that section, the debt service payments of which would require a levy first becoming payable in 1997, or authorize a levy under Minnesota Statutes, section 124.239, subdivision 5, clause (b), that is not pursuant to a plan adopted by a school board prior to April 9, 1996. This restriction shall not apply to:

(1) refunding bonds sold to refund bonds originally sold before April 9, 1996; or

(2) bonds for which the amount of the levy first becoming due in 1997 would not exceed the amount by which the school district's total levy for debt service on bonds for taxes payable in 1997 prior to issuance of those bonds is less than the school district's total levy for debt service for bonds for taxes payable in 1996.

(b) For purposes of this section, bonds will be deemed to have been sold before April 9, 1996, if:

(1) an agreement has been entered into between the school district and a purchaser or underwriter for the sale of the bonds by that date;

(2) the issuing school district is a party to contract or letter of understanding entered into before April 9, 1996, with the federal government that requires the school district to pay for a project, and the project will be funded with the proceeds of the bonds; or

(3) the proceeds of the bonds will be used to fund a project or acquisition with respect to which the school district has entered into a contract with a builder or supplier before April 9.

Subd. 9. [LEVY FOR LEASE PURCHASE OR INSTALLMENT BUYS.] (a) Except as provided in paragraphs (b) and (c), notwithstanding Minnesota Statutes, section 124.91, subdivision 3, after April 8, 1996, no school district may enter into an installment contract or a lease purchase agreement, the levy for which would first become payable in 1997, unless the district's total levy for installment contracts and lease purchase agreements for taxes payable in 1997, including the levy for the new obligation, would not exceed its levy for that purpose for taxes payable in 1996.

(b) For purposes of this section, installment contracts or lease purchase agreements will be deemed to have been entered into before April 9, 1996, if:

(1) an agreement has been entered into between the school district and a lessor or seller before that date;

(2) the school district is a party to contract or letter of understanding entered into before April 9, 1996, with the federal government that requires the school district to pay for a project, and the project will be funded with the proceeds of the installment contracts or lease purchase agreements; or

(3) the installment contracts or lease purchase agreements will be used to fund a project or acquisition with respect to which the school district has entered into a contract with a builder or supplier before April 9.

Subd. 10. [REFERENDUM AUTHORITY; CONVERSION.] Notwithstanding Minnesota Statutes, section 124A.0311, subdivisions 2 and 3, no school district may convert its referendum authority currently authorized to be levied against net tax capacity to referendum authority authorized to be levied against referendum market value effective for taxes payable in 1997.

Subd. 11. [LEVY AUTHORITY EXTENSION.] Notwithstanding Minnesota Statutes, section 122.531, subdivision 4a, section 124.84, subdivisions 3 and 4, and section 124.912, subdivision 9, remaining levy authority under these sections is extended by one year.

Subd. 12. [LEVY FOR STATUTORY OBLIGATIONS.] To the extent that the portion of the levy under Minnesota Statutes, section 124.912, subdivisions 1 and 2, for the school district's obligation under Minnesota Statutes, section 268.06, subdivision 25, and section 268.08, is less than the school district would have been otherwise authorized to levy for this purpose the school district shall receive additional aid equal to the difference. To the extent that the portion of the levy under Minnesota Statutes, section 124.912, subdivisions 1 and 2, for judgments under Minnesota Statutes, section 127.05, is less than the school district would have been authorized to levy for this purpose, the school district may levy the difference in the subsequent year.

Subd. 13. [ENERGY CONSERVATION LEVY.] Notwithstanding Minnesota Statutes, section

124.91, subdivision 6, a school district may not enter into a loan under Minnesota Statutes, sections 216C.37 or 298.292 to 298.298 after April 8, 1996, if the levy for repayment of the loan would first become payable in 1997.

Sec. 15. [BENEFIT RATIO FOR RURAL SERVICE DISTRICTS.]

Notwithstanding Minnesota Statutes, section 272.67, subdivision 6, the benefit ratio used for apportioning levies to a rural service district for taxes payable in 1997 shall not be greater than that in effect for taxes payable in 1996.

Sec. 16. [PROHIBITION AGAINST INCURRING NEW DEBT.]

Subdivision 1. [GENERALLY.] (a) After April 8, 1996, no special taxing district as defined in Minnesota Statutes, section 275.066, and no municipality as defined in Minnesota Statutes, section 475.51, other than a school district, may sell obligations, certificates of indebtedness, or capital notes under Minnesota Statutes, chapter 475, section 412.301, or any other law authorizing obligations, certificates of indebtedness, capital notes, or other debt instruments or enter into installment purchase contracts or lease purchase agreements under Minnesota Statutes, section 465.71, or any other law authorizing installment purchase contracts or lease purchase agreements if issuing those debt instruments or entering into those contracts would require a levy first becoming due in 1997 unless the obligations were authorized by a referendum under Minnesota Statutes, section 475.58, that occurred prior to April 9, 1996. This restriction does not apply to (1) refunding bonds sold to refund bonds originally sold before April 9, 1996, or authorized by a referendum under Minnesota Statutes, section 475.58, that occurred prior to April 9, 1996, or (2) obligations for which the amount of the levy first becoming due in 1997 would not exceed the amount by which the municipality's total debt service levy for taxes payable in 1997 prior to issuance of those obligations is less than the municipality's total debt service levy for taxes payable in 1996. As used in clause (2), "obligations" includes certificates of indebtedness, capital notes, or other debt instruments or installment purchase contracts or lease purchase agreements.

(b) For purposes of this section, bonds will be deemed to have been sold before April 9, 1996, if:

(1) an agreement has been entered into between the municipality and a purchaser or underwriter for the sale of the bonds by that date;

(2) the issuing municipality is a party to contract or letter of understanding entered into before August 1, 1996, with the federal government or the state government that requires the municipality to pay for a project, and the project will be funded with the proceeds of the bonds; or

(3) the proceeds of the bonds will be used to fund a project or acquisition with respect to which the municipality has entered into a contract with a builder or supplier before April 9.

Subd. 2. [EXCEPTION.] Notwithstanding subdivision 1, certificates of indebtedness, capital notes, installment purchase contracts, lease purchase agreements or any other debt instruments, and the debt service levies for the obligations shall, for purposes of this act, be treated as if sold prior to April 9, 1996, if:

(a) The municipality or other governmental authority has satisfied any one of the following conditions prior to April 9, 1996:

(1) it has adopted a resolution or ordinance authorizing the issuance of the obligations;

(2) it has declared official intent to issue the obligations under federal tax laws and regulations;
or

(3) it has entered into a binding agreement to design or construct a project or acquire property to be financed with the obligations; and

(b) The municipality makes a finding at the time of the sale of the bonds that no levy will be required for taxes payable in 1997 to pay the debt service on the obligations because sufficient funds are available from nonproperty tax sources to pay the debt service.

Sec. 17. [ASSESSMENT LIMITATIONS.]

Subdivision 1. [1996 ASSESSMENT.] Notwithstanding Minnesota Statutes, section 273.11, or any other law to the contrary, the value of property for the 1996 assessment shall not exceed the lesser of its limited market value determined for the 1995 assessment pursuant to Minnesota Statutes, section 273.11, subdivision 1a, or its market value as otherwise determined for the 1995 assessment provided that any value attributable to new construction or improvements to the extent it does not qualify for deferral under Minnesota Statutes, section 273.11, subdivision 16, shall be added to the prior year's value used to determine its tax capacity. It is further provided that previously tax exempt property that loses its tax exempt status pursuant to Minnesota Statutes, section 272.02, subdivision 4, shall not have its assessment limited in any way under this subdivision.

Subd. 2. [1997 ASSESSMENT.] The provisions of Minnesota Statutes, section 273.11, subdivision 1a, shall govern in determining the value of property classified as agricultural homestead or nonhomestead, residential homestead or nonhomestead, or noncommercial seasonal residential for the 1997 assessment provided that "five percent" shall be substituted for "ten percent" in that section.

Sec. 18. [LEVY LIMITATION TAXES PAYABLE IN 1997.]

Subdivision 1. [TAXES PAYABLE IN 1997 PROPOSED LEVY.] Notwithstanding any other law to the contrary, for purposes of the certification required by Minnesota Statutes, section 275.065, subdivision 1, in 1996, no taxing authority other than a school district shall certify to the county auditor a proposed property tax levy or in the case of a township, a final property tax levy, greater than the amount certified to the county auditor pursuant to Minnesota Statutes, section 275.07, subdivision 1, in the prior year except as provided in subdivisions 4 to 6.

Subd. 2. [TAXES PAYABLE IN 1997 FINAL LEVY.] Notwithstanding any other law to the contrary, for purposes of the certification required by Minnesota Statutes, section 275.07, subdivision 1, in 1996, no taxing authority other than a school district shall certify to the county auditor a property tax levy greater than the amount certified to the county auditor pursuant to Minnesota Statutes, section 275.07, subdivision 1, in the prior year except as provided in subdivisions 4 to 6.

Subd. 3. [SCHOOL DISTRICTS.] School district levies shall be governed by sections 1, 2, 13, 14 and 16.

Subd. 4. [DEBT SERVICE EXCEPTION.] (a) If a payable 1997 levy for debt service on obligations, certificates of indebtedness, capital notes, or other debt instruments sold prior to April 9, 1996, or authorized by a referendum under Minnesota Statutes, section 475.58, that occurred prior to April 9, 1996, or to make payments on installment purchase contracts or lease purchase agreements entered into prior to April 9, 1996, exceeds the levy a taxing authority certified pursuant to Minnesota Statutes, section 275.07, subdivision 1, for taxes payable in 1996 for the same purpose, the excess may be levied notwithstanding the limitations of subdivisions 1 and 2. For purposes of this paragraph, obligations, certificates of indebtedness, capital notes, or other debt instruments will be deemed to have been sold before April 9, 1996, if the municipality and the purchaser or underwriter have entered into a binding agreement for the issuance and purchase of the obligations, certificates of indebtedness, capital notes, or other debt instruments.

(b) In addition, any levy for debt service on school district obligations authorized by a referendum under Minnesota Statutes, section 475.58, that occurred after April 8, 1996, or a facilities down payment levy under Minnesota Statutes, section 124.82, that was authorized by a referendum that occurred after April 8, 1996, may also be levied notwithstanding the limitations of subdivisions 1 and 2.

Subd. 5. [ANNEXATION EXCEPTION.] The city tax rate for taxes payable in 1997 on any property annexed under chapter 414 may not be increased over the city or township tax rate in effect on the property in 1996, notwithstanding any law, municipal board order, or ordinance to the contrary. The limit on the annexing city's levy under subdivisions 1 and 2 may be increased in excess of that limit by an amount equal to the net tax capacity of the property annexed times the

city or township tax rate in effect on that property for taxes payable in 1996. The levy limit of the city or township from which the property was annexed shall be reduced by the same amount.

Subd. 6. [INCREASE AUTHORIZED.] Notwithstanding the limitation of subdivision 1, a taxing authority other than a school district may increase its levy for taxes payable in 1997 over that certified to the county pursuant to Minnesota Statutes, section 275.07, subdivision 1, in the prior year by an amount equal to the taxing authority's net tax capacity pursuant to section 17, subdivision 1, times its tax rate for taxes payable in 1996 less the taxing authority's levy under subdivision 1.

Sec. 19. [FREEZE ON LOCAL MATCH REQUIREMENTS.]

Notwithstanding any other law to the contrary, the local funding or local match required from any city, town, or county for any state grant or program shall not be increased for calendar year 1997 above the dollar amount of the local funding or local match required for the same grant or program in 1996, regardless of the level of state funding provided; and any new local match or local funding requirements for new or amended state grants or programs shall not be effective until calendar year 1998. Nothing in this section shall affect the eligibility of a city, town, or county, for the receipt of state grants or program funds in 1997 or reduce the amount of state funding a city, town, or county would otherwise receive in 1997 if the local match requirements of the state grant or program were met in 1996.

Sec. 20. [SUSPENSION OF SALARY AND BUDGET APPEAL AUTHORIZATION.]

After March 11, 1996, no county sheriff may exercise the authority granted under Minnesota Statutes, section 387.20, subdivision 7, and no county attorney may exercise the authority granted under Minnesota Statutes, section 388.18, subdivision 6, to the extent that the salary or budget increase sought in the appeal would result in an increase in county expenditures in calendar year 1997.

Sec. 21. [SUSPENSION OF PUBLICATION AND HEARING REQUIREMENTS.]

A local taxing authority is not required to comply with the public advertisement notice of Minnesota Statutes, section 275.065, subdivision 5a, or the public hearing requirement of Minnesota Statutes, section 275.065, subdivision 6, with respect to taxes levied in 1996, payable in 1997, only.

Sec. 22. [LEVY LIMITATION TAXES PAYABLE IN 1998.]

Subdivision 1. [DEFINITION.] The "percentage increase in the implicit price deflator" means the percentage change in the implicit price deflator for state and local governments purchases of goods and services as calculated in Minnesota Statutes, section 477A.03, subdivision 3, provided that the 2.5 percent and five percent limits do not apply and that the increase can not be less than zero percent.

Subd. 2. [TAXES PAYABLE IN 1998 PROPOSED LEVY.] Notwithstanding any other law to the contrary, for purposes of the certification required by Minnesota Statutes, section 275.065, subdivision 1, in 1997, no taxing authority other than a school district or a joint vocational technical district shall certify to the county auditor a proposed property tax levy or in the case of a township, a final property tax levy, that is greater than the product of:

(1) the sum of one plus the lesser of (i) three percent, or (ii) the percentage increase in the implicit price deflator; and

(2) the amount certified to the county auditor pursuant to Minnesota Statutes, section 275.07, subdivision 1, in the prior year, except as provided in subdivisions 4 to 6.

Subd. 3. [TAXES PAYABLE IN 1998 FINAL LEVY.] Notwithstanding any other law to the contrary, for purposes of the certification required by Minnesota Statutes, section 275.07, subdivision 1, in 1997, no taxing authority other than a school district or a joint vocational technical district shall certify to the county auditor a property tax levy that is greater than the product of:

(1) the sum of one plus the lesser of (i) three percent, or (ii) the percentage increase in the implicit price deflator; and

(2) the amount certified to the county auditor pursuant to Minnesota Statutes, section 275.07, subdivision 1, in the prior year, except as provided in subdivisions 4, 5, and 6.

Subd. 4. [REFERENDA.] (a) A taxing authority other than a school district or an education district may increase its levy above the limits provided in subdivisions 2 and 3, by the amount approved by the voters residing in the jurisdiction of the authority at a referendum called for the purpose. The referendum may be called by the governing body or shall be called by the governing body upon written petition of qualified voters of the jurisdiction. The referendum shall be conducted during the calendar year before the increased levy authority, if approved, first becomes payable. Only one election to approve an increase may be held in a calendar year. The referendum must be held on the first Tuesday after the first Monday in November. The ballot shall state the maximum amount of the increased levy and the estimated referendum tax rate as a percentage of taxable net tax capacity in the year it is to be levied. The ballot may contain a textual portion with the information required in this subdivision and a question stating substantially the following:

"Shall the increase in the levy proposed by (petition to) the governing body of, be approved?"

(b) The governing body shall prepare and deliver by first class mail at least 15 days but no more than 30 days prior to the day of the referendum to each taxpayer a notice of the referendum and the proposed levy increase. The governing body need not mail more than one notice to any taxpayer. For the purpose of giving mailed notice under this subdivision, owners shall be those shown to be owners on the records of the county auditor or, in any county where tax statements are mailed by the county treasurer, on the records of the county treasurer. Every property owner whose name does not appear on the records of the county auditor or the county treasurer shall be deemed to have waived this mailed notice unless the owner has requested in writing that the county auditor or county treasurer, as the case may be, include the name on the records for this purpose. The notice must project the anticipated amount of tax increase in annual dollars and annual percentage for typical residential homesteads, agricultural homesteads, apartments, and commercial-industrial property within the jurisdiction of the taxing authority.

The notice must include the following statement: "Passage of this referendum will result in an increase in your property taxes."

(c) A petition authorized by paragraph (a) shall be effective if signed by a number of qualified voters in excess of 15 percent of the registered voters of the jurisdiction of the taxing authority on the day the petition is filed with the governing body. A referendum invoked by petition shall be held on the date specified in paragraph (a).

(d) The approval of 50 percent plus one of those voting on the question is required to pass a referendum authorized by this subdivision.

(e) A bond authorization under Minnesota Statutes, section 475.59, shall be deemed to meet the requirements of this subdivision provided the ballot includes the information required in paragraph (a) and the notice required in paragraph (b) is distributed. Notwithstanding Minnesota Statutes, section 275.61, any levy authorized under this subdivision other than a levy authorized by referendum under Minnesota Statutes, section 475.59, must be levied against net tax capacity.

Subd. 5. [DEBT SERVICE EXCEPTION.] If a payable 1998 levy for debt service on obligations, certificates of indebtedness, capital notes, or other debt instruments sold prior to April 9, 1996, or authorized by a referendum under Minnesota Statutes, section 475.58, that occurred prior to April 9, 1996, or to make payments on installment purchase contracts or lease purchase agreements entered into prior to April 9, 1996, exceeds the levy a taxing authority certified pursuant to Minnesota Statutes, section 275.07, subdivision 1, for taxes payable in 1997 for the same purpose, or a payable 1998 levy for general obligations exceeds any payable 1998 levy required as a condition for the issuance of such general obligations, the excess may be levied notwithstanding the limitations of subdivisions 2 and 3. For purposes of this subdivision, obligations, certificates of indebtedness, capital notes, or other debt instruments will be deemed to

have been sold before April 9, 1996, if the municipality and the purchaser or underwriter have entered into a binding agreement for the issuance and purchase of the obligations, certificates of indebtedness, capital notes, or other debt instruments.

Subd. 6. [LEVY OF TOWN BEING MERGED INTO CITY.] If a town has entered into an agreement to merge with a home rule charter or statutory city, and the merger has been approved by a referendum, the town's levy for taxes payable in 1998 shall not exceed the greater of (1) the amount determined under subdivisions 1 to 5, or (2) the amount established as a term of the merger agreement with the city.

Sec. 23. [FISCAL DISPARITIES FREEZE.]

Notwithstanding Minnesota Statutes, section 473F.08, subdivision 2, clause (a), the amount to be deducted from a governmental unit's net tax capacity for taxes payable in 1997 under that clause shall equal the amount deducted for taxes payable in 1996. Notwithstanding Minnesota Statutes, section 473F.08, subdivision 2, clause (b), the amount to be added to a governmental unit's net tax capacity for taxes payable in 1997 under that clause shall equal the same amount added for taxes payable in 1996. Notwithstanding Minnesota Statutes, section 473F.08, subdivision 3, the areawide portion of the levy for each governmental unit shall be determined using the local tax rate for the 1994 levy year. Notwithstanding Minnesota Statutes, section 473F.08, subdivision 6, the portion of commercial-industrial property within a municipality subject to the areawide tax rate shall be computed using the amount determined under Minnesota Statutes, sections 473F.06 and 473F.07, for taxes payable in 1996.

Sec. 24. [TAX RATE FREEZE.]

Subdivision 1. [REDUCTION OF LEVY; PAYMENT.] If in the course of determining adjusted local tax rates for taxes payable in 1997 after reductions for disparity reduction aid under Minnesota Statutes, section 275.08, subdivisions 1c and 1d, the county auditor finds the adjusted local tax rate exceeds that in effect for taxes payable in 1996, the county auditor shall reduce the local government's levy so the adjusted local tax rate does not exceed that in effect for taxes payable in 1996, except to the extent the increase is due to a newly authorized or reauthorized referendum levy under Minnesota Statutes, section 124A.03, or a school district levy under section 18, subdivision 4, paragraph (b). The difference between the levy as originally certified by the local government and the reduced levy shall be certified to the commissioner of revenue at the time the abstracts are submitted under Minnesota Statutes, section 275.29. That amount shall be paid to the local government on or before August 31.

Subd. 2. [APPROPRIATION.] An amount sufficient to pay the aid provided for under this section is appropriated from the general fund to the commissioner of revenue for payment to counties, cities, townships, and special taxing districts. An amount sufficient to pay the aid provided for under this section is appropriated from the general fund to the commissioner of education for payment to school districts.

Sec. 25. [PENSION LIABILITIES.]

Notwithstanding any other law or charter provision to the contrary, no levy for taxes payable in 1997 for a local police and fire relief association for the purpose of amortizing an unfunded pension liability may exceed the levy for that purpose for taxes payable in 1996.

Sec. 26. [DUTIES OF TOWNSHIP BOARD OF SUPERVISORS.]

Notwithstanding Minnesota Statutes, section 365.10, in 1996 the township board of supervisors shall adjust the levy and in 1997 the township board of supervisors may adjust the expenditures of a township below the level authorized by the electors to adjust for any reduction in the previously authorized levy of the township pursuant to section 18.

Sec. 27. [PROPERTY TAX AND EDUCATION AIDS REFORM.]

Subdivision 1. [RECOMMENDED PROGRAM.] The legislative commission on planning and fiscal policy shall prepare and recommend to the legislature a property tax reform and education aids reform program that includes, but is not restricted to:

- (1) a property tax classification and class rate system;
- (2) elementary and secondary education aids and levies; and
- (3) aids to local government.

Subd. 2. [STANDARDS.] (a) The recommended program must provide for accountability, equity, revenue adequacy, and efficiency as provided in paragraphs (b) to (e).

(b) The recommended program must provide accountability by being understandable to the taxpayer, by linking the costs of services to the taxes paid for those services, and by correlating the responsibility for raising revenues with the ability to make spending decisions.

(c) The recommended program must provide equity by minimizing large, short-term shifts in tax burdens, and by ensuring that tax burdens and aids are progressive and related to the ability to pay or raise revenue.

(d) The recommended program must provide for adequate revenue by controlling costs and the need for increased revenue, minimizing reductions or shifts in revenues available to local governments to provide needed services, and directing aids to meet needs and fund services based on established funding priorities.

(e) The program must promote efficiency by providing stable predictable property taxes and local government revenues that are competitive with those of other states and areas so that property taxes and aids have minimal impact on the economic decisions of taxpayers.

Subd. 3. [TASK FORCE.] The commission may designate a task force to advise the commission in carrying out its duties under this section. The task force may include legislators, agency and legislative staff, state and local governmental officials, educators, and taxpayers and members of the public. The task force expires on January 1, 1998.

Subd. 4. [SERVICES.] The commission may enter into contracts for the professional and other services necessary to carry out its duties under this section.

Subd. 5. [REPORT.] The commission shall report its recommendations to the legislature on or before January 1, 1998. The report shall include proposed legislation to implement the recommendations of the commission.

Sec. 28. [UNFUNDED MANDATE PROHIBITION.]

Subdivision 1. [DEFINITION.] As used in this section, "state mandates" has the meaning given in Minnesota Statutes 1994, section 3.881.

Subd. 2. [FUNDING OF THE COST OF MANDATES.] If the fiscal note prepared by the commissioner of finance under Minnesota Statutes, section 3.982, indicates that a new or expanded mandate on a political subdivision in a bill introduced in the legislature will impose a statewide cost on counties in excess of \$500,000 or a statewide cost on cities or townships in excess of \$250,000, the political subdivisions are not required to implement the mandate unless the legislature, by appropriation enacted before the mandate is required to be implemented, provides reimbursement to the political subdivisions for the costs incurred. No Minnesota rule may be adopted if the statement of need and reasonableness under Minnesota Statutes, section 14.131, indicates a probable cost of complying with the rule in excess of a statewide cost on counties of \$500,000 or in excess of a statewide cost on cities or townships of \$250,000 unless the legislature, by appropriation enacted before the rule is implemented, provides reimbursement to the political subdivisions for the costs incurred.

Subd. 3. [TEMPORARY EXEMPTION OF CORRECTIONAL FACILITIES.] Notwithstanding any law, rule, or order to the contrary, no county shall be required to construct or to begin operation of any new or expanded correctional facility if that facility would require a levy first payable in 1997.

Sec. 29. [SAVINGS CLAUSE.]

Notwithstanding the repealers in section 31 or any other provision in this act to the contrary, nothing in this act constitutes an impairment of any obligations, certificates of indebtedness, capital notes, or other debt instruments, including installment purchase contracts or lease purchase agreements, issued before the date of final enactment of this act, by a municipality as defined in Minnesota Statutes, section 475.51, or a special taxing district as defined in Minnesota Statutes, section 275.066.

Sec. 30. [EXCEPTION.]

The limitation on education aids appropriations for fiscal years 1998 and 1999 under Laws 1995, First Special Session chapter 3, article 14, section 5, do not apply to any aids to school districts under sections 14 and 24. Notwithstanding Laws 1995, First Special Session chapter 3, article 14, section 5, any monies spent to fund aids to school districts under sections 14 and 24 shall not result in reductions to other education aids.

Sec. 31. [REPEALER.]

Subdivision 1. Minnesota Statutes 1994, sections 124.01; 124.05; 124.07; 124.76; 124.82, subdivisions 1, 2, and 4; 124.829; 124.83, subdivisions 2, 3, 5, 6, and 7; 124.84, subdivision 4; 124.85, subdivisions 1, 2, 2a, 2b, 3, 4, 5, 6, and 7; 124.86; 124.90; 124.91, subdivisions 1, 2, and 6; 124.912, subdivisions 2, 3, 6, and 8; 124.914; 124.916, subdivisions 3 and 4; 124.918, subdivisions 3, 4, 7, and 8; 124.95, subdivisions 1, 2a, 3, and 5; 124.97; 124A.02, subdivisions 23 and 24; 124A.03, subdivisions 1b, 1d, 1e, 1f, and 1i; 124A.0311, subdivisions 1 and 3; 124A.04, subdivision 2; 124A.23, subdivisions 2, 3, and 5; 124A.28; and 124A.29, subdivision 2, are repealed.

Minnesota Statutes 1995 Supplement, sections 124.06; 124.82, subdivision 3; 124.83, subdivisions 1, 4, and 8; 124.84, subdivisions 1, 2, and 3; 124.85, subdivision 2c; 124.91, subdivisions 4 and 5; 124.912, subdivisions 1, 7, and 9; 124.916, subdivisions 1 and 2; 124.918, subdivisions 1, 2, and 6; 124.95, subdivisions 2, 4, and 6; 124.961; 124A.02, subdivision 16; 124A.03, subdivisions 1c, 1g, and 1h; 124A.0311, subdivisions 2 and 4; 124A.032; 124A.22, subdivisions 1, 2, 3, 4, 4a, 4b, 6, 6a, 8, 8a, 10, 11, 12, 13, 13a, 13b, 13c, 13d, 13e, and 13f; 124A.23, subdivisions 1 and 4; 124A.24; and 124A.29, subdivision 1, are repealed.

Subd. 2. Minnesota Statutes 1994, sections 273.13, subdivisions 1, 21a, 21b, 22, 23, 31, 32, and 33; 273.135; 273.136; 273.1391; 473F.001; 473F.01; 473F.02, subdivisions 1, 3, 4, 5, and 6; 473F.03; 473F.05; 473F.06; 473F.07; 473F.08, subdivisions 1, 2, 3, 4, 5a, 6, 8a, and 10; 473F.09; 473F.10; 473F.11; 473F.13; 477A.011, subdivisions 1, 1a, 1b, 2, 2a, 3, 19, 20, 21, 27, 28, 29, 30, 31, 32, 33, 34, 35, and 37; 477A.012, subdivisions 1, 3, 4, 7, and 8; 477A.0121, subdivisions 1, 2, 3, 5, and 6; 477A.0122, subdivisions 1, 3, 4, 5, and 6; 477A.013; 477A.014; 477A.015; 477A.016; 477A.017; 477A.03, subdivisions 1 and 3; 477A.11; 477A.13; and 477A.15, are repealed.

Minnesota Statutes 1995 Supplement, sections 273.13, subdivisions 24 and 25; 473F.02, subdivision 21; 473F.08, subdivisions 3a, 3b, 5, and 7a; 477A.011, subdivision 36; 477A.012, subdivision 2; 477A.0121, subdivision 4; 477A.0122, subdivision 2; 477A.0132; 477A.03, subdivision 2; 477A.12; and 477A.14, are repealed.

Subd. 3. Laws 1994, chapter 533, section 2, is repealed.

Sec. 32. [EFFECTIVE DATE.]

Sections 3 and 4 are effective July 1, 1996. Section 28 and section 31, subdivision 3, are effective the day following final enactment. Section 31, subdivision 2, is effective for taxes payable in 1999, and section 31, subdivision 1, is effective for the 1999-2000 school year, provided that if the legislature does not pass and the governor does not approve legislation by the conclusion of the 1998 session that states in its body that it is replacing the provisions of the repealed chapters and sections in section 31, the repealed chapters and sections are reenacted."

Amend the title accordingly

Mr. Johnson, D.J. then moved to amend the Johnson, D.J. amendment to H.F. No. 1844 as follows:

Page 15, line 10, delete "475.98" and insert "475.58"

The motion prevailed. So the amendment to the amendment was adopted.

Mr. Johnson, D.J. then moved to amend the Johnson, D.J. amendment to H.F. No. 1844 as follows:

Pages 9 and 10, delete sections 7 to 9

Page 34, line 34, after "reenacted" insert "except that the repealer of Minnesota Statutes 1994, sections 124A.02, subdivisions 23 and 24; 124A.03, subdivisions 1b, 1c, as amended, 1d, 1e, 1f, 1g, as amended, 1h, as amended, and 1i; 124A.04, subdivision 2; 124A.22, subdivisions 2, as amended, 3, as amended, 4, as amended, 4a, as amended, 4b, as amended, 8, as amended; 124A.23, subdivisions 1, as amended, 2, 3, 4, as amended, and 5; 124A.24, as amended; 124A.26, subdivisions 1, 2, and 3; 124A.28, subdivisions 1, 1a, 2, and 3; and 124A.29, subdivision 1, as amended, and 2, in Laws 1992, chapter 499, article 7, section 31, will continue to be effective to repeal those provisions on June 30, 1999"

Renumber the sections in sequence and correct the internal references

The motion prevailed. So the amendment to the amendment was adopted.

The question recurred on the adoption of the Johnson, D.J. amendment, as amended. The motion prevailed. So the amendment, as amended, was adopted.

CALL OF THE SENATE

Mr. Johnson, D.J. imposed a call of the Senate for the balance of the proceedings on H.F. No. 1844. The Sergeant at Arms was instructed to bring in the absent members.

H.F. No. 1844 was read the third time, as amended, and placed on its final passage.

The question was taken on the passage of the bill, as amended.

The roll was called, and there were yeas 53 and nays 10, as follows:

Those who voted in the affirmative were:

Anderson	Hottinger	Langseth	Oliver	Runbeck
Beckman	Janezich	Lesewski	Olson	Sams
Berg	Johnson, D.E.	Lessard	Ourada	Samuelson
Berglin	Johnson, D.J.	Limmer	Pappas	Solon
Betzold	Johnson, J.B.	Marty	Pariseau	Spear
Chandler	Johnston	Metzen	Piper	Stevens
Cohen	Kelly	Moe, R.D.	Pogemiller	Stumpf
Fischbach	Kleis	Morse	Price	Terwilliger
Flynn	Kramer	Murphy	Ranum	Vickerman
Frederickson	Krentz	Neuville	Reichgott Junge	
Hanson	Laidig	Novak	Riveness	

Those who voted in the negative were:

Belanger	Dille	Knutson	Larson	Robertson
Day	Kiscaden	Kroening	Merriam	Scheevel

So the bill, as amended, was passed and its title was agreed to.

RECESS

Mr. Moe, R.D. moved that the Senate do now recess until 6:30 p.m. The motion prevailed.

The hour of 6:30 p.m. having arrived, the President called the Senate to order.

CALL OF THE SENATE

Mr. Betzold imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 1648:

H.F. No. 1648: A bill for an act relating to civil actions; providing for civil damages for bias offenses; proposing coding for new law in Minnesota Statutes, chapter 611A; repealing Minnesota Statutes 1994, section 548.06.

The House respectfully requests that a Conference Committee of 3 members be appointed thereon.

Pugh, Rhodes and Jefferson have been appointed as such committee on the part of the House.

House File No. 1648 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 2, 1996

Mr. Hottinger moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 1648, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 2702, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 2702: A bill for an act relating to transportation; appropriating money for transportation purposes.

Senate File No. 2702 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 2, 1996

RECESS

Mr. Moe, R.D. moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

APPOINTMENTS

Mr. Moe, R.D. from the Subcommittee on Committees recommends that the following Senators be and they hereby are appointed as a Conference Committee on:

H.F. No. 1648: Messrs. Hottinger, Mondale and Knutson.

Mr. Moe, R.D. moved that the foregoing appointments be approved. The motion prevailed.

RECESS

Mr. Moe, R.D. moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

CALL OF THE SENATE

Mr. Moe, R.D. imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S.F. No. 2419: A bill for an act relating to veterans affairs; authorizing the placement of a plaque on the capitol grounds recognizing the service of women veterans from all wars.

Senate File No. 2419 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 2, 1996

CONCURRENCE AND REPASSAGE

Ms. Piper moved that the Senate concur in the amendments by the House to S.F. No. 2419 and that the bill be placed on its repassage as amended.

Mr. Merriam moved that the Senate do not concur in the amendments by the House to S.F. No. 2419, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee to be appointed on the part of the House. The motion prevailed.

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S.F. No. 1861: A bill for an act relating to the environment; modifying provisions relating to the management of waste and solid waste assessments and taxes; modifying provisions relating to toxics in products; amending Minnesota Statutes 1994, sections 115A.03, subdivision 21, and by adding subdivisions; 115A.50; 115A.916; 115A.919, by adding a subdivision; 115A.923, subdivision 1a; 115A.93, subdivision 3; 115A.9301, by adding a subdivision; 115A.965, subdivision 3; 115A.9651, as amended; and 115D.09; Minnesota Statutes 1995 Supplement, sections 115A.072, subdivision 1; 115A.411, subdivision 2; 115A.554; 115A.965, subdivision 1; 115A.981, subdivision 3; 116.07, subdivision 10; and 297A.45, subdivisions 2 and 3; proposing coding for new law in Minnesota Statutes, chapter 115A; repealing Minnesota Statutes 1994, sections 115A.154; 115A.156; 115A.48, subdivisions 2 and 5; 115A.53; 115A.913, subdivision 5; 115A.9162; and 115A.991; Minnesota Statutes 1995 Supplement, sections 115A.0715; 115A.072, subdivision 3; 115A.55, subdivision 3; and 115D.05.

Senate File No. 1861 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 2, 1996

CONCURRENCE AND REPASSAGE

Ms. Johnson, J.B. moved that the Senate concur in the amendments by the House to S.F. No. 1861 and that the bill be placed on its repassage as amended.

Mr. Morse moved that the Senate do not concur in the amendments by the House to S.F. No. 1861, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee to be appointed on the part of the House.

The question was taken on the adoption of the Morse motion.

The roll was called, and there were yeas 41 and nays 21, as follows:

Those who voted in the affirmative were:

Beckman	Johnson, D.E.	Limmer	Oliver	Runbeck
Belanger	Kiscaden	Marty	Olson	Scheevel
Berg	Knutson	Merriam	Ourada	Solon
Betzold	Kramer	Metzen	Pappas	Stumpf
Chandler	Krentz	Moe, R.D.	Pariseau	Vickerman
Day	Laidig	Morse	Piper	
Dille	Larson	Murphy	Price	
Fischbach	Lesewski	Neuville	Riveness	
Frederickson	Lessard	Novak	Robertson	

Those who voted in the negative were:

Anderson	Hanson	Kelly	Reichgott Junge	Terwilliger
Berglin	Hottinger	Kleis	Sams	
Cohen	Janezich	Mondale	Samuelson	
Finn	Johnson, J.B.	Pogemiller	Spear	
Flynn	Johnston	Ranum	Stevens	

The motion prevailed.

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 2218, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2218 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 2, 1996

CONFERENCE COMMITTEE REPORT ON H.F. NO. 2218

A bill for an act relating to state government; modifying performance report requirements; requiring that interagency bills be paid promptly; prohibiting state agencies from undertaking capital improvements without legislative authority; conforming certain leased space requirements to existing law; requiring that state agencies comply with certain information policy office requirements regarding information systems equipment and data collection; modifying revolving fund authority; increasing resource recovery goals; modifying collection requirements; amending Minnesota Statutes 1994, sections 16A.055, subdivision 1; 16A.124, subdivision 7, and by adding a subdivision; 16B.30; 16B.31, subdivision 6; 16B.41, by adding a subdivision; 16B.48, subdivision 2; and 115A.151; Minnesota Statutes 1995 Supplement, sections 15.91, subdivision 2; and 115A.15, subdivision 9.

April 2, 1996

The Honorable Irv Anderson
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H.F. No. 2218, report that we have agreed upon the items in dispute and recommend as follows:

That the House concur in the Senate committee amendment adopted March 15, 1996, and the Senate recede from its amendment adopted March 20, 1996.

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

House Conferees: (Signed) Phyllis Kahn, Jim Farrell, Jim Knoblach

Senate Conferees: (Signed) James P. Metzen, John C. Hottinger, Linda Runbeck

Mr. Metzen moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2218 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 2218 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 61 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson
Beckman

Belanger
Berg

Berglin
Betzold

Chandler
Cohen

Day
Dille

Finn	Kiscaden	Merriam	Pappas	Samuelson
Fischbach	Kleis	Metzen	Pariseau	Scheevel
Flynn	Knutson	Moe, R.D.	Piper	Spear
Frederickson	Kramer	Mondale	Pogemiller	Stevens
Hanson	Krentz	Morse	Price	Stumpf
Hottinger	Laidig	Murphy	Ranum	Terwilliger
Janezich	Larson	Neuville	Reichgott Junge	Vickerman
Johnson, D.E.	Lesewski	Novak	Riveness	
Johnson, J.B.	Lessard	Oliver	Robertson	
Johnston	Limmer	Olson	Runbeck	
Kelly	Marty	Ourada	Sams	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 840 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 840

A bill for an act relating to elections; campaign finance; changing the treatment of spending limits and public subsidy in certain cases; amending Minnesota Statutes 1994, section 10A.25, subdivision 10; repealing Minnesota Statutes 1994, section 10A.324, subdivision 5.

April 2, 1996

The Honorable Allan H. Spear
President of the Senate

The Honorable Irv Anderson
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 840, 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. 840 be further amended as follows:

Page 1, after line 7, insert:

"Section 1. Minnesota Statutes 1994, section 10A.20, subdivision 3, is amended to read:

Subd. 3. [CONTENTS OF REPORT.] Each report under this section shall disclose:

(a) The amount of liquid assets on hand at the beginning of the reporting period;

(b) The name, address and employer, or occupation if self-employed, of each individual, political committee or political fund who within the year has made one or more transfers or donations in kind to the political committee or political fund, including the purchase of tickets for all fund raising efforts, which in aggregate exceed \$100 for legislative or statewide candidates or ballot questions, together with the amount and date of each transfer or donation in kind, and the aggregate amount of transfers and donations in kind within the year from each source so disclosed. A donation in kind shall be disclosed at its fair market value. An approved expenditure is listed as a donation in kind. A donation in kind is considered consumed in the reporting period in which it is received. The names of contributors shall be listed in alphabetical order;

(c) The sum of contributions to the political committee or political fund during the reporting period;

(d) Each loan made or received by the political committee or political fund within the year in aggregate in excess of \$100, continuously reported until repaid or forgiven, together with the name, address, occupation and the principal place of business, if any, of the lender and any

endorser and the date and amount of the loan. If any loan made to the principal campaign committee of a candidate is forgiven at any time or repaid by any entity other than that principal campaign committee, it shall be reported as a contribution for the year in which the loan was made;

(e) Each receipt in excess of \$100 not otherwise listed under clauses (b) to (d);

(f) The sum of all receipts of the political committee or political fund during the reporting period;

(g) The name and address of each individual or association to whom aggregate expenditures, including approved expenditures, have been made by or on behalf of the political committee or political fund within the year in excess of \$100, together with the amount, date and purpose of each expenditure and the name and address of, and office sought by, each candidate on whose behalf the expenditure was made, identification of the ballot question which the expenditure is intended to promote or defeat, and in the case of independent expenditures made in opposition to a candidate, the name, address and office sought for each such candidate;

(h) The sum of all expenditures made by or on behalf of the political committee or political fund during the reporting period;

(i) The amount and nature of any advance of credit incurred by the political committee or political fund, continuously reported until paid or forgiven. If any advance of credit incurred by the principal campaign committee of a candidate is forgiven at any time by the creditor or paid by any entity other than that principal campaign committee, it shall be reported as a donation in kind for the year in which the advance of credit was incurred;

(j) The name and address of each political committee, political fund, or principal campaign committee to which aggregate transfers in excess of \$100 have been made within the year, together with the amount and date of each transfer;

(k) The sum of all transfers made by the political committee, political fund, or principal campaign committee during the reporting period;

(l) Except for contributions to a candidate or committee for a candidate for office in a municipality as defined in section 471.345, subdivision 1, the name and address of each individual or association to whom aggregate noncampaign disbursements in excess of \$100 have been made within the year by or on behalf of a principal campaign committee, political committee, or political fund, together with the amount, date, and purpose of each noncampaign disbursement;

(m) The sum of all noncampaign disbursements made within the year by or on behalf of a principal campaign committee, political committee, or political fund; and

(n) The name and address of a nonprofit corporation that provides administrative assistance to a political committee or political fund as authorized by section 211B.15, subdivision 17, together with the type of administrative assistance provided and the aggregate fair market value of each type of assistance provided to the political committee or political fund during the reporting period; and

(o) A report filed under subdivision 2, clause (b), by a political committee or political fund that is subject to subdivision 14, must contain the information required by subdivision 14, if the political committee or political fund has solicited and caused others to make aggregate contributions greater than \$5,000 between January 1 of the general election year and the end of the reporting period. This disclosure requirement is in addition to the report required by subdivision 14."

Page 2, line 24, delete "other" and insert "opponent of the"

Page 2, line 30, after "candidate" insert "who has agreed to be bound by the limits"

Page 2, after line 31, insert:

"Sec. 3. Minnesota Statutes 1994, section 211B.15, subdivision 15, is amended to read:

Subd. 15. [NONPROFIT CORPORATION EXEMPTION.] The prohibitions in this section do not apply to a nonprofit corporation that:

(1) ~~cannot engage in~~ is not organized or operating for the principal purpose of conducting a business activities;

(2) has no shareholders or other persons affiliated so as to have a claim on its assets or earnings; and

(3) was not established by a business corporation or a labor union and has a policy not to accept significant contributions from those entities.

Sec. 4. Minnesota Statutes 1994, section 211B.15, is amended by adding a subdivision to read:

Subd. 17. [NONPROFIT CORPORATION POLITICAL ACTIVITY.] It is not a violation of this section for a nonprofit corporation to provide administrative assistance to one political committee or political fund that is associated with the nonprofit corporation and registered with the ethical practices board under section 10A.14. Such assistance must be limited to accounting, clerical or legal services, bank charges, utilities, office space, and supplies. The records of the political committee or political fund may be kept on the premises of the nonprofit corporation.

The administrative assistance provided by the nonprofit corporation to the political committee or political fund is limited annually to the lesser of \$5,000 or 7-1/2 percent of the expenditures of the political committee or political fund."

Renumber the sections in sequence

Delete the title and insert:

"A bill for an act relating to elections; campaign finance; changing the treatment of spending limits and public subsidy in certain cases; changing certain exemptions and reporting requirements; amending Minnesota Statutes 1994, section 10A.20, subdivision 3; 10A.25, subdivision 10; and 211B.15, subdivision 15, and by adding a subdivision; repealing Minnesota Statutes 1994, section 10A.324, subdivision 5."

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

Senate Conferees: (Signed) Richard J. Cohen, Dick Day

House Conferees: (Signed) Dee Long, Loren Jennings, Ron Kraus

Mr. Cohen moved that the foregoing recommendations and Conference Committee Report on S.F. No. 840 be now adopted, and that the bill be repassed as amended by the Conference Committee.

Mr. Marty moved that the recommendations and Conference Committee Report on S.F. No. 840 be rejected and that the bill be re-referred to the Conference Committee as formerly constituted for further consideration.

CALL OF THE SENATE

Mr. Cohen imposed a call of the Senate for the balance of the proceedings on S.F. No. 840. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the motion of Mr. Marty.

The roll was called, and there were yeas 16 and nays 43, as follows:

Those who voted in the affirmative were:

Anderson	Finn	Hottinger	Morse	Piper
Berglin	Flynn	Marty	Murphy	Price
Betzold	Hanson	Merriam	Pappas	Ranum
Chandler				

Those who voted in the negative were:

Beckman	Johnston	Langseth	Olson	Samuelson
Belanger	Kelly	Larson	Ourada	Scheevel
Berg	Kiscaden	Lessard	Pariseau	Spear
Cohen	Kleis	Limmer	Pogemiller	Stevens
Day	Knutson	Metzen	Reichgott Junge	Stumpf
Dille	Kramer	Moe, R.D.	Riveness	Terwilliger
Fischbach	Krentz	Neuville	Robertson	Vickerman
Janezich	Kroening	Novak	Runbeck	
Johnson, D.E.	Laidig	Oliver	Sams	

The motion did not prevail.

The question recurred on the motion of Mr. Cohen to adopt the recommendations and Conference Committee Report. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 840 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 48 and nays 15, as follows:

Those who voted in the affirmative were:

Beckman	Janezich	Krentz	Novak	Sams
Belanger	Johnson, D.E.	Laidig	Oliver	Samuelson
Berg	Johnson, D.J.	Langseth	Olson	Scheevel
Cohen	Johnson, J.B.	Larson	Ourada	Solon
Day	Johnston	Lesewski	Pariseau	Spear
Dille	Kelly	Lessard	Pogemiller	Stevens
Fischbach	Kiscaden	Limmer	Reichgott Junge	Terwilliger
Frederickson	Kleis	Metzen	Riveness	Vickerman
Hanson	Knutson	Moe, R.D.	Robertson	
Hottinger	Kramer	Neuville	Runbeck	

Those who voted in the negative were:

Anderson	Chandler	Marty	Murphy	Price
Berglin	Finn	Merriam	Pappas	Ranum
Betzold	Flynn	Morse	Piper	Stumpf

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

RECESS

Mr. Moe, R.D. moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

APPOINTMENTS

Mr. Moe, R.D. from the Subcommittee on Committees recommends that the following Senators be and they hereby are appointed as a Conference Committee on:

S.F. No. 2419: Ms. Piper, Messrs. Merriam and Betzold.

Mr. Moe, R.D. moved that the foregoing appointment be approved. The motion prevailed.

RECESS

Mr. Moe, R.D. moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

CALL OF THE SENATE

Ms. Reichgott Junge imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 343, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 343 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 2, 1996

SUSPENSION OF RULES

Mr. Johnson, D.E. moved that Joint Rule 2.06 be suspended as it relates to the Conference Committee report on H.F. No. 343.

The question was taken on the adoption of the motion.

The roll was called, and there were yeas 38 and nays 25, as follows:

Those who voted in the affirmative were:

Anderson	Hottinger	Lessard	Novak	Sams
Beckman	Janezich	Marty	Pappas	Samuelson
Berglin	Johnson, D.E.	Merriam	Piper	Solon
Betzold	Johnson, J.B.	Metzen	Pogemiller	Spear
Chandler	Kelly	Moe, R.D.	Price	Stumpf
Finn	Krentz	Mondale	Ranum	Vickerman
Flynn	Kroening	Morse	Reichgott Junge	
Hanson	Langseth	Murphy	Riveness	

Those who voted in the negative were:

Belanger	Frederickson	Kramer	Neuville	Robertson
Berg	Johnston	Laidig	Oliver	Runbeck
Day	Kiscaden	Larson	Olson	Scheevel
Dille	Kleis	Lesewski	Ourada	Stevens
Fischbach	Knutson	Limmer	Pariseau	Terwilliger

The motion did not prevail.

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 840, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 840: A bill for an act relating to elections; campaign finance; changing the treatment of spending limits and public subsidy in certain cases; amending Minnesota Statutes 1994, section 10A.25, subdivision 10; repealing Minnesota Statutes 1994, section 10A.324, subdivision 5.

Senate File No. 840 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 2, 1996

Mr. President:

I have the honor to announce the passage by the House of the following Senate Files, herewith returned: S.F. Nos. 2198, 2175 and 2886.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 2, 1996

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 2245, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2245 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 2, 1996

CONFERENCE COMMITTEE REPORT ON H.F. NO. 2245

A bill for an act relating to health; modifying requirements relating to home care providers and housing with services establishments; providing for licensure of housing with services home care providers; amending Minnesota Statutes 1994, sections 144A.43, subdivision 4; 144A.45, subdivision 1; and 144A.46, subdivision 1; Minnesota Statutes 1995 Supplement, sections 144B.01, subdivision 5; 144D.01, subdivisions 4, 5, and 6; 144D.02; 144D.03; 144D.04; 144D.05; 144D.06; and 157.17, subdivision 7; proposing coding for new law in Minnesota Statutes, chapter 144A; repealing Minnesota Statutes 1994, section 144A.45, subdivision 3.

April 2, 1996

The Honorable Irv Anderson
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H.F. No. 2245, 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. 2245 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

CHANGING PROVISIONS FOR HEALTH PLANS

Section 1. Minnesota Statutes 1994, section 62A.047, is amended to read:

62A.047 [CHILDREN'S HEALTH SUPERVISION SERVICES AND PRENATAL CARE SERVICES.]

A policy of individual or group health and accident insurance regulated under this chapter, or individual or group subscriber contract regulated under chapter 62C, health maintenance contract regulated under chapter 62D, or health benefit certificate regulated under chapter 64B, issued, renewed, or continued to provide coverage to a Minnesota resident, must provide coverage for child health supervision services and prenatal care services. The policy, contract, or certificate must specifically exempt reasonable and customary charges for child health supervision services and prenatal care services from a deductible, copayment, or other coinsurance or dollar limitation requirement. This section does not prohibit the use of policy waiting periods or preexisting condition limitations for these services. Minimum benefits may be limited to one visit payable to one provider for all of the services provided at each visit cited in this section subject to the schedule set forth in this section. Nothing in this section applies to a commercial health insurance policy issued as a companion to a health maintenance organization contract, a policy designed primarily to provide coverage payable on a per diem, fixed indemnity, or nonexpense incurred basis, or a policy that provides only accident coverage.

"Child health supervision services" means pediatric preventive services, appropriate immunizations, developmental assessments, and laboratory services appropriate to the age of a child from birth to age ~~six~~ 18 as defined by Standards of Child Health Care issued by the American Academy of Pediatrics. Reimbursement must be made for at least five child health supervision visits from birth to 12 months, three child health supervision visits from 12 months to 24 months, once a year from 24 months to ~~72 months~~ age 18.

"Prenatal care services" means the comprehensive package of medical and psychosocial support provided throughout the pregnancy, including risk assessment, serial surveillance, prenatal education, and use of specialized skills and technology, when needed, as defined by Standards for Obstetric-Gynecologic Services issued by the American College of Obstetricians and Gynecologists.

Sec. 2. [62A.265] [COVERAGE FOR LYME DISEASE.]

Subdivision 1. [REQUIRED COVERAGE.] Every health plan, including a plan providing the coverage specified in section 62A.011, subdivision 3, clause (10), must cover treatment for diagnosed Lyme disease.

Subd. 2. [SPECIAL RESTRICTIONS PROHIBITED.] No health plan included in subdivision 1 may impose a special deductible, copayment, waiting period, or other special restriction on treatment for Lyme disease that the health plan does not apply to nonpreventive treatment in general.

Sec. 3. Minnesota Statutes 1994, section 62M.05, subdivision 3, is amended to read:

Subd 3. [NOTIFICATION OF DETERMINATIONS.] A utilization review organization must have written procedures for providing notification of its determinations on all certifications in accordance with the following:

(a) When an initial determination is made to certify, notification must be provided promptly by telephone to the provider. The utilization review organization shall send written notification to the hospital, attending physician, or applicable service provider within ten business days of the determination in accordance with section 72A.201, subdivision 4a, or shall maintain an audit trail of the determination and telephone notification. For purposes of this subdivision, "audit trail" includes documentation of the telephone notification, including the date; the name of the person

spoken to; the enrollee or patient; the service, procedure, or admission certified; and the date of the service, procedure, or admission. If the utilization review organization indicates certification by use of a number, the number must be called the "certification number."

(b) When a determination is made not to certify a hospital or surgical facility admission or extension of a hospital stay, or other service requiring review determination, within one working day after making the decision the attending physician and hospital must be notified by telephone and a written notification must be sent to the hospital, attending physician, and enrollee or patient. The written notification must include the principal reason or reasons for the determination and the process for initiating an appeal of the determination. Upon request, the utilization review organization shall provide the attending physician or provider with the criteria used to determine the necessity, appropriateness, and efficacy of the health care service and identify the database, professional treatment parameter, or other basis for the criteria. Reasons for a determination not to certify may include, among other things, the lack of adequate information to certify after a reasonable attempt has been made to contact the attending physician.

(c) When an initial determination is made to certify and the claims administrator disagrees with the determination, the claims administrator shall send written notification to the enrollee within ten business days of the determination or shall maintain an audit trail of the determination and telephone notification in accordance with section 72A.201, subdivision 4b.

Sec. 4. Minnesota Statutes 1994, section 62Q.09, subdivision 5, is amended to read:

Subd. 5. [SUNSET.] This section expires January 1, ~~1997~~ 2000.

Sec. 5. Minnesota Statutes 1994, section 72A.201, is amended by adding a subdivision to read:

Subd. 4b. [NOTIFICATION.] If a policy of accident and sickness insurance or a subscriber contract requires preauthorization approval for any nonemergency services or benefits:

(1) the utilization review organization makes an initial determination to certify; and

(2) the claims administrator disagrees with the determination, the claims administrator shall send written notification to the enrollee within ten business days of the determination or shall maintain an audit trail of the determination and telephone notification.

Sec. 6. [EFFECTIVE DATE.]

Section 2 is effective August 1, 1996, and applies to all health plans providing coverage to a Minnesota resident, issued, renewed, or continued on or after that date.

ARTICLE 2

HOUSING WITH SERVICES

Section 1. Minnesota Statutes 1994, section 144A.43, subdivision 4, is amended to read:

Subd. 4. [HOME CARE PROVIDER.] "Home care provider" means an individual, organization, association, corporation, unit of government, or other entity that is regularly engaged in the delivery, directly or by contractual arrangement, of home care services for a fee. At least one home care service must be provided directly, although additional home care services may be provided by contractual arrangements. "Home care provider" includes a hospice program defined in section 144A.48. "Home care provider" does not include:

(1) any home care or nursing services conducted by and for the adherents of any recognized church or religious denomination for the purpose of providing care and services for those who depend upon spiritual means, through prayer alone, for healing;

(2) an individual who only provides services to a relative;

(3) an individual not connected with a home care provider who provides assistance with home management services or personal care needs if the assistance is provided primarily as a contribution and not as a business;

(4) an individual not connected with a home care provider who shares housing with and provides primarily housekeeping or homemaking services to an elderly or disabled person in return for free or reduced-cost housing;

(5) an individual or agency providing home-delivered meal services;

(6) an agency providing senior companion services and other older American volunteer programs established under the Domestic Volunteer Service Act of 1973, Public Law Number 98-288;

(7) an employee of a nursing home licensed under this chapter or an employee of a boarding care home licensed under sections 144.50 to 144.56 who provides emergency services to individuals residing in an apartment unit attached to or other residential setting that is on the same campus as the nursing home;

(8) a member of a professional corporation organized under sections 319A.01 to 319A.22 that does not regularly offer or provide home care services as defined in subdivision 3;

(9) the following organizations established to provide medical or surgical services that do not regularly offer or provide home care services as defined in subdivision 3: a business trust organized under sections 318.01 to 318.04, a nonprofit corporation organized under chapter 317A, a partnership organized under chapter 323, or any other entity determined by the commissioner;

(10) an individual or agency that provides medical supplies or durable medical equipment, except when the provision of supplies or equipment is accompanied by a home care service;

(11) an individual licensed under chapter 147; or

(12) an individual who provides home care services to a person with a developmental disability who lives in a place of residence with a family, foster family, or primary caregiver.

Sec. 2. Minnesota Statutes 1994, section 144A.45, subdivision 1, is amended to read:

Subdivision 1. [RULES.] The commissioner shall adopt rules for the regulation of home care providers pursuant to sections 144A.43 to 144A.49. The rules shall include the following:

(a) provisions to assure, to the extent possible, the health, safety and well-being, and appropriate treatment of persons who receive home care services;

(b) requirements that home care providers furnish the commissioner with specified information necessary to implement sections 144A.43 to 144A.49;

(c) standards of training of home care provider personnel, which may vary according to the nature of the services provided or the health status of the consumer;

(d) standards for medications management by paraprofessionals including housing aides;

(e) standards of supervision by a registered nurse or other appropriate health care professionals of personnel providing home care services, which may vary according to the nature of the services provided or the health status of the consumer to require supervision on site at least every 62 days, or more frequently if indicated by a clinical assessment, and in accordance with sections 148.171 to 148.285, and Minnesota Rules, part 6321.0100;

(e) (f) requirements for the involvement of a consumer's physician, the documentation of physicians' orders, if required, and the consumer's treatment plan, and the maintenance of accurate, current clinical records;

(f) (g) the establishment of different classes of licenses for different types of providers and different standards and requirements for different kinds of home care services; and

(g) (h) operating procedures required to implement the home care bill of rights.

Sec. 3. Minnesota Statutes 1994, section 144A.46, subdivision 1, is amended to read:

Subdivision 1. [LICENSE REQUIRED.] (a) Unless permitted under clause (d), a home care provider may not operate in the state without a current license issued by the commissioner of health. A home care provider may hold one or more separate licenses for each class of home care license. If a home care provider holds more than one license, then each service agreement must identify under which license the client is receiving services.

(b) Within ten days after receiving an application for a license, the commissioner shall acknowledge receipt of the application in writing. The acknowledgment must indicate whether the application appears to be complete or whether additional information is required before the application will be considered complete. Within 90 days after receiving a complete application, the commissioner shall either grant or deny the license. If an applicant is not granted or denied a license within 90 days after submitting a complete application, the license must be deemed granted. An applicant whose license has been deemed granted must provide written notice to the commissioner before providing a home care service.

(c) Each application for a home care provider license, or for a renewal of a license, shall be accompanied by a fee to be set by the commissioner under section 144.122.

(d) An individual applying for a class C home care license may continue to provide services during the application process under the following conditions:

(1) the applicant provides services only to those individuals who were receiving services from the applicant prior to the date of the license application;

(2) individuals receiving services consent in writing to allow home care services to be provided during the application process; and

(3) services provided do not exceed the scope of the class C license.

If the applicant's license application is denied, the provision of home care services shall immediately cease upon notification of the denial. Services cannot be provided during any process or hearing to contest the denial of the license.

Sec. 4. [144A.475] [CLASS E HOUSING WITH SERVICES HOME CARE PROVIDER.]

Subdivision 1. [DEFINITIONS.] For the purposes of this section, the following definitions apply:

(1) "Class E housing with services home care provider" means a home care provider providing nursing services or housing aide services or both in a housing with services establishment as defined in chapter 144D.

(2) "Housing aide" means a natural person who provides housing aide services.

(3) "Housing aide services" means performing tasks defined as home health aide or home care aide tasks in Minnesota Rules, parts 4668.0100 and 4668.0110, for residents of a housing with services establishment.

Subd. 2. [CLASS E LICENSE ESTABLISHED.] A home care provider licensure category entitled class E housing with services home care provider is hereby established. A home care provider operating a housing with services program may obtain a class E license if the program meets the following requirements:

(1) nursing services or housing aide services or both under the class E license are provided solely to residents of one or more housing with services establishments registered under chapter 144D;

(2) housing aides are qualified to perform those housing aide services which are offered to the residents of the housing with services establishment. Qualifications may be established in accordance with subdivision 3;

(3) periodic supervision of housing aides is provided as otherwise set forth in Minnesota Rules,

part 4668.0110, subpart 6, except that tasks defined in Minnesota Rules, part 4668.0100, subpart 1, shall be supervised on site by a registered nurse at least once every 62 days, or more frequently if indicated by a clinical assessment, and in accordance with sections 148.171 to 148.285 and Minnesota Rules, part 6321.0100;

(4) notwithstanding Minnesota Rules, part 4668.0160, subpart 6(d), client records shall include documentation of the home care services provided each day to the resident of a housing with services establishment signed by the staff providing the services and entered into the record no later than two weeks after the end of the service day;

(5) medication and treatment orders, if any, are included in the client record and are renewed at least every six months, or more frequently if indicated by a clinical assessment;

(6) the central storage of medications in a housing with services establishment is permitted under a system, which is established by a registered nurse and addresses the control of medications, handling of medications, medication containers, medication records and disposition of medications; and

(7) in other respects it meets the requirements for class E home care licensure set forth in Minnesota Rules, parts 4668.0002 to 4668.0240.

Subd. 3. [TRAINING OR COMPETENCY EVALUATIONS REQUIRED.] Housing aides shall be trained for or demonstrate competency in each housing aide service offered to clients in a housing with services establishment.

(1) Training for housing aides shall use a curriculum approved by the commissioner for each separate task they will perform.

(2) Competency evaluations may be completed on the site of a registered housing with services establishment or in a client's residence.

(3) A registered nurse shall document each competency evaluation.

(4) All housing aides shall be trained or demonstrate competency in a set of core competencies, which are defined in Minnesota Rules, part 4668.0130, subpart 2, items A to D, H, and J to M.

(5) A registered nurse may delegate the nursing services defined in Minnesota Rules, part 4668.0100, subpart 1, items A to H, as tasks to be performed by housing aides who have been trained or demonstrate competency under this section. If medication administration is delegated to housing aides, it must be done in accordance with the requirements set forth in Minnesota Rules, part 4668.0100, subparts 2, 3, and 4, except that a housing aide need not comply with the requirements of Minnesota Rules, part 4668.0100, subpart 5.

Subd. 4. [DATE OF LICENSURE.] (a) Beginning August 1, 1996, home care providers may obtain a home care license under this section. Housing with services establishments registered under chapter 144D that are required to obtain a home care license must obtain a home care license according to this section or according to the standards for a class A agency in Minnesota Rules, parts 4668.0002 to 4668.0240.

(b) No later than December 31, 1996, any home care provider with a class E assisted living program license issued prior to August 1, 1996, shall comply with the provisions of this section. If the home care provider's class E assisted living program license expires prior to December 31, 1996, compliance with the provisions of Minnesota Rules, parts 4668.0002 to 4668.0240, shall be followed until December 31, 1996, or until compliance with this section is obtained, whichever comes first.

(c) Any board and lodging establishment registered under section 157.17 which is required to be registered under chapter 144D shall be registered under chapter 144D by August 1, 1996. Supportive services and health supervision services may continue to be provided under the requirements of section 157.17 until December 31, 1996. After that date, compliance with the provisions of this section is required.

Subd. 5. [LICENSE FEE EXCEPTION.] Notwithstanding Minnesota Rules, part 4669.0050, subpart 3, the initial class E license fee shall be \$100 for a facility that (1) is a board and lodging establishment that was registered under section 157.17 prior to January 1, 1996, or (2) is a noncertified boarding care home reimbursed under chapter 256I.

Subd. 6. [WAIVER.] Upon request of the provider, the commissioner may waive the provisions of this section relating to registered nurse duties.

Sec. 5. Minnesota Statutes 1995 Supplement, section 144B.01, subdivision 5, is amended to read:

Subd. 5. [RESIDENTIAL CARE HOME OR HOME.] "Residential care home" or "home" means an establishment with a minimum of five beds, where adult residents are provided sleeping accommodations and three or more meals per day and where at least two or more supportive services or at least one health-related service are provided or offered to all residents by the home. A residential care home is not required to offer every supportive or health-related service. A "residential care home" does not include:

(1) a board and lodging establishment licensed under chapter 157 and the provisions of Minnesota Rules, parts 9530.4100 to 9530.4450;

(2) a boarding care home or a supervised living facility licensed under chapter 144;

(3) a home care provider licensed under chapter 144A;

(4) any housing arrangement which consists of apartments containing a separate kitchen or kitchen equipment that will allow residents to prepare meals and where supportive services may be provided, on an individual basis, to residents in their living units either by the management of the residential care home or by home care providers under contract with the home's management;

(5) a board or lodging establishment which serves as a shelter for battered women or other similar purpose; and

(6) ~~an elderly~~ a housing with services establishment registered under chapter 144D.

Sec. 6. Minnesota Statutes 1995 Supplement, section 144D.01, subdivision 4, is amended to read:

Subd. 4. [~~ELDERLY HOUSING WITH SERVICES ESTABLISHMENT OR ESTABLISHMENT.~~] "~~Elderly~~ Housing with services establishment" or "establishment" means an establishment providing sleeping accommodations to one or more adult residents, ~~at least 80 percent of which are 55 years of age or older,~~ and offering or providing, for a fee, one or more health-related service or two or more supportive service services, whether offered or provided directly by the establishment or by another entity arranged for by the establishment. "Offering or providing" does not include services which may be made available by the establishment on an intermittent or incidental basis.

Elderly A housing with services establishment does not include:

(1) a nursing home licensed under chapter 144A;

(2) a hospital, boarding care home, or supervised living facility licensed under sections 144.50 to 144.56;

(3) a board and lodging establishment licensed under chapter 157 and Minnesota Rules, parts 9520.0500 to 9520.0670, 9525.0215 to 9525.0355, 9525.0500 to 9525.0660, or 9530.4100 to 9530.4450;

(4) a board and lodging establishment which serves as a shelter for battered women or other similar purpose;

(5) a family adult foster care home licensed under Minnesota Rules, parts 9543.0010 ~~to 9543.0150~~ 9555.5050 to 9555.6265; or

(6) private homes in which the residents are related by kinship, law, or affinity with the providers of services;

(7) home sharing arrangements such as those in which elderly or disabled persons or single-parent families make lodging in their private residences available to other persons in exchange for services or rent or both; or

(8) duly organized condominiums, cooperatives, common interest communities, and owners' associations of any of the foregoing where at least 80 percent of the units which comprise such condominiums, cooperatives, or common interest communities are occupied by natural persons who are the owners, members, or shareholders thereof.

Sec. 7. Minnesota Statutes 1995 Supplement, section 144D.01, subdivision 5, is amended to read:

Subd. 5. [SUPPORTIVE SERVICES.] "Supportive services" means ~~arranging for medical services, health-related services, social services, transportation help with personal laundry, or handling or assisting with personal funds of residents, or arranging for medical services, health-related services, social services, or transportation to medical or social services appointments.~~ "Arranging" for services does not include making referrals, assisting a resident in contacting a service provider of the resident's choice, or contacting a service provider in an emergency.

Sec. 8. Minnesota Statutes 1995 Supplement, section 144D.01, subdivision 6, is amended to read:

Subd. 6. [HEALTH-RELATED SERVICES.] "Health-related services" include professional nursing services, home health aide tasks, and home care aide tasks identified in Minnesota Rules, parts 4668.0100, subparts 1 and 2; and 4668.0110, subpart 1, or the central storage of medication for residents under section ~~144A.485, subdivision 2, clause (6)~~ 144A.475, subdivision 2, clause (6).

Sec. 9. Minnesota Statutes 1995 Supplement, section 144D.01, is amended by adding a subdivision to read:

Subd. 7. [FAMILY ADULT FOSTER CARE HOMES.] "Family adult foster care home" means a home licensed under Minnesota Rules, parts 9555.5050 to 9555.6265, which is the primary residence of the licenseholder and in which the licenseholder is the primary caregiver.

Sec. 10. Minnesota Statutes 1995 Supplement, section 144D.02, is amended to read:

144D.02 [REGISTRATION REQUIRED; REGISTRATION PERMITTED.]

No entity may establish, operate, conduct, or maintain an elderly housing with services establishment in this state without registering and operating as required in sections 144D.01 to 144D.06. A housing with services establishment in which at least 80 percent of the residents are 55 years of age or older is required to register and to operate under the provisions of this chapter. A housing with services establishment which is not required to register may, at its option, register under this chapter. If a housing with services establishment which is not required to register does register, it is required to operate under the provisions of this chapter as if it had been required to register.

Sec. 11. Minnesota Statutes 1995 Supplement, section 144D.03, is amended to read:

144D.03 [REGISTRATION.]

Subdivision 1. [REGISTRATION PROCEDURES.] The commissioner shall establish forms and procedures for annual registration of elderly housing with services establishments. The commissioner shall charge an annual registration fee of \$35. No fee shall be refunded. A registered establishment shall notify the commissioner within 30 days of any change in the business name or address of the establishment, the name or mailing address of the owner or owners, or the name or mailing address of the managing agent. There shall be no fee for

submission of the notice. A registered establishment may provide written notice to the commissioner of the date it is no longer required to be registered under this chapter. There shall be no fee for submission of the notice.

Subd. 2. [REGISTRATION INFORMATION.] The establishment shall provide the following information to the commissioner in order to be registered:

- (1) the business name, street address, and mailing address of the establishment;
- (2) the name and mailing address of the owner or owners of the establishment and, if the owner or owners are not natural persons, identification of the type of business entity of the owner or owners, and the names and addresses of the officers and members of the governing body, or comparable persons for partnerships, limited liability corporations, or other types of business organizations of the owner or owners;
- (3) the name and mailing address of the managing agent, whether through management agreement or lease agreement, of the establishment, if different from the owner or owners, and the name of the on-site manager, if any;
- (4) verification that the establishment has entered into ~~an elderly~~ a housing with services contract, as required in section 144D.04, with each resident or resident's representative;
- (5) the name and address of at least one natural person who shall be responsible for dealing with the commissioner on all matters provided for in sections 144D.01 to 144D.06, and on whom personal service of all notices and orders shall be made, and who shall be authorized to accept service on behalf of the owner or owners and the managing agent, if any; and
- (6) the signature of the authorized representative of the owner or owners or, if the owner or owners are not natural persons, signatures of at least two authorized representatives of each owner, one of which shall be an officer of the owner.

Personal service on the person identified under clause (5) by the owner or owners in the registration shall be considered service on the owner or owners, and it shall not be a defense to any action that personal service was not made on each individual or entity. The designation of one or more individuals under this subdivision shall not affect the legal responsibility of the owner or owners under sections 144D.01 to 144D.06.

Sec. 12. Minnesota Statutes 1995 Supplement, section 144D.04, is amended to read:

144D.04 [~~ELDERLY~~ HOUSING WITH SERVICES CONTRACTS.]

Subdivision 1. [CONTRACT REQUIRED.] No ~~elderly~~ housing with services establishment may operate in this state unless a written ~~elderly~~ housing with services contract, as defined in subdivision 2, is executed between the establishment and each resident or resident's representative and unless the establishment operates in accordance with the terms of the contract. The resident or the resident's representative shall be given a complete copy of the contract and all supporting documents and attachments and any changes whenever changes are made.

Subd. 2. [CONTENTS OF CONTRACT.] ~~An elderly~~ A housing with services contract, which need not be entitled as such to comply with this section, shall include at least the following elements in itself or through supporting documents or attachments:

- (1) name, street address, and mailing address of the establishment;
- (2) the name and mailing address of the owner or owners of the establishment and, if the owner or owners is not a natural person, identification of the type of business entity of the owner or owners;
- (3) the name and mailing address of the managing agent, through management agreement or lease agreement, of the establishment, if different from the owner or owners;
- (4) the name and address of at least one natural person who is authorized to accept service on behalf of the owner or owners and managing agent;

- (5) statement describing the registration and licensure status of the establishment and any provider providing health-related or supportive services under an arrangement with the establishment;
- (6) term of the contract;
- (7) description of the services to be provided to the resident in the base rate to be paid by resident;
- (8) description of any additional services available for an additional fee from the establishment directly or through arrangements with the establishment;
- (9) fee schedules outlining the cost of any additional services;
- (10) description of the process through which the contract may be modified, amended, or terminated;
- (11) description of the establishment's complaint resolution process available to residents;
- (12) the resident's designated representative, if any;
- (13) the establishment's referral procedures if the contract is terminated;
- (14) criteria used by the establishment to determine who may continue to reside in the elderly housing with services establishment;
- (15) billing and payment procedures and requirements;
- (16) statement regarding the ability of residents to receive services from service providers with whom the establishment does not have an arrangement; and
- (17) statement regarding the availability of public funds for payment for residence or services in the establishment.

Subd. 3. [CONTRACTS IN PERMANENT FILES.] ~~Elderly~~ Housing with services contracts and related documents executed by each resident or resident's representative shall be maintained by the establishment in files from the date of execution until three years after the contract is terminated. The contracts shall be made available for on-site inspection by the commissioner upon request at any time.

Sec. 13. Minnesota Statutes 1995 Supplement, section 144D.05, is amended to read:

144D.05 [AUTHORITY OF COMMISSIONER.]

The commissioner shall, upon receipt of information which may indicate the failure of ~~the elderly a~~ housing with services establishment, a resident, a resident's representative, or a service provider to comply with a legal requirement to which one or more of them may be subject, make appropriate referrals to other governmental agencies and entities having jurisdiction over the subject matter. The commissioner may also make referrals to any public or private agency the commissioner considers available for appropriate assistance to those involved.

The commissioner shall have standing to bring an action for injunctive relief in the district court in the district in which an establishment is located to compel ~~the elderly a~~ housing with services establishment to meet the requirements of this chapter or other requirements of the state or of any county or local governmental unit to which the establishment is otherwise subject. Proceedings for securing an injunction may be brought by the commissioner through the attorney general or through the appropriate county attorney. The sanctions in this section do not restrict the availability of other sanctions.

Sec. 14. Minnesota Statutes 1995 Supplement, section 144D.06, is amended to read:

144D.06 [OTHER LAWS.]

~~An elderly A housing with services establishment shall obtain and maintain all other licenses, permits, registrations, or other governmental approvals required of it in addition to registration under this chapter, except that an establishment registered under this chapter is exempt, at its option, from the requirement of obtaining and maintaining an adult foster care license under Minnesota Rules, parts 9543.0010 to 9543.0150, or a lodging license under chapter 157 9555.5050 to 9555.6265. An elderly A housing with services establishment is subject to the provisions of sections 504.01 to 504.28 and 566.01 to 566.175. An elderly housing with services establishment which is also described in section 157.031 is exempt from the requirements of that section while it is registered under this chapter.~~

Sec. 15. Minnesota Statutes 1995 Supplement, section 157.17, subdivision 7, is amended to read:

Subd. 7. [EXEMPTION FOR ESTABLISHMENTS WITH A HUMAN SERVICES LICENSE AND FOR REGISTERED HOUSING WITH SERVICES ESTABLISHMENTS.] This section does not apply to a boarding and lodging establishment or lodging establishment that is licensed by the commissioner of human services under chapter 245A. Establishments registered under chapter 144D shall be considered registered under this section for all purposes except that:

(1) such establishments shall operate under the requirements of chapter 144D and sections 144A.43 to 144A.48, if applicable, and may not operate under the requirements of this section; and

(2) such establishments shall fall under the criminal background check requirements of sections 299C.67 to 299C.71. The criminal background check requirements of section 144.057 shall apply only to personnel providing home care services under sections 144A.43 to 144A.48 in such establishments.

Sec. 16. [REPEALER.]

Minnesota Statutes 1994, section 144A.45, subdivision 3, is repealed."

Amend the title accordingly

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

House Conferees: (Signed) Lee Greenfield, Becky Lourey, Gary D. Worke

Senate Conferees: (Signed) Linda Berglin, Don Kramer, Pat Piper

Ms. Berglin moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2245 be now adopted, and that the bill be repassed as amended by the Conference Committee.

Mr. Samuelson moved that the recommendations and Conference Committee Report on H.F. No. 2245 be rejected and that the bill be re-referred to the Conference Committee as formerly constituted for further consideration.

The question was taken on the adoption of the Samuelson motion.

The roll was called, and there were yeas 55 and nays 4, as follows:

Those who voted in the affirmative were:

Beckman	Hanson	Laidig	Neuville	Riveness
Belanger	Hottinger	Larson	Novak	Robertson
Berg	Janezich	Lesewski	Oliver	Runbeck
Betzold	Johnson, D.E.	Lessard	Olson	Sams
Chandler	Johnson, J.B.	Limmer	Ourada	Samuelson
Cohen	Johnston	Marty	Pariseau	Scheevel
Day	Kiscaden	Merriam	Piper	Solon
Dille	Kleis	Metzen	Pogemiller	Spear
Finn	Knutson	Moe, R.D.	Price	Stevens
Fischbach	Krentz	Morse	Ranum	Stumpf
Frederickson	Kroening	Murphy	Reichgott Junge	Vickerman

Mses. Berglin, Flynn, Mr. Kramer and Ms. Pappas voted in the negative.

The motion prevailed.

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 374, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 374 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 2, 1996

CONFERENCE COMMITTEE REPORT ON H.F. NO. 374

A bill for an act relating to utilities; exempting large electric power generating plant from certificate of need proceeding when selected by the public utilities commission from a bidding process to select resources to meet the utility's projected energy demand; amending Minnesota Statutes 1994, section 216B.2422, subdivision 5.

April 1, 1996

The Honorable Irv Anderson
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H.F. No. 374, 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. 374 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1994, section 216B.2422, subdivision 5, is amended to read:

Subd. 5. [BIDDING; EXEMPTION FROM CERTIFICATE OF NEED PROCEEDING.] (a) A utility may select resources to meet its projected energy demand through a bidding process approved or established by the commission. A utility shall use the environmental cost estimates determined under subdivision 3 in evaluating bids submitted in a process established under this subdivision.

(b) Notwithstanding any other provision of this section, if an electric power generating plant, as described in section 216B.2421, subdivision 2, paragraph (a), is selected in a bidding process approved or established by the commission, a certificate of need proceeding under section 216B.243 is not required.

Sec. 2. Minnesota Statutes 1994, section 216B.2423, subdivision 1, is amended to read:

Subdivision 1. [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) 225 megawatts of electric energy installed capacity generated by wind energy conversion systems within the state by December 31, 1998; and (2) an additional 200 megawatts of installed capacity so generated within the state by December 31, 2002.

For the purpose of this section, "wind energy conversion system" has the meaning given it in section 216C.06, subdivision 12.

(b) A utility that contracts for wind power pursuant to the mandate to develop wind power contained in paragraph (a) may, for the duration of the contract, include in the utility's energy cost adjustment permitted under section 216B.16, subdivision 7:

(1) all property taxes for which the utility is responsible that are levied on wind conversion systems which generate wind power pursuant to the contract; and

(2) all the utility's reasonable expenses incurred under the contract, provided the contract has been previously approved by the commission. In approving the contract, the commission must find:

(i) for contracts for 12 megawatts or more of wind energy installed capacity, that the prices for wind power in the contract are based on the results of a competitive bidding process approved or established by the commission; or

(ii) for contracts for no more than 12 megawatts of wind energy installed capacity, that the prices for the wind power are otherwise approved by the commission.

This paragraph applies only to a contract for wind power entered into pursuant to the wind power mandate of this subdivision and shall not apply to any other contract.

Sec. 3. Laws 1992, chapter 511, article 8, section 39, is amended to read:

Sections 1, 2, 7, 8, 9, 11, 12, 24, and 28 are effective the day after final enactment.

Sections 3 and 4 are effective for tax payments due for sales made after September 30, 1992.

Sections 5 and 6 are effective July 1, 1992, and apply to refunds filed after that date.

Sections 10, 13, 22, and 26 are effective for sales made after June 30, 1992.

Sections 14, 15, and 18 are effective for sales made after May 31, 1992.

Section 16 is effective retroactive for sales made after June 30, 1991.

Section 19 is effective for all open tax years.

Sections 20 and 21 are effective for sales made after June 30, 1992, ~~and before July 1, 1996.~~

Section 23 is effective for sales made on or after the date of enactment, but prior to April 1, 1994.

Section 25 is effective for fiscal year 1993 and thereafter.

Section 36 is effective the day following final enactment, and upon approval by the governing body of the city of Duluth pursuant to Minnesota Statutes, section 645.021.

Section 38 is effective for sales made after December 31, 1991."

Delete the title and insert:

"A bill for an act relating to utilities; exempting large electric power generating plant from certificate of need proceeding when selected by the public utilities commission from a bidding process to select resources to meet the utility's projected energy demand; ensuring that photovoltaic devices and wind energy conversion systems remain exempt from sales tax after June 30, 1996; amending Minnesota Statutes 1994, section 216B.2422, subdivision 5; and 216B.2423, subdivision 1; Laws 1992, chapter 511, article 8, section 39."

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

House Conferees: (Signed) Steve Trimble, Ted Winter, Dennis Ozment

Senate Conferees: (Signed) Steven G. Novak, Janet B. Johnson, Arlene J. Lesewski

Mr. Novak moved that the foregoing recommendations and Conference Committee Report on H.F. No. 374 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 374 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 61 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Laidig	Oliver	Sams
Beckman	Hanson	Larson	Olson	Samuelson
Belanger	Hottinger	Lesewski	Ourada	Scheevel
Berg	Janezich	Lessard	Pappas	Solon
Berglin	Johnson, D.E.	Limmer	Pariseau	Spear
Betzold	Johnson, J.B.	Marty	Piper	Stevens
Chandler	Johnston	Merriam	Pogemiller	Stumpf
Cohen	Kiscaden	Metzen	Price	Terwilliger
Day	Kleis	Moe, R.D.	Ranum	Vickerman
Dille	Knutson	Mondale	Reichgott Junge	
Finn	Kramer	Morse	Riveness	
Fischbach	Krentz	Murphy	Robertson	
Flynn	Kroening	Novak	Runbeck	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 2318, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2318 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 2, 1996

CONFERENCE COMMITTEE REPORT ON H.F. NO. 2318

A bill for an act relating to lawful gambling; regulating expenditures and reports; providing enforcement powers; removing the restriction on compensation to persons who participate in the conduct of lawful gambling; amending Minnesota Statutes 1994, sections 349.151, subdivision 4; 349.166, subdivisions 2 and 3; 349.18, subdivision 1; and 349.19, subdivision 3; repealing Minnesota Statutes 1994, section 349.168, subdivision 3.

April 2, 1996

The Honorable Irv Anderson
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H.F. No. 2318, 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. 2318 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1994, section 240.15, subdivision 1, is amended to read:

Subdivision 1. [TAXES IMPOSED.] (a) From July 1, 1996, until July 1, 1999, there is imposed a tax at the rate of six percent of the total amount in excess of \$12,000,000 annually withheld from all pari-mutuel pools by the licensee, including breakage and amounts withheld under section 240.13, subdivision 4. After June 30, 1999, the tax is imposed on the total amount withheld from all pari-mutuel pools. For the purpose of this subdivision, "annually" is the period from July 1 to June 30 of the next year.

In addition to the above tax, the licensee must designate and pay to the commission a tax of one percent of the total amount bet on each racing day, for deposit in the Minnesota breeders fund.

The taxes imposed by this clause must be paid from the amounts permitted to be withheld by a licensee under section 240.13, subdivision 4.

(b) The commission may impose an admissions tax of not more than ten cents on each paid admission at a licensed racetrack on a racing day if:

- (1) the tax is requested by a local unit of government within whose borders the track is located;
- (2) a public hearing is held on the request; and
- (3) the commission finds that the local unit of government requesting the tax is in need of its revenue to meet extraordinary expenses caused by the racetrack.

Sec. 2. Minnesota Statutes 1994, section 240.15, subdivision 5, is amended to read:

Subd. 5. [UNREDEEMED TICKETS.] ~~Not later than 100 days after the end of a racing meeting a licensee who sells pari-mutuel tickets must remit to the commission or its representative an amount equal to the total value of unredeemed tickets from the racing meeting. The remittance must be accompanied by a detailed statement of the money on a form the commission prescribes.~~

(a) Notwithstanding any provision to the contrary in chapter 345, unredeemed pari-mutuel tickets shall not be considered unclaimed funds and shall be handled in accordance with the provisions of this subdivision.

(b) ~~Until the end of calendar year 1999, any person claiming to be entitled to the proceeds of any unredeemed ticket who fails to claim said proceeds prior to their being remitted to the commission, may within one year after the date of remittance to the commission conclusion of each race meet file with the commission licensee a verified claim for such proceeds on such form as the commission licensee prescribes along with the pari-mutuel ticket. Unless the claimant satisfactorily establishes the right to the proceeds, the claim shall be rejected. If the claim is allowed, the commission licensee shall pay the proceeds without interest to the claimant. There is hereby appropriated from the general fund to the commission an amount sufficient to make payment to persons entitled to such proceeds.~~

(c) Beginning January 1, 2000, not later than 100 days after the end of a race meet a licensee who sells pari-mutuel tickets must remit to the commission or its representative an amount equal to the total value of unredeemed tickets from the race meet. The remittance must be accompanied by a detailed statement of the money on a form the commission prescribes. Any person claiming to be entitled to the proceeds of any unredeemed ticket who fails to claim said proceeds prior to their being remitted to the commission, may within one year after the date of remittance to the commission file with the commission a verified claim for such proceeds on such form as the commission prescribes along with the pari-mutuel ticket. Unless the claimant satisfactorily establishes the right to the proceeds, the claim shall be rejected. If the claim is allowed, the commission shall pay the proceeds without interest to the claimant. There is hereby appropriated from the general fund to the commission an amount sufficient to make payment to persons entitled to such proceeds.

Sec. 3. Minnesota Statutes 1994, 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, 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, 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, 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, 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.

Sec. 4. Minnesota Statutes 1994, 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 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), a \$250 penalty is imposed on the organization. Failure to file a timely report does not disqualify the organization as exempt under this subdivision if a report is later filed and the penalty paid. 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. 5. Minnesota Statutes 1994, section 349.166, subdivision 3, is amended to read:

Subd. 3. [RAFFLES; CERTAIN ORGANIZATIONS.] Sections 349.168, ~~subdivisions 3 and subdivision 4~~; and 349.211, subdivision 3, and the membership requirements of section 349.16, ~~subdivision 2~~, paragraph (c), do not apply to raffles conducted by an organization that directly or under contract to the state or a political subdivision delivers health or social services and that is a 501(c)(3) organization if the prizes awarded in the raffles are real or personal property donated by an individual, firm, or other organization. The person who accounts for the gross receipts, expenses, and profits of the raffles may be the same person who accounts for other funds of the organization.

Sec. 6. Minnesota Statutes 1994, section 349.18, subdivision 1, is amended to read:

Subdivision 1. [LEASE OR OWNERSHIP REQUIRED.] (a) An organization may conduct lawful gambling only on premises it owns or leases. Leases must be on a form prescribed by the

board. Except for leases entered into before the effective date of this section, the term of the lease may not begin before the effective date of the premises permit and must expire on the same day that the premises permit expires. Copies of all leases must be made available to employees of the board and the division of gambling enforcement on request. A lease may not provide for payments determined directly or indirectly by the receipts or profits from lawful gambling. The board may prescribe by rule limits on the amount of rent which an organization may pay to a lessor for premises leased for lawful gambling provided that no rule of the board may prescribe a limit of less than \$1,000 per month on rent paid for premises used for lawful gambling other than bingo. Any rule adopted by the board limiting the amount of rent to be paid may only be effective for leases entered into, or renewed, after the effective date of the rule.

(b) No person, distributor, manufacturer, lessor, or organization other than the licensed organization leasing the space may conduct any activity other than the sale or serving of food and beverages on the leased premises during times when lawful gambling is being conducted on the premises.

(c) At a site where the leased premises consists of an area on or behind a bar at which alcoholic beverages are sold and employees of the lessor are employed by the organization as pull-tab sellers at the site, pull-tabs and tipboard tickets may be sold and redeemed by those employees at any place on or behind the bar, but the tipboards and receptacles for pull-tabs and cash drawers for lawful gambling receipts must be maintained only within the leased premises.

(d) Employees of a lessor may participate in lawful gambling on the premises provided (1) if pull-tabs or tipboards are sold, the organization voluntarily posts, or is required to post, the major prizes as specified in section 349.172; and (2) any employee of the lessor participating in lawful gambling is not a gambling employee for the organization conducting lawful gambling on the premises.

Sec. 7. Minnesota Statutes 1994, section 349.19, subdivision 3, is amended to read:

Subd. 3. [EXPENDITURES.] (a) All expenditures of gross profits from lawful gambling must be itemized as to payee, purpose, amount, and date of payment, and must be in compliance with section 349.154. Authorization of the expenditures must be recorded in the monthly meeting minutes of the licensed organization. Checks for expenditures of gross profits must be signed by at least two persons authorized by board rules to sign the checks.

(b) Expenditures authorized by the board according to section 349.12, subdivision 25, paragraph (b), clause (3), must be 51 percent completed within two years of the date of board approval. "Fifty-one percent completed" means that the work completed must represent at least 51 percent of the value of the project as documented by the contractor or vendor. An organization that fails to comply with this paragraph shall reapply to the board for approval of the project.

Sec. 8. [REPORT.]

The commissioner of human services must report to the senate committee on gaming regulation, the house of representatives committee on governmental operations and gambling, and the governor by June 1, 1996, on the results of its negotiations of the agreement provided for in Minnesota Statutes, section 245.98, subdivision 4. The commissioner must also issue a follow-up report on January 15, 1997.

Sec. 9. [REPEALER.]

Minnesota Statutes 1994, section 349.168, subdivision 3, is repealed.

Sec. 10. [EFFECTIVE DATE.]

Section 1 is effective July 1, 1996.

Section 2 is effective the day after final enactment and applies to unredeemed tickets whenever sold. Sections 3, 4, 5, 6, 7, 8, and 9 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to gambling; regulating the imposition of certain taxes on pari-mutuel racing; providing for the handling of claims on unredeemed tickets; regulating expenditures from lawful gambling; providing enforcement powers; removing the restriction on compensation to persons who participate in the conduct of lawful gambling; regulating leased premises; requiring a report; amending Minnesota Statutes 1994, sections 240.15, subdivisions 1 and 5; 349.151, subdivision 4; 349.166, subdivisions 2 and 3; 349.18, subdivision 1; and 349.19, subdivision 3; repealing Minnesota Statutes 1994, section 349.168, subdivision 3."

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

House Conferees: (Signed) John Dorn, Walter E. Perl, Steve Dehler

Senate Conferees: (Signed) Charles A. Berg, Jerry R. Janezich, Thomas M. Neuville

Mr. Berg moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2318 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 2318 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 45 and nays 16, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Kroening	Mondale	Price
Belanger	Hanson	Laidig	Morse	Reichgott Junge
Berg	Hottinger	Larson	Murphy	Riveness
Cohen	Janezich	Lesewski	Neuville	Robertson
Day	Johnson, D.E.	Lessard	Novak	Runbeck
Dille	Johnston	Limmer	Oliver	Scheevel
Finn	Kleis	Marty	Olson	Solon
Fischbach	Knutson	Metzen	Ourada	Spear
Flynn	Krentz	Moe, R.D.	Pariseau	Stevens

Those who voted in the negative were:

Beckman	Johnson, J.B.	Merriam	Pogemiller	Samuelson
Berglin	Kiscaden	Pappas	Ranum	Stumpf
Betzold	Kramer	Piper	Sams	Vickerman
Chandler				

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 1648, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1648 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 2, 1996

CONFERENCE COMMITTEE REPORT ON H.F. NO. 1648

A bill for an act relating to civil actions; providing for civil damages for bias offenses;

proposing coding for new law in Minnesota Statutes, chapter 611A; repealing Minnesota Statutes 1994, section 548.06.

April 2, 1996

The Honorable Irv Anderson
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H.F. No. 1648, 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. 1648 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [611A.78] [CIVIL DAMAGES FOR BIAS OFFENSES.]

Subdivision 1. [DEFINITION.] For purposes of this section, "bias offense" means conduct that would constitute a crime and was committed because of the victim's or another's actual or perceived race, color, religion, sex, sexual orientation, disability as defined in section 363.01, age, or national origin.

Subd. 2. [CAUSE OF ACTION; DAMAGES AND FEES INJUNCTION.] A person who is damaged by a bias offense has a civil cause of action against the person who committed the offense. The plaintiff is entitled to recover the greater of: (i) \$500; or (ii) actual general and special damages, including damages for emotional distress.

A plaintiff also may obtain punitive damages as provided in sections 549.191 and 549.20 or an injunction or other appropriate relief.

Subd. 3. [RELATION TO CRIMINAL PROCEEDING; BURDEN OF PROOF.] A person may bring an action under this section regardless of the existence or outcome of criminal proceedings involving the bias offense that is the basis for the action. The burden of proof in an action under this section is preponderance of the evidence.

Subd. 4. [PARENTAL LIABILITY.] Section 540.18 applies to actions under this section, except that:

(1) the parent or guardian is liable for all types of damages awarded under this section in an amount not exceeding \$5,000; and

(2) the parent or guardian is not liable if the parent or guardian made reasonable efforts to exercise control over the minor's behavior.

Subd. 5. [TRIAL; LIMITATION PERIOD.] (a) The right to trial by jury is preserved in an action brought under this section.

(b) An action under this section must be commenced not later than six years after the cause of action arises.

Subd. 6. [OTHER RIGHTS PRESERVED.] The remedies under this section do not affect any rights or remedies of the plaintiff under other law.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective August 1, 1996, and applies to bias offenses committed on or after that date."

Delete the title and insert:

"A bill for an act relating to civil actions; providing for recovery of damages and injunctive relief for victims of bias offenses; imposing parental liability; proposing coding for new law in Minnesota Statutes, chapter 611A."

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

House Conferees: (Signed) Thomas Pugh, Jim Rhodes, Richard H. Jefferson

Senate Conferees: (Signed) John C. Hottinger, Ted A. Mondale, David L. Knutson

Mr. Hottinger moved that the foregoing recommendations and Conference Committee Report on H.F. No. 1648 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 1648 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 59 and nays 2, as follows:

Those who voted in the affirmative were:

Anderson	Flynn	Krentz	Novak	Robertson
Beckman	Frederickson	Laidig	Oliver	Runbeck
Belanger	Hanson	Langseth	Olson	Sams
Berg	Hottinger	Larson	Ourada	Samuelson
Berglin	Janezich	Lessard	Pappas	Scheevel
Betzold	Johnson, D.E.	Marty	Pariseau	Solon
Chandler	Johnson, J.B.	Merriam	Piper	Spear
Cohen	Johnston	Metzen	Pogemiller	Stevens
Day	Kiscaden	Moe, R.D.	Price	Stumpf
Dille	Kleis	Mondale	Ranum	Terwilliger
Finn	Knutson	Morse	Reichgott Junge	Vickerman
Fischbach	Kramer	Neuville	Riveness	

Ms. Lesewski and Mr. Limmer voted in the negative.

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Orders of Business of Reports of Committees and Second Reading of Senate Bills.

REPORTS OF COMMITTEES

Mr. Moe, R.D. moved that the Committee Reports at the Desk be now adopted. The motion prevailed.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was re-referred

S.F. No. 2871: A bill for an act relating to legislative enactments; providing for the correction of miscellaneous oversights, inconsistencies, ambiguities, unintended results, and technical errors of a noncontroversial nature; repealing Laws 1995, chapter 171, sections 54 and 56.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, after line 10, insert:

"Sec. 2. [CORRECTION 51.] Laws 1996, chapter 282, section 1, is amended to read:

Section 1. [366.125] [MAY MAKE APPLICANT CERTIFY THAT TAXES ARE PAID.]

The town board may require, either as part of the necessary information on an application or as a condition of a grant of approval, an applicant for an amendment, permit, or other approval required under a regulation established pursuant to sections 366.10 to 366.18 to certify that there are no delinquent property taxes, special assessments, penalties, and interest due on the parcel to which the application relates. Property taxes which are being paid under the provisions of a stipulation, order, or confession of judgment, or which are being appealed as provided by law, are not considered delinquent for purposes of this section if all required payments that are due under the terms of the stipulation, order, confession of judgment, or appeal have been paid.

Sec. 3. [CORRECTION 51.] Laws 1996, chapter 282, section 2, is amended to read:

Sec. 2. [394.235] [MAY MAKE APPLICANT CERTIFY THAT TAXES ARE PAID.]

The county board may require, either as part of the necessary information on an application or as a condition of a grant of approval, an applicant for an amendment to an official control established pursuant to sections 394.21 to 394.37, or for a permit or other approval required under an official control established pursuant to those sections to certify that there are no delinquent property taxes, special assessments, penalties, and interest due on the parcel to which the application relates. Property taxes which are being paid under the provisions of a stipulation, order, or confession of judgment, or which are being appealed as provided by law, are not considered delinquent for purposes of this subdivision section if all required payments that are due under the terms of the stipulation, order, confession of judgment, or appeal have been paid.

Sec. 4. [CORRECTION 51.] Minnesota Statutes 1994, section 462.353, subdivision 5, as added by Laws 1996, chapter 282, section 3, is amended to read:

Subd. 5. [CERTIFY TAXES PAID.] A municipality may require, either as part of the necessary information on an application or as a condition of a grant of approval, an applicant for an amendment to an official control established pursuant to sections 462.351 to 462.364, or for a permit or other approval required under an official control established pursuant to those sections to certify that there are no delinquent property taxes, special assessments, penalties, interest, and municipal utility fees due on the parcel to which the application relates. Property taxes which are being paid under the provisions of a stipulation, order, or confession of judgment, or which are being appealed as provided by law, are not considered delinquent for purposes of this subdivision if all required payments that are due under the terms of the stipulation, order, confession of judgment, or appeal have been paid.

Sec. 5. [CORRECTION 52.] 1996 S.F. No. 2856, article 2, section 8, if enacted, is amended to read:

Sec. 8. [INTENSIVE JUVENILE MONITORING PILOT PROGRAM.]

(a) The commissioner of corrections shall establish at least four pilot programs to provide intensive monitoring in the community for juveniles who have committed or are at risk to commit status offenses or delinquent acts. A juvenile need not be adjudicated for an offense to be eligible for the program. The pilot programs shall provide a work experience for qualified upper division college and graduate students who are majoring in relevant disciplines to supervise and monitor juveniles referred to or placed in community corrections or court services programs. Referrals to the program may be made by peace officers, juvenile courts, and juvenile probation officers.

(b) The commissioner shall collaborate with appropriate faculty members and administrators at the University of Minnesota, the state universities, private colleges and universities, community corrections agencies, and court services agencies to establish general eligibility criteria for upper division college and graduate students to participate in the program and to specify the various ways by which students will be compensated through their college or university for their participation including, but not limited to, monetary compensation, tuition payments, and related mileage and parking expenses. The compensation program shall allow for long-term placements and corrections experiences for students who are financially dependent on paid internships.

(c) The commissioner also shall collaborate with higher education experts, community corrections agencies, court services agencies, law enforcement agencies, and juvenile court judges to:

- (1) establish general eligibility criteria for juveniles to be referred to or placed in the program;
- (2) establish maximum caseloads for students, based on their experience and knowledge and on the characteristics of the juveniles to be supervised;
- (3) specify the types of supervision and monitoring the college students may be expected to provide to the juveniles; and
- (4) specify the manner in which the students' work and performance measures will be monitored and evaluated by relevant criminal justice and higher education professionals.

(d) At the end of the pilot programs, the commissioner of corrections shall report findings and recommendations to the chairs of the house and senate committees with jurisdiction over criminal justice and higher education issues.

Sec. 6. [CORRECTION 54.] Minnesota Statutes 1995 Supplement, section 299A.35, subdivision 1, as amended by 1996 S.F. No. 2856, article 2, section 5, if enacted, is amended to read:

Subdivision 1. [PROGRAMS.] The commissioner shall, in consultation with the chemical abuse and violence prevention council, administer a grant program to fund community-based programs that are designed to enhance the community's sense of personal security and to assist the community in its crime control and prevention efforts. Examples of qualifying programs include, but are not limited to, the following:

(1) community-based programs designed to provide services for children aged 8 to 13 under 14 years of age who are juvenile offenders or who are at risk of becoming juvenile offenders. The programs must give priority to:

- (i) juvenile restitution;
- (ii) prearrest or pretrial diversion, including through mediation;
- (iii) probation innovation;
- (iv) teen courts, community service; or
- (v) post incarceration alternatives to assist youth in returning to their communities;

(2) community-based programs designed to provide at-risk children and youth aged 8 to 13 under 14 years of age with after-school and summer enrichment activities;

(3) community-based programs designed to discourage young people from involvement in unlawful drug or street gang activities such as neighborhood youth centers;

(4) neighborhood block clubs and innovative community-based crime prevention programs;

(5) community- and school-based programs designed to enrich the educational, cultural, or recreational opportunities of at-risk children and youth, including programs designed to keep at-risk youth from dropping out of school and encourage school dropouts to return to school;

(6) community-based programs designed to intervene with juvenile offenders who are identified as likely to engage in repeated criminal activity in the future unless intervention is undertaken;

(7) community-based collaboratives that coordinate multiple programs and funding sources to address the needs of at-risk children and youth, including, but not limited to, collaboratives that address the continuum of services for juvenile offenders and those who are at risk of becoming juvenile offenders;

(8) programs that are proven successful at increasing the rate of school success or the rate of post-secondary education attendance for high-risk students;

(9) community-based programs that provide services to homeless youth;

(10) programs designed to reduce truancy; and

(11) other community- and school-based crime prevention programs that are innovative and encourage substantial involvement by members of the community served by the program.

Sec. 7. [CORRECTION 55.] Minnesota Statutes 1995 Supplement, section 124A.22, subdivision 13, is amended to read:

Subd. 13. [TRANSPORTATION SPARSITY DEFINITIONS.] The definitions in this subdivision apply to subdivisions 13a and 13b.

(a) "Sparsity index" for a school district means the greater of .2 or the ratio of the square mile area of the school district to the actual pupil units of the school district.

(b) "Density index" for a school district means the ratio of the square mile area of the school district to the actual pupil units of the school district. However, the density index for a school district cannot be greater than .2 or less than .005.

(c) "Fiscal year 1996 base allowance" for a school district means the result of the following computation:

(1) sum the following amounts:

(i) the fiscal year 1996 regular transportation revenue for the school district according to section 124.225, subdivision 7d, paragraph (a), excluding the revenue attributable nonpublic school pupils and to pupils with disabilities receiving special transportation services; plus

(ii) the fiscal year 1996 nonregular transportation revenue for the school district according to section 124.225, subdivision 7d, paragraph (b), excluding the revenue for desegregation transportation according to section 124.225, subdivision 1, paragraph (c), clause (4), and the revenue attributable to nonpublic school pupils and to pupils with disabilities receiving special transportation services or board and lodging; plus

(iii) the fiscal year 1996 excess transportation levy for the school district according to section 124.226, subdivision 5, excluding the levy attributable to nonpublic school pupils; plus

(iv) the fiscal year 1996 late activity bus levy for the school district according to section 124.226, subdivision 9, excluding the levy attributable to nonpublic school pupils; plus

(v) an amount equal to one-third of the fiscal year 1996 bus depreciation for the school district according to section 124.225, subdivision 1, paragraph (b), clauses (2), (3), and (4).

(2) divide the result in paragraph (c), clause (1), by the school districts district's 1995-1996 actual fund balance pupil units.

Sec. 8. [CORRECTION 58.] Minnesota Statutes 1994, section 84.035, subdivision 5, as amended by 1996 H.F. No. 787, section 1, if enacted, is amended to read:

Section 1. Minnesota Statutes 1994, section 84.035, subdivision 5, is amended to read:

Subd. 5. [ACTIVITIES IN PEATLAND SCIENTIFIC AND NATURAL AREAS.] Areas designated in subdivision 4 as peatland scientific and natural areas are subject to the following conditions:

(a) Except as provided in paragraph (b), all restrictions otherwise applicable to scientific and natural areas designated under section 86A.05, subdivision 5, apply to the surface use and to any use of the mineral estate which would significantly modify or alter the peatland water levels or flows, peatland water chemistry, plant or animal species or communities, or other natural features

of the peatland scientific and natural areas, including, but not limited to, the following prohibitions:

(1) construction of any new public drainage systems after the effective date of Laws 1991, chapter 354, or improvement or repair to a public drainage system in existence on the effective date of Laws 1991, chapter 354, under authority of chapter 103E, or any other alteration of surface water or ground water levels or flows unless specifically permitted under paragraph (b), clause (5) or (6);

(2) removal of peat, sand, gravel, or other industrial minerals;

(3) exploratory boring or other exploration or removal of oil, natural gas, radioactive materials or metallic minerals which would significantly modify or alter the peatland water levels or flows, peatland water chemistry, plant or animal species or communities, or natural features of the peatland scientific and natural areas, except in the event of a national emergency declared by Congress;

(4) commercial timber harvesting;

(5) construction of new corridors of disturbance, of the kind defined in subdivision 3, after June 5, 1991; and

(6) ditching, draining, filling, or any other activities which modify or alter the peatland water levels or flows, peatland water chemistry, plant or animal species or communities, or other natural features of the peatland scientific and natural areas.

(b) The following activities are allowed:

(1) recreational activities, including hunting, fishing, trapping, cross-country skiing, snowshoeing, nature observation, or other recreational activities permitted in the management plan approved by the commissioner;

(2) scientific and educational work and research;

(3) maintenance of corridors of disturbance, including survey lines and preparation of winter roads, consistent with protection of the peatland ecosystem;

(4) use of corridors of disturbance unless limited by a management plan adopted by the commissioner under subdivision 6;

(5) improvements to a public drainage system in existence on the effective date of Laws 1991, chapter 354, only when it is for the protection and maintenance of the ecological integrity of the peatland scientific and natural area and when included in a management plan adopted by the commissioner under subdivision 6;

(6) repairs to a public drainage system in existence on the effective date of Laws 1991, chapter 354, which crosses a peatland scientific and natural area and is used for the purposes of providing a drainage outlet for lands outside of the peatland scientific and natural area, provided that there are no other feasible and prudent alternative means of providing the drainage outlet. The commissioner shall cooperate with the ditch authority in the determination of any feasible and prudent alternatives. No repairs which would significantly modify or alter the peatland water levels or flows, peatland water chemistry, plant or animal species or communities, or other natural features of the peatland scientific and natural areas shall be made unless approved by the commissioner;

(7) motorized uses on a corridor of disturbance, if the corridor existed on or before January 1, 1992, provided that recreational motorized uses may occur only when the substrate is frozen, or the corridor is snow packed, subject to a management plan developed in accordance with subdivision 6; and

(8) control of forest insects, disease, and wildfires, as described in a management plan adopted by the commissioner under subdivision 6; and

(9) geological and geophysical surveys which would not significantly modify or alter the peatland water levels or flows, peatland water chemistry, plant or animal species or communities, or other natural features of the peatland scientific and natural areas.

Sec. 9. [CORRECTION 58A.] Minnesota Statutes 1994, section 103B.3355, as amended by 1996 H.F. No. 787, section 3, if enacted, is amended to read:

Sec. 3. Minnesota Statutes 1994, section 103B.3355, is amended to read:

103B.3355 [WETLAND FUNCTIONS FOR DETERMINING PUBLIC VALUES.]

(a) The public values of wetlands must be determined based upon the functions of wetlands for:

(1) water quality, including filtering of pollutants to surface and groundwater, utilization of nutrients that would otherwise pollute public waters, trapping of sediments, shoreline protection, and utilization of the wetland as a recharge area for groundwater;

(2) floodwater and stormwater retention, including the potential for flooding in the watershed, the value of property subject to flooding, and the reduction in potential flooding by the wetland;

(3) public recreation and education, including hunting and fishing areas, wildlife viewing areas, and nature areas;

(4) commercial uses, including wild rice and cranberry growing and harvesting and aquaculture;

(5) fish, wildlife, native plant habitats; and

(6) low-flow augmentation; and

(7) other public uses.

(b) The board of water and soil resources, in consultation with the commissioners of natural resources and agriculture and local government units, shall adopt rules establishing:

(1) scientific methodologies for determining the functions of wetlands; and

(2) criteria for determining the resulting public values of wetlands.

(c) The methodologies and criteria established under this section or other methodologies and criteria that include the functions in paragraph (a) and are approved by the board, in consultation with the commissioners of natural resources and agriculture and local government units, must be used to determine the functions and resulting public values of wetlands in the state. The functions listed in paragraph (a) are not listed in order of priority.

(d) Public value criteria established or approved by the board under this section do not apply in areas subject to local comprehensive wetland protection and management plans established under section 103G.2243.

(e) The board of water and soil resources, in consultation with the commissioners of natural resources and agriculture and local government units, may identify regions of the state where preservation, enhancement, restoration, and establishment of wetlands would have high public value. The board, in consultation with the commissioners, may identify high priority wetland regions using available information relating to the factors listed in paragraph (a). The board shall notify local units of government with water planning authority of these high priority regions.

Sec. 10. [CORRECTION 58B.] 1996 H.F. No. 787, section 16, if enacted, is amended to read:

Sec. 16. Minnesota Statutes 1994, section 103G.005, is amended by adding a subdivision to read:

Subd. 14a. [PASTURE.] "Pasture" means an area that was grazed by domesticated livestock or that was planted with annually seeded crops in a crop rotation seeding of grasses or legumes in six of the last ten years prior to January 1, 1991.

Sec. 11. [CORRECTION 58C.] 1996 H.F. No. 787, section 33, as added, is amended to read:

Sec. 33. [103G.2243] [LOCAL COMPREHENSIVE WETLAND PROTECTION AND MANAGEMENT PLANS.]

Subdivision 1. [GENERAL REQUIREMENTS; NOTICE AND PARTICIPATION.] (a) As an alternative to the rules adopted under section 103G.2242, subdivision 1, and the public value criteria established or approved under section 103B.3355, a comprehensive wetland protection and management plan may be developed by a local government unit, or one or more local government units operating under a joint powers agreement, provided that:

(1) a notice is made at the beginning of the planning process to the board, the commissioner of natural resources, the pollution control agency, local government units, and local citizens to actively participate in the development of the plan; and

(2) the plan is implemented by ordinance as part of the local government's official controls under chapter 394, for a county; chapter 462, for a city; chapter 366, for a town; and by rules adopted under chapter 103D, for a watershed district; and chapter 103B, for a watershed management organization.

(b) An organization that is invited to participate in the development of the local plan, but declines to do so and fails to participate or to provide written comments during the local review process, waives the right during board review to submit comments, except comments concerning consistency of the plan with laws and rules administered by that agency. In determining the merit of an agency comment, the board shall consider the involvement of the agency in the development of the local plan.

Subd. 2. [PLAN CONTENTS.] A comprehensive wetland protection and management plan may:

(1) provide for classification of wetlands in the plan area based on:

(i) an inventory of wetlands in the plan area;

(ii) an assessment of the wetland functions listed in section 103B.3355, using a methodology chosen by the technical evaluation panel from one of the methodologies established or approved by the board under that section; and

(iii) the resulting public values;

(2) vary application of the sequencing standards in section 103G.222, subdivision 1, paragraph (b), for projects based on the classification and criteria set forth in the plan;

(3) vary the replacement standards of section 103G.222, subdivision 1, paragraphs (f) and (g), based on the classification and criteria set forth in the plan, for specific wetland impacts provided there is no net loss of public values within the area subject to the plan, and so long as:

(i) in a 50 to 80 percent area, a minimum acreage requirement of one acre of replaced wetland for each acre of drained or filled wetland requiring replacement is met within the area subject to the plan; and

(ii) in a less than 50 percent area, a minimum acreage requirement of two acres of replaced wetland for each acre of drained or filled wetland requiring replacement is met within the area subject to the plan, except that replacement for the amount above a 1:1 ratio can be accomplished as described in section 103G.2242, subdivision 12;

(4) in a greater than 80 percent area, allow replacement credit, based on the classification and criteria set forth in the plan, for any project that increases the public value of wetlands, including activities on adjacent upland acres; and

(5) in a greater than 80 percent area, based on the classification and criteria set forth in the plan, expand the application of the exemptions in section 103G.2241, subdivision 1, paragraph (a), clause (4), to also include nonagricultural land, provided there is no net loss of wetland values.

Subd. 3. [BOARD REVIEW AND APPROVAL; MEDIATION; JUDICIAL REVIEW.] (a) The plan is deemed approved 60 days after the local government submits the final plan to the board, unless the board disagrees with the plan as provided in paragraph (d).

(b) The board may not disapprove a plan if the board determines the plan meets the requirements of this section.

(c) In its review of a plan, the board shall advise the local government unit of those elements of the plan that are more restrictive than state law and rules for purposes of section 103G.237, subdivision 5.

(d) If the board disagrees with the plan or any elements of the plan, the board shall, in writing, notify the local government of the plan deficiencies and suggested changes. The board shall include in the response to the local government the scientific justification, if applicable, for the board's concerns with the plan. Upon receipt of the board's concerns with the plan, the local government has 60 days to revise the plan and resubmit the plan to the board for reconsideration, or the local government may request a hearing before the board. The board shall hold a hearing within the boundaries of the jurisdiction of the local government within 60 days of the request for hearing. After the hearing, the board shall, within 60 days, prepare a report of its decision and inform the local government.

(e) If, after the hearing, the board and local government disagree on the plan, the board shall, within 60 days, initiate mediation through a neutral party. If the board and local government unit agree in writing not to use mediation or the mediation does not result in a resolution of the differences between the parties, then the board may commence a declaratory judgment action in the district court of the county where the local government unit is located. If the board does not commence a declaratory judgment action within the applicable 60-day period, the plan is deemed approved.

(f) The declaratory judgment action must be commenced within 60 days after the date of the written agreement not to use mediation or 60 days after conclusion of the mediation. If the board commences a declaratory judgment action, the district court shall review the board's record of decision and the record of decision of the local government unit. The district court shall affirm the plan if it meets the requirements of this ~~subdivision~~ section.

Subd. 4. [EFFECTIVE DATE; REPLACEMENT DECISIONS.] (a) The plan becomes effective as provided in subdivision 3, paragraphs (d) to (f), and after adoption of the plan into the official controls of the local government.

(b) After the effective date of a plan, a local government unit shall make replacement decisions consistent with the plan.

Subd. 5. [PLAN AMENDMENTS.] Amendments to the plan become effective upon completion of the same process required for the original plan.

Subd. 6. [WATER PLANNING PROCESSES APPLY.] Except as otherwise provided for in this section, all other requirements relating to development of the plan must be consistent with the water plan processes under sections 103B.231 and 103B.311.

Sec. 12. [CORRECTION 61.] 1996 S.F. No. 1997, section 1, if enacted, is amended by adding a subdivision to read:

Subd. 9. [TAX INCREMENT FINANCING.] This section does not apply to assistance provided by tax increment financing.

Sec. 13. [CORRECTION 62.] Minnesota Statutes 1994, section 256B.501, subdivision 5d, as added by 1996 H.F. No. 1584, article 3, section 6, if enacted, is amended to read:

Subd. 5d. [ADJUSTMENT FOR OUTREACH CRISIS SERVICES.] An ICF/MR with crisis services developed under the authority of Laws 1992, chapter 513, article 9, section 40, shall have its operating cost per diem calculated according to paragraphs (a) and (b).

(a) Effective for services rendered from April 1, 1996, to September 30, 1996, and for rate years beginning on or after October 1, 1996, the maintenance limitation in Minnesota Rules, part 9553.0050, subpart 1, item A, subitem (2), shall be calculated to reflect capacity as of October 1, 1992. The maintenance limit shall be the per diem limitation otherwise in effect adjusted by the ratio of licensed capacity days as of October 1, 1992, divided by resident days in the reporting year ending December 31, 1993.

(b) Effective for services rendered from April 1, 1996, to September 30, 1996, and for rate years beginning on or after October 1, 1996, the operating cost per service unit, for purposes of the cost per service unit limit in section 256B.501, subdivision 5b, paragraph (d), clauses (7) and (8), shall be calculated after excluding the costs directly identified to the provision of outreach crisis services and a four-bed crisis unit.

(c) The efficiency incentive paid to an ICF/MR shall not be increased as a result of this subdivision.

Sec. 14. [CORRECTION 62A.] 1996 H.F. No. 1584, article 2, section 62, if enacted, is amended to read:

Sec. 62. [EFFECTIVE DATE; APPLICATION.]

(a) Sections 12, 14, 16, 18, 29, 30, and the portion of section 61 that repeals section 256B.15, subdivision 5, are effective the day following final enactment to the extent permitted by federal law. If any provisions of these sections are prohibited by federal law, the provisions shall become effective when federal law is changed to permit their application or a waiver is received. The commissioner of human services shall notify the revisor of statutes when federal law is enacted or a waiver is received and publish a notice in the State Register. The commissioner must include the notice in the first State Register published after the effective date of the federal changes.

(b) If, by July 1, 1996, any provisions of the sections mentioned in paragraph (a) are not effective because of prohibitions in federal law, the commissioner shall apply to the federal government for a waiver of those prohibitions, and those provisions shall become effective upon receipt of a federal waiver, notification to the revisor of statutes, and publication of a notice in the State Register to that effect. If the commissioner applies for a waiver of the lookback period, the commissioner shall seek the longest lookback period the health care financing administration will approve, not to exceed 72 months.

(c) Section 54 applies to estates of decedents dying on or after its effective date. Section 55 applies to estates where the notice under Minnesota Statutes, section 524.3-801, paragraph (a), was first published on or after its effective date. Section 55 does not affect any right or duty to provide notice to known creditors, including a local agency, before its effective date.

(d) Sections 7, 13, 15, 17, 33, 34, 35, 38, and 60 are effective the day following final enactment.

(e) Section 11 is effective retroactive to October 1, 1993.

(f) Sections 8, 22, subdivision 3, and 34 are effective upon federal approval.

(g) Sections 10 and 31 are effective upon receipt of federal approval, retroactive to January 1, 1996.

Sec. 15. [CORRECTION 62B.] Minnesota Statutes 1995 Supplement, section 256B.431, subdivision 25, as amended by 1996 H.F. No. 1584, article 3, section 3, if enacted, is amended to read:

Subd. 25. [CHANGES TO NURSING FACILITY REIMBURSEMENT BEGINNING JULY 1, 1995.] The nursing facility reimbursement changes in paragraphs (a) to ~~(h)~~ (g) shall apply in the sequence specified to Minnesota Rules, parts 9549.0010 to 9549.0080, and this section, beginning July 1, 1995.

(a) The eight-cent adjustment to care-related rates in subdivision 22, paragraph (e), shall no longer apply.

(b) For rate years beginning on or after July 1, 1995, the commissioner shall limit a nursing facility's allowable operating per diem for each case mix category for each rate year as in clauses (1) to (3).

(1) For the rate year beginning July 1, 1995, the commissioner shall group nursing facilities into two groups, freestanding and nonfreestanding, within each geographic group, using their operating cost per diem for the case mix A classification. A nonfreestanding nursing facility is a nursing facility whose other operating cost per diem is subject to the hospital attached, short length of stay, or the rule 80 limits. All other nursing facilities shall be considered freestanding nursing facilities. The commissioner shall then array all nursing facilities in each grouping by their allowable case mix A operating cost per diem. In calculating a nursing facility's operating cost per diem for this purpose, the commissioner shall exclude the raw food cost per diem related to providing special diets that are based on religious beliefs, as determined in subdivision 2b, paragraph (h). For those nursing facilities in each grouping whose case mix A operating cost per diem:

(i) is at or below the median minus 1.0 standard deviation of the array, the commissioner shall limit the nursing facility's allowable operating cost per diem for each case mix category to the lesser of the prior reporting year's allowable operating cost per diems plus the inflation factor as established in paragraph (f), clause (2), increased by six percentage points, or the current reporting year's corresponding allowable operating cost per diem;

(ii) is between minus .5 standard deviation and minus 1.0 standard deviation below the median of the array, the commissioner shall limit the nursing facility's allowable operating cost per diem for each case mix category to the lesser of the prior reporting year's allowable operating cost per diems plus the inflation factor as established in paragraph (f), clause (2), increased by four percentage points, or the current reporting year's corresponding allowable operating cost per diem; or

(iii) is equal to or above minus .5 standard deviation below the median of the array, the commissioner shall limit the nursing facility's allowable operating cost per diem for each case mix category to the lesser of the prior reporting year's allowable operating cost per diems plus the inflation factor as established in paragraph (f), clause (2), increased by three percentage points, or the current reporting year's corresponding allowable operating cost per diem.

(2) For the rate year beginning on July 1, 1996, the commissioner shall limit the nursing facility's allowable operating cost per diem for each case mix category to the lesser of the prior reporting year's allowable operating cost per diems plus the inflation factor as established in paragraph (f), clause (2), increased by one percentage point or the current reporting year's corresponding allowable operating cost per diems; and

(3) For rate years beginning on or after July 1, 1997, the commissioner shall limit the nursing facility's allowable operating cost per diem for each case mix category to the lesser of the reporting year prior to the current reporting year's allowable operating cost per diems plus the inflation factor as established in paragraph (f), clause (2), or the current reporting year's corresponding allowable operating cost per diems.

(c) For rate years beginning on July 1, 1995, the commissioner shall limit the allowable operating cost per diems for high cost nursing facilities. After application of the limits in paragraph (b) to each nursing facility's operating cost per diems, the commissioner shall group nursing facilities into two groups, freestanding or nonfreestanding, within each geographic group. A nonfreestanding nursing facility is a nursing facility whose other operating cost per diems are subject to hospital attached, short length of stay, or rule 80 limits. All other nursing facilities shall be considered freestanding nursing facilities. The commissioner shall then array all nursing facilities within each grouping by their allowable case mix A operating cost per diems. In calculating a nursing facility's operating cost per diem for this purpose, the commissioner shall exclude the raw food cost per diem related to providing special diets that are based on religious beliefs, as determined in subdivision 2b, paragraph (h). For those nursing facilities in each grouping whose case mix A operating cost per diem exceeds 1.0 standard deviation above the median, the commissioner shall reduce their allowable operating cost per diems by two percent.

For those nursing facilities in each grouping whose case mix A operating cost per diem exceeds 0.5 standard deviation above the median but is less than or equal to 1.0 standard deviation above the median, the commissioner shall reduce their allowable operating cost per diems by one percent.

(d) For rate years beginning on or after July 1, 1996, the commissioner shall limit the allowable operating cost per diems for high cost nursing facilities. After application of the limits in paragraph (b) to each nursing facility's operating cost per diems, the commissioner shall group nursing facilities into two groups, freestanding or nonfreestanding, within each geographic group. A nonfreestanding nursing facility is a nursing facility whose other operating cost per diems are subject to hospital attached, short length of stay, or rule 80 limits. All other nursing facilities shall be considered freestanding nursing facilities. The commissioner shall then array all nursing facilities within each grouping by their allowable case mix A operating cost per diems. In calculating a nursing facility's operating cost per diem for this purpose, the commissioner shall exclude the raw food cost per diem related to providing special diets that are based on religious beliefs, as determined in subdivision 2b, paragraph (h). In those nursing facilities in each grouping whose case mix A operating cost per diem exceeds 1.0 standard deviation above the median, the commissioner shall reduce their allowable operating cost per diems by three percent. For those nursing facilities in each grouping whose case mix A operating cost per diem exceeds 0.5 standard deviation above the median but is less than or equal to 1.0 standard deviation above the median, the commissioner shall reduce their allowable operating cost per diems by two percent.

(e) For rate years beginning on or after July 1, 1995, the commissioner shall determine a nursing facility's efficiency incentive by first computing the allowable difference, which is the lesser of \$4.50 or the amount by which the facility's other operating cost limit exceeds its nonadjusted other operating cost per diem for that rate year. The commissioner shall compute the efficiency incentive by:

- (1) subtracting the allowable difference from \$4.50 and dividing the result by \$4.50;
- (2) multiplying 0.20 by the ratio resulting from clause (1), and then;
- (3) adding 0.50 to the result from clause (2); and
- (4) multiplying the result from clause (3) times the allowable difference.

The nursing facility's efficiency incentive payment shall be the lesser of \$2.25 or the product obtained in clause (4).

(f) For rate years beginning on or after July 1, 1995, the forecasted price index for a nursing facility's allowable operating cost per diems shall be determined under clauses (1) to (3) using the change in the Consumer Price Index-All Items (United States city average) (CPI-U) or the change in the Nursing Home Market Basket, both as forecasted by Data Resources Inc., whichever is applicable. The commissioner shall use the indices as forecasted in the fourth quarter of the calendar year preceding the rate year, subject to subdivision 2l, paragraph (c). If, as a result of federal legislative or administrative action, the methodology used to calculate the Consumer Price Index-All Items (United States city average) (CPI-U) changes, the commissioner shall develop a conversion factor or other methodology to convert the CPI-U index factor that results from the new methodology to an index factor that approximates, as closely as possible, the index factor that would have resulted from application of the original CPI-U methodology prior to any changes in methodology. The commissioner shall use the conversion factor or other methodology to calculate an adjusted inflation index. The adjusted inflation index must be used to calculate payment rates under this section instead of the CPI-U index specified in paragraph (d). If the commissioner is required to develop an adjusted inflation index, the commissioner shall report to the legislature as part of the next budget submission the fiscal impact of applying this index.

(1) The CPI-U forecasted index for allowable operating cost per diems shall be based on the 21-month period from the midpoint of the nursing facility's reporting year to the midpoint of the rate year following the reporting year.

(2) The Nursing Home Market Basket forecasted index for allowable operating costs and per

diem limits shall be based on the 12-month period between the midpoints of the two reporting years preceding the rate year.

(3) For rate years beginning on or after July 1, 1996, the forecasted index for operating cost limits referred to in subdivision 21, paragraph (b), shall be based on the CPI-U for the 12-month period between the midpoints of the two reporting years preceding the rate year.

(g) After applying these provisions for the respective rate years, the commissioner shall index these allowable operating costs per diems by the inflation factor provided for in paragraph (f), clause (1), and add the nursing facility's efficiency incentive as computed in paragraph (e).

(h) A nursing facility licensed for 302 beds on September 30, 1993, that was approved under the moratorium exception process in section 144A.073 for a partial replacement, and completed the replacement project in December 1994, is exempt from paragraphs (b) to (d) for rate years beginning on or after July 1, 1995.

(i) Notwithstanding section 11, paragraph (h), for the rate years beginning on July 1, 1996, July 1, 1997, and July 1, 1998, a nursing facility licensed for 40 beds effective May 1, 1992, with a subsequent increase of 20 Medicare/Medicaid certified beds, effective January 26, 1993, in accordance with an increase in licensure is exempt from paragraphs (b) to (d)."

Amend the title accordingly

And when so amended the bill do pass. Amendments adopted. Report adopted.

SECOND READING OF SENATE BILLS

S.F. No. 2871 was read the second time.

SUSPENSION OF RULES

Mr. Moe, R.D. moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to S.F. No. 2871 and that the rules of the Senate be so far suspended as to give S.F. No. 2871, now on General Orders, its third reading and place it on its final passage. The motion prevailed.

S.F. No. 2871 was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 63 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Kroening	Murphy	Robertson
Beckman	Hanson	Laidig	Neuville	Runbeck
Belanger	Hottinger	Langseth	Novak	Sams
Berg	Janezich	Larson	Oliver	Samuelson
Berglin	Johnson, D.E.	Lesewski	Olson	Scheevel
Betzold	Johnson, J.B.	Lessard	Ourada	Solon
Chandler	Johnston	Limmer	Pappas	Spear
Cohen	Kelly	Marty	Pariseau	Stevens
Day	Kiscaden	Merriam	Piper	Stumpf
Dille	Kleis	Metzen	Pogemiller	Terwilliger
Finn	Knutson	Moe, R.D.	Price	Vickerman
Fischbach	Kramer	Mondale	Ranum	
Flynn	Krentz	Morse	Reichgott Junge	

So the bill passed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 3273, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 3273 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 2, 1996

CONFERENCE COMMITTEE REPORT ON H.F. NO. 3273

A bill for an act relating to public administration; authorizing spending to acquire and to better public land and buildings and other public improvements of a capital nature with certain conditions; authorizing issuance of bonds; appropriating money; amending Minnesota Statutes 1994, sections 16B.24, subdivision 6a; 16B.335, subdivision 3, and by adding a subdivision; 41B.19, subdivision 1; 94.16, subdivision 3; 124C.73, subdivision 1; 134.45, subdivision 5; 268.917; and 475.58, by adding a subdivision; Minnesota Statutes 1995 Supplement, sections 473.894, subdivision 11; and 473.901, subdivision 1; Laws 1994, chapter 643, sections 19, subdivision 8, as amended; 21, subdivision 4, as amended; and 35, subdivision 3; Laws 1995, First Special Session chapter 2, article 1, section 13; proposing coding for new law in Minnesota Statutes, chapters 116J; 243; 268; and 446A; repealing Minnesota Statutes 1994, sections 446A.071, subdivisions 1, 3, 4, 5, 6, 7, and 8; Minnesota Statutes 1995 Supplement, sections 446A.071, subdivision 2; Laws 1994, chapter 643, section 24, subdivision 3.

April 2, 1996

The Honorable Irv Anderson
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H.F. No. 3273, 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. 3273 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [CAPITAL IMPROVEMENTS APPROPRIATIONS.]

The sums in the column under "APPROPRIATIONS" are appropriated from the bond proceeds fund, or another named fund, to the state agencies or officials indicated, to be spent to acquire and to better public land and buildings and other public improvements of a capital nature, as specified in this act.

SUMMARY

MINNESOTA STATE COLLEGES AND UNIVERSITIES	\$	93,931,000
UNIVERSITY OF MINNESOTA		93,804,000

CHILDREN, FAMILIES, AND LEARNING	19,100,000
CENTER FOR ARTS EDUCATION	6,879,000
RESIDENTIAL ACADEMIES AT FARIBAULT	2,373,000
NATURAL RESOURCES	39,676,000
OFFICE OF ENVIRONMENTAL ASSISTANCE	3,000,000
POLLUTION CONTROL AGENCY	3,550,000
PUBLIC FACILITIES AUTHORITY	22,100,000
BOARD OF WATER AND SOIL RESOURCES	14,750,000
AGRICULTURE	41,275,000
ADMINISTRATION	48,485,000
AMATEUR SPORTS COMMISSION	21,600,000
MILITARY AFFAIRS	1,120,000
CORRECTIONS	94,154,000
HUMAN SERVICES	8,807,000
VETERANS HOMES BOARD	740,000
TRANSPORTATION	49,639,000
HOUSING FINANCE AGENCY	3,500,000
ECONOMIC SECURITY	3,500,000
MINNESOTA HISTORICAL SOCIETY	5,950,000
PUBLIC SERVICE	4,000,000
GRANTS TO POLITICAL SUBDIVISIONS	69,410,000
BOND SALE EXPENSES	608,000
TOTAL	\$ 651,951,000
Bond Proceeds Fund	597,110,000
Transportation Fund	10,000,000
Trunk Highway Fund	36,053,000
General Fund	8,253,000
Highway User Tax Distribution Fund	535,000

APPROPRIATIONS

\$

Sec. 2. MINNESOTA STATE COLLEGES
AND UNIVERSITIES

Subdivision 1. To the board of trustees of the Minnesota state colleges and universities for the purposes specified in this section

93,931,000

Subd. 2. The board of trustees is requested to conduct a thorough evaluation of all buildings under its jurisdiction to determine the condition and the repair and betterment requirements. The evaluation shall include a review of the energy

efficiency of all major building systems. The information should be compiled for each campus and summarized for the entire system.

Subd. 3. Higher Education Asset
Preservation and Replacement

16,000,000

To be spent in accordance with Minnesota Statutes, section 135A.046. This appropriation may not be spent for renewal.

Subd. 4. Alexandria Technical College

The board may use up to \$300,000 in revenue bonds under Minnesota Statutes, sections 136A.25 to 136A.42, to construct parking facilities for independent school district No. 206 and the technical college to settle land acquisition issues resulting from the merger. The parking facilities may be located on land owned by the school district. Debt service on the revenue bonds must be paid with parking fees and other charges. The board may also use money from other sources to pay for the construction of the facilities.

Subd. 5. Anoka Hennepin Technical College

The board of trustees of the Minnesota state colleges and universities may acquire the aviation management facility and corresponding real property leased for use by the Anoka Hennepin technical college at the Anoka county airport, according to the terms of the existing lease-purchase agreement.

Subd. 6. Anoka Ramsey Community College

(a) Addition and Remodeling

10,430,000

Design, construct, furnish, and equip an addition and remodel existing space to provide classrooms, a learning resource center, computer labs, a developmental learning center, science labs, nursing and student services facilities, offices, and a campus center.

(b) Design and construct a replacement
energy plant and service elevator

4,510,000

Subd. 7. Fond du Lac Community College

3,600,000

Construct a residence facility that provides cultural education experiences for Indian students to meet the statutory requirement that the campus serve statewide Indian needs.

Subd. 8. Hibbing Community and
Technical Colleges

4,500,000

Construct additions and install related electrical and mechanical utilities at the community college site to prepare for collocation of programs.

Subd. 9. Hutchinson Technical College	2,000,000
Design and construct a heating, ventilation, and air conditioning system.	
Subd. 10. Itasca Community College	
The board may use up to \$600,000 in revenue bonds under Minnesota Statutes, sections 136A.25 to 136A.42, toward the purchase of Wannigan Residence Hall. The balance of the purchase price must come from nonstate sources or from a grant from a state agency. The board may not provide a grant.	
Subd. 11. Mankato State University	
(a) Construct a hazardous waste facility	270,000
(b) Construct a chiller plant addition	1,050,000
Subd. 12. Mesabi Community College	1,230,000
Design and construct improvements for code compliance and life safety; telecommunications upgrades; mechanical, heating, venting, and air conditioning improvements; and electrical upgrading.	
Subd. 13. Metropolitan State University, Minneapolis Region Campus	
In selecting a site for Metro State University, west metropolitan Minneapolis region campus, it is the intent of the legislature that the board of trustees determine how best to improve the delivery of comprehensive, quality educational programs. The board shall seek input from the communities, business interests, elected officials, and other interested parties, including the University of Minnesota. Priority shall be given to sites that are under the authority of the board, including consideration of consolidating the Metro State programs with other Minnesota state college and university campuses to form a fully integrated and consolidated campus under a single administration. The board shall report its recommendations to the 1997 legislature. The board must not enter into any agreements regarding the lease or purchase of a site until the site has been approved in law.	
Subd. 14. Metropolitan State University, St. Paul Region Campus	
(a) Acquire Land Adjacent to the Campus	1,600,000
(b) Power Plant Annex, Building C	1,200,000

Construct campus loading dock, Seventh Street entrance and handicapped access, site development, landscaping, and lighting.

(c) Library 200,000

Design a library for the St. Paul campus. This appropriation must be matched by an equal amount from nonstate sources.

Subd. 15. Minneapolis Community College 4,330,000

Design and construct modifications to the air handling system and fire alarm system, replace temperature control system, air handling units, and chillers.

Subd. 16. Moorhead State University

(a) Acquire land within the campus boundaries 1,400,000

(b) Construct a storm water drainage system for the campus 1,800,000

Subd. 17. North Hennepin Community College 3,846,000

Design, remodel, construct, furnish, and equip phase 2 of the learning resource center.

Subd. 18. Staples Technical College 225,000

Design and prepare contract documents for replacement classrooms on the west campus.

Subd. 19. St. Cloud State University Library 29,500,000

Construct, furnish, and equip a new library.

Subd. 20. Vermilion Community College 1,890,000

Design and construct improvements for code compliance, telecommunications upgrade, mechanical upgrades, heating, ventilation, and air conditioning improvements, and electrical modifications.

Subd. 21. Willmar Technical College 2,150,000

Construct major modifications to the heating, ventilation, and air conditioning systems, install a sprinkler system and telecommunications cable trays.

Subd. 22. Winona State University 2,200,000

Construct a chiller plant addition.

Subd. 23. Debt Service

(a) The board shall pay one-third of the debt service on state bonds sold to finance projects authorized by subdivisions 6, item (a); 7; 8; 14; 16, item (a); 17; 18; and 19. After each sale of general obligation bonds, the commissioner of finance shall notify the board of the amounts assessed for each year for the life of the bonds.

(b) The commissioner shall reduce the board's assessment each year by one-third of the net income from investment of general obligation bond proceeds in proportion to the amount of principal and interest otherwise required to be paid by the board. The board shall pay its resulting net assessment to the commissioner of finance by December 1 each year. If the board fails to make a payment when due, the commissioner of finance shall reduce allotments for appropriations from the general fund otherwise available to the board and apply the amount of the reduction to cover the missed debt service payment. The commissioner of finance shall credit the payments received from the board to the bond debt service account in the state bond fund each December 1 before money is transferred from the general fund under Minnesota Statutes, section 16A.641, subdivision 10.

Sec. 3. UNIVERSITY OF MINNESOTA

Subdivision 1. To the board of regents of the University of Minnesota for the purposes specified in this section

93,804,000

Subd. 2. Higher Education Asset Preservation and Replacement

12,000,000

To be spent in accordance with Minnesota Statutes, section 135A.046. This appropriation may not be spent for renewal.

The commissioner of finance shall not release the appropriation in this subdivision until the University of Minnesota has provided to the commissioner a list of buildings that will be decommissioned.

Subd. 3. Facility Renewal

6,200,000

Renovate existing classrooms and instructional spaces.

The commissioner of finance shall not release the appropriation in this subdivision until the University of Minnesota has provided to the commissioner a list of buildings that will be decommissioned.

Subd. 4. Crookston	3,050,000
Design, construct, furnish, and equip a controlled-environment science facility and construct a connecting road.	
Subd. 5. Duluth	1,430,000
Design a library.	
Subd. 6. Morris	
(a) Renovate Humanities and Fine Arts Building	2,300,000
(b) Science Building	2,720,000
Design a science laboratory addition, student support facilities, power plant addition, and physical education addition.	
Subd. 7. Twin Cities	
(a) Architecture Renovation	9,000,000
Design, renovate, furnish, and equip the architecture building.	
(b) Haecker Hall Renovation	12,000,000
Design, renovate, furnish, and equip Haecker Hall and related space.	
(c) Magnetic Resonance Research Building	3,500,000
Design, construct, furnish, and equip a new magnetic resonance research building.	
(d) Minnesota Library Access Center	38,500,000
Construct, furnish, and equip the Minnesota library access center to house the university's archives and special collections, immigration history research center documents and collections, to store less frequently used library materials for state university, private college, city, county, and regional libraries in the state, and to house Minitex services.	
(e) Molecular and Cellular Therapeutics Facility Remodeling	3,000,000
Remodel and equip the molecular and cellular therapeutics facility, including the modification of utilities, air filtration, and distribution systems, to accommodate new research programs.	
Subd. 8. Willmar Poultry Testing Laboratory	104,000
Pay the difference in an exchange of land and facilities for the poultry testing laboratory in Willmar.	

Subd. 9. Debt Service

(a) The board of regents shall pay one-third of the debt service on state bonds sold to finance projects authorized by subdivisions 4; 5; 6, item (b); 7, items (a) and (c) to (e); and 8. After each sale of general obligation bonds, the commissioner of finance shall notify the board of regents of the amounts assessed for each year for the life of the bonds.

(b) The commissioner shall reduce the board's assessment each year by one-third of the net income from investment of general obligation bond proceeds in proportion to the amount of principal and interest otherwise required to be paid by the board. The board shall pay its resulting net assessment to the commissioner of finance by December 1 each year. If the board fails to make a payment when due, the commissioner of finance shall reduce allotments for appropriations from the general fund otherwise available to the board and apply the amount of the reduction to cover the missed debt service payment. The commissioner of finance shall credit the payments received from the board to the bond debt service account in the state bond fund each December 1 before money is transferred from the general fund under Minnesota Statutes, section 16A.641, subdivision 10.

Sec. 4. CHILDREN, FAMILIES, AND LEARNING

Subdivision 1. To the commissioner of children, families, and learning, for the purposes specified in this section

19,100,000

Subd. 2. Youth Initiative Grants

16,000,000

For grants to local government units to design, furnish, equip, repair, replace, or construct parks and recreation buildings and school buildings to provide youth, with preference for youth in grades four through eight, with regular enrichment activities during nonschool hours, including after school, evenings, weekends, and school vacation periods, and that will provide equal access and programming for girls. The buildings may be leased to nonprofit community organizations, subject to Minnesota Statutes, section 16A.695, for the same purposes. Enrichment programs include academic enrichment, homework assistance, computer and technology use, arts and cultural activities, clubs, school-to-work and work force development, athletic, and recreational activities. Grants must be used to expand the number of children

participating in enrichment programs or improve the quality or range of program offerings. The facilities must be fully available for programming sponsored by youth-serving nonprofit and community groups, or school, county, or city programs, for maximum hours after school, evenings, weekends, summers, and other school vacation periods. Priority must be given to proposals that demonstrate collaboration among private, nonprofit, and public agencies, including regional entities dealing with at-risk youth, and community and parent organizations in arranging for programming, staffing, transportation, and equipment. All proposals must include an inventory of existing facilities and an assessment of programming needs in the community.

(a) Enrichment grants within the city of Minneapolis

5,000,000

Of this amount, at least \$2,500,000 must be used in the neighborhoods of the Near North Side, Hawthorne, Sumner-Glenwood, Powderhorn, Central, Whittier, and Phillips.

(b) Enrichment grants within the city of St. Paul

5,000,000

Of this amount, at least \$2,500,000 must be used in the neighborhoods of Summit-University, Thomas-Dale, North End, Payne-Phalen, Daytons Bluff, and the West Side.

The remaining \$2,500,000 is available citywide, with priority for some of the remaining amount given to proposals by public/private partnerships currently offering after-school enrichment programs in low-income areas in conjunction with a neighborhood-based organization. Up to \$100,000 of the remaining \$2,500,000 may be used to develop urban sports facilities for at-risk inner city youth, including those older than eighth grade.

(c) Enrichment grants outside of the cities of Minneapolis and St. Paul

6,000,000

Priority must be given to school attendance areas with high concentrations of children eligible for free or reduced school lunch and to government units demonstrating a commitment to collaborative youth efforts.

\$500,000 is to the city of Bloomington for after school enrichment activities in the northeast Bloomington study area.

The commissioner of children, families, and

learning must make a grant of at least \$1,000,000 to a school district that is a part of a collaborative effort that has at least two other school districts, is multicultural and multijurisdictional, and has previously received a facility planning grant for collaborative purposes.

(d) Each grant must be matched by \$1 from local sources for each \$2 of state money. In-kind contributions of facilities may be used for the local match. The value of in-kind contributions must be determined by the commissioner of finance.

(e) Preference must be given to projects for which at least ten percent of the youth initiative grant is expended using youthbuild under Minnesota Statutes, sections 268.361 to 268.367, or other youth employment and training programs, for the labor portion of the construction. Eligible programs must consult with appropriate labor organizations to deliver education and training.

Subd. 3. Independent School
District No. 38, Red Lake

100,000

For a grant to independent school district No. 38, Red Lake, for the construction of a classroom space for interactive television instruction. This grant is only available if the district rebuilds other space with insurance proceeds.

Subd. 4. School Building Accessibility Grants

2,000,000

For grants to local school districts according to Minnesota Statutes, sections 124C.71 to 124C.73. Grants are contingent upon a dollar-for-dollar match by nonstate sources.

Subd. 5. Library Accessibility

1,000,000

For grants to public libraries for accessibility capital projects under Minnesota Statutes, section 134.45. Grants are contingent upon a dollar-for-dollar match by nonstate sources.

Sec. 5. CENTER FOR ARTS EDUCATION

Subdivision 1. To the
commissioner of administration for
the purposes specified in this section

6,879,000

Subd. 2. Instructional Resource Facility

6,879,000

To design, construct, furnish, and equip a new instructional resource facility.

Sec. 6. RESIDENTIAL ACADEMIES AT FARIBAULT

Subdivision 1. To the
commissioner of administration for the
purposes specified in this section

2,373,000

Subd. 2. Asset Preservation	750,000
To be spent in accordance with Minnesota Statutes, section 16A.632. The commissioner of administration shall give priority to replacement and repair of roofs and replacement of windows.	
Subd. 3. Demolition of Dow Hall	1,000,000
To demolish Dow hall and the old industrial building at the Minnesota state academy for the blind in order to remove potential safety hazards. This appropriation is also available to construct surface parking on the site following demolition.	
A historical marker must be placed at the site, which must include one or more artifacts of the original building and must explain the history and significance of Dow Hall.	
Subd. 4. Exterior Lighting	556,000
To design and construct exterior lighting.	
Subd. 5. Sidewalk Replacement	67,000
To design, remove, and reconstruct deteriorated sidewalks at the Minnesota state academy for the blind. This appropriation is from the general fund.	
Sec. 7. NATURAL RESOURCES	
Subdivision 1. To the commissioner of natural resources or another named officer for the purposes specified in this section	39,676,000
Subd. 2. Asset Preservation	500,000
To the commissioner of administration to be spent in accordance with Minnesota Statutes, section 16A.632. The commissioner of natural resources shall determine project priorities as appropriate based upon need.	
Subd. 3. Office Facility Completions	1,800,000
To design, construct, furnish, and equip service facilities at consolidated office sites.	
Subd. 4. Fergus Falls Office Consolidation	2,300,000
To design, construct, furnish, and equip office and service facilities for the consolidated area headquarters in Fergus Falls.	
Subd. 5. State Park and Recreation Area Building Rehabilitation	2,400,000
For improvements of a capital nature to repair, rehabilitate, construct, or add to state park buildings throughout the state, according to the management plan required in Minnesota	

Statutes, chapter 86A. The commissioner shall determine project priorities as appropriate based upon need.

Subd. 6. State Park and Recreation
Area Building Development

1,750,000

To construct, furnish, and equip new buildings and associated utilities in the state park system, according to the management plan required in Minnesota Statutes, chapter 86A. \$500,000 of this amount is for an interpretive center at Lake Bronson state park. The commissioner shall determine project priorities as appropriate based upon need.

Subd. 7. State Park and Recreation
Area Betterment and Rehabilitation

1,450,000

To upgrade, repair, or rehabilitate improvements of a capital nature at state park and recreation area facilities throughout the state, including, but not limited to, resource management projects, trail rehabilitation, campground rehabilitation, and road and bridge repair. The commissioner shall determine project priorities as appropriate based upon need.

Subd. 8. State Park and
Recreation Area Acquisition

1,750,000

For acquisition from willing sellers of private lands within state park and recreation area boundaries established by law. The commissioner shall determine project priorities as appropriate based upon need.

Subd. 9. Metro Regional Park
Rehabilitation, Acquisition, and
Development

9,400,000

This appropriation is for payment by the commissioner of natural resources to the metropolitan council. The commissioner shall pay the amount on a reimbursement basis to the metropolitan council upon receipt of a certified copy of a council resolution requesting payment. The appropriation must be used to pay the cost of rehabilitation, acquisition, and development by the council and local government units of regional recreational open-space lands in accordance with the council's policy plan as provided in Minnesota Statutes, section 473.315. The metropolitan council, in cooperation with the city of St. Paul, must develop a plan and fund the restoration of oak savannah remnants in two regional parks in Ramsey county. This appropriation must not be used for research, planning, administration, or tax equivalency

payments. This appropriation may be used for the purchase of homes only if the purchases are included in the work program required by law and they are expressly approved by the legislative commission on Minnesota resources.

Subd. 10. Mississippi River
Grant

700,000

This appropriation is for a grant to the Minneapolis park and recreation board, working in cooperation with the city of Minneapolis and the Minneapolis Community Development agency, to acquire or develop land along the Mississippi Riverfront in both the Central Mississippi Riverfront park and upper harbor area. If the park board acquires land, the city and the Minneapolis Community Development agency must match the appropriation from nonstate sources.

The funds appropriated under this subdivision may not be used to acquire land of a company engaged in the scrap metal business.

Subd. 11. Trail Rehabilitation

500,000

To upgrade, repair, or rehabilitate improvements of a capital nature on the Luce line trail, the Douglas trail, and the North Shore trail. The commissioner shall determine project priorities as appropriate based upon need.

Subd. 12. Trail Acquisition
and Development

4,000,000

For acquisition and development of a capital nature on state trails as specified in Minnesota Statutes, section 85.015. The commissioner shall determine project priorities as appropriate based upon need.

\$500,000 of this appropriation is for acquisition and construction for the Shooting Star trail and Goodhue Pioneer trail portion of the Douglas trail, provided that any land acquired must provide a complete trail segment that connects to a community or another trail segment.

Subd. 13. Blue Earth/Minnesota
River Trail Acquisition

230,000

This appropriation is from the general fund for capital planning for Blue Earth/Minnesota river trail acquisition and other recreational opportunities within the Minnesota river valley. The trail is to run along the Blue Earth river from Mankato to the Iowa border and along the Minnesota river from Belle Plaine to the South Dakota border. The commissioner must work

with local communities and citizens for trail planning purposes. Planning for other recreational purposes may include public water accesses, canoe and boating routes, and recreation areas within the Minnesota river valley and tributaries.

Subd. 14. Mesabi Trail System 500,000

For a grant to the St. Louis and Lake counties' regional railroad authority for completion of the primary segments of the Mesabi trail system. This appropriation is available to the extent matched by money from other sources.

Subd. 15. Well Inventory and Sealing 696,000

To seal inactive wells on state-owned land.

\$276,000 of this appropriation is from the general fund. The commissioner shall determine project priorities as appropriate based upon need.

Subd. 16. Dam Improvements 1,560,000

For the emergency repair, reconstruction, or removal of publicly owned dams throughout the state. \$910,000 of this appropriation is for a grant to Rochester public utilities for the repair of the Lake Zumbro hydroelectric dam. The commissioner shall determine remaining project priorities as appropriate based upon need as provided in Minnesota Statutes, section 103G.511.

Subd. 17. Flood Hazard Mitigation Grants 1,490,000

For the flood hazard mitigation grant program to local government units for capital improvements to prevent or alleviate flood damages. The commissioner shall determine project priorities as appropriate based upon need.

Subd. 18. Forest Road and Bridge Projects 250,000

For reconstruction, resurfacing, replacement, or construction of improvements of a capital nature to state forest roads and bridges throughout the state. The commissioner shall determine project priorities as appropriate based upon need.

Subd. 19. RIM Fisheries Improvement Projects 250,000

For fish habitat improvement projects of a capital nature statewide, including installation of aeration systems and shoreline stabilization. The commissioner shall determine project priorities as appropriate based upon need.

Subd. 20. RIM Fisheries
Acquisition

300,000

For acquisition of trout and warm water stream easements and aquatic management areas. The commissioner shall determine project priorities as appropriate based upon need.

Subd. 21. RIM Wildlife, SNA,
and Prairie Bank Improvements

900,000

For development, protection, or improvements of a capital nature to wildlife management areas, state lands, scientific and natural areas, and prairie bank areas throughout the state. The commissioner shall determine project priorities as appropriate based upon need.

Subd. 22. RIM Wildlife and Natural Area
Land Acquisition

3,500,000

To acquire land for wildlife management areas under Minnesota Statutes, section 97A.135; to acquire land for scientific and natural areas under Minnesota Statutes, section 84.033; to acquire native prairie bank easements under Minnesota Statutes, section 84.96; for the critical habitat private sector matching account under Minnesota Statutes, section 84.943; and for acquisition and wetland restoration under the North American Waterfowl Management Plan. The commissioner shall determine project priorities as appropriate based upon need.

\$500,000 is for scientific and natural areas and native prairie bank easements.

Subd. 23. St. Louis River
Land Acquisition

2,200,000

To acquire and preserve undeveloped lands located along the St. Louis, Cloquet, and Whiteface rivers. This appropriation is available only if approximately 4,000 acres of privately-owned land identified in the St. Louis river management plan have been donated to the state.

Subd. 24. McQuade Public Access

500,000

For acquisition and development of a public access on Lake Superior in the city of Duluth, the town of Duluth, and the town of Lakewood. This appropriation must be matched by a total of \$350,000 from the iron range resources and rehabilitation board and nonstate sources and is contingent on sufficient land owned by the cities and the town, the value of which may not be applied as part of the required match, being made available to complete the project.

Subd. 25. Eagle Creek Matching
Contributions

The first \$1,500,000 of contributions of land received after June 8, 1995, by the state from private sources in the Eagle Creek watershed may not be used as match for the critical habitat private sector matching account under Minnesota Statutes, section 84.943. This subdivision is effective retroactively to June 9, 1995.

Subd. 26. Residential Environmental
Learning Centers

After the first \$12,500,000 in nonstate matching money has been committed for the Long Lake Conservation Center, the Deep Portage Conservation Reserve, the Wolf Ridge Environmental Learning Center, the Northwoods Audubon Center, and the Forest Resource Center, as required in Laws 1995, First Special Session chapter 2, article 1, section 48, the specific appropriations for these facilities in Laws 1994, chapter 643, section 23, subdivision 28, must be distributed and administered separately for each facility. The balances of these specific appropriations must be matched as required in Laws 1995, First Special Session chapter 2, article 1, section 48, for each facility separately. Matching funds raised after January 1, 1992, and spent or committed to be spent to plan, design, or construct these facilities are eligible to count toward the required match. The predesign and design requirements of Minnesota Statutes, section 16B.335, do not apply to the specific appropriations for these facilities in Laws 1994, chapter 643, section 23, subdivision 28.

Subd. 27. Laurentian Environmental
Learning Center

750,000

For a grant to independent school district No. 621, Mounds View, for capital improvements at the Laurentian Environmental Learning Center, including remodeling of existing buildings, construction of new buildings, demolition, roadway and parking improvements, trail improvements, and handicapped access improvements. \$250,000 of this appropriation is available immediately. The balance is available to the extent matched by money from other sources.

Subd. 28. Work Program

The commissioner of natural resources must submit a work program and semiannual progress reports in the form determined by the legislative

commission on Minnesota resources and request its recommendation before spending any money appropriated by subdivision 5, 6, 7, 8, 9, 11, 12, 13, 14, 19, 20, 21, 22, 23, 24, or 27 of this section. The commission's recommendation is advisory only. Failure to respond to a request within 60 days after receipt is a positive recommendation. Work programs involving land acquisition must include a land acquisition plan.

Sec. 8. OFFICE OF ENVIRONMENTAL ASSISTANCE 3,000,000

To the office of environmental assistance for the solid waste capital assistance grants program under Minnesota Statutes, section 115A.54. Grants under this section are exempt from the requirements of Minnesota Statutes, section 16B.335.

Sec. 9. POLLUTION CONTROL AGENCY

Subdivision 1. To the commissioner of the pollution control agency for the purposes specified in this section 3,550,000

Subd. 2. Red Wing Combined Sewer Overflow 3,350,000

For a combined sewer overflow grant under Minnesota Statutes, section 116.162, to the city of Red Wing to complete construction and separation of its combined sewer system. This appropriation must be matched dollar for dollar from local sources. It is the expectation of the legislature that this will be the final appropriation for the combined sewer overflow program.

Subd. 3. Automated Water Quality Monitoring Systems 200,000

This appropriation is from the general fund for ten permanent water quality monitoring stations and equipment at river and stream locations throughout the state.

Sec. 10. PUBLIC FACILITIES AUTHORITY

Subdivision 1. To the public facilities authority for the purposes specified in this section 22,100,000

Subd. 2. Matching Money for Federal Grants 4,000,000

For state matching money for federal grants to capitalize the water pollution control revolving fund and the state drinking water revolving fund under Minnesota Statutes, sections 446A.07 and 446A.081.

Expenditure of this appropriation is limited to the minimum amount necessary to match the allotment of federal money to Minnesota. This

appropriation must be used for qualified capital projects.

Subd. 3. Wastewater Infrastructure Program

17,500,000

For loans to municipalities under new Minnesota Statutes, section 446A.072. This appropriation must be used for qualified capital projects.

The wastewater infrastructure program in new Minnesota Statutes, section 446A.072, is a continuation of the program in Minnesota Statutes 1994, section 446A.071. Any money previously appropriated for the purposes of Minnesota Statutes 1994, section 446A.071, is appropriated for the purposes of this subdivision.

Subd. 4. Red Rock Rural Water System

600,000

For a grant for up to 80 percent of the cost of design and construction of an elevated water tank and mainline for the Red Rock rural water system, a public water system authorized under Minnesota Statutes, chapter 116A. Increased demand on the Red Rock rural water system has resulted in problems including dangerously low water levels in an existing storage tank. This appropriation is intended to allow the Red Rock rural water system to address these problems while avoiding prohibitively high water rates. This appropriation is available only if the commissioner of natural resources finds that the Red Rock rural water system has instituted a uniform rate for water service and has in place an approved emergency and conservation plan as required in Minnesota Statutes, section 103G.291, subdivision 3.

Sec. 11. BOARD OF WATER AND SOIL RESOURCES

Subdivision 1. To the board of water and soil resources for the purposes in this section

14,750,000

Subd. 2. Area II Minnesota River Basin

250,000

For grant-in-aid on roadside stormwater retention projects initiated by local governments in area II in the Minnesota river basin.

Subd. 3. RIM and PWP Conservation Easements

11,500,000

This appropriation is for the following purposes:

(a) to acquire conservation easements from landowners on marginal lands to protect soil and water quality and to support fish and wildlife

habitat as provided in Minnesota Statutes, section 103F.515; and

(b) to acquire perpetual conservation easements on existing type 1, 2, 3, and 6 wetlands, adjacent lands, and for the establishment of permanent cover on adjacent lands, in accordance with Minnesota Statutes, section 103F.516.

(c) Up to \$1,500,000 may be used for the acquisition of limited conservation easements that allow cropping or grazing at reduced payment rates on land that is currently or within the last two years has been enrolled in the federal Conservation Reserve Program (CRP), under United States Code, title 16, section 3831. The board, in conjunction with the commissioner of agriculture, must select counties for participation in the program based on: (1) the number of CRP acres; (2) the number of whole farm CRP acres; (3) the number of highly erodible CRP acres; (4) local soil conservation initiatives in place; (5) the potential for negative water quality impacts from CRP acres converted to agricultural crop production; and (6) the potential to complement public wildlife lands and other conservation lands, including protected grassland prairies. A conservation easement must be for 20 years and require that the activities on the enrolled lands comply with a conservation plan that will limit soil erosion within the soil loss tolerance, as defined in rules adopted under Minnesota Statutes, section 103F.411. Payments for conservation easements and practices under this program are as follows:

(1) to establish permanent conservation practices required by the conservation plan, for the installation of permanent livestock watering systems, or for the installation of permanent fencing for grazing systems, up to 75 percent of the total eligible costs, not to exceed an average of \$75 per acre; and

(2) ten annual payments each equal to five percent of the payment rate for 20-year easements acquired under Minnesota Statutes, section 103F.515 for land restricted to grazing and haying under the conservation plan; or

(3) ten annual payments each equal to two and one-half percent of the payment rate for 20-year easements acquired under Minnesota Statutes, section 103F.515 for land where cropping is allowed under the conservation plan.

The board may only acquire an easement under this paragraph after it determines that there is

adequate funding appropriated to make the annual payments required for the duration of the easement and the landowner agrees to convey at least ten percent of the landowner's CRP land in a permanent easement under Minnesota Statutes, section 103F.515. Priority must be given for land being conveyed or leased to beginning farmers, as defined under Minnesota Statutes, section 41C.02, subdivision 6. Up to 20 percent of the appropriation may be used for professional and technical services related to acquisition of the easements. By March 15, 1997, the board, in conjunction with the commissioner of agriculture, shall report to the finance division of the senate environment and natural resources committee and the house of representatives environment and natural resources finance committee on the acquisition of easements under this paragraph. The report must include an analysis of the need for expansion of the program to all agricultural areas of the state in order to protect water quality and provide necessary wildlife habitat, and the adequacy of payments under the program.

Subd. 4. Road Construction
Wetland Replacement Credit

3,000,000

To acquire land for wetlands or restore wetlands to be used to replace wetlands drained or filled as a result of the repair, maintenance, or rehabilitation of existing public roads, as provided in new Minnesota Statutes, section 103G.222, paragraphs (m) to (o), if 1996 House File No. 787 is enacted.

Subd. 5. Work Program

The board of water and soil resources must submit a work program and semiannual progress reports in the form determined by the legislative commission on Minnesota resources and request its recommendation before spending any money appropriated by this section. The commission's recommendation is advisory only. Failure to respond to a request within 60 days after receipt is a positive recommendation. Work programs involving land acquisition must include a land acquisition plan.

Sec. 12. AGRICULTURE

Subdivision 1. To the commissioner of agriculture for purposes specified in this section

41,275,000

Subd. 2. Rural Finance
Authority

41,000,000

To the rural finance authority to purchase participation interests in or to make direct agricultural loans to farmers under Minnesota Statutes, chapter 41B. This appropriation is for the beginning farmer program under Minnesota Statutes, section 41B.039, the loan restructuring program under Minnesota Statutes, section 41B.04, the seller-sponsored program under Minnesota Statutes, section 41B.042, the agricultural improvement loan program under Minnesota Statutes, section 41B.043, and the livestock expansion loan program under Minnesota Statutes, section 41B.045. All debt service on bond proceeds used to finance this appropriation must be repaid by the rural finance authority under Minnesota Statutes, section 16A.643. Loan participations must be priced to provide full interest and principal coverage and a reserve for potential losses.

Loans for capital projects from this appropriation are exempt from Minnesota Statutes, section 16B.335. Priority for loans must be given first to basic beginning farmer loans; second, to seller-sponsored loans; and third, to agricultural improvement loans.

Subd. 3. Biological

Control Agents Greenhouse

275,000

To the commissioner of agriculture for acquisition and construction of a greenhouse to produce biological control agents.

Sec. 13. ADMINISTRATION

Subdivision 1. To the commissioner of administration or another named agency for the purposes specified in this section

48,485,000

Subd. 2. Capital Asset

Preservation and Replacement (CAPRA)

12,000,000

To be spent in accordance with Minnesota Statutes, section 16A.632.

Up to \$900,000 of the money appropriated in this subdivision may be used as necessary to renovate the Governor's Residence in St. Paul for life safety, code, security, and ancillary storage facility improvements.

In accordance with Minnesota Statutes, section 16B.31, subdivision 6, the commissioner of administration shall identify the condition and suitability of all major state buildings and office space and report the commissioner's findings by June 30, 1997, to the chairs of the senate committee on finance and the house of representatives committees on ways and means

and on capital investment. The report must identify the useful life, the current condition, the estimated cost of currently needed repairs, and the suitability for the current state purposes of all major state-owned buildings and office space owned or leased by the state. The legislature intends to use the report in considering future appropriations to the commissioner of administration and to state agencies for asset preservation.

Subd. 3. Statewide Building Access

9,000,000

For improvements of a capital nature to remove barriers and make state-owned buildings, programs, and services accessible to individuals with disabilities, including compliance with federal ADA guidelines. The commissioner shall determine project priorities as appropriate based upon need and shall take into consideration the recommendations and priorities of the council on disability. In determining project priorities, the commissioner must give lower priority to projects in facilities which the state intends to demolish, sell, or abandon within five years.

Subd. 4. Renovate Capitol Building

7,400,000

\$4,800,000 is to predesign, design, and reconstruct the northeast and northwest terraces of the capitol building.

\$1,400,000 is to renovate the lantern and related structures on the capitol dome.

\$1,200,000 is to predesign, design construct, furnish, and equip the renovation of the capitol cafeteria and related spaces.

The balance of the appropriation in this subdivision that is not needed for the projects specified may be used for other structural stabilization projects at the capitol or to improve the capitol mall.

Subd. 5. Transportation Building Phase IV

5,525,000

To continue life safety renovation at the transportation building in St. Paul. This renovation is to include new heating, ventilation, and air conditioning systems, elevators, lighting, windows, and raised floors.

This appropriation is from the trunk highway fund.

Account balances from previous appropriations for earlier phases of this continuing project may be used for phase IV.

Subd. 6. Renovate Capitol
Area Elevators

1,500,000

To improve, upgrade, and modify existing elevator equipment in the capitol area.

Subd. 7. Agency Relocation

3,735,000

\$1,670,000 is from the general fund to relocate the print communications, micrographics, and travel management divisions of the department of administration into a new support services facility, and to relocate the department of human rights, the driver and vehicle services division of the department of public safety, the department of labor and industry in St. Cloud, and the department of human services in St. Cloud.

\$116,000 is from the general fund to complete the move of the Minnesota historical society to the state history center.

\$25,000 is from the general fund for unanticipated moving expenses.

\$1,389,000 is from the trunk highway fund for the partial relocation of the department of transportation.

\$535,000 is from the highway user tax distribution fund to relocate the driver and vehicle services division of the department of public safety.

Subd. 8. Revenue Facilities
Design

1,950,000

To design new revenue department facilities. \$1,450,000 of this appropriation is not available until the report required by subdivision 10 has been completed. Notwithstanding Minnesota Statutes, section 15.50, subdivision 2, paragraph (e), plans for the building need not be selected through a design competition.

The plans for the facilities for the department of revenue may provide for two or more buildings in separate locations. The principal administrative offices of the department must be located in or near the capitol area. Other operations may be located outside of the capitol area as appropriate and conveniently situated for efficient operations of the department.

The design development phase of the revenue department building project must include an analysis of the cost, benefit, and operational feasibility of relocating revenue department jobs to areas in greater Minnesota.

Subd. 9. Support Services
Facility

2,000,000

To acquire land for print communications, micrographics, records center, and central stores. This appropriation is not available until the report required by subdivision 10 has been completed.

Subd. 10. Evaluate Capitol Area
Office Building Construction Plans

125,000

This appropriation is from the general fund to the legislative coordinating commission to evaluate the projects in subdivisions 8 to 9 and how they fit into the master plan for construction of office buildings in the capitol area. The evaluation must determine the added costs and benefits, if any, of building in the St. Paul central business district over building in the capitol complex. The evaluation must be completed and reported to the chairs of the senate finance and house ways and means and capital investment committees by October 15, 1996. This appropriation is available until June 30, 1997.

In addition, the evaluation must include an independent cost analysis of the projects upon completion of the construction drawings. The analysis must be reported to the legislature and approved before the commissioner of administration may advertise for bids on construction of any of the projects.

Subd. 11. Korean War Memorial

250,000

For design and construction of a Korean war veterans memorial on the capitol mall. In creating the memorial, the commissioner may accept money from nonstate sources. The design is subject to approval by the capitol area architectural and planning board.

Subd. 12. Robotics and Technical
Training Facility

5,000,000

This appropriation is from the general fund to predesign, design, and construct, a technical training and classroom facility in St. Paul for training in the use of robotics methods in manufacturing and other subjects. The facility shall be owned by the state. It shall be managed to promote the best interests of all parties involved by a four-member board of directors consisting of the commissioner of administration and the chancellor of the Minnesota state colleges and universities or their designees, and representatives of the United Auto Workers local 879 and the Ford Motor Company. The board may delegate on-site management to Ford Motor Company. This appropriation is subject to negotiation of a use agreement between the

commissioner and Ford Motor Company. The appropriation is also contingent upon a match of at least \$1,600,000 of nonstate money. The agreement shall include provisions for equipment, maintenance, and management of the facility. The agreement shall provide for at least 20 percent use and access for students in Minnesota state college and university programs at no charge to the state over the life of the agreement. The term of the agreement shall be 25 years. The commissioner shall consult with the chancellor in negotiating the educational provisions of the use agreement.

Sec. 14. AMATEUR SPORTS
COMMISSION

Subdivision 1. To the amateur sports commission for the purposes specified in this section

21,600,000

Subd. 2. Ice Center Grants

8,000,000

(a) \$6,500,000 is for grants of up to \$250,000 each to construct new ice arenas and renovate existing arenas throughout the state, according to criteria in Minnesota Statutes, section 240A.09.

(b) \$500,000 is for renovation grants for arenas that are at least 20 years old, which may be in amounts up to \$125,000.

(c) All new and renovated facilities receiving grants must be publicly owned. Projects receiving grants from appropriations in items (a) and (b) are exempt from the requirements of Minnesota Statutes, section 16B.335.

(d) \$1,000,000 of this amount may be used only for a national curling center in the Virginia, Mountain Iron, Gilbert, and Eveleth area. The facility may only be constructed after endorsement by a national governing body member of the United States Olympic Committee.

Subd. 3. Land Acquisition
at National Sports Center

400,000

This appropriation is to acquire land at the national sports center in Blaine and related development costs of fees, landscaping, parking, road access, and construction needed to meet code requirements.

Subd. 4. Ski Jump

500,000

For design, construction, and equipping of a K70 ski jump in the Hyland Hills/Bush Lake ski area.

Subd. 5. National Inner City Center

3,400,000

(a) For a grant to special school district No. 1, Minneapolis, for an urban sports facility, to be owned by the district. The facility must be located on land owned by the district.

(b) This appropriation is contingent on the following:

(1) the commission has determined that nonstate money in the amount of not less than \$8,000,000 has been committed by nonstate sources for construction on adjacent property of an integrated community facility with a day care center, a natatorium, and other sports facilities to be owned and operated by a nonprofit entity and providing sports and community programming for urban at-risk youth; and

(2) the nonprofit entity has agreed to manage and operate the sports facility and to pay all operating expenses at no cost to the commission under a management agreement complying with the requirements of Minnesota Statutes, section 16A.695.

Subd. 6. National Volleyball Center

2,300,000

For a grant to the city of Rochester to design, construct, furnish, and equip a national volleyball center, to be located on land owned by the city. This grant is contingent upon a local match of at least \$2,300,000 from nonstate sources. The facility may be constructed only after endorsement by a national governing body member of the United States Olympic Committee.

Subd. 7. Mariucci Ice
and Tennis Facility

7,000,000

To the board of regents of the University of Minnesota to predesign, design, construct, and equip a new facility adjacent to Mariucci arena on the Minneapolis campus to include an ice sheet and tennis courts.

Sec. 15. MILITARY AFFAIRS

Subdivision 1. To the adjutant general or another named officer for the purposes specified in this section

1,120,000

Subd. 2. Asset Preservation

500,000

To the commissioner of administration to be spent in accordance with Minnesota Statutes, section 16A.632. The commissioner shall give priority to replacement and repair of roofs.

Subd. 3. Renovation of
Kitchen Facilities

400,000

To renovate kitchen facilities at national guard training and community centers in Thief River Falls, Wadena, Willmar, Redwood Falls, Pine City, Pipestone, Red Wing, Fergus Falls, Hastings, and Sauk Centre. This appropriation is exempt from the requirements of Minnesota Statutes, section 16B.335.

Subd. 4. Armory Facility and Ramp

220,000

This appropriation is from the general fund to the commissioner of administration for purchasing options for land for a military affairs facility and parking ramp in the capitol area as defined in Minnesota statutes, section 15.50. For this purpose, the commissioner of administration may also use unencumbered balances of prior land acquisition appropriations to the commissioner.

Sec. 16. CORRECTIONS

Subdivision 1. To the commissioner of administration for the purposes specified in this section

94,154,000

It is the policy of the state to convert existing, surplus state property for use as correctional facilities, rather than construct new facilities, whenever surplus state property is available, appropriate, and cost-effective for conversion. Conversion of existing facilities recycles buildings and materials, and provides opportunities for current and former state employees to continue their careers without the total disruption that relocation entails.

The commissioners of corrections and human services shall evaluate the St. Peter Regional Treatment Center facilities as potential sites for correction facilities, and shall report their findings to the legislature by February 1, 1997.

The commissioners of administration and corrections and the adjutant general must evaluate the feasibility of using vacant or underutilized facilities at Camp Ripley as a correctional facility. The commissioners and the adjutant general must report the results of the facility evaluation to the legislature by February 1, 1997.

Subd. 2. Asset Preservation

1,750,000

To be spent in accordance with Minnesota Statutes, section 16A.632.

Subd. 3. New Facility

89,000,000

To complete design and to construct, furnish, and equip a new close-custody correctional facility to provide at least 800 beds.

The commissioner of administration shall develop a design alternative to bid and construct one of the six residential pods at the new facility to accommodate two inmates per cell. This would result in a total of 680 single occupancy close-custody cells, and 136 medium-custody double occupancy cells.

The commissioner of administration may use construction delivery methods as may be appropriate to minimize the cost of the facility and maximize the construction time savings.

Before final contract documents for this project are advertised for construction bids, the commissioners of administration and corrections shall certify to the chairs of the senate finance committee, the senate crime prevention finance division, the house ways and means committee, the house judiciary finance committee, and the house capital investment committee that the program scope of the project has not increased since the project budget was reviewed in accordance with Minnesota Statutes, section 16B.335.

Upon receipt and evaluation of construction bids and before awarding contracts for the construction phase of the project, the commissioner of administration shall provide the bids and evaluation to the chairs of the senate finance committee and the house ways and means committee and the chairs of the policy committees and finance divisions having jurisdiction over criminal justice policy. Within 14 days after receiving them, the chairs shall advise the commissioner on which design should be constructed.

If the chairs advise the 952-bed option, but the legislature does not appropriate by April 15, 1997, any additional money that may be needed to complete the project with that option, the commissioner shall award the bids for the 800-bed single-cell close-custody facility in order to avoid delays that would further escalate the cost of the project.

Upon receipt and evaluation of construction bids and before awarding contracts for the construction phase of the project, the commissioners of administration and finance shall inform the same committee chairs of the project budget necessary to complete that portion of the project. Any portion of this appropriation that exceeds the project budget shall be unallotted by the commissioner of finance.

By February 1 of each year, the commissioner shall report to the chairs of the house judiciary committee and senate crime prevention committee on efforts to recruit a workforce for the correctional facility that is proportional to the protected groups in the inmate population, the results of the efforts, and recommendations for achieving the goal of proportional representation of protected class employees in relation to the inmate population.

Subd. 4. Bed Expansion for
Geriatric Inmates - Ah Gwah Ching

700,000

To predesign, design, remodel, construct, furnish, and equip new space for 100 beds for geriatric inmates and inmates with special medical needs at the Minnesota correctional facility - Ah Gwah Ching.

The commissioners of corrections and human services must enter into agreements to establish the correctional facility at Ah Gwah Ching with appropriations available for this purpose.

Subd. 5. Inmate
Bed Expansion - Brainerd

1,500,000

For capital improvements to the Brainerd regional human services center to establish a correctional facility for medium and minimum security inmates and to establish a special unit for inmates with medical needs.

Subd. 6. Minnesota Correctional
Facility - Lino Lakes

500,000

For predesign and design of a segregation unit for 80 medium security beds.

Subd. 7. Minnesota Correctional
Facility - Red Wing

By February 15, 1997, the commissioner of corrections shall report to the chairs of the house of representatives and senate committees having jurisdiction over criminal justice funding on the advisability of converting the Minnesota correctional facility at Red Wing to a minimum security facility for adults.

Subd. 8. Third Judicial District
Regional Juvenile Treatment Center-Rochester

680,000

For a grant to Olmsted county. The grant is to design, remodel, equip, and furnish building No. 7 on the campus of the former Rochester State Hospital. The remodeled building is to be used for juvenile sex offenders and predelinquent or delinquent youths as a part of an integrated, comprehensive juvenile services model for the

third judicial district. For purposes of this grant, Olmsted county is the fiscal agent for participating counties.

Subd. 9. Braham Site Costs Grant 24,000

For a grant to reimburse the city of Braham for costs incurred in attempting to qualify as a site for a new state correctional facility for male offenders. Reimbursable costs include but are not limited to planning expenses, site analysis, purchase of land options, legal services, engineering surveys, and water and sewer utility extensions. This appropriation is from the general fund.

Sec. 17. HUMAN SERVICES

Subdivision 1. To the commissioner of administration for the purposes specified in this section 8,807,000

Subd. 2. Asset Preservation 1,000,000

To be spent in accordance with Minnesota Statutes, section 16A.632. The commissioner of administration shall give priority to replacement and repair of roofs and fire alarm systems.

Subd. 3. Anoka Metro Regional Treatment Center 322,000

For predesign and design of improvements to the existing residential, program, clinical, and ancillary support areas in the Miller building.

Subd. 4. Brainerd Regional Human Services Center 1,500,000

To improve and upgrade heating, ventilation, cooling, air conditioning, and electrical systems in the most critical residential areas at the center as determined by the commissioner of human services.

Subd. 5. Cambridge Regional Human Services Center 3,400,000

This appropriation is to demolish existing buildings and design, construct, and equip new facilities for the first 36 out of 72 beds proposed for the Minnesota extended treatment option (METO) program; to renovate the auditorium building for recreational and program activities; and to renovate the laundry building for work activity programs.

Subd. 6. Fergus Falls Regional Treatment Center Renovation Predesign 85,000

For predesign of improvements to upgrade and consolidate residential, program, and ancillary services at the Fergus Falls campus.

Subd. 7. Willmar Regional Treatment Center
Residential and Program Space Remodeling 2,500,000

For design and renovation of buildings 1 and 7
for use as an adolescent treatment unit at the
Willmar regional treatment center.

Sec. 18. VETERANS HOMES BOARD

Subdivision 1. To the commissioner of
administration for the purposes specified
in this section 740,000

Subd. 2. Asset Preservation 500,000

To be spent in accordance with Minnesota
Statutes, section 16A.632. The commissioner
shall give priority to elimination or containment
of hazardous substances at facilities operated by
the veterans homes board, and to acquisition and
installation of an emergency generator at the
Hastings veterans home.

Subd. 3. Silver Bay Dementia Unit 240,000

To design, construct, furnish, and equip an
addition to the Silver Bay veterans home to be
used for a day room, activity area, and wander
area for dementia and alzheimer patients.

Sec. 19. TRANSPORTATION

Subdivision 1. To the commissioner
of transportation for the purposes
specified in this section 49,639,000

Subd. 2. Port Development Assistance
Program 3,000,000

For port improvement projects to repair,
construct, and improve terminal structures,
equipment, and access as authorized under
Minnesota Statutes, chapter 457A. Grants
awarded under this subdivision are contingent
upon a \$4 state to \$1 local match. The grants
must be made to political subdivisions or port
authorities for capital improvements. Any
improvements made with the proceeds of these
grants must be publicly owned.

Subd. 3. Metro Public Safety Radio
System 15,000,000

\$7,500,000 of this appropriation is from the
trunk highway fund.

This appropriation is to construct the initial
backbone of the metropolitan regionwide public
safety radio communications system described in
Minnesota Statutes, sections 473.891 to 473.905.
The appropriation is not available until the
commissioner of finance has determined that the
amount necessary to complete the initial

backbone has been committed by other sources. The other sources may include the \$10,000,000 of bonds supported by appropriations from the 911 emergency telephone service fee account in the state government special revenue fund and the \$3,000,000 of bonds supported by the full faith and credit and taxing powers of the metropolitan council that are authorized by Minnesota Statutes, sections 473.891 to 473.905, as well as contributions from other nonstate sources.

Subd. 4. Local Bridge

Replacement and Rehabilitation

10,000,000

This appropriation is from the state transportation fund as provided in Minnesota Statutes, section 174.50, to match federal funds and to replace or rehabilitate local deficient bridges.

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

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

Subd. 5. Trunk Highway

Facility Projects

20,454,000

This appropriation is from the trunk highway fund.

- (1) For construction documents, construction, furnishing, and equipping of Bemidji headquarters building to replace the existing facility. The new facility will house the district staff, support services, design, construction, right-of-way, materials engineering, maintenance, radio shop, inventory center, vehicle maintenance, vehicle storage, bridge maintenance, and building services

9,000,000

(2) Repair, replace, construct, or develop additions to chemical and salt storage buildings at 29 department of transportation locations statewide	1,000,000
(3) For schematic design, design development, construction documents, construction, furnishing, and equipping of an addition to the Rochester district office and state patrol center	1,260,000
(4) Construct, furnish, and equip a new equipment storage building on a new site in Pipestone to replace the existing facility	520,000
(5) Construct, furnish, and equip a new equipment storage building on a new site in Deer Lake to combine and replace existing operations at Togo and Effie	644,000
(6) Construct, furnish, and equip a new equipment storage building on a new site in Rushford to replace the existing facility	663,000
(7) For construction documents, construction, furnishing, and equipping of an addition to the central services building at Fort Snelling for heated storage	855,000
(8) Schematic design, design development, and construction documents for projects at Duluth, St. Cloud, Jordan, Fort Snelling, Golden Valley, and a new record building	677,000
(9) Design, construction, equipping, and furnishing of an addition to the Garrison truck station and related improvements	206,000
(10) For construction documents, construction, furnishing, and equipping of an addition to the Hastings truck station	1,362,000
(11) Construct, furnish, and equip a new equipment storage building on a new site in Gaylord to replace the existing facility	680,000
(12) Remove asbestos from various department of transportation buildings statewide	200,000
(13) Construct, furnish, and equip a new equipment storage building on a new site in Hibbing to replace the existing facility. Minnesota Statutes, section 16B.33, does not apply to this project	1,237,000
(14) Design, construction, equipping, and furnishing of an addition to the Long Prairie truck station and related improvements	215,000
(15) Design, construction, equipping, and furnishing of an addition to the Forest Lake truck station and related improvements	451,000
(16) Design, construction, equipping, and	

furnishing of an addition to the Erskine truck station and related improvements	300,000
(17) Construct, furnish, and equip class II safety rest areas in Fillmore county, Cook county, and Kanabec county	120,000
(18) Construct pole-type storage buildings at department of transportation locations throughout the state	350,000
(19) Land acquisition at Fort Snelling next to the central services complex when it is made available as surplus property by the federal government	200,000
(20) Design, construction, equipping, and furnishing of an addition to the Dilworth truck station and related improvements	514,000
(21) Clauses (1) to (20) are exempt from the requirements of Minnesota Statutes, section 16B.335.	
(22) The money for a project in this section is available only if not funded in another law enacted in 1996.	
Subd. 6. Drivers' Examination Stations	1,185,000
This appropriation is from the trunk highway fund to the commissioner of transportation for capital improvements to license exam stations, grounds, and facilities at Arden Hills, Eagan, and Plymouth.	
Sec. 20. HOUSING FINANCE AGENCY	
Subdivision 1. (a) To the commissioner of the housing finance agency for building construction and rehabilitation or financing of building construction and rehabilitation for the purposes specified in this section	3,500,000
(b) At least 25 percent of the total appropriation under this section, except those grants made under the neighborhood land trust program, must utilize youthbuild, Minnesota Statutes, sections 268.361 to 268.367, or other youth employment and training programs to do the labor portion of the construction. Eligible programs must consult with appropriate labor organizations to deliver education and training. In making grants under this section, the commissioner shall use a request for proposal process.	
Subd. 2. Grants for Transitional Housing Loans for Families, Homeless Youth, and Battered Women	2,500,000

To the commissioner of the housing finance agency for the purpose of making transitional housing loans, including loans for housing for homeless youths, homeless families, and battered women to local government units authorized under Minnesota Statutes, section 462A.202, subdivision 2.

Subd. 3. Neighborhood Land Trust Program

1,000,000

To the Minnesota housing finance agency's local government unit housing account established in Minnesota Statutes, section 462A.202, for loans with or without interest to a city to purchase or acquire land and buildings for purposes of the neighborhood land trust program under Minnesota Statutes, sections 462A.30 and 462A.31, upon terms and conditions the agency determines.

Sec. 21. ECONOMIC SECURITY

3,500,000

To the commissioner of economic security for grants to state agencies and political subdivisions to construct or rehabilitate facilities for Head Start or other early childhood learning programs, for crisis nurseries, or for child visitation centers under Minnesota Statutes, section 268.917, and for drop-in centers, recreational space, and other facilities to serve homeless youth under new Minnesota Statutes, section 268.918.

Grants for early childhood learning programs may be committed so that recipients may leverage the grants to obtain other money for the program.

No project for homeless youth facilities may receive a grant of more than \$250,000.

At least 25 percent, up to \$50,000, of each grant under this section must utilize youthbuild, Minnesota Statutes, sections 268.361 to 268.367, or other youth employment and training programs to do the labor portion of the construction. Eligible programs must consult with appropriate labor organizations to deliver education and training. In making grants under this section, the commissioner shall use a request for proposal process.

Sec. 22. MINNESOTA HISTORICAL SOCIETY

Subdivision 1. To the Minnesota historical society for the purposes specified in this section

5,950,000

Subd. 2. Historic Site Preservation and Repair

3,000,000

For capital repair, reconstruction, or replacement of deferred maintenance needs at state historic sites, buildings, exhibits, markers, and monuments, including restoration of the fire tower at the forest history center. The society shall determine project priorities as appropriate based on need.

Subd. 3. Historic Site

Network Master Planning

300,000

For updating of master plans for the state historic sites network. This appropriation is from the general fund and is available until June 30, 1998.

Subd. 4. County and Local

Preservation Projects

750,000

To be allocated to county and local jurisdictions as matching money for historic preservation projects of a capital nature. Grant recipients must be public entities and must match state funds on at least an equal basis. The facilities must be publicly owned.

Subd. 5. 1879 Sibley County

Courthouse Restoration

250,000

For a grant to the city of Henderson for the restoration, and life safety and handicapped accessibility upgrading, of the 1879 Sibley County Courthouse in preparation for its use as the Joseph R. Brown Interpretive Center.

Subd. 6. St. Anthony Falls

Heritage Zone Implementation

1,000,000

For a grant to the St. Anthony Falls heritage board for capital improvements to implement the comprehensive interpretive development plan for the historic resources of the St. Anthony Falls historic district.

Subd. 7. Battle Point

500,000

For a grant to independent school district No. 115, Cass Lake-Bena, for capital improvements at the Battle Point historic site. This appropriation may be supplemented with money from other sources.

Subd. 8. Pickwick Mill

150,000

For a grant to Winona county for renovation of the historic Pickwick Mill.

Sec. 23. PUBLIC SERVICE

4,000,000

To the commissioner of finance for the energy conservation investment loan program in the department of public service under Minnesota Statutes, section 216C.37.

Sec. 24. GRANTS TO POLITICAL SUBDIVISIONS

Subdivision 1. To the commissioner of administration for the purposes specified in this section

69,410,000

Subd. 2. Austin School District No. 492

975,000

For a grant to independent school district No. 492, Austin, to construct a television transmitter in the Rushford area to broadcast the signal of public television station KSMQ-TV into Fillmore, Houston, and Winona counties, subject to Minnesota Statutes, section 16A.695.

Subd. 3. Family Practice Residency Program Grant

1,400,000

For a grant to the city of Duluth for Miller-Dwan hospital, the establishment, administration, management, maintenance, improvement, and financing of which is authorized under Laws 1994, chapter 471. The grant is for remodeling a clinic building used by a family practice residency program that places two-thirds of its graduates in Minnesota communities outside the seven-county metropolitan area. The grant is contingent upon a local match of \$1 for each \$2 of state money.

Subd. 4. Farmamerica

400,000

For a grant to Farmamerica in Waseca county for signage and for hard surfacing of walkways, trails, and roads related to the Farmamerica facility.

Subd. 5. Headwaters Science Grant

200,000

For a grant to the city of Bemidji for predesign and design of the headwaters science center.

Subd. 6. Lake Superior Center

10,000,000

For a grant to the Lake Superior Center authority for costs to design, construct, furnish, and equip the Lake Superior Center in Duluth. All land, buildings, and capital assets must be owned by the Lake Superior Center authority. This appropriation is not available until the commissioner of administration has received commitments from the city of Duluth that the city will secure money from nonstate sources to pay the operating costs of the Lake Superior Center, if necessary. This appropriation is not available until the commissioner of administration has also determined that the match required in Laws 1994, chapter 643, section 2, subdivision 10, of \$8,000,000 from federal or nonstate sources, has been committed and that an additional \$3,500,000 from nonstate sources has been committed to the project.

Subd. 7. Lake Superior
Zoological Gardens

1,500,000

For a grant to the city of Duluth for the purpose of constructing an animal containment facility and new exhibits at the Lake Superior Zoological Gardens.

Subd. 8. Lyn/Lake/Jungle
Theatre Performing Arts Center

335,000

For a grant to Hennepin county to design, construct, furnish, and equip the Lyn/Lake/Jungle Theatre community performing arts center, subject to Minnesota Statutes, section 16A.695. This appropriation is not available until the commissioner has determined that at least \$1,630,000 has been committed by nonstate sources to complete the Lyn/Lake/Jungle Theatre.

Subd. 9. Milwaukee Road
Depot in Montevideo

500,000

For a grant to the city of Montevideo to restore the Milwaukee Road Depot in Montevideo.

Subd. 10. Minneapolis Convention Center

12,000,000

For a grant to the city of Minneapolis for land acquisition and related site acquisition costs related to expansion of the Minneapolis convention center.

The city shall utilize this grant in such a way as not to compel the legislature in any way to be required to provide subsequent appropriations for this project.

As a condition of this grant, the city of Minneapolis shall provide a report to the chairs of the house ways and means committee, house capital investment committee, senate finance committee, and commissioner of finance on or before July 1, 1997, which describes the long-term financing plan for expansion of the convention center. This financing plan must identify all capital and operating costs associated with the expansion project and identify sources of financing, including alternatives to state participation in capital costs for the project.

Subd. 11. Multijurisdictional
Reinvestment Programs

10,000,000

For a grant to Hennepin county to carry out projects (a), (b), and (c) in accordance with the multijurisdictional reinvestment program plan established as provided in Minnesota Statutes, section 383B.79. The amount to be spent for each project, if anything, may be determined by Hennepin county.

(a) Humboldt Avenue Project. To acquire land for green space connecting the campuses of three schools in the vicinity of Humboldt Avenue North. Development of the green space, which will be paid for by Hennepin county, will include reclamation of wetland amenities for public use and construction of a parkway. Hennepin county shall consult with and seek advice from the affected residents, cities, and school districts.

(b) 29th Street Corridor. To design and construct the 29th Street Corridor bikeway and trailway and a greenway connecting it to the Urban Village housing project in Minneapolis.

(c) Shingle Creek Pond. To develop a stormwater retention pond to reduce runoff and minimize pollution of Shingle Creek. The project must be compatible and consistent with a comprehensive multijurisdictional reinvestment program established under Minnesota Statutes, section 383B.79.

(d) The government jurisdictions participating in these projects must match in the aggregate the total state contribution under this subdivision on at least a dollar-for-dollar basis. The government jurisdictions, however constituted, may use any nonstate money under their control to meet the match requirement.

Subd. 12. Prairieland Expo

1,500,000

(a) For a grant to the southwest regional development commission to construct, equip, and furnish a facility to display, preserve, and interpret the history of southwest Minnesota, as authorized in Minnesota Statutes, section 462.3911. The facility is to be known as "Prairieland Expo."

(b) The facility must be owned by the southwest regional development commission. The southwest regional development commission may enter into a lease or management contract with an entity under Minnesota Statutes, section 16A.695, for operation, management, and oversight of the facility.

(c) This appropriation is not available until the commissioner of administration has determined that the necessary financing to complete the project has been committed by nonstate sources, and the commissioner has received commitments from the southwest regional development commission that the commission will secure money from nonstate sources to pay the operating costs of Prairieland Expo, if necessary.

Subd. 13. Science Museum
of Minnesota

30,000,000

For a grant to the city of St. Paul to design, construct, furnish, and equip a science museum in St. Paul.

This appropriation is not available until matched by at least \$59,000,000 in nonstate funds and is not available until the city of St. Paul has provided written evidence of the availability of matching funds to the commissioner of finance and the commissioner of finance has determined that all matching requirements of current and prior appropriations for this project have been met. This is the final state appropriation for this project.

Subd. 14. Stearns County Quarry Park and
Nature Preserve

250,000

For a grant to Stearns county to design and develop the first phase of this park. Eligible project costs include site reclamation and capital improvements to provide public access for trail activities, swimming, scuba, rock climbing, ski touring, mountain biking, and general outdoor recreation.

Subd. 15. Voyageur Center

350,000

For a grant to the city of International Falls for the predesign and design of an interpretive and conference center. The center shall provide educational opportunities and enhance tourism by presenting information and displays which preserve and interpret the history of the voyageur and related animals, emphasizing the importance of the fur trade to the history and development of the region and the state. The center shall include conference facilities. The center shall be located in the city of International Falls. The city may enter into a lease or management contract with a nonprofit entity under Minnesota Statutes, section 16A.695, for operation of the center. In developing plans for the facility the commissioner must consult with the small business development center located at Rainy River Community College.

Sec. 25. BOND SALE EXPENSES

608,000

To the commissioner of finance for bond sale expenses under Minnesota Statutes, section 16A.641, subdivision 8.

Sec. 26. Laws 1995, First Special Session chapter 2, article 1, section 13, is amended to read:

Sec. 23. BOND SALE SCHEDULE

The commissioner of finance shall schedule the

sale of state general obligation bonds so that, during the biennium ending June 30, 1997, no more than ~~\$458,704,000~~ \$446,840,000 will need to be transferred from the general fund to the state bond fund to pay principal and interest due and to become due on outstanding state general obligation bonds. During the biennium, before each sale of state general obligation bonds, the commissioner of finance shall calculate the amount of debt service payments needed on bonds previously issued and shall estimate the amount of debt service payments that will be needed on the bonds scheduled to be sold, the commissioner shall adjust the amount of bonds scheduled to be sold so as to remain within the limit set by this section. The amount needed to make the debt service payments is appropriated from the general fund as provided in Minnesota Statutes, section 16A.641.

Sec. 27. [BOND SALE AUTHORIZATIONS.]

Subdivision 1. [BOND PROCEEDS FUND.] To provide the money appropriated in this act from the bond proceeds fund the commissioner of finance, on request of the governor, shall sell and issue bonds of the state in an amount up to \$597,110,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7.

Subd. 2. [TRANSPORTATION FUND.] To provide the money appropriated in this act from the state transportation fund, the commissioner of finance, on request of the governor, shall sell and issue general obligation bonds of the state in an amount up to \$10,000,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7. The proceeds of the bonds, except accrued interest and any premium received on the sale of the bonds, must be credited to a bond proceeds account in the state transportation fund.

Sec. 28. [BOND REAUTHORIZATIONS.]

The following bond authorizations, which have been reported to the legislature according to Minnesota Statutes, section 16A.642, subdivision 1, are reauthorized, and do not cancel under the terms of that subdivision:

(1) an amount remaining of \$7,000,000 for appropriations from the state transportation fund for railroad assistance, authorized in Laws 1984, chapter 597, section 22;

(2) an amount remaining of \$2,463,442 for appropriations from the bond proceeds fund for programs of the rural finance authority, authorized in Laws 1986, chapter 398, article 6, section 19, subdivision 1;

(3) an amount remaining of \$121,756.89 for appropriations from the bond proceeds fund for betterment of state trails, authorized in Laws 1987, chapter 400, section 25, subdivision 1; and

(4) an amount remaining of \$1,654,993.40 for appropriations from the water pollution control fund for wastewater treatment, authorized in Laws 1987, chapter 400, section 25, subdivision 5.

Sec. 29. Minnesota Statutes 1995 Supplement, section 16A.28, subdivision 5, is amended to read:

Subd. 5. [PERMANENT IMPROVEMENTS.] An appropriation for permanent improvements to acquire or better public land or buildings or other public improvements of a capital nature,

including the acquisition of real property does not lapse until the purposes of the appropriation are determined by the commissioner, after consultation with the affected agencies, to be accomplished or abandoned. This subdivision also applies to any part of an appropriation for a fiscal year that has been requisitioned to acquire real property or construct permanent improvements. An appropriation to pay moving expenses lapses at the end of the third fiscal year during which it was made available.

Sec. 30. Minnesota Statutes 1994, section 16A.632, is amended by adding a subdivision to read:

Subd. 4. [REPORT.] By January 15 of each year the commissioner of administration, with respect to each state agency, shall submit to the commissioner of finance, the chairs of the finance divisions that oversee the appropriations to that state agency, and to the chairs of the senate finance committee and the house of representatives capital investment committee, a list of the projects in the agency that have been funded with money from the capital asset preservation and replacement account during the preceding calendar year, as well as a list of those priority projects for which CAPRA appropriations will be sought for the agency in that year's legislative session.

Sec. 31. Minnesota Statutes 1994, section 16A.641, subdivision 8, is amended to read:

Subd. 8. [APPROPRIATION OF PROCEEDS.] (a) The proceeds of bonds issued under each law are appropriated for the purposes described in the law and in this subdivision. This appropriation may never be canceled.

(b) Before the proceeds are received in the proper special fund, the commissioner may transfer to that fund from the general fund amounts not exceeding the expected proceeds from the next bond sale. The commissioner shall return these amounts to the general fund by transferring proceeds when received. The amounts of these transfers are appropriated from the general fund and from the bond proceeds.

(c) Actual and necessary travel and subsistence expenses of employees and all other nonsalary expenses incidental to the sale, printing, execution, and delivery of bonds must be paid from the proceeds. The proceeds are appropriated for this purpose. Bond proceeds must not be used to pay any part of the salary of a state employee involved in the sale, printing, execution, or delivery of the bonds.

(d) Bond proceeds remaining in a special fund after the purposes for which the bonds were issued are accomplished or abandoned, as certified by the head of the agency administering the special fund, or as determined by the commissioner, unless devoted under the appropriation act to another purpose designated in the act, shall be transferred to the state bond fund.

Sec. 32. Minnesota Statutes 1994, section 16A.695, is amended by adding a subdivision to read:

Subd. 5. [PROGRAM FUNDING.] Recipients of grants from money appropriated from the bond proceeds fund must demonstrate to the commissioner of the agency making the grant that the recipient has the ability and a plan to fund the program intended for the facility. A private nonprofit organization that leases or manages a facility acquired or bettered with grant money appropriated from the bond proceeds fund must demonstrate to the commissioner of the agency making the grant that the organization has the ability and a plan to fund the program intended for the facility.

Sec. 33. Minnesota Statutes 1994, section 16B.24, subdivision 6, is amended to read:

Subd. 6. [PROPERTY RENTAL.] (a) [LEASES.] The commissioner shall rent land and other premises when necessary for state purposes. Notwithstanding subdivision 6a, paragraph (a), the commissioner may lease land or premises for up to ten years, subject to cancellation upon 30 days' written notice by the state for any reason except ~~rental~~ lease of other nonstate-owned land or premises for the same use. The commissioner may not ~~rent~~ lease non-state-owned land and buildings or substantial portions of land or buildings within the capitol area as defined in section 15.50 unless the commissioner first consults with the capitol area architectural and planning board.

If the commissioner enters into a lease-purchase agreement for buildings or substantial portions of buildings within the capitol area, the commissioner shall require that any new construction of non-state-owned buildings conform to design guidelines of the capitol area architectural and planning board. Lands needed by the department of transportation for storage of vehicles or road materials may be ~~rented~~ leased for five years or less, such leases for terms over two years being subject to cancellation upon 30 days written notice by the state for any reason except ~~rental lease~~ of other nonstate-owned land or premises for the same use. An agency or department head must consult with the chairs of the house appropriations and senate finance committees before entering into any agreement that would cause an agency's rental costs to increase by ten percent or more per square foot or would increase the number of square feet of office space rented by the agency by 25 percent or more in any fiscal year.

(b) [USE VACANT PUBLIC SPACE.] No agency may initiate or renew a lease for space for its own use in a private building unless the commissioner has thoroughly investigated presently vacant space in public buildings, such as closed school buildings, and found that none is available or use of the space is not feasible, prudent, and cost-effective compared with available alternatives.

(c) [PREFERENCE FOR CERTAIN BUILDINGS.] For needs beyond those which can be accommodated in state-owned buildings, the commissioner shall acquire and utilize space in suitable buildings of historical, architectural, or cultural significance for the purposes of this subdivision unless use of that space is not feasible, prudent and cost-effective compared with available alternatives. Buildings are of historical, architectural, or cultural significance if they are listed on the national register of historic places, designated by a state or county historical society, or designated by a municipal preservation commission.

(d) [RECYCLING SPACE.] Leases for space of 30 days or more for 5,000 square feet or more must require that space be provided for recyclable materials.

Sec. 34. Minnesota Statutes 1994, section 16B.24, subdivision 6a, is amended to read:

Subd. 6a. ~~[LEASE WITH OPTION TO BUY LEASE-PURCHASE AGREEMENT; CANCELLATION.]~~ (a) With the approval of the commissioner of finance and the recommendation of the legislative advisory commission, the commissioner of administration may ~~lease land or premises for as long as 20 years if the lease agreement provides~~ enter into lease-purchase agreements. A lease-purchase agreement must provide the state with a unilateral right to purchase all the leased land and premises and if the lease agreement provides for the transfer of the ownership of the leased land and buildings upon normal termination of the lease for an amount not to exceed \$1 at specified times for specified amounts. Under these lease agreements, the lease rental rates shall not be more than market rental rates. ~~The unilateral right must be available at any time during the lease agreement. If the commissioner chooses to exercise the option~~ Notwithstanding subdivision 6, the term of the lease may be for more than ten years, but must not exceed 20 years. Prior to exercising the state's right to purchase prior to the normal termination of the lease premises, the commissioner shall obtain the approval of purchase must be approved by an act of the legislature.

(b) ~~A lease with option to buy lease-purchase agreement entered into under paragraph (a) is must be subject to cancellation upon 30 days written notice by the state for any reason except rental of other land or premises for the same use.~~

Sec. 35. Minnesota Statutes 1995 Supplement, section 16B.335, subdivision 1, is amended to read:

Subdivision 1. [CONSTRUCTION AND MAJOR REMODELING.] (a) The commissioner, or any other recipient to whom an appropriation is made to acquire or better public lands or buildings or other public improvements of a capital nature, must not prepare final plans and specifications for any construction, major remodeling, or land acquisition in anticipation of which the appropriation was made until the agency that will use the project has presented the program plan and cost estimates for all elements necessary to complete the project to the chair of the senate finance committee and the chair of the house ways and means committee and the chairs have made their recommendations, and the chair of the house capital investment committee is notified.

"Construction or major remodeling" means construction of a new building or substantial alteration of the exterior dimensions or interior configuration of an existing building. The presentation must note any significant changes in the work that will be done, or in its cost, since the appropriation for the project was enacted or from the predesign submittal. The program plans and estimates must be presented for review at least two weeks before a recommendation is needed. The recommendations are advisory only. Failure or refusal to make a recommendation is considered a negative recommendation. The chairs of the senate finance committee, the house capital investment committee, and the house ways and means committee must also be notified whenever there is a substantial change in a construction or major remodeling project, or in its cost.

(b) Capital projects exempt from the requirements of this section include construction, renovation, or improvements to dams, highway rest areas, truck stations, storage facilities not consisting primarily of offices or heated work areas, trails, bike paths, sewer separation projects, water and wastewater facilities, campgrounds, roads, bridges, or any other capital project with a construction cost of less than \$200,000.

Sec. 36. Minnesota Statutes 1994, section 41B.19, subdivision 1, is amended to read:

Subdivision 1. [PROCEDURE.] For the purpose of developing the state's agricultural resources by providing for the extension of credit on real estate security and to assure the timely payment of the principal of and interest on the bonds or other obligations issued by the rural finance authority, and upon request of the rural finance authority under section 41B.08, the commissioner of finance may at the direction of the authority, issue general obligation bonds of the state in a principal amount not exceeding \$50,000,000. Additional amounts for the same purpose may be authorized from time to time by law. The bonds must be secured as provided in the Minnesota Constitution, article XI, section 7, and, except as provided in this section, must be issued and secured as provided in section 16A.641. The proceeds of the bonds, except any premium and accrued interest, must be deposited and held in the security account established by this section, and disbursed from, a separate account in the bond proceeds fund and used solely for the purposes specified in this section. The authority may use the proceeds of the bonds to make direct loans or to purchase participations in qualified agricultural loans as provided in this chapter. The participations purchased with the bond proceeds must be held as assets of the rural renewal bond account established by subdivision 4 in the state bond fund. The premium and accrued interest, if any, must be deposited in the the rural renewal bond account in the state bond fund.

Sec. 37. Minnesota Statutes 1994, section 41B.195, is amended to read:

41B.195 [ADDITIONAL USE OF GENERAL OBLIGATION BONDS.]

~~Notwithstanding the limit set forth in section 41B.19, subdivision 1, the commissioner of finance, upon the request of the rural finance authority, may issue the general obligation bonds authorized by section 41B.19 and use the proceeds of the bonds to purchase participations in qualified agricultural loans if the commissioner determines that it is not practical or efficient to issue revenue bonds under section 41B.08 for the purpose of sections 41B.025, subdivision 5, 41B.037, 41B.038, and 41B.04 as a result of reduced program size or increased program costs. Subject to the other provisions of this section, the proceeds of the bonds must be deposited, held, and disbursed from a separate account, the bonds are payable from the bond account established by section 41B.19, subdivision 4, and the participations purchased with the bond proceeds must be held as assets of the bond account. If the rural finance authority later determines to issue revenue bonds under section 41B.08 for the purposes specified in section 41B.04, the commissioner may by order provide for the transfer of all or a portion of the remaining general obligation bond proceeds and interest on them, and all or a portion of the participations purchased with the bond proceeds and proceeds of them, to be transferred to the security account established in section 41B.19, subdivision 5, and used for the purposes specified in section 41B.19, subdivisions 1 and 5.~~

Sec. 38. Minnesota Statutes 1994, section 124C.73, subdivision 1, is amended to read:

Subdivision 1. [QUALIFICATION.] A school district that meets the criteria required under subdivision 2 may apply for a grant in an amount up to 50 percent of the approved costs of removing architectural barriers from a building or site. A grant may not exceed \$150,000 to a recipient district in any fiscal year.

Sec. 39. Minnesota Statutes 1994, section 134.45, subdivision 5, is amended to read:

Subd. 5. [QUALIFICATION.] A public library jurisdiction may apply for a grant in an amount up to \$150,000 or 50 percent of the approved costs of removing architectural barriers from a building or site, whichever is less. Grants may be made only for projects in existing buildings used as a library, or to prepare another existing building for use as a library. Grants must not be used to pay part of the cost of meeting accessibility requirements in a new building.

Sec. 40. Minnesota Statutes 1994, section 134.45, subdivision 6, is amended to read:

Subd. 6. [AWARD OF GRANTS.] The commissioner, in consultation with the state council on disability, shall examine and consider all applications for grants. If a public library jurisdiction is found not qualified, the commissioner shall promptly notify it. The commissioner shall prioritize grants on the following bases: the degree of collaboration with other public or private agencies, the public library jurisdiction's tax burden, the long-term feasibility of the project, the suitability of the project, and the need for the project. If the total amount of the applications exceeds the amount that is or can be made available, the commissioner shall award grants according to the commissioner's judgment and discretion and based upon a ranking of the projects according to the factors listed in this subdivision. The commissioner shall promptly certify to each public library jurisdiction the amount, if any, of the grant awarded to it.

Sec. 41. Minnesota Statutes 1994, section 135A.046, is amended to read:

135A.046 [HIGHER EDUCATION ASSET PRESERVATION AND RENEWAL REPLACEMENT.]

Subdivision 1. [PURPOSE.] The legislature recognizes that post-secondary governing boards operate campus physical plants that in number, size, and programmatic use differ significantly from the physical plants operated by state departments and agencies. However, the legislature recognizes the need for standards to aid in categorizing and funding capital projects. The purpose of this section is to provide standards for those higher education projects that are intended to preserve and replace existing campus facilities.

Subd. 2. [STANDARDS.] Capital budget expenditures for Higher Education Asset Preservation and Renewal Replacement (HEAPR) projects must be for one or more of the following: code compliance including health and safety, Americans with Disabilities Act requirements, hazardous material abatement, access improvement, or air quality improvement; or building or infrastructure repairs necessary to preserve the interior and exterior of existing buildings; or renewal to support the existing programmatic mission of the campuses.

Subd. 3. [REPORTING PRIORITIES.] Each post-secondary governing board shall establish priorities within its HEAPR Higher Education Asset Preservation and Replacement projects. ~~By December 31 January 15 of each year, it shall submit a list of those priorities for which capital bonding appropriations will be sought in the next legislative session, as well as a list of the projects that have received bond proceeds during that calendar year to the commissioner of finance and to the chairs of the higher education finance divisions, the senate finance committee, and the house of representatives capital investment committee a list of the projects that have been paid for with money from a higher education asset preservation and replacement appropriation during the preceding calendar year as well as a list of those priority projects for which higher education asset preservation and replacement appropriations will be sought in that year's legislative session.~~

Sec. 42. Minnesota Statutes 1995 Supplement, section 240A.09, is amended to read:

240A.09 [PLAN DEVELOPMENT; CRITERIA.]

The Minnesota amateur sports commission shall develop a plan to promote the development of proposals for new statewide public ice facilities including proposals for ice centers and matching grants based on the criteria in this section.

(a) For ice center proposals, the commission will give priority to proposals that come from more than one local government unit ~~and that,~~

(b) In the metropolitan area as defined in section 473.121, subdivision 2, ~~involve~~ the commission is encouraged to give priority to the following proposals:

- (1) proposals for construction of at least two or more ice sheets in a single new facility;
- (2) proposals for construction of an additional sheet of ice at an existing ice center;
- (3) proposals for construction of a new, single sheet of ice as part of a sports complex with multiple sports facilities; and
- (4) proposals for construction of a new, single sheet of ice that will be expanded to a two-sheet facility in the future.

~~(b)~~ (c) The commission shall administer a site selection process for the ice centers. The commission shall invite proposals from cities or counties or consortia of cities. A proposal for an ice center must include matching contributions including in-kind contributions of land, access roadways and access roadway improvements, and necessary utility services, landscaping, and parking.

~~(c)~~ (d) Proposals for ice centers and matching grants must provide for meeting the demand for ice time for female groups by offering up to 50 percent of prime ice time, as needed, to female groups. For purposes of this section, prime ice time means the hours of 4:00 p.m. to 10:00 p.m. Monday to Friday and 9:00 a.m. to 8:00 p.m. on Saturdays and Sundays.

~~(d)~~ (e) The location for all proposed facilities must be in areas of maximum demonstrated interest and must maximize accessibility to an arterial highway.

~~(e)~~ (f) To the extent possible, all proposed facilities must be dispersed equitably, must be located to maximize potential for full utilization and profitable operation, and must accommodate noncompetitive family and community skating for all ages.

~~(f)~~ (g) The commission may also use the funds to upgrade current facilities, purchase girls' ice time, or conduct amateur women's hockey and other ice sport tournaments.

~~(g)~~ (h) To the extent possible, 50 percent of all grants must be awarded to communities in greater Minnesota.

~~(h)~~ (i) To the extent possible, technical assistance shall be provided to Minnesota communities by the commission on ice arena planning, design, and operation, including the marketing of ice time.

~~(i)~~ (j) The commission may use funds for rehabilitation and renovation grants. Priority must be given to grant applications for indoor air quality improvements, including zero emission ice resurfacing equipment.

~~(j)~~ (k) ~~At least ten percent of the~~ Grant funds ~~must~~ may be used for ice centers designed for sports other than hockey.

Sec. 43. Minnesota Statutes 1994, section 268.917, is amended to read:

268.917 [EARLY CHILDHOOD LEARNING AND CHILD PROTECTION FACILITIES.]

The commissioner may make grants to state agencies and political subdivisions to construct or rehabilitate facilities for Head Start, early childhood and family education facilities, other early childhood intervention programs, or demonstration family service centers housing multiagency collaboratives, with priority to centers in counties or municipalities with the highest number of children living in poverty. The commissioner may also make grants to state agencies and political subdivisions to construct or rehabilitate facilities for crisis nurseries, or child visitation centers. The facilities must be owned by the state or a political subdivision, but may be leased under section 16A.695 to organizations that operate the programs. The commissioner shall prescribe the terms and conditions of the leases. A grant for an individual facility must not exceed \$200,000. The commissioner shall give priority to grants that involve collaboration among sponsors of early

childhood learning programs under this section. At least 25 percent of the amounts appropriated for these grants must be used in conjunction with the youth employment and training programs operated by the commissioner. Eligible programs must consult with appropriate labor organizations to deliver education and training.

Sec. 44. [268.918] [HOMELESS YOUTH FACILITIES.]

The commissioner may make grants to state agencies and political subdivisions to construct or rehabilitate facilities to provide services to homeless or at-risk youth. The facilities must be owned by the state or a political subdivision, but may be leased under section 16A.695 to organizations that operate the programs. The commissioner shall prescribe the terms and conditions of the leases. The commissioner shall give priority to grants that involve collaboration among sponsors of programs. At least 25 percent of the amounts appropriated for these grants must be used in conjunction with the youth employment and training programs operated by the commissioner. Eligible programs must consult with appropriate labor organizations to deliver education and training.

Sec. 45. [446A.072] [WASTEWATER INFRASTRUCTURE FUNDING PROGRAM.]

Subdivision 1. [ESTABLISHMENT OF PROGRAM.] The authority will establish a wastewater infrastructure funding program to provide supplemental assistance to municipalities applying for funding under the water pollution control revolving loan program or the United States Department of Agriculture Rural Economic and Community Development's (USDA/RECD) Water and Waste Disposal Loans and Grants program for the design and planning, improvements to, and construction of municipal wastewater treatment systems.

Subd. 2. [TYPE OF SUPPLEMENTAL ASSISTANCE.] Supplemental assistance shall be in the form of zero percent loans, with loan repayments beginning February 20 or August 20 following the scheduled date of the project obtaining the operational performance standards established by the agency. Upon receipt of notice from the agency that the project operational performance standards have been met the authority will forgive the scheduled loan repayments made under this section. If not forgiven, loan repayments shall be deferred upon request from the commissioner of the agency for six-month periods, provided the commissioner has determined that satisfactory progress is being made to achieve project performance or is developing or implementing a corrective action plan.

Subd. 3. [PROGRAM ADMINISTRATION.] The authority shall provide supplemental assistance, as provided in subdivision 2, to municipalities demonstrating financial need, as provided in subdivision 4, whose projects have been certified to the authority by the commissioner of the agency. The authority shall reserve supplemental assistance for projects in order of their priority ranking established by the agency.

Subd. 4. [FUNDING LEVEL.] (a) The authority shall provide supplemental assistance for essential project component costs as certified by the commissioner of the pollution control agency under section 116.182, subdivision 4.

(b) A municipality may not receive more than \$4,000,000 under this section unless specifically approved by law.

(c) The authority will calculate the grant amount needed for the essential project component costs by first determining the amount needed to reduce a municipality's monthly residential sewer service charge to \$25 or to an annual residential sewer service charge in excess of 1.5 percent of the municipality's median household income, whichever is less, and then multiplying that amount by 80 percent to determine the actual award amount to supplement loans under section 446A.07 or provide up to one-third of the amount of the grant funding level required by USDA/RECD for projects listed on the agency's intended use plan.

(d) The authority shall provide supplemental assistance to a municipality that would not otherwise qualify for supplemental assistance if:

(1) the municipality voluntarily accepts a sewer connection from another governmental unit to

serve residential, industrial, or commercial developments that were completed before March 1, 1996, or are on lots whose plats were recorded before that date; and

(2) fees charged by the municipality for the connection must take into account state and federal grants used by the municipality for the construction of the treatment plant.

The amount of supplemental assistance under this paragraph must be sufficient to reduce debt service payments under section 446A.07 to an extent equivalent to a zero percent loan in an amount up to the other governmental unit's project costs necessary for connection. Eligibility for supplemental assistance under this paragraph ends three years after the agency certifies that the connection has met the operational performance standards established by the agency.

Subd. 5. [APPLICATIONS.] Applications for the wastewater infrastructure funding program must be made to the authority on forms prescribed by the authority and the agency for the water pollution control revolving loan program. The commissioner of the pollution control agency shall determine if the project meets the criteria in section 116.182. The commissioner of the pollution control agency shall certify projects to the authority under section 116.182, and shall rank the certified applications in accordance with section 116.182, and determine the essential project component percentage for each certified application.

Subd. 6. [DISBURSEMENTS.] Disbursements made by the authority to recipients must be made for eligible project costs as incurred by the recipients, and must be made by the authority in accordance with the project financing agreement and applicable state and federal laws and rules governing the payments.

Subd. 7. [LOAN REPAYMENTS.] All loan repayments received by the authority under subdivision 2 must be used to provide additional assistance under this section.

Subd. 8. [ELIGIBILITY.] A municipality is eligible only after grant funding from other sources has been applied for, obtained, rejected, or the authority has determined that the potential funding is unlikely.

Subd. 9. [LOAN LIMITATION.] Supplemental assistance may not be used to reduce the sewer service charges of a significant wastewater contributor, or a single user that has caused the need for the project or whose current or projected flow and load exceed one-half of the current wastewater treatment plant's capacity, unless the applicant can demonstrate to the authority that the significant wastewater contributor cannot pay its fair share. Funding will not be provided for projects that are not qualified for assistance or that would violate the state's constitution or laws regarding the use of funds appropriated for the program.

Subd. 10. [HIGH COST PROJECTS.] The authority shall not award supplemental assistance for projects in excess of \$10,000 per household unless the agency has ranked the project in the top half of the project priority list.

Subd. 11. [REPORT ON NEEDS.] By October 15 of each odd-numbered year, the authority, in conjunction with the pollution control agency, shall prepare a report to the finance division of the senate environment and natural resources committee and the house environment and natural resources finance committee on wastewater funding assistance needs of municipalities under this section.

Subd. 12. [SYSTEM REPLACEMENT FUND.] Each recipient of assistance under this section shall establish a system replacement fund setting aside a minimum of \$.10 per 1,000 gallons of flow for major rehabilitation, expansion, or replacement of the treatment plant at the end of its useful life. Money must remain in the account, for the life of the loan associated with the supplemental assistance under section 446A.072, unless use of the fund is approved by the authority for major rehabilitation, expansion, or replacement of the treatment plant. Failure to maintain the fund will cancel the loan forgiveness provided under section 446A.072, subdivision 2.

Sec. 46. Minnesota Statutes 1995 Supplement, section 473.894, subdivision 11, is amended to read:

Subd. 11. ~~[PERFORMANCE STANDARDS.]~~ The board ~~shall~~ is authorized to set or adopt performance and technical standards for operation of the backbone and subsystems and may modify standards as necessary to meet changing needs.

Sec. 47. Minnesota Statutes 1995 Supplement, section 473.901, subdivision 1, is amended to read:

Subdivision 1. ~~[COSTS COVERED BY FEE.]~~ For each fiscal year beginning with the fiscal year commencing July 1, ~~1995~~ 1997, the amount necessary to pay the following costs ~~shall be paid from money~~ is appropriated to the commissioner of administration for those costs from the 911 emergency telephone 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 phase that support mutual aid communications and emergency medical services; or
- (4) recurring charges for leased sites and equipment for those elements of the first phase that support actual aid and emergency medical communication services.

~~Money appropriated from the 911 emergency telephone service fee account~~ 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 money appropriated from the 911 emergency telephone service fee account for the first phase ~~radio system~~ 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.

Sec. 48. Minnesota Statutes 1994, section 475.58, is amended by adding a subdivision to read:

Subd. 4. ~~[PROPER USE OF BOND PROCEEDS.]~~ The proceeds of obligations issued after approval of the electors under this section may only be spent: (1) for the purposes stated in the ballot language; or (2) to pay, redeem, or defease obligations and interest, penalties, premiums, and costs of issuance of the obligations. The proceeds may not be spent for a different purpose or for an expansion of the original purpose without the approval by a majority of the electors voting on the question of changing or expanding the purpose of the obligations.

Sec. 49. Laws 1990, chapter 535, section 3, subdivision 3, is amended to read:

Subd. 3. ~~[FUNDS.]~~ The corporation may accept and use gifts, grants, or contributions from any source, except that the corporation may not receive state general fund appropriations to support operation of the facility. If the facility experiences an operating deficit, the corporation and any Minnesota nonprofit corporation with which the corporation enters into management contracts or lease agreements shall rely upon private or local government sources to provide operating funds. Unless otherwise restricted by the terms of a gift or bequest, the board may sell, exchange, or otherwise dispose of, and invest or reinvest the money, securities, or other property given or bequeathed to it. The principal of these funds, the income from them, and all other revenues received by it from any nonstate source must be placed in the depositories the board determines and is subject to expenditure for the board's purposes. Expenditures of \$25,000 or more must be approved by the full board.

Sec. 50. Laws 1994, chapter 643, section 11, subdivision 11, as amended by Laws 1995, chapter 208, section 4, is amended to read:

Subd. 11. Northland Community College

(a) Integrate community college and technical college

100,000

This appropriation is to prepare design

documents for remodeling and new construction necessary for the integration of Northland community college and Thief River Falls technical college. The project will begin with the integration of the student services area and the learning resources center.

(b) Construct ~~regional multievent~~
~~cultural center~~ athletic facilities

3,000,000

This appropriation is to construct athletic facilities that are expected to be part of a regional multievent cultural center. All cities, counties, and school districts in region 8A, and public post-secondary education systems ~~shall~~ are encouraged to cooperate in the construction and joint use of the facility facilities. Up to \$2,000,000 is available immediately for this project, but the remainder of the money is not available unless matched by an equal amount of money or in-kind contributions from nonstate sources. Nonstate money or in-kind contributions that are raised in excess of the required match may be used to expand the center with additional phases.

Predesign plans for the expanded center may be based on the assumption that contributions in excess of the required match will be available to construct it, but design and construction for each phase may not be undertaken until the money necessary to complete the phase has been committed.

The nonstate match added to this project is in lieu of the debt service payment assessed to higher education projects.

Sec. 51. Laws 1994, chapter 643, section 19, subdivision 8, as amended by Laws 1995, First Special Session chapter 2, article 1, section 45, is amended to read:

Subd. 8. Battle Point
Historic Site

350,000

For design of the Battle Point historic site, preliminary plans for which were authorized in Laws 1990, chapter 610, article 1, section 17, and Laws 1992, chapter 558, section 24, subdivision 5.

Notwithstanding Laws 1990, chapter 610, article 1, section 17, the planned educational center will be owned by independent school district No. 115, Cass Lake-Bena, and is subject to Minnesota Statutes, section 16A.695. The center must be constructed on land leased to the school district by the Leech Lake Band of Chippewa Indians under a ground lease having an initial term of at least 20 years and a total term of at

least 40 years, including renewal options. The school district must contract with the Leech Lake Band to operate the center on behalf of the council school district. The center and all classes and programs run by or through the center must be open to the public.

Sec. 52. Laws 1994, chapter 643, section 21, subdivision 4, as amended by Laws 1995, First Special Session chapter 2, article 1, section 46, is amended to read:

Subd. 4. Tourism and Exposition Centers

2,200,000

For two grants to political subdivisions for exhibition space for tourism and exposition centers. One grant must be for \$1,000,000 to the southwest regional development commission for the Prairieland Expo facility to develop construction planning documents for capital improvements and to acquire land for the facility. This grant is subject to new Minnesota Statutes, section 16A.695. It is the legislature's expectation that the commission will secure a grant from the department of transportation's intermodal surface transportation efficiency act funds. The other grant must be for capital improvements for a publicly owned tourism and exposition center selected by the commissioner and located in northeastern Minnesota, and is not subject to Minnesota Statutes, section 16B.335.

Sec. 53. Laws 1994, chapter 643, section 23, subdivision 20, is amended to read:

Subd. 20. Local Recreation Grants

1,400,000

For matching grants to be provided to local units of government for acquisition, development, or renovation of a capital nature of local park and recreation areas. Recipients must provide a match of at least one-half of total eligible project costs. The commissioner shall make payment to local units of government upon receiving documentation of reimbursable expenditures. The commissioner shall determine project priorities as appropriate based upon need.

Of this appropriation, \$300,000 is to provide a grant to Winona county for the purchase and development of the scenic vista on Hiawatha-Appleblossom Scenic Drive in Winona county. These funds must be matched on a dollar-for-dollar basis.

\$500,000 of this appropriation is for grants to units of government to acquire and better natural and scenic areas under new Minnesota Statutes, section 85.019, subdivision 4a.

Sec. 54. Laws 1994, chapter 643, section 27, subdivision 2, is amended to read:

Subd. 2. Marine Education Center

20,500,000

To design, construct, furnish, and equip a marine education center and related visitor improvements at the zoo. This appropriation is intended to complete the project.

All of the debt service costs on the bonds sold to finance this project that are due and payable before fiscal year 1998 must be paid from dedicated receipts of the Minnesota zoological garden to the commissioner of finance as required by Minnesota Statutes, section 16A.643. Beginning in fiscal year 1998, 60 percent of the debt service costs on the bonds sold to finance this project must be paid from dedicated receipts of the Minnesota zoological garden to the commissioner of finance as required by Minnesota Statutes, section 16A.643.

The board may not institute an admission fee increase before April 1, 2000.

Sec. 55. Laws 1994, chapter 643, section 35, subdivision 3, is amended to read:

Subd. 3. [METHOD OF PAYMENT.] The commissioner shall reduce each system's assessment each year under subdivisions 1 and 2 by one-third of the net income from investment of general obligation bond proceeds that must be allocated among between the systems in proportion to the amount of principal and interest otherwise required to be paid by each. Each higher education system shall pay its resulting net assessment to the commissioner of finance by December 1 each year. If a higher education system fails to make a payment when due, the commissioner of finance shall reduce allotments for appropriations from the general fund otherwise available to the system and apply the amount of the reduction to cover the missed debt service payment. The commissioner of finance shall credit the payments received from the higher education systems to the bond debt service account in the state bond fund each December 1 before money is transferred from the general fund under Minnesota Statutes, section 16A.641, subdivision 10.

Sec. 56. Laws 1994, chapter 643, section 79, subdivision 8, is amended to read:

Subd. 8. [REALLOCATION OF UNUSED GRANT MONEY.] On December 31, 1995 1996, the commissioner shall determine whether any money remains of the appropriations made in 1994 for the purposes of this section. If any money remains that has not been granted to counties, the commissioner shall invite counties to submit applications for capital improvements to acquire or better publicly owned secure juvenile detention facilities. The commissioner shall consider the needs of applicants for improvements at the facilities and shall make grants to counties whose needs, in the commissioner's judgment, are greatest.

Sec. 57. [FURNISHINGS.]

The house of representatives may spend up to \$300,000 from funds carried over from its appropriations for the biennium ending June 30, 1995, for the purchase or renovation of chairs for public rooms in the state office building and the capitol building.

Sec. 58. [DESIGN-BUILD METHOD OF CONSTRUCTION.]

Beginning with the capital budget projects approved by law in 1996, the commissioner of administration or the commissioner of transportation may use a design-build method of project development and construction for projects to construct new vehicle and equipment storage or maintenance facilities. "Design-build method of project development and construction" means a project delivery system in which a single contractor is responsible for both the design and the

construction of the project. The commissioner of administration or the commissioner of transportation may select the projects that will be constructed using the design-build method. Minnesota Statutes, section 16B.33, does not apply to the projects selected. When the design-build method has been used, the commissioners are requested to report to the legislature on the use of the design-build method, including comparative cost analysis, quality of product obtained, advantages and disadvantages of using this method, and the commissioners' recommendations for further use of the design-build method.

Sec. 59. [LAND TRANSFER.]

Notwithstanding other law, the board of trustees of the Minnesota state colleges and universities shall without compensation transfer to the school board of independent school district No. 347, Willmar, up to seven acres in the southwest corner of approximately 40 acres of undeveloped technical college property previously transferred by the school board and legally described as "The Southeast Quarter of the Southwest Quarter (SE 1/4 of the SW 1/4) of Section 4, Township 119, Range 35." The number of acres transferred shall be as agreed by the school board and the board of trustees of the Minnesota state colleges and universities. Unless and until the school board elects to develop this property for its own educational purposes, the board of trustees of the Minnesota state colleges and universities shall have access to the property at no cost for the purpose of agricultural instruction. If the school board elects to develop the property, it shall do so only for an educational purpose. The deed of gift must provide that, if the school board develops the property for other than an educational purpose, uses the property without developing it, or no longer desires to hold the property, the property will revert to the state on behalf of the board of trustees of the Minnesota state colleges and universities.

Sec. 60. [REVISOR'S INSTRUCTION.]

The revisor shall, in Minnesota Statutes, section 116.182, change references to Minnesota Statutes, section "446A.071" to section "446A.072."

Sec. 61. [REPEALER.]

(a) Minnesota Statutes 1994, sections 15.50, subdivision 5; and 446A.071, subdivisions 1, 3, 4, 5, 6, 7, and 8; Minnesota Statutes 1995 Supplement, section 446A.071, subdivision 2; and Laws 1994, chapter 643, section 24, subdivision 3, are repealed.

(b) Minnesota Statutes 1994, section 116.162, as amended by Laws 1995, chapter 233, article 2, section 56, is repealed.

Sec. 62. [EFFECTIVE DATES.]

Except as otherwise provided, this act is effective the day following final enactment. Section 45 applies to projects contracted for in calendar year 1996 and later. Section 56 is effective retroactively to December 31, 1995. Section 61, paragraph (b), is effective December 31, 2000."

Delete the title and insert:

"A bill for an act relating to public administration; authorizing spending to acquire and to better public land and buildings and other public improvements of a capital nature with certain conditions; authorizing issuance of bonds; appropriating money; amending Minnesota Statutes 1994, sections 16A.632, by adding a subdivision; 16A.641, subdivision 8; 16A.695, by adding a subdivision; 16B.24, subdivisions 6 and 6a; 41B.19, subdivision 1; 41B.195; 124C.73, subdivision 1; 134.45, subdivisions 5 and 6; 135A.046; 268.917; and 475.58, by adding a subdivision; Minnesota Statutes 1995 Supplement, sections 16A.28, subdivision 5; 16B.335, subdivision 1; 240A.09; 473.894, subdivision 11; and 473.901, subdivision 1; Laws 1990, chapter 535, section 3, subdivision 3; Laws 1994, chapter 643, section 11, subdivision 11, as amended; section 19, subdivision 8, as amended; section 21, subdivision 4, as amended; section 23, subdivision 20; section 27, subdivision 2; section 35, subdivision 3; and section 79, subdivision 8; Laws 1995, First Special Session chapter 2, article 1, section 13; proposing coding for new law in Minnesota Statutes, chapters 268 and 446A; repealing Minnesota Statutes 1994, sections 15.50, subdivision 5; 116.162, as amended; and 446A.071, subdivisions 1, 3, 4, 5, 6, 7, and 8; Minnesota Statutes

1995 Supplement, section 446A.071, subdivision 2; Laws 1994, chapter 643, section 24, subdivision 3."

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

House Conferees: (Signed) Henry J. Kalis, Steve Trimble, Darlene Luther, James I. Rice, Dave Bishop

Senate Conferees: (Signed) Gene Merriam, Gary W. Laidig, Phil J. Riveness, Jane B. Ranum, Steven Morse

Mr. Riveness moved that the foregoing recommendations and Conference Committee Report on H.F. No. 3273 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 3273 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 62 and nays 3, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Laidig	Novak	Runbeck
Beckman	Hanson	Langseth	Oliver	Sams
Belanger	Janezich	Larson	Olson	Samuelson
Berg	Johnson, D.E.	Lesewski	Ourada	Scheevel
Berglin	Johnson, J.B.	Lessard	Pappas	Solon
Betzold	Johnston	Marty	Pariseau	Spear
Chandler	Kelly	Merriam	Piper	Stevens
Cohen	Kiscaden	Metzen	Pogemiller	Stumpf
Day	Kleis	Moe, R.D.	Price	Terwilliger
Dille	Knutson	Mondale	Ranum	Vickerman
Finn	Kramer	Morse	Reichgott Junge	
Fischbach	Krentz	Murphy	Riveness	
Flynn	Kroening	Neuville	Robertson	

Messrs. Hottinger; Johnson, D.J. and Limmer voted in the negative.

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 787, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 787 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 2, 1996

CONFERENCE COMMITTEE REPORT ON H.F. NO. 787

A bill for an act relating to water; wetland protection and management; amending Minnesota Statutes 1994, sections 103F.612, subdivisions 2, 3, 5, 6, and 7; 103G.127; 103G.222; 103G.2241; 103G.2242, subdivisions 1, 6, 7, 9, and 12; 103G.237, subdivision 4; 103G.2372, subdivision 1; and 103G.2373; repealing Minnesota Statutes 1994, section 103G.2242, subdivision 13.

March 29, 1996

The Honorable Irv Anderson
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H.F. No. 787, 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. 787 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1994, section 84.035, subdivision 5, is amended to read:

Subd. 5. [ACTIVITIES IN PEATLAND SCIENTIFIC AND NATURAL AREAS.] Areas designated in subdivision 4 as peatland scientific and natural areas are subject to the following conditions:

(a) Except as provided in paragraph (b), all restrictions otherwise applicable to scientific and natural areas designated under section 86A.05, subdivision 5, apply to the surface use and to any use of the mineral estate which would significantly modify or alter the peatland water levels or flows, peatland water chemistry, plant or animal species or communities, or other natural features of the peatland scientific and natural areas, including, but not limited to, the following prohibitions:

(1) construction of any new public drainage systems after the effective date of Laws 1991, chapter 354, or improvement or repair to a public drainage system in existence on the effective date of Laws 1991, chapter 354, under authority of chapter 103E, or any other alteration of surface water or ground water levels or flows unless specifically permitted under paragraph (b), clause (5) or (6);

(2) removal of peat, sand, gravel, or other industrial minerals;

(3) exploratory boring or other exploration or removal of oil, natural gas, radioactive materials or metallic minerals which would significantly modify or alter the peatland water levels or flows, peatland water chemistry, plant or animal species or communities, or natural features of the peatland scientific and natural areas, except in the event of a national emergency declared by Congress;

(4) commercial timber harvesting;

(5) construction of new corridors of disturbance, of the kind defined in subdivision 3, after June 5, 1991; and

(6) ditching, draining, filling, or any other activities which modify or alter the peatland water levels or flows, peatland water chemistry, plant or animal species or communities, or other natural features of the peatland scientific and natural areas.

(b) The following activities are allowed:

(1) recreational activities, including hunting, fishing, trapping, cross-country skiing, snowshoeing, nature observation, or other recreational activities permitted in the management plan approved by the commissioner;

(2) scientific and educational work and research;

(3) maintenance of corridors of disturbance, including survey lines and preparation of winter roads, consistent with protection of the peatland ecosystem;

(4) use of corridors of disturbance unless limited by a management plan adopted by the commissioner under subdivision 6;

(5) improvements to a public drainage system in existence on the effective date of Laws 1991, chapter 354, only when it is for the protection and maintenance of the ecological integrity of the peatland scientific and natural area and when included in a management plan adopted by the commissioner under subdivision 6;

(6) repairs to a public drainage system in existence on the effective date of Laws 1991, chapter 354, which crosses a peatland scientific and natural area and is used for the purposes of providing a drainage outlet for lands outside of the peatland scientific and natural area, provided that there are no other feasible and prudent alternative means of providing the drainage outlet. The commissioner shall cooperate with the ditch authority in the determination of any feasible and prudent alternatives. No repairs which would significantly modify or alter the peatland water levels or flows, peatland water chemistry, plant or animal species or communities, or other natural features of the peatland scientific and natural areas shall be made unless approved by the commissioner;

(7) motorized uses ~~that are engaged in, on corridors~~ a corridor of disturbance, if the corridor existed on or before ~~the effective date of Laws 1991, chapter 354~~ January 1, 1992, provided that recreational motorized users may occur only when the substrate is frozen, or the corridor is snow packed, subject to a management plan developed in accordance with subdivision 6; and

(8) control of forest insects, disease, and wildfires, as described in a management plan adopted by the commissioner under subdivision 6; and

(9) geological and geophysical surveys which would not significantly modify or alter the peatland water levels or flows, peatland water chemistry, plant or animal species or communities, or other natural features of the peatland scientific and natural areas.

Sec. 2. Minnesota Statutes 1994, section 84.035, subdivision 6, is amended to read:

Subd. 6. [MANAGEMENT PLANS.] The commissioner shall develop in consultation with the affected local government unit a management plan for each peatland scientific and natural area designated under section 84.036 in a manner prescribed by section 86A.09.

The management plan shall address recreational trails. In those peatland scientific and natural areas where no corridor of disturbance was used as a recreational trail on or before January 1, 1992, the plan may permit only one corridor of disturbance, in each peatland scientific and natural area, to be used as a recreational motorized trail.

Sec. 3. Minnesota Statutes 1994, section 103B.3355, is amended to read:

103B.3355 [PUBLIC VALUE CRITERIA FOR WETLANDS WETLAND FUNCTIONS FOR DETERMINING PUBLIC VALUES.]

~~(a) The board of water and soil resources, in consultation with the commissioner of natural resources, shall adopt rules establishing criteria to determine The public value values of wetlands. The rules must consider the public benefit and use of the wetlands and include~~ must be determined based upon the functions of wetlands for:

(1) ~~criteria to determine the benefits of wetlands for water quality, including filtering of pollutants to surface and groundwater, utilization of nutrients that would otherwise pollute public waters, trapping of sediments, shoreline protection, and utilization of the wetland as a recharge area for groundwater;~~

(2) ~~criteria to determine the benefits of wetlands for floodwater and stormwater retention, including the potential for flooding in the watershed, the value of property subject to flooding, and the reduction in potential flooding by the wetland;~~

(3) ~~criteria to determine the benefits of wetlands for public recreation and education, including wildlife habitat, hunting and fishing areas, wildlife breeding areas, wildlife viewing areas, aesthetically enhanced areas, and nature areas;~~

(4) criteria to determine the benefits of wetlands for commercial uses, including wild rice and cranberry growing and harvesting and aquaculture; and

(5) fish, wildlife, native plant habitats; and

(6) low-flow augmentation; and

(7) criteria to determine the benefits of wetlands for other public uses.

(b) The board of water and soil resources, in consultation with the commissioners of natural resources and agriculture and local government units, shall adopt rules establishing:

(1) scientific methodologies for determining the functions of wetlands; and

(2) criteria for determining the resulting public values of wetlands.

(c) The methodologies and criteria established under this section or other methodologies and criteria that include the functions in paragraph (a) and are approved by the board, in consultation with the commissioners of natural resources and agriculture and local government units, must be used to determine the functions and resulting public value values of wetlands in the state. The functions listed in paragraph (a) are not listed in order of priority.

(d) Public value criteria established or approved by the board under this section do not apply in areas subject to local comprehensive wetland protection and management plans established under section 103G.2243.

(e) The board of water and soil resources, in consultation with the commissioner commissioners of natural resources, shall also use the criteria in identifying and agriculture and local government units, may identify regions of the state where preservation, enhancement, restoration, and establishment of wetlands would have high public value. Before the criteria are adopted, The board, in consultation with the commissioner commissioners, may identify high priority wetland regions using available information relating to the factors listed in paragraph (a). The board shall notify local units of government with water planning authority of these high priority regions.

Sec. 4. Minnesota Statutes 1994, section 103E.701, subdivision 6, is amended to read:

Subd. 6. [WETLAND RESTORATION AND MITIGATION.] Repair of a drainage system may include the preservation, restoration, or enhancement of wetlands; wetland replacement under section 103G.222; and the realignment of a drainage system to prevent drainage of a wetland.

Sec. 5. Minnesota Statutes 1994, section 103F.612, subdivision 2, is amended to read:

Subd. 2. [APPLICATION.] (a) A wetland owner may apply to the county where a wetland is located for designation of a wetland preservation area in a high priority wetland area identified in a comprehensive local water plan, as defined in section 103B.3363, subdivision 3, and located within a high priority wetland region designated by the board of water and soil resources, if the county chooses to accept wetland preservation area applications. The application must be made on forms provided by the board. If a wetland is located in more than one county, the application must be submitted to the county where the majority of the wetland is located.

(b) The application must contain at least the following information and other information the board of soil and water resources requires:

(1) legal description of the area to be approved, which must include an upland strip at least 16-1/2 feet in width around the perimeter of wetlands within the area and may include total upland area of up to four acres for each acre of wetland;

(2) parcel identification numbers where designated by the county auditor;

(3) name and address of the owner;

(4) a witnessed signature of the owner covenanting that the land will be preserved as a wetland

and will only be used in accordance with conditions prescribed by the board of water and soil resources; and

(5) a statement that the restrictive covenant will be binding on the owner and the owner's successors or assigns, and will run with the land.

(c) The upland strip required in paragraph (b), clause (1), must be planted with permanent vegetation other than a noxious weed.

(d) For registered property, the owner shall submit the owner's duplicate certificate of title with the application.

Sec. 6. Minnesota Statutes 1994, section 103F.612, subdivision 3, is amended to read:

Subd. 3. [REVIEW AND NOTICE.] Upon receipt of an application, the county shall determine if all material required by subdivision 2 has been submitted and, if so, shall determine that the application is complete. The term "date of application" means the date the application is determined to be complete by the county. The county shall send a copy of the application to the county assessor, ~~the regional development commission, where applicable,~~ the board of water and soil resources, and the soil and water conservation district where the land is located. The soil and water conservation district shall prepare an advisory statement of existing and potential preservation problems or conflicts and send the statement to the owner of record and to the county. The county shall notify the landowner of the acceptance or denial of the application within 60 days from the date of the application.

Sec. 7. Minnesota Statutes 1994, section 103F.612, subdivision 5, is amended to read:

Subd. 5. [COMMENCEMENT OF WETLAND PRESERVATION AREA.] The wetland is a wetland preservation area commencing 30 days from the date the county ~~determines~~ notifies the landowner of acceptance of the application is complete under subdivision 3.

Sec. 8. Minnesota Statutes 1994, section 103F.612, subdivision 6, is amended to read:

Subd. 6. [FEE.] The county may require an application fee, ~~not to exceed \$50~~ to defray administrative costs of the program.

Sec. 9. Minnesota Statutes 1994, section 103F.612, subdivision 7, is amended to read:

Subd. 7. [MAPS.] ~~The board of water and soil resources~~ county shall maintain wetland preservation area maps illustrating land covenanted as wetland preservation areas.

Sec. 10. Minnesota Statutes 1994, section 103G.005, is amended by adding a subdivision to read:

Subd. 2a. [AGRICULTURAL LAND.] "Agricultural land" means: land used for horticultural, row, close grown, pasture, and hayland crops; growing nursery stocks; animal feedlots; farm yards; associated building sites; and public and private drainage systems and field roads located on any of the foregoing.

Sec. 11. Minnesota Statutes 1994, section 103G.005, is amended by adding a subdivision to read:

Subd. 10a. [50 TO 80 PERCENT AREA.] "50 to 80 percent area" means a county or watershed with at least 50 but less than 80 percent of the presettlement wetland acreage intact.

Sec. 12. Minnesota Statutes 1994, section 103G.005, is amended by adding a subdivision to read:

Subd. 10b. [GREATER THAN 80 PERCENT AREA.] "Greater than 80 percent area" means a county or watershed where 80 percent or more of the presettlement wetland acreage is intact and:

(1) ten percent or more of the current total land area is wetland; or

(2) 50 percent or more of the current total land area is state or federal land.

Sec. 13. Minnesota Statutes 1994, section 103G.005, is amended by adding a subdivision to read:

Subd. 10c. [HAYLAND.] "Hayland" means an area that was mechanically harvested or that was planted with annually seeded crops in a crop rotation seeding of grasses or legumes in six of the last ten years prior to January 1, 1991.

Sec. 14. Minnesota Statutes 1994, section 103G.005, is amended by adding a subdivision to read:

Subd. 10d. [LESS THAN 50 PERCENT AREA.] "Less than 50 percent area" means a county or watershed with less than 50 percent of the presettlement wetland acreage intact or any county or watershed not defined as a "greater than 80 percent area" or "50 to 80 percent area."

Sec. 15. Minnesota Statutes 1994, section 103G.005, subdivision 10a, is amended to read:

Subd. 10a 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 their delegate; and

(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 their delegate; and

(3) on state land, the agency with administrative responsibility for the land.

Sec. 16. Minnesota Statutes 1994, section 103G.005, is amended by adding a subdivision to read:

Subd. 14a. [PASTURE.] "Pasture" means an area that was grazed by domesticated livestock or that was planted with annually seeded crops in a crop rotation seeding of grasses or legumes of the last years prior to January 1, 1991.

Sec. 17. Minnesota Statutes 1994, section 103G.005, is amended by adding a subdivision to read:

Subd. 14c. [PRESETTLEMENT WETLAND.] "Presettlement wetland" means a wetland or public waters wetland that existed in this state at the time of statehood in 1858.

Sec. 18. Minnesota Statutes 1994, section 103G.005, is amended by adding a subdivision to read:

Subd. 14d. [PROJECT.] "Project" means a specific plan, contiguous activity, proposal, or design necessary to accomplish a goal as defined by the local government unit. As used in this chapter, a project may not be split into components or phases for the sole purpose of gaining additional exemptions.

Sec. 19. Minnesota Statutes 1994, section 103G.005, is amended by adding a subdivision to read:

Subd. 15a. [SHORELAND WETLAND PROTECTION ZONE.] "Shoreland wetland protection zone" means:

(1) for local government units that have a shoreland management ordinance approved under sections 103F.201 to 103F.221, the shoreland wetland protection zone is:

(i) 1,000 feet from the ordinary high water level of a waterbasin that is a public water identified in the shoreland management ordinance or the shoreland area approved by the commissioner as provided in the shoreland management rules adopted under section 103F.211, whichever is less; or

(ii) 300 feet from the ordinary high water level of a watercourse identified in the shoreland

management ordinance or the shoreland area approved by the commissioner as provided in the shoreland management rules adopted under section 103F.211, whichever is less; and

(2) for local government units that do not have a shoreland management ordinance approved under sections 103F.201 to 103F.221, the shoreland wetland protection zone is:

(i) 1,000 feet from the ordinary high water level of a waterbasin that is a public water that is at least ten acres in size within municipalities and at least 25 acres in size in unincorporated areas; or

(ii) 300 feet from the ordinary high water level of a watercourse identified by the public waters inventory under section 103G.201.

Sec. 20. Minnesota Statutes 1994, section 103G.005, is amended by adding a subdivision to read:

Subd. 15b. [SILVICULTURE.] "Silviculture" means the management of forest trees.

Sec. 21. Minnesota Statutes 1994, section 103G.005, is amended by adding a subdivision to read:

Subd. 15c. [UTILITY.] "Utility" means a sanitary sewer, storm sewer, potable water distribution, and transmission, distribution, or furnishing, at wholesale or retail, of natural or manufactured gas, electricity, telephone, or radio service or communications.

Sec. 22. Minnesota Statutes 1994, section 103G.005, is amended by adding a subdivision to read:

Subd. 17b. [WETLAND TYPE.] "Wetland type" means a wetland type classified according to Wetlands of the United States, U.S. Fish and Wildlife Service Circular 39 (1971 edition), as summarized in this subdivision.

(1) "Type 1 wetlands" are seasonally flooded basins or flats in which soil is covered with water or is waterlogged during variable seasonal periods but usually is well-drained during much of the growing season. Type 1 wetlands are located in depressions and in overflow bottomlands along watercourses, and in which vegetation varies greatly according to season and duration of flooding and includes bottomland hardwoods as well as herbaceous growths.

(2) "Type 2 wetlands" are inland fresh meadows in which soil is usually without standing water during most of the growing season but is waterlogged within at least a few inches of surface. Vegetation includes grasses, sedges, rushes, and various broad-leafed plants. Meadows may fill shallow basins, sloughs, or farmland sags, or these meadows may border shallow marshes on the landward side.

(3) "Type 3 wetlands" are inland shallow fresh marshes in which soil is usually waterlogged early during a growing season and often covered with as much as six inches or more of water. Vegetation includes grasses, bulrushes, spikerushes, and various other marsh plants such as cattails, arrowheads, pickerelweed, and smartweeds. These marshes may nearly fill shallow lake basins or sloughs, or may border deep marshes on the landward side and are also common as seep areas on irrigated lands.

(4) "Type 4 wetlands" are inland deep fresh marshes in which soil is usually covered with six inches to three feet or more of water during the growing season. Vegetation includes cattails, reeds, bulrushes, spikerushes, and wild rice. In open areas, pondweeds, naiads, coontail, water milfoils, waterweeds, duckweeds, waterlilies, or spatterdocks may occur. These deep marshes may completely fill shallow lake basins, potholes, limestone sinks, and sloughs, or they may border open water in such depressions.

(5) "Type 5 wetlands" are inland open fresh water, shallow ponds, and reservoirs in which water is usually less than ten feet deep and is fringed by a border of emergent vegetation similar to open areas of type 4 wetland.

(6) "Type 6 wetlands" are shrub swamps in which soil is usually waterlogged during growing

season and is often covered with as much as six inches of water. Vegetation includes alders, willows, buttonbush, dogwoods, and swamp-privet. This type occurs mostly along sluggish streams and occasionally on flood plains.

(7) "Type 7 wetlands" are wooded swamps in which soil is waterlogged at least to within a few inches of the surface during growing season and is often covered with as much as one foot of water. This type occurs mostly along sluggish streams, on flood plains, on flat uplands, and in shallow basins. Trees include tamarack, arborvitae, black spruce, balsam, red maple, and black ash. Northern evergreen swamps usually have a thick ground cover of mosses. Deciduous swamps frequently support beds of duckweeds and smartweeds.

(8) "Type 8 wetlands" are bogs in which soil is usually waterlogged and supports a spongy covering of mosses. This type occurs mostly in shallow basins, on flat uplands, and along sluggish streams. Vegetation is woody or herbaceous or both. Typical plants are heath shrubs, sphagnum moss, and sedges. In the north, leatherleaf, Labrador-tea, cranberries, carex, and cottongrass are often present. Scattered, often stunted, black spruce and tamarack may occur.

Sec. 23. Minnesota Statutes 1994, section 103G.127, is amended to read:

103G.127 [PERMIT PROGRAM UNDER SECTION 404 OF THE FEDERAL CLEAN WATER ACT.]

Notwithstanding any other law to the contrary, the commissioner, with the concurrence of the board of water and soil resources and the commissioner of agriculture, may adopt rules establishing a permit program for regulating the discharge of dredged and fill material into the waters of the state as necessary to obtain approval from the United States Environmental Protection Agency to administer the permit program under section 404 of the federal Clean Water Act, United States Code, title 33, section 1344. The rules may not be more restrictive than the program under section 404, or state law, if it is more restrictive than the federal program.

Sec. 24. Minnesota Statutes 1994, section 103G.222, is amended to read:

103G.222 [REPLACEMENT OF WETLANDS.]

Subdivision 1. [REQUIREMENTS.] (a) ~~After the effective date of the rules adopted under section 103B.3355 or 103G.2242, whichever is later,~~ 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.2242, subdivision 1, paragraph (e) 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.

(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; and

(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) Replacement shall be within the same watershed or county as the impacted wetlands, as based on the wetland evaluation in section 103G.2242, subdivision 2, except that counties or watersheds in which a greater than 80 percent or more of the presettlement wetland acreage is intact area may accomplish replacement in counties or watersheds in which less than 50 percent or more of the presettlement wetland acreage has been filled, drained, or otherwise degraded areas. Wetlands impacted by public transportation projects may be replaced statewide, provided they are approved by the commissioner under an established wetland banking system, or except that wetlands impacted in a less than 50 percent area must be replaced in a less than 50 percent area, and wetlands impacted in the seven county twin cities metropolitan area by public highways must be replaced:

(1) in the affected county, or, if no restoration opportunities exist in the county;

(2) in another seven county twin cities metropolitan area county.

The board must maintain a public list of restoration opportunities within the metropolitan area. Disputes about restoration opportunities for wetland replacement in a watershed or county may be appealed to the board's committee for dispute resolution. Replacement of wetlands may be accomplished under the rules for wetland banking as provided for under section 103G.2242.

(f) Except as provided in paragraph (g), for a 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.

(g) For a wetland located on agricultural land or in counties or watersheds in which a greater than 80 percent or more of the presettlement wetland acreage exists area, replacement must be in the ratio of one acre of replaced wetland for each acre of drained or filled wetland.

(h) 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.

(i) Except in counties or watersheds where a greater than 80 percent or more of the presettlement wetlands are intact 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.

(j) 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.

(k) This section and sections 103G.223 to 103G.2242, 103G.2364, and 103G.2365 apply to the state and its departments and agencies.

(l) For projects involving draining or filling of wetlands associated with a new public transportation project in a greater than 80 percent area, 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 at the cost to the state to establish credits.

(m) 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; and

(2) submit annual reports by January 15 to the board and members of the public requesting a copy that indicate the location, amount, and type of wetlands that have been filled or drained during the previous year and a projection of the location, amount, and type of wetlands to be filled or drained during the upcoming year.

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 drained or filled by public transportation projects on existing roads in critical rural and urban watersheds.

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.

(n) If a landowner seeks approval of a replacement plan after the proposed project has already impacted the wetland, the local government unit may require the landowner to replace the impacted wetland at a ratio not to exceed twice the replacement ratio otherwise required.

(o) 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.

(p) 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 (o) or provide a reason why the petition is denied.

Subd. 2. [ROAD CREDIT FUNDING.] At least 50 percent of money appropriated for road repair wetland replacement credit under this section must be used for wetland restoration in the seven county metropolitan area.

The board shall give priority to restoration projects that will:

- (1) intensify land use that leads to more compact development or redevelopment;
- (2) encourage public infrastructure investments which connect urban neighborhoods and suburban communities, attract private sector investment in commercial or residential properties adjacent to the public improvement; or
- (3) complement projects receiving funding under section 473.253.

Sec. 25. Minnesota Statutes 1994, section 103G.2241, is amended to read:

103G.2241 [EXEMPTIONS.]

~~(a) Subject to the conditions in paragraph (b), a replacement plan for wetlands is not required for:~~

~~(1) activities in a wetland that was planted with annually seeded crops, was in a crop rotation seeding of pasture grasses or legumes, or was required to be set aside to receive price support or other payments under United States Code, title 7, sections 1421 to 1469, in six of the last ten years prior to January 1, 1991;~~

~~(2) activities in a wetland that is or has been enrolled in the federal conservation reserve program under United States Code, title 16, section 3831, that:~~

~~(i) was planted with annually seeded crops, was in a crop rotation seeding, or was required to be set aside to receive price support or payment under United States Code, title 7, sections 1421 to 1469, in six of the last ten years prior to being enrolled in the program; and~~

~~(ii) has not been restored with assistance from a public or private wetland restoration program;~~

~~(3) activities necessary to repair and maintain existing public or private drainage systems as long as wetlands that have been in existence for more than 20 years are not drained;~~

~~(4) activities in a wetland that has received a commenced drainage determination provided for by the federal Food Security Act of 1985, that was made to the county agricultural stabilization and conservation service office prior to September 19, 1988, and a ruling and any subsequent appeals or reviews have determined that drainage of the wetland had been commenced prior to December 23, 1985;~~

~~(5) activities exempted from federal regulation under United States Code, title 33, section 1344(f);~~

~~(6) activities authorized under, and conducted in accordance with, an applicable general permit issued by the United States Army Corps of Engineers under section 404 of the federal Clean Water Act, United States Code, title 33, section 1344, except the nationwide permit in Code of Federal Regulations, title 33, section 330.5, paragraph (a), clause (14), limited to when a new road crosses a wetland, and all of clause (26);~~

~~(7) activities in a type 1 wetland on agricultural land, as defined in United States Fish and Wildlife Circular No. 39 (1971 edition) except for bottomland hardwood type 1 wetlands;~~

~~(8) activities in a type 2 wetland that is two acres in size or less located on agricultural land;~~

~~(9) activities in a wetland restored for conservation purposes under a contract or easement providing the landowner with the right to drain the restored wetland;~~

- ~~(10) activities in a wetland created solely as a result of:~~
- ~~(i) beaver dam construction;~~
 - ~~(ii) blockage of culverts through roadways maintained by a public or private entity;~~
 - ~~(iii) actions by public entities that were taken for a purpose other than creating the wetland; or~~
 - ~~(iv) any combination of (i) to (iii);~~
- ~~(11) placement, maintenance, repair, enhancement, or replacement of utility or utility-type service, including the transmission, distribution, or furnishing, at wholesale or retail, of natural or manufactured gas, electricity, telephone, or radio service or communications if:~~
- ~~(i) the impacts of the proposed project on the hydrologic and biological characteristics of the wetland have been avoided and minimized to the extent possible; and~~
 - ~~(ii) the proposed project significantly modifies or alters less than one-half acre of wetlands;~~
- ~~(12) activities associated with routine maintenance of utility and pipeline rights-of-way, provided the activities do not result in additional intrusion into the wetland;~~
- ~~(13) alteration of a wetland associated with the operation, maintenance, or repair of an interstate pipeline;~~
- ~~(14) temporarily crossing or entering a wetland to perform silvicultural activities, including timber harvest as part of a forest management activity, so long as the activity limits the impact on the hydrologic and biologic characteristics of the wetland; the activities do not result in the construction of dikes, drainage ditches, tile lines, or buildings; and the timber harvesting and other silvicultural practices do not result in the drainage of the wetland or public waters;~~
- ~~(15) permanent access for forest roads across wetlands so long as the activity limits the impact on the hydrologic and biologic characteristics of the wetland; the construction activities do not result in the access becoming a dike, drainage ditch or tile line; with filling avoided wherever possible; and there is no drainage of the wetland or public waters;~~
- ~~(16) draining or filling up to one-half acre of wetlands for the repair, rehabilitation, or replacement of a previously authorized, currently serviceable existing public road, provided that minor deviations in the public road's configuration or filled area, including those due to changes in materials, construction techniques, or current construction codes or safety standards, that are necessary to make repairs, rehabilitation, or replacement are allowed if the wetland draining or filling resulting from the repair, rehabilitation, or replacement is minimized;~~
- ~~(17) emergency repair and normal maintenance and repair of existing public works, provided the activity does not result in additional intrusion of the public works into the wetland and do not result in the draining or filling, wholly or partially, of a wetland;~~
- ~~(18) normal maintenance and minor repair of structures causing no additional intrusion of an existing structure into the wetland, and maintenance and repair of private crossings that do not result in the draining or filling, wholly or partially, of a wetland;~~
- ~~(19) duck blinds;~~
- ~~(20) aquaculture activities, including pond excavation and construction and maintenance of associated access roads and dikes authorized under, and conducted in accordance with, a permit issued by the United States Army Corps of Engineers under section 404 of the federal Clean Water Act, United States Code, title 33, section 1344, but not including construction or expansion of buildings;~~
- ~~(21) wild rice production activities, including necessary diking and other activities authorized under a permit issued by the United States Army Corps of Engineers under section 404 of the federal Clean Water Act, United States Code, title 33, section 1344;~~

~~(22) normal agricultural practices to control pests or weeds, defined by rule as either noxious or secondary weeds, in accordance with applicable requirements under state and federal law, including established best management practices;~~

~~(23) activities in a wetland that is on agricultural land annually enrolled in the federal Food, Agricultural, Conservation, and Trade Act of 1990, United States Code, title 16, section 3821, subsection (a), clauses (1) to (3), as amended, and is subject to sections 1421 to 1424 of the federal act in effect on January 1, 1991, except that land enrolled in a federal farm program is eligible for easement participation for those acres not already compensated under a federal program;~~

~~(24) development projects and ditch improvement projects in the state that have received preliminary or final plat approval, or infrastructure that has been installed, or having local site plan approval, conditional use permits, or similar official approval by a governing body or government agency, within five years before July 1, 1991. In the seven-county metropolitan area and in cities of the first and second class, plat approval must be preliminary as approved by the appropriate governing body; and~~

~~(25) activities that result in the draining or filling of less than 400 square feet of wetlands.~~

~~(b) For the purpose of paragraph (a), clause (16), "currently serviceable" means usable as is or with some maintenance, but not so degraded as to essentially require reconstruction. Paragraph (a), clause (16), authorizes the repair, rehabilitation, or replacement of public roads destroyed by storms, floods, fire, or other discrete events, provided the repair, rehabilitation, or replacement is commenced or under contract to commence within two years of the occurrence of the destruction or damage.~~

~~(c) A person conducting an activity in a wetland under an exemption in paragraph (a) shall ensure that:~~

~~(1) appropriate erosion control measures are taken to prevent sedimentation of the water;~~

~~(2) the activity does not block fish passage in a watercourse; and~~

~~(3) the activity is conducted in compliance with all other applicable federal, state, and local requirements, including best management practices and water resource protection requirements established under chapter 103H.~~

Subdivision 1. [AGRICULTURAL ACTIVITIES.] (a) A replacement plan for wetlands is not required for:

(1) activities in a wetland that was planted with annually seeded crops, was in a crop rotation seeding of pasture grass or legumes, or was required to be set aside to receive price support or other payments under United States Code, title 7, sections 1421 to 1469, in six of the last ten years prior to January 1, 1991;

(2) activities in a wetland that is or has been enrolled in the federal conservation reserve program under United States Code, title 16, section 3831, that:

(i) was planted with annually seeded crops, was in a crop rotation seeding, or was required to be set aside to receive price support or payment under United States Code, title 7, sections 1421 to 1469, in six of the last ten years prior to being enrolled in the program; and

(ii) has not been restored with assistance from a public or private wetland restoration program;

(3) activities in a wetland that has received a commenced drainage determination provided for by the federal Food Security Act of 1985, that was made to the county agricultural stabilization and conservation service office prior to September 19, 1988, and a ruling and any subsequent appeals or reviews have determined that drainage of the wetland had been commenced prior to December 23, 1985;

(4) activities in a type 1 wetland on agricultural land, except for bottomland hardwood type 1 wetlands, and activities in a type 2 or type 6 wetland that is less than two acres in size and located on agricultural land;

(5) aquaculture activities including pond excavation and construction and maintenance of associated access roads and dikes authorized under, and conducted in accordance with, a permit issued by the United States Army Corps of Engineers under section 404 of the federal Clean Water Act, United States Code, title 33, section 1344, but not including construction or expansion of buildings;

(6) wild rice production activities, including necessary diking and other activities authorized under a permit issued by the United States Army Corps of Engineers under section 404 of the federal Clean Water Act, United States Code, title 33, section 1344;

(7) normal agricultural practices to control noxious or secondary weeds as defined by rule of the commissioner of agriculture, in accordance with applicable requirements under state and federal law, including established best management practices; and

(8) agricultural activities in a wetland that is on agricultural land annually enrolled in the federal Food, Agricultural, Conservation, and Trade Act of 1990, United States Code, title 16, section 3821, subsection (a), clauses (1) to (3), as amended, and is subject to sections 1421 to 1424 of the federal act in effect on January 1, 1991, except that land enrolled in a federal farm program is eligible for easement participation for those acres not already compensated under a federal program.

(b) The exemption under paragraph (a), clause (4), may be expanded to additional acreage, including types 1, 2, and 6 wetlands that are part of a larger wetland system, when the additional acreage is part of a conservation plan approved by the local soil and water conservation district, the additional draining or filling is necessary for efficient operation of the farm, the hydrology of the larger wetland system is not adversely affected, and wetlands other than types 1, 2, and 6 are not drained or filled.

Subd. 2. [DRAINAGE.] (a) For the purposes of this subdivision, "public drainage system" means a drainage system as defined in section 103E.005, subdivision 12, and any ditch or tile lawfully connected to the drainage system.

(b) A replacement plan is not required for draining of type 1 wetlands, or up to five acres of type 2 or 6 wetlands, in an unincorporated area on land that has been assessed drainage benefits for a public drainage system, provided that:

(1) during the 20-year period that ended January 1, 1992:

(i) there was an expenditure made from the drainage system account for the public drainage system;

(ii) the public drainage system was repaired or maintained as approved by the drainage authority; or

(iii) no repair or maintenance of the public drainage system was required under section 103E.705, subdivision 1, as determined by the public drainage authority; and

(2) the wetlands are not drained for conversion to:

(i) platted lots;

(ii) planned unit, commercial, or industrial developments; or

(iii) any development with more than one residential unit per 40 acres.

If wetlands drained under this paragraph are converted to uses prohibited under clause (2) during the ten-year period following drainage, the wetlands must be replaced under section 103G.222.

(c) A replacement plan is not required for draining or filling of wetlands, except for draining types 3, 4, and 5 wetlands that have been in existence for more than 25 years, resulting from maintenance and repair of existing public drainage systems.

(d) A replacement plan is not required for draining or filling of wetlands, except for draining

wetlands that have been in existence for more than 25 years, resulting from maintenance and repair of existing drainage systems other than public drainage systems.

(e) A replacement plan is not required for draining or filling of wetlands resulting from activities conducted as part of a public drainage system improvement project that received final approval from the drainage authority before July 1, 1991, and after July 1, 1986, if:

- (1) the approval remains valid;
- (2) the project remains active; and
- (3) no additional drainage will occur beyond that originally approved.

(f) The public drainage authority may, as part of the repair, install control structures, realign the ditch, construct dikes along the ditch, or make other modifications as necessary to prevent drainage of the wetland.

(g) Wetlands of all types that would be drained as a part of a public drainage repair project are eligible for the permanent wetlands preserve, under section 103F.516. The board shall give priority to acquisition of easements on types 3, 4, and 5 wetlands that have been in existence for more than 25 years on public drainage systems and other wetlands that have the greatest risk of drainage from a public drainage repair project.

Subd. 3. [FEDERAL APPROVALS.] A replacement plan for wetlands is not required for:

(1) activities exempted from federal regulation under United States Code, title 33, section 1344(f), as in effect on January 1, 1991;

(2) activities authorized under, and conducted in accordance with, an applicable general permit issued by the United States Army Corps of Engineers under section 404 of the federal Clean Water Act, United States Code, title 33, section 1344, except the nationwide permit in Code of Federal Regulations, title 33, section 330.5, paragraph (a), clauses (14), limited to when a new road crosses a wetland, and (26), as in effect on January 1, 1991.

Subd. 4. [WETLAND RESTORATION.] A replacement plan for wetlands is not required for activities in a wetland restored for conservation purposes under a contract or easement providing the landowner with the right to drain the restored wetland.

Subd. 5. [INCIDENTAL WETLANDS.] A replacement plan for wetlands is not required for activities in a wetland created solely as a result of:

- (1) beaver dam construction;
- (2) blockage of culverts through roadways maintained by a public or private entity;
- (3) actions by public or private entities that were taken for a purpose other than creating the wetland; or
- (4) any combination of clauses (1) to (3).

Subd. 6. [UTILITIES; PUBLIC WORKS.] A replacement plan for wetlands is not required for:

(1) placement, maintenance, repair, enhancement, or replacement of utility or utility-type service if:

(i) the impacts of the proposed project on the hydrologic and biological characteristics of the wetland have been avoided and minimized to the extent possible; and

(ii) the proposed project significantly modifies or alters less than one-half acre of wetlands;

(2) activities associated with routine maintenance of utility and pipeline rights-of-way, provided the activities do not result in additional intrusion into the wetland;

(3) alteration of a wetland associated with the operation, maintenance, or repair of an interstate pipeline within all existing or acquired interstate pipeline rights-of-way;

(4) emergency repair and normal maintenance and repair of existing public works, provided the activity does not result in additional intrusion of the public works into the wetland and does not result in the draining or filling, wholly or partially, of a wetland;

(5) normal maintenance and minor repair of structures causing no additional intrusion of an existing structure into the wetland, and maintenance and repair of private crossings that do not result in the draining or filling, wholly or partially, of a wetland; or

(6) repair and updating of existing individual sewage treatment systems as necessary to comply with local, state, and federal regulations.

Subd. 7. [FORESTRY.] A replacement plan for wetlands is not required for:

(1) temporarily crossing or entering a wetland to perform silvicultural activities, including timber harvest as part of a forest management activity, so long as the activity limits the impact on the hydrologic and biologic characteristics of the wetland; the activities do not result in the construction of dikes, drainage ditches, tile lines, or buildings; and the timber harvesting and other silvicultural practices do not result in the drainage of the wetland or public waters; or

(2) permanent access for forest roads across wetlands so long as the activity limits the impact on the hydrologic and biologic characteristics of the wetland; the construction activities do not result in the access becoming a dike, drainage ditch, or tile line; filling is avoided wherever possible; and there is no drainage of the wetland or public waters.

Subd. 8. [APPROVED DEVELOPMENT.] A replacement plan for wetlands is not required for development projects and ditch improvement projects in the state that have received preliminary or final plat approval or have infrastructure that has been installed or has local site plan approval, conditional use permits, or similar official approval by a governing body or government agency, within five years before July 1, 1991. As used in this subdivision, "infrastructure" means public water facilities, storm water and sanitary sewer piping, outfalls, inlets, culverts, bridges, and any other work defined specifically by a local government unit as constituting a capital improvement to a parcel within the context of an approved development plan.

Subd. 9. [DE MINIMIS.] (a) Except as provided in paragraphs (b), (c), and (d), a replacement plan for wetlands is not required for draining or filling the following amounts of wetlands as part of a project, regardless of the total amount of wetlands filled as part of a project:

(1) 10,000 square feet of type 1, type 2, type 6, or type 7 wetland, excluding white cedar and tamarack wetlands, outside of the shoreland wetland protection zone in a greater than 80 percent area;

(2) 5,000 square feet of type 1, type 2, type 6, or type 7 wetland, excluding white cedar and tamarack wetlands, outside of the shoreland wetland protection zone in a 50 to 80 percent area;

(3) 2,000 square feet of type 1, type 2, or type 6 wetland, outside of the shoreland wetland protection zone in a less than 50 percent area;

(4) 400 square feet of wetland types not listed in clauses (1) to (3) outside of shoreland wetland protection zones in all counties; or

(5) 400 square feet of type 1, type 2, type 3, type 4, type 5, type 6, type 7, or type 8 wetland, in the shoreland wetland protection zone, except that in a greater than 80 percent area, the local government unit may increase the de minimis amount up to 1,000 square feet in the shoreland protection zone in areas beyond the building setback if the wetland is isolated and is determined to have no direct surficial connection to the public water. To the extent that a local shoreland management ordinance is more restrictive than this provision, the local shoreland ordinance applies.

(b) The amounts listed in paragraph (a), clauses (1) to (5), may not be combined on a project.

(c) This exemption no longer applies to a landowner's portion of a wetland when the cumulative area drained or filled of the landowner's portion since January 1, 1992, is the greatest of:

- (1) the applicable area listed in paragraph (a), if the landowner owns the entire wetland;
- (2) five percent of the landowner's portion of the wetland; or
- (3) 400 square feet.

(d) Persons proposing to conduct an activity under this subdivision shall contact the board at a toll-free number to be provided for information on minimizing wetland impacts. Failure to call by the person does not constitute a violation of this subdivision.

(e) This exemption may not be combined with another exemption in this section on a project.

Subd. 10. [WILDLIFE HABITAT.] A replacement plan for wetlands is not required for:

(1) deposition of spoil resulting from excavation within a wetland for a wildlife habitat improvement project, if:

(i) the area of deposition does not exceed five percent of the wetland area or one-half acre, whichever is less, and the spoil is stabilized and permanently seeded to prevent erosion;

(ii) the project does not have an adverse impact on any species designated as endangered or threatened under state or federal law; and

(iii) the project will provide wildlife habitat improvement as certified by the soil and water conservation district; or

(2) duck blinds.

Subd. 11. [EXEMPTION CONDITIONS.] (a) A person conducting an activity in a wetland under an exemption in subdivisions 1 to 10 shall ensure that:

(1) appropriate erosion control measures are taken to prevent sedimentation of the water;

(2) the activity does not block fish passage in a watercourse; and

(3) the activity is conducted in compliance with all other applicable federal, state, and local requirements, including best management practices and water resource protection requirements established under chapter 103H.

(b) An activity is exempt if it qualifies for any one of the exemptions, even though it may be indicated as not exempt under another exemption.

(c) Persons proposing to conduct an exempt activity are encouraged to contact the local government unit or the local government unit's designee for advice on minimizing wetland impacts.

Sec. 26. Minnesota Statutes 1994, section 103G.2242, subdivision 1, is amended to read:

Subdivision 1. [RULES.] (a) ~~By July 1, 1993,~~ The board, in consultation with the commissioner, shall adopt rules governing the approval of wetland value replacement plans under this section. These rules must address the criteria, procedure, timing, and location of acceptable replacement of wetland values; may address the state establishment and administration of a wetland banking program for public and private projects, which may include provisions allowing monetary payment to the wetland banking program for alteration of wetlands on agricultural land; ~~the methodology to be used in identifying and evaluating wetland functions;~~ the administrative, monitoring, and enforcement procedures to be used; and a procedure for the review and appeal of decisions under this section. In the case of peatlands, the replacement plan rules must consider the impact on carbon balance described in the report required by Laws 1990, chapter 587, and include the planting of trees or shrubs.

(b) After the adoption of the rules, a replacement plan must be approved by a resolution of the governing body of the local government unit, consistent with the provisions of the rules or a comprehensive wetland protection and management plan approved under section 103G.2243.

~~(c) The board may approve as an alternative to the rules adopted under this subdivision a comprehensive wetland protection and management plan developed by a local government unit, provided that the plan:~~

~~(1) incorporates sections 103A.201, subdivision 2, and 103G.222;~~

~~(2) is adopted as part of an approved local water plan under sections 103B.231 and 103B.311; and~~

~~(3) is adopted as part of the local government's official controls.~~

(d) If the local government unit fails to apply the rules, or fails to implement a local program ~~under paragraph (c)~~ comprehensive wetland protection and management plan established under section 103G.2243, the government unit is subject to penalty as determined by the board.

Sec. 27. Minnesota Statutes 1994, section 103G.2242, subdivision 2, is amended to read:

Subd. 2. [EVALUATION.] Questions concerning the public value, location, size, or type of a wetland shall be submitted to and determined by a technical evaluation panel after an on-site inspection. The technical evaluation panel shall be composed of a technical professional employee of the board, a technical professional employee of the local soil and water conservation district or districts, and a technical professional with expertise in water resources management appointed by the local government unit. The panel shall use the "Federal Manual for Identifying and Delineating Jurisdictional Wetlands" (January 1989), "United States Army Corps of Engineers Wetland Delineation Manual" (January 1987), "Wetlands of the United States" (United States Fish and Wildlife Service Circular 39, 1971 edition), and "Classification of Wetlands and Deepwater Habitats of the United States" (1979 edition). The panel shall provide the wetland determination to the local government unit that must approve a replacement plan under this section, and may recommend approval or denial of the plan. The authority must consider and include the decision of the technical evaluation panel in their approval or denial of a plan.

Sec. 28. Minnesota Statutes 1994, section 103G.2242, subdivision 4, is amended to read:

Subd. 4. [DECISION.] Upon receiving and considering all required data, the local government unit ~~approving a reviewing replacement plan applications, banking plan applications, and exemption or no-loss determination requests~~ must act on all replacement plan applications for plan approval within 60 days, banking plan applications, and exemption or no-loss determination requests in compliance with section 15.99.

Sec. 29. Minnesota Statutes 1994, section 103G.2242, subdivision 6, is amended to read:

Subd. 6. [NOTICE OF APPLICATION.] (a) Except as provided in paragraph (b), within ten days of receiving an application for approval of a replacement plan under this section, ~~a copy of the application must be submitted to the board for publication in the Environmental Quality Board Monitor and separate copies of the complete application must be mailed to individual members of the public who request a copy, the board of supervisors of the soil and water conservation district, the members of the technical evaluation panel, the managers of the watershed district if one exists, the board of county commissioners, and the commissioner of agriculture, and the mayors of the cities within the area watershed. At the same time, the local government unit must give general notice to the public in a general circulation newspaper within the area affected.~~ natural resources. Individual members of the public who request a copy shall be provided information to identify the applicant and the location and scope of the project.

(b) Within ten days of receiving an application for approval of a replacement plan under this section for an activity affecting less than 10,000 square feet of wetland, a summary of the application ~~must be submitted for publication in the Environmental Quality Board Monitor and separate copies~~ mailed to the members of the technical evaluation panel, individual members of

the public who request a copy, and the managers of the watershed district, if applicable. At the same time, the local government unit must give general notice to the public in a general circulation newspaper within the area affected commissioner of natural resources.

(c) For the purpose of this subdivision, "application" includes a revised application for replacement plan approval and an application for a revision to an approved replacement plan if:

(1) the wetland area to be drained or filled under the revised replacement plan is at least ten percent larger than the area to be drained or filled under the original replacement plan; or

(2) the wetland area to be drained or filled under the revised replacement is located more than 500 feet from the area to be drained or filled under the original replacement plan.

Sec. 30. Minnesota Statutes 1994, section 103G.2242, subdivision 7, is amended to read:

Subd. 7. [NOTICE OF DECISION.] ~~(a) Except as provided in paragraph (b), at least 30~~ Within ten days prior to the effective date of the approval or denial of a replacement plan under this section, a copy summary of the approval or denial must be submitted for publication in the Environmental Quality Board Monitor and separate copies mailed to members of the technical evaluation panel, the applicant, the board, individual members of the public who request a copy, the board of supervisors of the soil and water conservation district, the managers of the watershed district, the board of county commissioners, if one exists, and the commissioner of agriculture, and the mayors of the cities within the area watershed natural resources.

~~(b) Within ten days of the decision approving or denying a replacement plan under this section for an activity affecting less than 10,000 square feet of wetland, a summary of the approval or denial must be submitted for publication in the Environmental Quality Board Monitor and separate copies mailed to the applicant, individual members of the public who request a copy, the members of the technical evaluation panel, and the managers of the watershed district, if applicable. At the same time, the local government unit must give general notice to the public in a general circulation newspaper within the area affected.~~

Sec. 31. Minnesota Statutes 1994, section 103G.2242, subdivision 9, is amended to read:

Subd. 9. [APPEAL.] Appeal of the a replacement plan, exemption, or no-loss decision may be obtained by mailing a notice of appeal petition and payment of a filing fee of \$200, which shall be retained by the board to defray administrative costs, to the board within 30 15 days after the postmarked date of the mailing specified in subdivision 7. If appeal is not sought within 30 15 days, the decision becomes final. The local government unit may require the petitioner to post a letter of credit, cashier's check, or cash in an amount not to exceed \$500. If the petition for hearing is accepted, the amount posted must be returned to the petitioner. Appeal may be made by the wetland owner, by any of those to whom notice is required to be mailed under subdivision 7, or by 100 residents of the county in which a majority of the wetland is located. Within 30 days after receiving a petition, the board shall decide whether to grant the petition and hear the appeal. The board shall grant the petition unless the board finds that the appeal is meritless, trivial, or brought solely for the purposes of delay; that the petitioner has not exhausted all local administrative remedies; or that the petitioner has not posted a letter of credit, cashier's check, or cash if required by the local government unit. In determining whether to grant the appeal, the board shall also consider the size of the wetland, other factors in controversy, any patterns of similar acts by the local government unit or petitioner, and the consequences of the delay resulting from the appeal. All appeals must be heard by the committee for dispute resolution of the board, and a decision made within 60 days of the appeal. The decision must be served by mail on the parties to the appeal, and is not subject to the provisions of chapter 14. The A decision whether to grant a petition for appeal and a decision on the merits of an appeal must be considered the decision of an agency in a contested case for purposes of judicial review under sections 14.63 to 14.69.

Sec. 32. Minnesota Statutes 1994, section 103G.2242, subdivision 12, is amended to read:

Subd. 12. [REPLACEMENT CREDITS.] (a) No public or private wetland restoration, enhancement, or construction may be allowed for replacement unless specifically designated for replacement and paid for by the individual or organization performing the wetland restoration, enhancement, or construction, and is completed prior to any draining or filling of the wetland.

This subdivision (b) Paragraph (a) does not apply to a wetland whose owner has paid back with interest the individual or organization restoring, enhancing, or constructing the wetland.

(c) Notwithstanding section 103G.222, subdivision 1, paragraph (i), the following actions are eligible for replacement credit as determined by the local government unit, including enrollment in a statewide wetlands bank:

(1) Reestablishment of permanent vegetative cover on a wetland that was planted with annually seeded crops, was in a crop rotation seeding of pasture grasses or legumes, or was required to be set aside to receive price supports or other payments under United States Code, title 7, sections 1421 to 1469, in six of the last ten years prior to January 1, 1991. Replacement credit may not exceed 50 percent of the total wetland area vegetatively restored;

(2) Buffer areas of permanent vegetative cover established on upland adjacent to replacement wetlands, provided that the upland buffer must be established at the time of wetland replacement and replacement credit for the buffer may not exceed 75 percent of the replacement wetland area and may only be used for replacement above a 1:1 ratio;

(3) Wetlands restored for conservation purposes under terminated easements or contracts, provided that Up to 75 percent of the restored wetland area is eligible for replacement credit and adjacent upland buffer areas reestablished to permanent vegetative cover are eligible for replacement credit above a 1:1 ratio in an amount not to exceed 25 percent of the restored wetland area; and

(4) Water quality treatment ponds constructed to pretreat storm water runoff prior to discharge to wetlands, public waters, or other water bodies, provided that the water quality treatment ponds must be associated with an ongoing or proposed project that will impact a wetland and replacement credit for the treatment ponds may not exceed 75 percent of the treatment pond area and may only be used for replacement above a 1:1 ratio.

Sec. 33. [103G.2243] [LOCAL COMPREHENSIVE WETLAND PROTECTION AND MANAGEMENT PLANS.]

Subdivision 1. [GENERAL REQUIREMENTS; NOTICE AND PARTICIPATION.] (a) As an alternative to the rules adopted under section 103G.2242, subdivision 1, and the public value criteria established or approved under section 103B.3355, a comprehensive wetland protection and management plan may be developed by a local government unit, or one or more local government units operating under a joint powers agreement, provided that:

(1) a notice is made at the beginning of the planning process to the board, the commissioner of natural resources, the pollution control agency, local government units, and local citizens to actively participate in the development of the plan; and

(2) the plan is implemented by ordinance as part of the local government's official controls under chapter 394, for a county; chapter 462, for a city; chapter 366, for a town; and by rules adopted under chapter 103D, for a watershed district; and chapter 103B, for a watershed management organization.

(b) An organization that is invited to participate in the development of the local plan, but declines to do so and fails to participate or to provide written comments during the local review process, waives the right during board review to submit comments, except comments concerning consistency of the plan with laws and rules administered by that agency. In determining the merit of an agency comment, the board shall consider the involvement of the agency in the development of the local plan.

Subd. 2. [PLAN CONTENTS.] A comprehensive wetland protection and management plan may:

(1) provide for classification of wetlands in the plan area based on:

(i) an inventory of wetlands in the plan area;

(ii) an assessment of the wetland functions listed in section 103B.3355, using a methodology chosen by the technical evaluation panel from one of the methodologies established or approved by the board under that section; and

(iii) the resulting public values;

(2) vary application of the sequencing standards in section 103G.222, subdivision 1, paragraph (b), for projects based on the classification and criteria set forth in the plan;

(3) vary the replacement standards of section 103G.222, subdivision 1, paragraphs (f) and (g), based on the classification and criteria set forth in the plan, for specific wetland impacts provided there is no net loss of public values within the area subject to the plan, and so long as:

(i) in a 50 to 80 percent area, a minimum acreage requirement of one acre of replaced wetland for each acre of drained or filled wetland requiring replacement is met within the area subject to the plan; and

(ii) in a less than 50 percent area, a minimum acreage requirement of two acres of replaced wetland for each acre of drained or filled wetland requiring replacement is met within the area subject to the plan, except that replacement for the amount above a 1:1 ratio can be accomplished as described in subdivision 12;

(4) in a greater than 80 percent area, allow replacement credit, based on the classification and criteria set forth in the plan, for any project that increases the public value of wetlands, including activities on adjacent upland acres; and

(5) in a greater than 80 percent area, based on the classification and criteria set forth in the plan, expand the application of the exemptions in section 103G.2241, subdivision 1, paragraph (a), clause (4), to also include nonagricultural land, provided there is no net loss of wetland values.

Subd. 3. [BOARD REVIEW AND APPROVAL; MEDIATION; JUDICIAL REVIEW.] (a) The plan is deemed approved 60 days after the local government submits the final plan to the board, unless the board disagrees with the plan as provided in paragraph (d).

(b) The board may not disapprove a plan if the board determines the plan meets the requirements of this section.

(c) In its review of a plan, the board shall advise the local government unit of those elements of the plan that are more restrictive than state law and rules for purposes of section 103G.237, subdivision 5.

(d) If the board disagrees with the plan or any elements of the plan, the board shall, in writing, notify the local government of the plan deficiencies and suggested changes. The board shall include in the response to the local government the scientific justification, if applicable, for the board's concerns with the plan. Upon receipt of the board's concerns with the plan, the local government has 60 days to revise the plan and resubmit the plan to the board for reconsideration, or the local government may request a hearing before the board. The board shall hold a hearing within the boundaries of the jurisdiction of the local government within 60 days of the request for hearing. After the hearing, the board shall, within 60 days, prepare a report of its decision and inform the local government.

(e) If, after the hearing, the board and local government disagree on the plan, the board shall, within 60 days, initiate mediation through a neutral party. If the board and local government unit agree in writing not to use mediation or the mediation does not result in a resolution of the differences between the parties, then the board may commence a declaratory judgment action in the district court of the county where the local government unit is located. If the board does not commence a declaratory judgment action within the applicable 60-day period, the plan is deemed approved.

(f) The declaratory judgment action must be commenced within 60 days after the date of the written agreement not to use mediation or 60 days after conclusion of the mediation. If the board commences a declaratory judgment action, the district court shall review the board's record of

decision and the record of decision of the local government unit. The district court shall affirm the plan if it meets the requirements of this subdivision.

Subd. 4. [EFFECTIVE DATE; REPLACEMENT DECISIONS.] (a) The plan becomes effective as provided in subdivision 3, paragraphs (d) to (f), and after adoption of the plan into the official controls of the local government.

(b) After the effective date of a plan, a local government unit shall make replacement decisions consistent with the plan.

Subd. 5. [PLAN AMENDMENTS.] Amendments to the plan become effective upon completion of the same process required for the original plan.

Subd. 6. [WATER PLANNING PROCESSES APPLY.] Except as otherwise provided for in this section, all other requirements relating to development of the plan must be consistent with the water plan processes under sections 103B.231 and 103B.311.

Sec. 34. [103G.2244] [WETLAND CREATION OR RESTORATION WITHIN PIPELINE EASEMENT.]

A person proposing to create or restore a wetland within the easement of a pipeline as defined in section 299J.02, subdivision 11, shall first notify the easement holder and the director of the office of pipeline safety in writing. The person may not create or restore the wetland if, within 90 days after receiving the required notice, the easement holder or the director of the office of pipeline safety provides to the person a written notice of objection that includes the reasons for the objection.

Sec. 35. Minnesota Statutes 1994, section 103G.237, subdivision 4, is amended to read:

Subd. 4. [COMPENSATION.] (a) The board shall award compensation in an amount equal to the greater of:

(1) 50 percent of the value of the wetland, calculated by multiplying the acreage of the wetland by the greater of:

(1) (i) the average equalized estimated market value of agricultural property in the township as established by the commissioner of revenue at the time application for compensation is made; or

(2) (ii) the assessed value per acre of the parcel containing the wetland, based on the assessed value of the parcel as stated on the most recent tax statement; or

(2) \$200 per acre of wetland subject to the replacement plan, increased or decreased by the percentage change of the assessed valuation of land in the township where the wetland is located from the 1995 valuation.

(b) A person who receives compensation under paragraph (a) shall convey to the board a permanent conservation easement as described in section 103F.515, subdivision 4. An easement conveyed under this paragraph is subject to correction and enforcement under section 103F.515, subdivisions 8 and 9.

Sec. 36. Minnesota Statutes 1994, section 103G.237, is amended by adding a subdivision to read:

Subd. 5. [COMPENSATION CLAIMS AGAINST LOCAL GOVERNMENT UNITS.] (a) At the request of a local government unit against which a compensation action is brought based at least in part on the local government unit's application of section 103G.222, 103G.2241, 103G.2242, 103G.2243, 103G.237, or 103G.2372, or rules adopted by the board to implement these sections, the state, through the attorney general, shall intervene in the action on behalf of the local government unit and shall thereafter be considered a defendant in the action. A local government unit making a request under this paragraph shall provide the attorney general with a copy of the complaint as soon as possible after being served. If requested by the attorney general, the court shall grant additional time to file an answer equal to the time between service of the complaint on the local government unit and receipt of the complaint by the attorney general.

(b) The state is liable for costs, damages, fees, and compensation awarded in the action based on the local government unit's adoption or implementation of standards that are required by state law, as determined by the court. The local government unit is liable for costs, damages, fees, and compensation awarded in the action based on local standards that are more restrictive than state law and rules.

(c) For the purposes of this subdivision, "compensation action" means an action in which the plaintiff seeks compensation for a taking of private property under the state or federal constitution.

Sec. 37. Minnesota Statutes 1994, section 103G.2373, is amended to read:

103G.2373 [ANNUAL WETLANDS REPORT.]

By ~~January~~ March 1 of each year, the commissioner of natural resources and the board of water and soil resources shall jointly report to the committees of the legislature with jurisdiction over matters relating to agriculture, the environment, and natural resources on:

- (1) the status of implementation of state laws and programs relating to wetlands;
- (2) the quantity, quality, acreage, types, and public value of wetlands in the state; and
- (3) changes in the items in clause (2).

Sec. 38. Minnesota Statutes 1994, section 115.03, is amended by adding a subdivision to read:

Subd. 4a. [SECTION 401 CERTIFICATIONS.] (a) The following definitions apply to this subdivision:

(1) "section 401 certification" means a water quality certification required under section 401 of the federal Clean Water Act, United States Code, title 33, section 1341; and

(2) "nationwide permit" means a nationwide general permit issued by the United States Army Corps of Engineers and listed in Code of Federal Regulations, title 40, part 330, appendix A.

(b) The agency is responsible for providing section 401 certifications for nationwide permits.

(c) Before making a final decision on a section 401 certification for regional conditions on a nationwide permit, the agency shall hold at least one public meeting outside the seven-county metropolitan area.

(d) In addition to other notice required by law, the agency shall provide written notice of a meeting at which the agency will be considering a section 401 certification for regional conditions on a nationwide permit at least 21 days before the date of the meeting to the members of the senate and house of representatives environment and natural resources committees, the senate agriculture and rural development committee, and the house of representatives agriculture committee.

Sec. 39. [RULES.]

Within 60 days of the effective date of this section, the board, in consultation with the commissioners of natural resources and agriculture, shall adopt rules that amend the rules previously adopted under Minnesota Statutes, sections 103G.2242, subdivision 1, and 103B.3355. These rules are exempt from the rulemaking provisions of Minnesota Statutes, chapter 14, except that Minnesota Statutes, section 14.386, applies and the proposed rules must be submitted to the senate and house environment and natural resource 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. 40. [WETLAND BANKING STUDY; REPORT.]

The commissioner of natural resources, in consultation with the board of water and soil resources and the commissioner of agriculture, shall ensure that the wetlands conservation planning process currently under way includes a study of alternative procedures and policies for improving the current wetland banking system in the state. The study and any resulting

recommendations must be reported to the appropriate policy committees of the legislature by June 30, 1997, or upon completion of the wetlands conservation planning final report, whichever is later.

Sec. 41. [LINCOLN-PIPESTONE CALCAREOUS FEN.]

The fen management plan prepared pursuant to Minnesota Statutes, section 103G.223 for sections 5, 6, 8, and 17 of T114N, R46W, and the Burr Well Field must be jointly developed by the commissioner of natural resources and the Lincoln-Pipestone rural water district. A fen management plan is not required to appropriate within the existing permitted pumping rate of 750 gallons per minute or permitted volume of up to 400,000,000 gallons per year.

Sec. 42. [APPROPRIATION.]

(a) \$130,000 is appropriated from the general fund to the board of water and soil resources for providing assistance to local governmental units in developing and implementing comprehensive wetland protection and management plans under Minnesota Statutes, section 103G.2243.

(b) \$120,000 is appropriated from the general fund to the board of water and soil resources for grants to local governmental units for developing and implementing comprehensive wetland protection and management plans under Minnesota Statutes, section 103G.2243.

(c) \$100,000 is appropriated from the general fund to the board of water and soil resources for grants to local government units to develop public ditch inventories, including maps and histories of public ditch systems.

(d) \$50,000 is appropriated from the general fund to the board of water and soil resources for a grant to the association of Minnesota counties to conduct workshops for public drainage authorities.

Sec. 43. [INSTRUCTION TO REVISOR.]

The revisor of statutes shall renumber Minnesota Statutes, section 103G.005, subdivision 18, as section 103G.005, subdivision 15a.

Sec. 44. [REPEALER.]

Minnesota Statutes 1994, section 103G.2242, subdivision 13, is repealed.

Sec. 45. [EFFECTIVE DATE.]

This act is effective the day following final enactment, except that section 24, subdivision 1, paragraph (e), 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."

Delete the title and insert:

"A bill for an act relating to natural resources; water; modifying wetland protection and management; authorizing rulemaking; appropriating money; amending Minnesota Statutes 1994, sections 84.035, subdivisions 5 and 6; 103B.3355; 103E.701, subdivision 6; 103F.612, subdivisions 2, 3, 5, 6, and 7; 103G.005, subdivision 10a, and by adding subdivisions; 103G.127; 103G.222; 103G.2241; 103G.2242, subdivisions 1, 2, 4, 6, 7, 9, and 12; 103G.237, subdivision 4, and by adding a subdivision; 103G.2373; and 115.03, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 103G; repealing Minnesota Statutes 1994, section 103G.2242, subdivision 13."

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

House Conferees: (Signed) Willard Munger, Jim Tunheim, Betty McCollum, Steven A. Sviggum, Jim Girard

Senate Conferees: (Signed) LeRoy A. Stumpf, Gene Merriam, Ted A. Mondale, Steve Dille, Dan Stevens

Mr. Stumpf moved that the foregoing recommendations and Conference Committee Report on H.F. No. 787 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 787 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 63 and nays 2, as follows:

Those who voted in the affirmative were:

Anderson	Hanson	Kroening	Neuville	Robertson
Beckman	Hottinger	Laidig	Novak	Runbeck
Belanger	Janezich	Langseth	Oliver	Sams
Berg	Johnson, D.E.	Larson	Olson	Samuelson
Betzold	Johnson, D.J.	Lesewski	Ourada	Scheevel
Chandler	Johnson, J.B.	Limmer	Pappas	Solon
Cohen	Johnston	Marty	Pariseau	Spear
Day	Kelly	Merriam	Piper	Stevens
Dille	Kiscaden	Metzen	Pogemiller	Stumpf
Finn	Kleis	Moe, R.D.	Price	Terwilliger
Fischbach	Knutson	Mondale	Ranum	Vickerman
Flynn	Kramer	Morse	Reichgott Junge	
Frederickson	Krentz	Murphy	Riveness	

Ms. Berglin and Mr. Lessard voted in the negative.

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 3012, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 3012 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 2, 1996

CONFERENCE COMMITTEE REPORT ON H.F. NO. 3012

A bill for an act relating to metropolitan government; modifying a certain levy limitation for the metropolitan council; allowing for distribution of funds from the tax base revitalization account to development authorities; authorizing the metropolitan council to issue bonds; requiring a transfer between certain accounts of the council; amending Minnesota Statutes 1994, section 473.167, subdivision 2a; Minnesota Statutes 1995 Supplement, sections 473.167, subdivisions 2 and 3; and 473.252; Laws 1989, chapter 279, section 7, subdivision 6; repealing Minnesota Statutes 1994, section 473.167, subdivision 5; Minnesota Statutes 1995 Supplement, section 473.167, subdivision 3a.

April 2, 1996

The Honorable Irv Anderson
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H.F. No. 3012, 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. 3012 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

METROPOLITAN COUNCIL AUTHORIZATION

Section 1. Minnesota Statutes 1994, section 471.59, is amended by adding a subdivision to read:

Subd. 13. [JOINT POWERS BOARD FOR HOUSING.] (a) For purposes of implementing a federal court order or decree, two or more housing and redevelopment authorities, or public entities exercising the public housing powers of housing and redevelopment authorities, may by adoption of a joint powers agreement that complies with the provisions of subdivisions 1 to 5, establish a joint board for the purpose of acquiring an interest in, rehabilitating, constructing, owning, or managing low-rent public housing located in the metropolitan area, as defined in section 473.121, subdivision 2, and financed, in whole or in part, with federal financial assistance under Section 5 of the United States Housing Act of 1937. The joint board established pursuant to this subdivision shall:

(1) be composed of members designated by the governing bodies of the governmental units which established such joint board, and possess such representative and voting power provided by the joint powers agreement;

(2) constitute a public body, corporate, and politic; and

(3) notwithstanding the provisions of subdivision 1, requiring commonality of powers between parties to a joint powers agreement, and solely for the purpose of acquiring an interest in, rehabilitating, constructing, owning, or managing federally financed low-rent public housing, shall possess all of the powers and duties contained in sections 469.001 to 469.047 and, if at least one participant is an economic development authority, sections 469.090 to 469.1081, except (i) as may be otherwise limited by the terms of the joint powers agreement; and (ii) a joint board shall not have the power to tax pursuant to section 469.033, subdivision 6, or 469.107, nor shall it exercise the power of eminent domain. Every joint powers agreement establishing a joint board shall specifically provide which and under what circumstances the powers granted herein may be exercised by that joint board.

(b) If a housing and redevelopment authority exists in a city which intends to participate in the creation of a joint board pursuant to paragraph (a), such housing and redevelopment authority shall be the governmental unit which enters into the joint powers agreement unless it determines not to do so, in which event the governmental entity which enters into the joint powers agreement may be any public entity of that city which exercises the low-rent public housing powers of a housing and redevelopment authority.

(c) A joint board shall not make any contract with the federal government for low-rent public housing, unless the governing body or bodies creating the participating authority in whose jurisdiction the housing is located has, by resolution, approved the provision of that low-rent public housing.

(d) This subdivision does not apply to any housing and redevelopment authority, or public entity exercising the powers of a housing and redevelopment authority, within the jurisdiction of a county housing and redevelopment authority which is actively carrying out a public housing program under Section 5 of the United States Housing Act of 1937. For purposes of this paragraph, a county housing and redevelopment authority is considered to be actively carrying out a public housing program under Section 5 of the United States Housing Act of 1937, if it (1) owns 200 or more public housing units constructed under Section 5 of the United States Housing Act of 1937, and (2) has applied for public housing development funds under Section 5 of the United States Housing Act of 1937, during the three years immediately preceding January 1, 1996.

(e) For purposes of sections 469.001 to 469.047, "city" means the city in which the housing units with respect to which the joint board was created are located and "governing body" or "governing body creating the authority" means the council of such city.

Sec. 2. Minnesota Statutes 1995 Supplement, section 473.167, subdivision 2, is amended to read:

Subd. 2. [LOANS FOR ACQUISITION.] (a) The council may make loans to counties, towns, and statutory and home rule charter cities within the metropolitan area for the purchase of property within the right-of-way of a state trunk highway shown on an official map adopted pursuant to section 394.361 or 462.359 or for the purchase of property within the proposed right-of-way of a principal or intermediate arterial highway designated by the council as a part of the metropolitan highway system plan and approved by the council pursuant to subdivision 1. The loans shall be made by the council, from the fund established pursuant to this subdivision, for purchases approved by the council. The loans shall bear no interest.

(b) The council shall make loans only:

(1) to accelerate the acquisition of primarily undeveloped property when there is a reasonable probability that the property will increase in value before highway construction, and to update an expired environmental impact statement on a project for which the right-of-way is being purchased;

(2) to avert the imminent conversion or the granting of approvals which would allow the conversion of property to uses which would jeopardize its availability for highway construction; or

(3) to advance planning and environmental activities on highest priority major metropolitan river crossing projects, under the transportation development guide chapter/policy plan; or

(4) to take advantage of open market opportunities when developed properties become available for sale, provided all parties involved are agreeable to the sale and funds are available.

(c) The council shall not make loans for the purchase of property at a price which exceeds the fair market value of the property or which includes the costs of relocating or moving persons or property. The eminent domain process may be used to settle differences of opinion as to fair market value, provided all parties agree to the process.

(d) A private property owner may elect to receive the purchase price either in a lump sum or in not more than four annual installments without interest on the deferred installments. If the purchase agreement provides for installment payments, the council shall make the loan in installments corresponding to those in the purchase agreement. The recipient of an acquisition loan shall convey the property for the construction of the highway at the same price which the recipient paid for the property. The price may include the costs of preparing environmental documents that were required for the acquisition and that were paid for with money that the recipient received from the loan fund. Upon notification by the council that the plan to construct the highway has been abandoned or the anticipated location of the highway changed, the recipient shall sell the property at market value in accordance with the procedures required for the disposition of the property. All rents and other money received because of the recipient's ownership of the property and all proceeds from the conveyance or sale of the property shall be paid to the council. If a recipient is not permitted to include in the conveyance price the cost of preparing environmental documents that were required for the acquisition, then the recipient is not required to repay the council an amount equal to 40 percent of the money received from the loan fund and spent in preparing the environmental documents.

(e) The proceeds of the tax authorized by subdivision 3 and distributed to the right-of-way acquisition loan fund pursuant to subdivision 3a, paragraph (a), all money paid to the council by recipients of loans, and all interest on the proceeds and payments shall be maintained as a separate fund. For administration of the loan program, the council may expend from the fund each year an amount no greater than three percent of the amount of the proceeds distributed to the right-of-way acquisition loan fund pursuant to subdivision 3a, paragraph (a), for that year.

Sec. 3. Minnesota Statutes 1994, section 473.167, subdivision 2a, is amended to read:

Subd. 2a. [HARDSHIP ACQUISITION AND RELOCATION.] (a) The council may make hardship loans to acquiring authorities within the metropolitan area to purchase homestead property located in a proposed state trunk highway right-of-way or project, and to provide relocation assistance. Acquiring authorities are authorized to accept the loans and to acquire the property. Except as provided in this subdivision, the loans shall be made as provided in subdivision 2. Loans shall be in the amount of the appraised fair market value of the homestead property plus relocation costs and less salvage value. Before construction of the highway begins, the acquiring authority shall convey the property to the commissioner of transportation at the same price it paid, plus relocation costs and less its salvage value. Acquisition and assistance under this subdivision must conform to sections 117.50 to 117.56.

(b) The council may make hardship loans only when:

(1) the owner of affected homestead property requests acquisition and relocation assistance from an acquiring authority;

(2) federal or state financial participation is not available;

(3) the owner is unable to sell the homestead property at its appraised market value because the property is located in a proposed state trunk highway right-of-way or project as indicated on an official map or plat adopted under section 160.085, 394.361, or 462.359;

(4) ~~the appraisal of council agrees to and approves the fair market value of the homestead property has been approved by the council. The council's, which~~ approval shall not be unreasonably withheld; and

(5) the owner of the homestead property is burdened by circumstances that constitute a hardship, such as catastrophic medical expenses; a transfer of the homestead owner by the owner's employer to a distant site of employment; or inability of the owner to maintain the property due to physical or mental disability or the permanent departure of children from the homestead.

(c) For purposes of this subdivision, the following terms have the meanings given them.

(1) "Acquiring authority" means counties, towns, and statutory and home rule charter cities in the metropolitan area.

(2) "Homestead property" means a single-family dwelling occupied by the owner, and the surrounding land, not exceeding a total of ten acres.

(3) "Salvage value" means the probable sale price of the dwelling and other property that is severable from the land if offered for sale on the condition that it be removed from the land at the buyer's expense, allowing a reasonable time to find a buyer with knowledge of the possible uses of the property, including separate use of serviceable components and scrap when there is no other reasonable prospect of sale.

Sec. 4. Minnesota Statutes 1995 Supplement, section 473.167, subdivision 3, is amended to read:

Subd. 3. [TAX.] The council may levy a tax on all taxable property in the metropolitan area, as defined in section 473.121, to provide funds for loans made pursuant to subdivisions 2 and 2a ~~and for the tax base revitalization account in the metropolitan livable communities fund, established under section 473.251. This tax for the right-of-way acquisition loan fund and the tax base revitalization account shall be certified by the council, levied, and collected in the manner provided by section 473.13. The tax shall be in addition to that authorized by section 473.249 and any other law and shall not affect the amount or rate of taxes which may be levied by the council or any metropolitan agency or local governmental unit. The amount of the levy shall be as determined and certified by the council, provided that the property tax levied by the metropolitan council for the right-of-way acquisition loan fund and the tax base revitalization account shall not exceed the following amount for the years specified:~~

(a) for taxes payable in 1988, the product of 5/100 of one mill multiplied by the total assessed valuation of all taxable property located within the metropolitan area as adjusted by the provisions of Minnesota Statutes 1986, sections 272.64; 273.13, subdivision 7a; and 275.49;

(b) for taxes payable in 1989, except as provided in section 473.249, subdivision 3, the product of (1) the metropolitan council's property tax levy limitation for the right-of-way acquisition loan fund for the taxes payable year 1988 determined under clause (a) multiplied by (2) an index for market valuation changes equal to the assessment year 1988 total market valuation of all taxable property located within the metropolitan area divided by the assessment year 1987 total market valuation of all taxable property located within the metropolitan area;

(c) for taxes payable in 1990, an amount not to exceed \$2,700,000; and

(d) for taxes payable in 1991 and subsequent years, the product of (1) the metropolitan council's property tax levy limitation for the right-of-way acquisition loan fund under this subdivision for the taxes payable in 1988 determined under clause (a) 1997 multiplied by (2) an index for market valuation changes equal to the total market valuation of all taxable property located within the metropolitan area for the current taxes payable year divided by the total market valuation of all taxable property located within the metropolitan area for taxes payable in 1988 1997.

For the purpose of determining the metropolitan council's property tax levy limitation for the right-of-way acquisition loan fund and tax base revitalization account in the metropolitan livable communities fund, under section 473.251, for the taxes payable year 1988 and subsequent years under this subdivision, "total market valuation" means the total market valuation of all taxable property within the metropolitan area 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).

Sec. 5. Minnesota Statutes 1995 Supplement, section 473.252, is amended to read:

473.252 [TAX BASE REVITALIZATION ACCOUNT.]

Subdivision 1. [DEFINITION.] For the purposes of this section, "municipality" means a statutory or home rule charter city or town participating in the local housing incentives program under section 473.254, or a county in the metropolitan area.

Subd. 1a. [DEVELOPMENT AUTHORITY.] "Development authority" means a statutory or home rule charter city, housing and redevelopment authority, economic development authority, and a port authority.

Subd. 2. [SOURCES OF FUNDS.] The council shall credit to the tax base revitalization account within the fund the amount, if any, provided for under section 473.167, subdivision 3a, paragraph (b) 4, and the amount, if any, distributed to the council under section 473F.08, subdivision 3b.

Subd. 3. [DISTRIBUTION OF FUNDS.] (a) The council must use the funds in the account to make grants to municipalities or development authorities for the cleanup of polluted land in the metropolitan area. A grant to a metropolitan county or a development authority must be used for a project in a participating municipality. The council shall prescribe and provide the grant application form to municipalities. The council must consider the probability of funding from other sources when making grants under this section.

(b)(1) The legislature expects that applications for grants will exceed the available funds and the council will be able to provide grants to only some of the applicant municipalities. If applications for grants for qualified sites exceed the available funds, the council shall make grants that provide the highest return in public benefits for the public costs incurred, that encourage commercial and industrial development that will lead to the preservation or growth of living-wage jobs and that enhance the tax base of the recipient municipality.

(2) In making grants, the council shall establish regular application deadlines in which grants

will be awarded from the available money in the account. If the council provides for application cycles of less than six-month intervals, the council must reserve at least 40 percent of the receipts of the account for a year for application deadlines that occur in the second half of the year. If the applications for grants exceed the available funds for an application cycle, no more than one-half of the funds may be granted to projects in a statutory or home rule charter city and no more than three-quarters of the funds may be granted to projects located in cities of the first class.

(c) A municipality may use the grant to provide a portion of the local match requirement for project costs that qualify for a grant under sections 116J.551 to 116J.557.

Subd. 4. [TAX.] The council may levy a tax on all taxable property in the metropolitan area, as defined in section 473.121, to provide funds for the tax base revitalization account in the metropolitan livable communities fund. This tax for the tax base revitalization account shall be certified by the council, levied, and collected in the manner provided by section 473.13. The tax shall be in addition to that authorized by section 473.249 and any other law and shall not affect the amount or rate of taxes which may be levied by the council or any metropolitan agency or local governmental unit.

The amount of the levy shall be as determined and certified by the council, provided that the tax levied by the metropolitan council for the tax base revitalization account shall not exceed the product of (1) the metropolitan council's levy for the tax base revitalization account under section 473.167, subdivision 3, for taxes payable in 1997 multiplied by (2) an index for market valuation changes equal to the total market valuation of all taxable property located within the metropolitan area for the current taxes payable year divided by the total market valuation of all taxable property located within the metropolitan area for taxes payable in 1997.

For the purpose of determining the metropolitan council's property tax levy limitation for the tax base revitalization account, "total market valuation" means the total market valuation of all taxable property within the metropolitan area 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).

Subd. 5. [STATE REVIEW.] The commissioner of revenue shall certify the council's levy limitation under this section to the council by August 1 of the levy year. The council must certify its proposed property tax levy to the commissioner of revenue by September 1 of the levy year. The commissioner of revenue shall annually determine whether the property tax for the tax base revitalization account certified by the metropolitan council for levy following the adoption of its proposed budget is within the levy limitation imposed by this section. The determination must be completed prior to September 10 of each year. If current information regarding market valuation in any county is not transmitted to the commissioner in a timely manner, the commissioner may estimate the current market valuation within that county for purposes of making the calculation.

Sec. 6. Minnesota Statutes 1995 Supplement, section 473.704, subdivision 18, is amended to read:

Subd. 18. The commission may establish a research program to evaluate the effects of control programs on other fauna. The purpose of the program is to identify the types and magnitude of the adverse effects of the control program on fish and wildlife and associated food chain invertebrates. The commission may conduct research through contracts with qualified outside researchers. The commission may finance the research program each year at a level up to 2.5 percent of its annual budget, until December 31, 1995.

Sec. 7. [ISSUANCE OF BONDS OR NOTES FOR ACQUISITION OF PROPERTY.]

Subdivision 1. [BONDS; LOANS.] The council may borrow money or by resolution authorize the issuance of general obligation bonds or notes for the acquisition of qualifying real property located within Hennepin county which the council determines is necessary for the proposed north-south runway expansion of the Minneapolis-St. Paul International Airport. For purposes of this subdivision, "qualifying real property" means all or part of (1) the met center property as identified in Minnesota Statutes, section 473.551, subdivision 12; or (2) property located in the tax increment financing district designated as tax increment financing district No. 1-G with boundaries consisting of a 31.9 acre parcel known as the Kelly property.

Subd. 2. [PROCEDURE.] The bonds or notes shall be sold, issued, and secured in the manner provided in Minnesota Statutes, chapter 475, and the council shall have the same powers and duties as a municipality issuing bonds under that chapter, except that no election shall be required and the net debt limitations in Minnesota Statutes, chapter 475, shall not apply to such bonds or notes. The obligations are not a debt of the state or any other municipality or political subdivision within the meaning of any debt limitation or requirement pertaining to those entities. The bonds or notes may be sold at any price and at a public or private sale as determined by the council. The obligations may be secured by taxes levied without limitation of rate or amount upon all taxable property in the metropolitan area.

Subd. 3. [COST SHARING; DISPOSITION OF PROPERTY.] The council may enter into agreements with the metropolitan airports commission, any municipality in the metropolitan area, and any corporation, public or private, to share the costs of acquiring any real property which the council determines is necessary for any proposed expansion of the Minneapolis-St. Paul International Airport. If the council acquires real property pursuant to subdivision 2 and Minnesota Statutes, section 473.129, subdivision 7, which it subsequently determines is not needed for the expansion of the airport, the real property shall be sold in accordance with the council's procedures and the proceeds from the sale of the real property shall be used for debt service or retirement of any bonds or notes issued pursuant to subdivision 2.

Sec. 8. [BLOOMINGTON; TAX INCREMENT.]

Subdivision 1. [PUBLIC PURPOSE.] In 1985, the port authority of the city of Bloomington established a redevelopment tax increment financing district designated as tax increment financing district No. 1-G with boundaries consisting of a 31.9 acre parcel known as the Kelly property located at the northeast quadrant of 24th Avenue and East Old Shakopee Road in the city of Bloomington with the intention of financing certain redevelopment costs, including selected public improvements within the airport south industrial development district. The Kelly property was conveyed to the Mall of America Company by the port authority of the city of Bloomington, pursuant to the restated contract dated May 31, 1988, by and between the city of Bloomington, port authority of the city of Bloomington, and Mall of America Company, subject to the condition that the Mall of America Company commence construction of a subsequent phase of the Mall of America project on the site no later than 2002. If the Mall of America Company fails to commence construction of a subsequent phase of development on the Kelly property by 2002, ownership of the property reverts to the port authority of the city of Bloomington. The Minneapolis-St. Paul International Airport long-term comprehensive plan proposes construction of a north-south runway to guaranty future operation of the airport in a safe, efficient manner. Public acquisition of the Kelly property by the metropolitan airports commission will be required to facilitate construction of the north-south runway.

Subd. 2. [AUTHORIZATION.] The port authority of the city of Bloomington may amend the redevelopment tax increment financing district consisting of the Kelly property so that it shall, instead, consist of the met center property as identified in Minnesota Statutes, section 473.551, subdivision 12, upon satisfaction of the following conditions precedent:

(1) sale of the met center property from the metropolitan council or a metropolitan agency to the Mall of America Company or an entity comprising at least one partner of the Mall of America Company or an affiliate of such partner;

(2) approval by the city of Bloomington, port authority of the city of Bloomington, and Mall of America Company of amendments to the restated contract dated May 31, 1988, which transfer development rights and contract obligations from the Kelly property to the met center property;

(3) approval by the Minnesota environmental quality board of an environmental impact statement for the met center property and approval by the Minnesota pollution control agency of an indirect source permit for the met center property;

(4) approval by the city of Bloomington and port authority of the city of Bloomington of a final development plan for the met center property;

(5) an agreement by the owner-developer of the met center property, in a form satisfactory to

the city of Bloomington and port authority of the city of Bloomington, to dedicate to the city of Bloomington land for rights-of-way and other public improvements required for a subsequent phase of the Mall of America project on the met center property;

(6) the metropolitan airports commission and the Mall of America Company have either:

(i) entered into a purchase agreement for the sale of the Kelly property; or

(ii) agreed, in writing, to pay compensation based on the existing development rights for the use of the Kelly property in an amount not to exceed the total cost of acquiring the met center property; and

(7) an agreement by the Mall of America Company not to sue or claim any damages against either the city of Bloomington or port authority of the city of Bloomington arising out of rezoning of the Kelly property pursuant to Minnesota Statutes, sections 360.061 to 360.074, or an amendment to the comprehensive plan of the city of Bloomington relating to the Kelly property.

The requirements of Minnesota Statutes, section 469.175, subdivision 4, do not apply to modification of the plan to provide for the substitution of legal descriptions authorized hereby. The original net tax capacity of the district shall be recertified in accordance with Minnesota Statutes, section 469.177, subdivision 1, upon amendment of the geographic boundaries of the district. The district shall continue in existence from its original date of creation and the amendment of the geographic boundaries of the district and recertification of original net tax capacity of the district shall not cause the application to the district of any provisions of law which would not otherwise be applicable to the district.

Subd. 3. [SPECIAL RULES.] (a) Tax increment may not be captured by the port authority from the tax increment financing district on the met center property after December 31 of the year in which tax increments, assessments, and other revenues from the district and the accumulated increments from the district consisting of the Kelly property exceed the permitted expenditures under paragraph (d). The provisions of this paragraph apply beginning with the first calendar year after the conditions precedent in subdivision 2 are satisfied and construction has begun on improvements on the met center site. No increments may, in any event, be collected from the tax increment financing district on the met center site after December 31, 2018.

(b) The provisions of Minnesota Statutes, section 273.1399, do not apply to the tax increment financing district on the met center property.

(c) The governing body of the city of Bloomington must elect the method of computation of tax increment specified in Minnesota Statutes, section 469.177, subdivision 3, paragraph (b), in the tax increment financing district on the met center property.

(d) Tax increments, assessments, and other revenues derived from the tax increment district on the met center property and any accumulated tax increments from the tax increment financing district on the Kelly property may be used to finance only the following:

(1) amounts that the city or port authority must pay to reimburse or otherwise pay the developer for public improvements because of counted value resulting from investment in property at the met center site under section 9.2(05) of the restated contract for purchase and private redevelopment of land, by and among the city of Bloomington, the port authority of the city of Bloomington, and the Mall of America Company, dated May 31, 1988;

(2) interest and other financing costs the city or port authority pays or incurs on, but that are not included in, the amounts under clause (1);

(3) interest and principal on qualified bonds to the extent that other available revenues and increments from other sources that are pledged to pay the bonds are insufficient. In determining whether other available revenues or increments are insufficient, spending of these revenues for only the following items reduce available revenues (all other revenues are deemed to be available):

(A) payment of debt service on bonds and obligations issued and sold before March 31, 1996;

(B) payments under binding written contracts in effect on March 31, 1996, to which the increments or other revenues are pledged; and

(C) reasonable administrative expenses, subject to the limits under Minnesota Statutes, section 469.176, subdivision 3; and

(4) reasonable administrative expenses as provided under Minnesota Statutes, sections 469.174 to 469.178. The amounts permitted under clauses (1) and (2) must be used to determine the limit or administrative expenses under Minnesota Statutes, section 469.176, subdivision 3.

For the purposes of paragraph (d), "qualified bonds" means:

(i) bonds or other obligations issued and sold before March 31, 1996, to which increments from the tax increment financing district consisting of the Kelly property are pledged; and

(ii) bonds or other obligations that refund bonds described in (i), if the refunding bonds do not increase the present value of the debt service payments secured by the increments and are secured by a pledge of the same increments and other revenues as secured by the bonds to be refunded.

For purposes of determining the qualifying ratio percent for counted value under the formula in section 9.2(05) of the restated contract under clause (1), investment in property at the met center site is deemed to be after or in addition to all the investment at other sites covered by the restated contract.

Subd. 4. [ACQUISITION OF PROPERTY.] Notwithstanding any law to the contrary, the metropolitan airports commission is authorized to acquire or purchase the Kelly property consistent with the public purpose set forth in this law. This may be accomplished by an exchange of land, purchase of development rights, acquisition of easements, or other method to be negotiated with the landowner or by outright purchase or exercise of eminent domain, if necessary.

Subd. 5. [LIMITATION ON USE OF TAX INCREMENT.] If the port authority of the city of Bloomington amends the redevelopment tax increment financing district from the Kelly property to the met center property, the owner of the met center property shall be bound by the limitations on public reimbursement for qualified public improvements as set forth in section 9.2(05) of the restated contract dated May 31, 1988, by and between the city of Bloomington, port authority of the city of Bloomington, and Mall of America Company.

Sec. 9. [TRANSFER.]

Subdivision 1. Notwithstanding Minnesota Statutes, section 473.167, the council may transfer a portion of the proceeds in the right-of-way acquisition loan fund to the planning assistance grant and loan program provided in Minnesota Statutes, section 473.867. To provide additional funds for the planning assistance grant and loan program authorized in Minnesota Statutes, section 473.867, the metropolitan council may transfer up to \$1,000,000 of the proceeds of solid waste bonds issued by the council under Minnesota Statutes, section 473.831, before its repeal. By 2008, the council shall repay any amount transferred from the right-of-way acquisition loan fund using the proceeds of the tax authorized in Minnesota Statutes, section 473.249.

Subd. 2. In 1997, the council must use \$200,000 of any amount transferred in subdivision 1 to make grants of not more than \$20,000 each to municipalities for technical assistance to prepare a growth management strategy as part of the municipality's comprehensive plan. A growth management strategy may include principles such as: preservation of undeveloped open spaces for agricultural production, recreational use, and scenic enjoyment; creation of cohesive neighborhoods to establish local identity and community interaction; physical integration of natural open spaces, neighborhoods, and other districts in a manner that creates the highest and best value of all land in the community; and the establishment of a phasing plan to guide reasonable, incremental development of the community. Municipalities may apply for the grants in partnership with other municipalities or with a county. For the purposes of this subdivision "municipality" means any city or town in the metropolitan area as defined in Minnesota Statutes, section 473.121.

Sec. 10. [ACQUISITION OF THE MET CENTER PROPERTY.]

Notwithstanding anything to the contrary in sections 7 to 14, the authority granted to acquire real property shall not authorize acquisition of the met center property, as defined in Minnesota Statutes, section 473.551, subdivision 12, by eminent domain.

Sec. 11. [ST. LOUIS PARK TIF; STATE AID OFFSET.]

Subdivision 1. [COMPUTATION OF AID OFFSET.] If the City of St. Louis Park elects to extend the duration of the Excelsior Boulevard Redevelopment Project under Laws 1995, chapter 264, article 5, section 36, and if the city receives a grant under section 473.253 for use within the project, the state aid reduction required by Minnesota Statutes, section 469.1782, subdivision 1, must be computed as provided in this section. The reduction in state tax increment financing aid under Minnesota Statutes, section 273.1399 must be computed using 70 percent of the captured tax capacity of the district for the years in which the extension applies.

Subd. 2. [EFFECTIVE DATE.] This section is effective the day following final enactment without local approval.

Sec. 12. [REPEALER.]

(a) Minnesota Statutes 1994, section 473.167, subdivision 5, is repealed.

(b) Minnesota Statutes 1995 Supplement, section 473.167, subdivision 3a, is repealed.

Sec. 13. [APPLICATION.]

Sections 2 to 7, 9, and 12 apply in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 14. [EFFECTIVE DATE.]

Sections 4 and 5, subdivisions 2, 4, and 5, are effective for taxes levied in 1997, payable in 1998 and subsequent years. Section 12, paragraph (b), is effective January 1, 1998.

Section 8 is effective upon compliance by the governing body of the port authority of the city of Bloomington and the governing body of the city of Bloomington with Minnesota Statutes, section 645.021, subdivision 2.

The remainder of this article is effective the day following final enactment.

ARTICLE 2

METROPOLITAN TRANSPORTATION INVESTMENT ACT

Section 1. [473.1465] [TRANSPORTATION POLICY.]

Subdivision 1. [DEFINITION.] For the purposes of this section and section 473.1466 "commuting area" means the metropolitan area and counties outside the metropolitan area in which five percent or more of the residents commute to employment in the metropolitan area.

Subd. 2. [REVISED TRANSPORTATION POLICY PLAN.] The metropolitan council shall adopt, after appropriate public comment, a revised transportation policy plan that:

(1) is consistent with state law and council policy;

(2) identifies and summarizes issues concerning commuting into and out of the seven-county area from the commuting area;

(3) integrates and maximizes the efficiencies and effectiveness of all modes of transportation in the region; and

(4) reflects and does not exceed current available resources.

The council shall adopt the revised transportation policy plan by December 31, 1996.

Subd. 3. [PROJECT EVALUATION.] As part of developing the revised transportation policy plan, the council shall evaluate all proposed and pending transportation projects that are subject to council review and report to the legislature the results of council's evaluation.

Sec. 2. [473.1466] [PERFORMANCE AUDIT.]

In 1997 and every four years thereafter, the council shall provide for an independent entity selected through a request for proposal process conducted nationwide to do a performance audit of the commuting area's transportation system as a whole. The performance audit must evaluate the commuting area's ability to meet the region's needs for effective and efficient transportation of goods and people, evaluate future trends and their impacts on the region's transportation system, and make recommendations for improving the system. The performance audit must recommend performance-funding measures. In 1997 and every two years thereafter, the council must evaluate the performance of the metropolitan transit system's operation in relationship to the regional transit performance standards developed by the council.

Sec. 3. [473.3875] [TRANSIT FOR LIVABLE COMMUNITIES.]

The council shall establish a transit for livable communities demonstration program fund. The council shall adopt guidelines for selecting and evaluating demonstration projects for funding. The selection guidelines must include provisions evaluating projects:

- (1) interrelating development or redevelopment and transit;
- (2) interrelating affordable housing and employment growth areas;
- (3) helping intensify land use that leads to more compact development or redevelopment;
- (4) coordinating school transportation and public transit service;
- (5) implementing recommendations of the transit redesign plan; or
- (6) otherwise promoting the goals of the metropolitan livable communities act.

Sec. 4. Minnesota Statutes 1994, section 473.388, is amended by adding a subdivision to read:

Subd. 7. [SERVICE INCENTIVE.] A replacement transit service shall receive an additional two percent of available local transit funds, as defined in subdivision 4, if the service increased its ridership for trips that originate outside of the replacement transit service's member communities and serve the employment centers in those communities by at least five percent from the previous year, provided the service operates within regional performance standards. A replacement transit service that is receiving the maximum amount of available local transit funds may receive up to two percent over the maximum amount set in subdivision 4 if it increases its ridership as provided in this subdivision. The additional funding received under this subdivision may be reserved by the replacement transit service for future use.

Sec. 5. Minnesota Statutes 1995 Supplement, section 473.391, is amended to read:

473.391 [ROUTE PLANNING AND SCHEDULING.]

Subdivision 1. [CONTRACTS.] The council may contract with other operators or local governments for route planning and scheduling services in any configuration of new or reconfiguration of existing transit services and routes, including route planning and scheduling necessary for the test marketing program, the service bidding program, and the interstate highway described generally as legislative routes Nos. 10 and 107 between I-494 and the Hawthorne interchange in the city of Minneapolis, commonly known as I-394.

Subd. 2. [ROUTE ELIMINATION; SERVICE REDUCTION.] The council shall, before making a determination to eliminate or reduce service on existing transit routes, consider:

- (1) the level of subsidy per passenger on each route;

(2) the availability and proximity of alternative transit routes; and

(3) the percentage of transit dependent riders, including youth, elderly, low-income, and disabled riders currently using each route.

Sec. 6. Laws 1995, chapter 265, article 1, section 4, is amended to read:

Sec. 4. [EFFECTIVE DATE.]

Sections 1 to 3 are effective upon metropolitan council approval of plans presented by the commissioner to:

(1) construct one additional lane on each roadway of I-394 at or near its interchange with Penn Avenue;

(2) preserve the existence of an additional lane eastbound between Penn Avenue and the Dunwoody Boulevard exit;

(3) erect noise barriers adjacent to the westbound roadway of the highway continuously between Wirth Parkway and ~~Penn Avenue~~ the east end of bridge No. 27770, and on the eastbound roadway of the highway continuously between Madeira Avenue and Wirth Parkway, and extend the existing noise barriers easterly of France Avenue, all with the consent of all affected owners of commercial property;

(4) adopt a goal of achieving an average occupancy rate on the highway of 1.6 persons per vehicle by 2000, and implement a five-year program in cooperation with the council intended to achieve that goal by, among other means, significantly increasing the use of high-occupancy lanes on the highway and the use of other roadways;

(5) develop and implement, jointly with the commissioner of public safety, a plan and program for (i) enforcement of speed limits and other traffic laws and high-occupancy lane restrictions and the minimizing of late merging of traffic onto the eastbound highway, and (ii) demonstration of increased information and education through changeable message signs and the use of electronic detection to identify and warn traffic law violators; and

(6) ensure that the highway ~~has a bituminous surface and HOV lanes are ground or milled between June Avenue in Golden Valley and the highway's intersection with marked interstate highway No. 94 in Minneapolis~~ the west end of the bridge approach to bridge No. 27770 or has a bituminous surface on the mixed use lanes within the same limits.

Sec. 7. [BEST PRACTICES REPORT.]

The legislative audit commission is requested to direct the legislative auditor to prepare and submit to the legislature by December 1, 1996, a best practices report on cooperative and integrated transit services that are effective and efficient. To the extent available, the report must include information on best practices for regular route public transit service, transit that links jobs and housing, integrating private transit services with public transit services, and integrating school transportation with public transit services.

Sec. 8. [METROPOLITAN TRANSIT REDESIGN.]

Subdivision 1. [1997 PLAN.] The metropolitan council shall present to the 1997 legislature a status report on the implementation plan for improved transit service for the region. The plan must be developed with the assistance of an advisory committee established by the council. At a minimum, the plan must:

(1) utilize community-based transit services;

(2) encourage local initiatives for improved transit service;

(3) encourage coordination of various public transit services and private, for-profit, and nonprofit transit services that do not receive transit subsidies from the council;

(4) establish performance measures that further transit goals for the region that are consistent with and promote the policies of the Regional Blueprint and the metropolitan livable communities act; and

(5) include an operating and capital budget projection for the biennium ending June 30, 1999.

Subd. 2. [ADVISORY COMMITTEE.] The council shall utilize an advisory committee to assist the council in preparing the plan required under subdivision 1. Members of the committee must represent local community interests. Members of the advisory committee shall serve without compensation but may be reimbursed by the council for reasonable expenses.

Sec. 9. [STUDY; PAYING FOR NEW GROWTH.]

The metropolitan council shall identify means of insuring that new development pays the costs associated with the new development, including, but not limited to, the costs of infrastructure to accommodate the new development and the present value of services provided by public entities. The council shall report its findings to the legislature by February 1, 1997.

Sec. 10. [PERFORMANCE MEASURES TO BE MET.]

Subdivision 1. [METROPOLITAN COUNCIL.] If the metropolitan council is appropriated money from the general fund for public transit operations for fiscal year 1997, 1.5 percent shall be made available to the council after June 1, 1997, only if the commissioner of finance determines that metropolitan council transit operations passengers per revenue hour productivity has increased in a one-year period between the effective date of this section and June 1, 1997. Another 1.5 percent shall be made available to the council after June 1, 1997, only if the commissioner of finance determines that metropolitan council transit operations subsidy per passenger has decreased in a one-year period between the effective date of this section and June 1, 1997.

Subd. 2. [DEPARTMENT OF TRANSPORTATION.] If the commissioner of transportation is appropriated money from the trunk highway fund in 1996 for state road construction, five percent shall be made available to the commissioner after June 1, 1997, only if the commissioner of finance determines that the department of transportation's administrative costs have decreased as a percentage of construction costs in a one-year period between the effective date of this section and June 1, 1997.

Sec. 11. [PERFORMANCE AUDIT; DEADLINE.]

The metropolitan council's first performance audit report, required under section 2, must be submitted to the legislature by December 15, 1997.

Sec. 12. [APPLICATION.]

Sections 1 to 6, 8, 9, 10, subdivision 1, and 11 apply to the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 13. [EFFECTIVE DATE.]

This article is effective the day following final enactment.

ARTICLE 3

METROPOLITAN AIRPORT PROVISIONS

Section 1. Minnesota Statutes 1994, section 473.155, is amended by adding a subdivision to read:

Subd. 5. [ZONING OF REAL PROPERTY.] The council shall not require a local government unit to continue a current use or to adopt a comprehensive plan designation or any change in zoning, zoning variance, or conditional use in order to ensure or preserve the availability of land for a new major airport.

Sec. 2. Minnesota Statutes 1994, section 473.608, subdivision 2, is amended to read:

Subd. 2. It may acquire by lease, purchase, gift, devise, or condemnation proceedings all necessary right, title, and interest in and to lands and personal property required for airports and all other real or personal property required for the purposes contemplated by sections 473.601 to 473.679, within the metropolitan area, pay therefor out of funds obtained as hereinafter provided, and hold and dispose of the same, subject to the limitations and conditions herein prescribed except that the corporation may not acquire by any means lands or personal property for a major new airport. Title to any such property acquired by condemnation or purchase shall be in fee simple, absolute, unqualified in any way, but any such real or personal property or interest therein otherwise acquired may be so acquired or accepted subject to any condition which may be imposed thereon by the grantor or donor and agreed to by the corporation, not inconsistent with the proper use of the property by the corporation for the purposes herein provided. Any properties, real or personal, acquired, owned, leased, controlled, used, and occupied by the corporation for any of the purposes of sections 473.601 to 473.679, are declared to be acquired, owned, leased, controlled, used, and occupied for public, governmental, and municipal purposes, and shall be exempt from taxation by the state or any of its political subdivisions. Nothing contained in sections 473.601 to 473.679, shall be construed as exempting properties, real or personal, leased from the metropolitan airports commission to a tenant or lessee who is a private person, association, or corporation from assessments or taxes.

Sec. 3. Minnesota Statutes 1994, section 473.608, subdivision 6, is amended to read:

Subd. 6. It may construct and equip new airports, with all powers of acquisition set out in subdivision 2, pay therefor out of the funds obtained as hereinafter provided, and hold, maintain, operate, regulate, police, and dispose of them or any of them as hereinafter provided. It may not construct, equip, or acquire land for a major new airport to replace the existing Minneapolis-St. Paul International airport, but it may conduct activities necessary to do long-range planning to make recommendations to the legislature on the need for new airport facilities.

Sec. 4. Minnesota Statutes 1994, section 473.608, subdivision 16, is amended to read:

Subd. 16. It may generally carry on the business of acquiring, establishing, developing, extending, maintaining, operating, and managing airports, with all powers incident thereto except it is expressly prohibited from exercising these powers for the purpose of future construction of a major new airport.

Sec. 5. Minnesota Statutes 1994, section 473.608, is amended by adding a subdivision to read:

Subd. 23. [PROHIBITION OF USE OF CERTAIN AIRCRAFT.] After complying with the publication and public comment requirements of United States Code, title 49, section 47524(b) and other applicable federal requirements, the corporation shall prohibit operation at Minneapolis-St. Paul International airport of aircraft not complying with stage 3 noise levels after December 31, 1999.

Sec. 6. Minnesota Statutes 1994, section 473.608, is amended by adding a subdivision to read:

Subd. 24. [IMPLEMENTATION OF LONG-TERM PLAN.] The corporation shall implement the Minneapolis-St. Paul International airport year 2010 long-term comprehensive plan.

Sec. 7. Minnesota Statutes 1994, section 473.608, is amended by adding a subdivision to read:

Subd. 25. [FINAL ENVIRONMENTAL IMPACT STATEMENT.] The corporation shall not be required to provide environmental or technical analysis of the new airport alternative in the dual track planning process final environmental impact statement.

Sec. 8. Minnesota Statutes 1994, section 473.608, is amended by adding a subdivision to read:

Subd. 26. [USE OF RELIEVER AIRPORTS.] The corporation shall develop and implement a plan to divert the maximum feasible number of general aviation operations from Minneapolis-St. Paul International airport to those airports designated by the federal aviation administration as reliever airports for Minneapolis-St. Paul International airport.

Sec. 9. Minnesota Statutes 1994, section 473.608, is amended by adding a subdivision to read:

Subd. 27. [PROHIBITION CONCERNING REPLACEMENT PASSENGER TERMINAL.] The corporation is prohibited from constructing a replacement passenger terminal on the west side of Minneapolis-St. Paul International airport without legislative approval.

Sec. 10. Minnesota Statutes 1994, section 473.608, is amended by adding a subdivision to read:

Subd. 28. [CONSTRUCTION OF A THIRD PARALLEL RUNWAY.] (a) The corporation must enter into a contract with each affected city that provides the corporation may not construct a third parallel runway at the Minneapolis-St. Paul international airport without the affected city's approval. The corporation must enter into the contracts by January 1, 1997.

(b) If a contract with a city as required by this subdivision is not executed by January 1, 1997, as a result of the corporation failing to act in good faith, the amount the corporation must spend for noise mitigation in the affected city is increased by 100 percent of the amount spent in the most recent year in which an expenditure was made for noise mitigation in the affected city.

(c) A contract entered into by a city and the corporation under this subdivision creates and the contract must provide third party beneficiary rights on behalf of the affected property owners in the affected cities. These third party beneficiary rights apply only if a state law changes, supersedes, or invalidates the contract or authorizes or enables the corporation to construct a third parallel runway notwithstanding the contract.

(d) An "affected city" is any city that would experience an increase in the area located within the 60 Ldn noise contour as a result of operations using the third parallel runway.

Sec. 11. Minnesota Statutes 1994, section 473.614, is amended by adding a subdivision to read:

Subd. 2a. [ENVIRONMENTAL IMPACT REPORT.] Notwithstanding the provisions of subdivision 2, the commission shall prepare a report documenting the environmental effects of projects included in the MSP 2010 long-term comprehensive plan. Environmental effects of and costs associated with, noise impacts, noise mitigation measures, and land use compatibility measures must be evaluated according to alternative assumptions of 600,000, 650,000, 700,000, and 750,000 aircraft operations at Minneapolis-St. Paul International airport.

Sec. 12. Minnesota Statutes 1994, section 473.621, is amended by adding a subdivision to read:

Subd. 1b. [ANNUAL REPORT TO LEGISLATURE.] The corporation shall report to the legislature by February 15 of each year concerning operations at Minneapolis-St. Paul International airport. The report must include the number of aircraft operations and passenger enplanements at the airport in the preceding year, current airport capacity in terms of operations and passenger enplanements, average length of delay statistics, and technological developments affecting aviation and their effect on operations and capacity at the airport. The report must include information in all the foregoing categories as it relates to operations at Wayne county metropolitan airport in Detroit. The report must compare the number of passenger enplanements and the number of aircraft operations with the 1993 metropolitan airport commission baseline forecasts of total passengers and total aircraft operations.

Sec. 13. Minnesota Statutes 1994, section 473.661, subdivision 4, is amended to read:

Subd. 4. [NOISE MITIGATION.] (a) According to the schedule in paragraph (b), commission funds must be dedicated (1) to supplement the implementation of corrective land use management measures approved by the Federal Aviation Administration as part of the commission's Federal Aviation Regulations, part 150 noise compatibility program, and (2) for soundproofing and accompanying air conditioning of residences, schools, and other public buildings when there is a demonstrated need because of aircraft noise, regardless of the location of the building to be soundproofed, or any combination of the three.

(b) The noise mitigation program described in paragraph (a) shall be funded by the commission from whatever source of funds according to the following schedule:

In 1993, an amount equal to 20 percent of the passenger facilities charges revenue amount budgeted by the commission for 1993;

In 1994, an amount equal to 20 percent of the passenger facilities charges revenue amount budgeted by the commission for 1994;

In 1995, an amount equal to 35 percent of the passenger facilities charges revenue amount budgeted by the commission for 1995; and

In 1996, an amount equal to 40 percent of the passenger facilities charges revenue amount budgeted by the commission for 1996.

(c) From 1996 to 2002, the commission shall spend no less than \$185,000,000 from any source of funds for insulation and accompanying air conditioning of residences, schools, and other publicly owned buildings where there is a demonstrated need because of aircraft noise; and property acquisition, limited to residences, schools, and other publicly owned buildings, within the noise impacted area. In addition, the corporation shall insulate and air condition four schools in Minneapolis and two schools in Richfield that are located in the 1996 60 Ldn contour.

(d) Before the commission constructs a new runway at Minneapolis-St. Paul International airport, the commission shall determine the probable levels of noise that will result in various parts of the metropolitan area from the operation of aircraft on the new runway and shall develop a program to mitigate noise in those parts of the metropolitan area that are located outside the 1996 65 Ldn contour but will be located within the 65 Ldn contour as established after the new runway is in operation. Based upon this determination, the commission shall reserve in its annual budget, until noise mitigation measures are completed, an amount of money necessary to implement this noise mitigation program in the newly impacted areas.

(e) The commission's capital improvement projects, program, and plan must reflect the requirements of this section. As part of the commission's report to the legislature under section 473.621, subdivision 1a, the commission must provide a description and the status of each noise mitigation project implemented under this section.

(d) (f) Within 60 180 days of submitting the commission's and the metropolitan council's report and recommendations on major airport planning to the legislature as required by section 473.618, the commission, with the assistance of its sound abatement advisory committee, shall make a recommendation to the legislature state advisory council on metropolitan airport planning regarding proposed mitigation activities and appropriate funding levels for noise mitigation activities at Minneapolis-St. Paul International Airport and in the neighboring communities. The recommendation shall examine mitigation measures to the 60 Ldn level. The state advisory council on metropolitan airport planning shall review the recommendation and comment to the legislature within 60 days after the recommendation is submitted to the council.

Sec. 14. Laws 1989, chapter 279, section 7, subdivision 6, is amended to read:

Subd. 6. [TERMINATION.] The advisory council ceases to exist when the actions required by ~~section 3, subdivision 3, and section 4~~ this article of this chapter of Laws 1996, sections 13 and 15, are completed.

Sec. 15. [ANALYSIS OF AVIATION SERVICES AND COMMERCIAL DEVELOPMENT.]

The metropolitan airports commission shall contract with the University of Minnesota to prepare an aviation service and facilities analysis. The commission shall utilize funds from any available source to pay the University of Minnesota an agreed amount not to exceed \$50,000 for the performance of the analysis. The analysis shall include:

(1) a description of various types and levels of aviation service and an examination of the relationship between aviation service levels and the level of commercial and industrial activity in the state; and

(2) an examination of the relationship between available levels of aviation service and the relocation of commercial and industrial enterprises to the state.

The commission shall report the results of the analysis to the state advisory council on metropolitan airport planning no later than February 10, 1997. The council shall review the report

and analysis and comment to the legislature within 60 days after the results of the analysis are reported to the council.

Sec. 16. [REPEALER.]

Minnesota Statutes 1994, sections 473.1551, subdivision 2; 473.636; and 473.637, are repealed.

Sec. 17. [EFFECTIVE DATE.]

This article is effective the day following final enactment and applies to the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

ARTICLE 4

AIRPORT NOISE IMPACT RELIEF

Section 1. Laws 1995, chapter 255, article 3, section 2, subdivision 1, is amended to read:

Subdivision 1. [URBAN REVITALIZATION AND STABILIZATION ZONES.] (a) By September 1, 1995, the metropolitan council shall designate one or more urban revitalization and stabilization zones in the metropolitan area, as defined in section 473.121, subdivision 2. The designated zones must contain no more than 1,000 single family homes in total. In designating urban revitalization and stabilization zones, the council shall choose areas that are in transition toward blight and poverty. The council shall use indicators that evidence increasing neighborhood distress such as declining residential property values, declining resident incomes, declining rates of owner-occupancy, and other indicators of blight and poverty in determining which areas are to be urban revitalization and stabilization zones.

(b) An urban revitalization and stabilization zone is created in the geographic area composed entirely of parcels that are in whole or in part located within the 1996 65Ldn contour surrounding the Minneapolis-St. Paul International Airport, or within one mile of the boundaries of the 1996 65Ldn contour. For residents of the zone created under this paragraph, eligibility for the program as provided in subdivision 2 is limited to persons buying and occupying a residence in the zone after June 1, 1996.

Sec. 2. Laws 1995, chapter 255, article 3, section 2, subdivision 4, is amended to read:

Subd. 4. [EXPIRATION.] Initial applications for the urban homesteading program in the zones designated under subdivision 1, paragraph (a), shall not be accepted after July 1, 1997.

Sec. 3. [AIRPORT NOISE IMPACT AREAS; HOUSING REPLACEMENT DISTRICTS; DEFINITIONS.]

Subdivision 1. [AIRPORT NOISE IMPACT AREA.] "Airport noise impact area" means a geographic area composed entirely of parcels that are in whole or in part located within the 1996 60Ldn contour surrounding the Minneapolis-St. Paul International Airport, or within one mile of the boundaries of the 1996 60Ldn contour.

Subd. 2. [AUTHORITY.] For each city that contains an airport noise impact area, "authority" is the authority as defined in Minnesota Statutes, section 469.174, subdivision 2, that is designated by the governing body of the city to be the authority for purposes of sections 3 to 6.

Subd. 3. [CAPTURED NET TAX CAPACITY.] "Captured net tax capacity" means the amount by which the current net tax capacity in a housing replacement district exceeds the original net tax capacity, including the value of property normally taxable as personal property by reason of its location on or over property owned by a tax-exempt entity.

Subd. 4. [ORIGINAL NET TAX CAPACITY.] "Original net tax capacity" means the net tax capacity of all taxable real property within a housing replacement district as certified by the commissioner of revenue for the previous assessment year less the net tax capacity attributable to existing improvements, provided that the request by the authority for certification of a new housing replacement district has been made to the county auditor by June 30. The original net tax capacity of housing replacement districts for which requests are filed after June 30 has an original

net tax capacity based on the current assessment year. In any case, the original net tax capacity must be determined together with subsequent adjustments as set forth in Minnesota Statutes, section 469.177, subdivision 1, paragraph (c). In determining the original net tax capacity, the net tax capacity of real property exempt from taxation at the time of the request shall be zero, except for real property which is tax exempt by reason of public ownership by the requesting authority and which has been publicly owned for less than one year prior to the date of the request for certification, in which event the net tax capacity of the property shall be the net tax capacity as most recently determined by the commissioner of revenue.

Subd. 5. [PARCEL.] "Parcel" means a tract or plat of land established prior to the certification of the housing replacement district as a single unit for purposes of assessment.

Sec. 4. [ESTABLISHMENT OF HOUSING REPLACEMENT DISTRICTS.]

Subdivision 1. [CREATION OF PROJECTS.] (a) An authority may create a housing replacement project under sections 3 to 6, as provided in this section.

(b) Parcels included in a district must be located in an airport noise impact area, and must be either (1) vacant sites, (2) parcels containing vacant houses, or (3) parcels containing buildings that are structurally substandard, as defined in Minnesota Statutes, section 469.174, subdivision 10.

(c) The city in which the authority is located must pay at least 25 percent of the project costs from its general fund, a property tax levy, or other unrestricted money, not including tax increments.

(d) The housing replacement district plan must have as its sole object the acquisition of parcels for the purpose of preparing the site to be sold for market rate housing or for commercial purposes consistent with the cities' plan for that area. As used in this section, "market rate housing" means housing that has a market value that does not exceed 150 percent of the average market value of single-family housing in that municipality.

(e) An authority may not create a housing replacement project under this section, if the city has approved a special law providing the city with housing replacement district authority and if the authority has requested certification of a parcel to be included in the district.

Subd. 2. [HOUSING REPLACEMENT DISTRICT PLAN.] To establish a housing replacement district under sections 3 to 6, an authority shall adopt a housing replacement district plan which contains:

(1) a statement of the objectives and a description of the housing replacement projects proposed by the authority for the housing replacement district;

(2) a statement of the housing replacement district plan, demonstrating the coordination of that plan with the city's comprehensive plan;

(3) estimates of the following:

(i) cost of the program, including administrative expenses;

(ii) sources of revenue to finance or otherwise pay public costs;

(iii) the most recent net tax capacity of taxable real property within the housing replacement district; and

(iv) the estimated captured net tax capacity of the housing replacement district at completion;

(4) statements of the authority's alternate estimates of the impact of the housing replacement district on the net tax capacities of all taxing jurisdictions in which the housing replacement 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 housing replacement 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 housing replacement district; and

(5) identification of all parcels to be included in the district.

Subd. 3. [PROCEDURE.] The provisions of Minnesota Statutes, section 469.175, subdivisions 3, 4, 5, and 6, apply to the establishment and operation of the housing replacement districts created under sections 3 to 6, except as follows:

(1) creation of a district within a municipality is subject to the approval of the metropolitan council in addition to other approvals required by law; and

(2) the determination specified in Minnesota Statutes, section 469.175, subdivision 3, clause (1), is not required.

Sec. 5. [LIMITATIONS.]

Subdivision 1. [DURATION LIMITS.] No tax increment may be paid to the authority on each parcel in a housing replacement district after 15 years from date of receipt by the county of the first tax increment from that parcel.

Subd. 2. [LIMITATION ON USE OF TAX INCREMENTS.] All revenues derived from tax increments must be used in accordance with the housing replacement district plan. The revenues must be used solely to pay the costs of site acquisition, relocation, demolition of existing structures, site preparation, and pollution abatement on parcels identified in the housing replacement district plan, as well as public improvements and administrative costs directly related to those parcels.

Sec. 6. [APPLICATION OF OTHER LAWS.]

Subdivision 1. [COMPUTATION OF TAX INCREMENT.] The provisions of Minnesota Statutes, section 469.177, subdivisions 1a, and 5 to 10, apply to the computation of tax increment for the housing replacement districts created under sections 3 to 6.

Subd. 2. [OTHER PROVISIONS.] References in Minnesota Statutes to tax increment financing districts created and tax increments generated under Minnesota Statutes, sections 469.174 to 469.179, other than references in Minnesota Statutes, section 273.1399, include housing replacement districts and tax increments subject to sections 3 to 6, provided that Minnesota Statutes, sections 469.174 to 469.179, apply only to the extent specified in sections 1 to 4.

Subd. 3. [MINNEAPOLIS SPECIAL LAW.] Laws 1980, chapter 595, section 2, subdivision 2, does not apply to a district created under sections 3 to 6.

Sec. 7. [EFFECTIVE DATE.]

Sections 1 and 2 are effective for taxable years beginning after December 31, 1997. Sections 3 to 6 are effective July 1, 1997."

Delete the title and insert:

"A bill for an act relating to metropolitan government; providing for local zoning conformity in certain cases; modifying a certain levy limitation for the metropolitan council; allowing for distribution of funds from the tax base revitalization account to development authorities; providing for distribution of funds from the livable communities demonstration account; authorizing the metropolitan council to issue bonds and to transfer proceeds of certain bonds; requiring a transfer between certain accounts of the council; providing for metropolitan transportation investments; providing for a joint powers board for certain public housing purposes; a joint powers board for certain public housing purposes; providing for metropolitan airport matters; providing for airport noise impact relief; amending Minnesota Statutes 1994, sections 471.59, by adding a subdivision; 473.155, by adding a subdivision; 473.167, subdivision 2a; 473.388, by adding a subdivision; 473.608, subdivisions 2, 6, 16, and by adding subdivisions; 473.614, by adding a subdivision; 473.621, by adding a subdivision; and 473.661, subdivision 4; Minnesota Statutes 1995

Supplement, sections 473.167, subdivisions 2 and 3; 473.252; 473.391; and 473.704, subdivision 18; Laws 1989, chapter 279, section 7, subdivision 6; Laws 1995, chapter 255, article 3, section 2, subdivisions 1 and 4; and Laws 1995, chapter 265, article 1, section 4; proposing coding for new law in Minnesota Statutes, chapter 473; repealing Minnesota Statutes 1994, sections 473.1551, subdivision 2; 473.167, subdivision 5; 473.636; and 473.637; Minnesota Statutes 1995 Supplement, section 473.167, subdivision 3a."

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

House Conferees: (Signed) Dee Long, Chuck Brown, Ann H. Rest, Edwina Garcia

Senate Conferees: (Signed) Ted A. Mondale, Pat Pariseau, Steve L. Murphy, Carol Flynn, Dick Day

Mr. Mondale moved that the foregoing recommendations and Conference Committee Report on H.F. No. 3012 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 3012 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 56 and nays 9, as follows:

Those who voted in the affirmative were:

Beckman	Janezich	Laidig	Oliver	Samuelson
Belanger	Johnson, D.E.	Langseth	Olson	Scheevel
Berg	Johnson, D.J.	Lesewski	Ourada	Solon
Betzold	Johnson, J.B.	Lessard	Pappas	Spear
Day	Johnston	Limmer	Pariseau	Stevens
Dille	Kelly	Marty	Pogemiller	Stumpf
Finn	Kiscaden	Metzen	Price	Terwilliger
Fischbach	Kleis	Mondale	Reichgott Junge	Vickerman
Flynn	Knutson	Morse	Riveness	
Frederickson	Kramer	Murphy	Robertson	
Hanson	Krentz	Neuville	Runbeck	
Hottinger	Kroening	Novak	Sams	

Those who voted in the negative were:

Anderson	Chandler	Larson	Moe, R.D.	Ranum
Berglin	Cohen	Merriam	Piper	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 219, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 219 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 2, 1996

CONFERENCE COMMITTEE REPORT ON H.F. NO. 219

A bill for an act relating to insurance; health plans; requiring coverage for treatment of Lyme disease; requiring a study; amending Minnesota Statutes 1994, section 62A.136; proposing coding for new law in Minnesota Statutes, chapter 62A.

April 2, 1996

The Honorable Irv Anderson
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H.F. No. 219, 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. 219 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1
MNJOBS PROGRAM

Section 1. [256.7381] [MNJOBS PROGRAM.]

Subdivision 1. [CITATION.] Sections 256.7381 to 256.7387 may be cited as the MNJOBS program.

Subd. 2. [DEFINITIONS.] As used in sections 256.7381 to 256.7387, the following words have the meanings given them.

- (a) "Recipient" means an individual who is receiving AFDC.
- (b) "Caretaker" means a parent or eligible adult, including a pregnant woman, who is part of the assistance unit that has applied for or is receiving AFDC or a grant.
- (c) "Child support" means a voluntary or court-ordered payment by a noncustodial parent.
- (d) "Commissioner" means the commissioner of human services.
- (e) "Employability development plan" or "EDP" means a plan developed by the recipient, with advice from the employment advisor, for the purposes of identifying an employment goal, improving work skills through certification or education, training or skills recertification, and which addresses barriers to employment.
- (f) "Employment advisor" means a provider staff person who is qualified to assist the participant to develop a job search or employability development plan, match the participant with existing job openings, refer the participant to employers, and has an extensive knowledge of employers in the area.
- (g) "Financial specialist" means a program staff who is trained to explain the benefits offered under the program, determine eligibility for different assistance programs, and broker other resources.
- (h) "Participant" means a recipient who is required to participate in the MNJOBS program.
- (i) "Program" means the MNJOBS program.
- (j) "Provider" means an employment and training agency certified by the commissioner of economic security under section 268.871, subdivision 1.

(k) "Suitable employment" means employment which meets conditions set forth in section 256.736, subdivision 1, clause (h).

Subd. 3. [ESTABLISHING THE MNJOBS PROGRAM.] At the request of a county or counties, the commissioners of human services and economic security shall develop and establish the MNJOBS program, which requires recipients of AFDC to meet the requirements of the program. The purpose of the program is to:

- (1) ensure that the participant is working as soon as possible;
- (2) promote a greater opportunity for economic self-support, participation, and mobility in the work force; and
- (3) minimize the risk for long-term welfare dependency.

Subd. 4. [COUNTY DESIGN; MNJOBS PROGRAM.] The commissioner shall issue a notice to counties to submit a plan for developing and implementing a MNJOBS program. The plan must be consistent with provisions of the program.

The commissioner shall not approve a county plan that would have an adverse impact on the Minnesota family investment program (MFIP) or the MFIP evaluation. However, this does not preclude MFIP counties from operating a MNJOBS program. If the plan meets the requirements of the program, the commissioner shall approve the county plan and the county may implement the plan. No county may implement a MNJOBS program without an approved modification to its local service unit plan in accordance with section 268.88.

Subd. 5. [PROGRAM ADMINISTRATION.] The program must be administered in a way that, in addition to the county agency, other sectors in the community, such as employers from the public and private sectors, not-for-profit organizations, educational and social service agencies, labor unions, and community-based organizations, are involved.

Subd. 6. [PROGRAM DESIGN.] The purpose of the program is to enable immediate labor force participation and assist families in achieving self-sufficiency. The program plan must meet the following principles:

- (1) work is the primary means of economic support;
- (2) the individual's employment potential is reviewed during the development of the EDP;
- (3) public aid such as cash and medical assistance, child care, child support, and other cash benefits are used to support intensive job search and immediate work; and
- (4) maximum use is made of tax credits to supplement income.

Subd. 7. [WAIVER REQUESTS.] The commissioner shall request all waivers of federal law and regulation as soon as possible to implement the program. Upon obtaining all necessary federal waivers, the commissioner shall amend the state plans for the AFDC and the jobs opportunities and basic skills program (JOBS), and supportive services plan to coordinate these programs under the MNJOBS program for the approved counties, and shall seek approval of state plan amendments.

Subd. 8. [DUTIES OF COMMISSIONER.] In addition to any other duties imposed by law, the commissioner shall:

- (1) request all waivers to implement the program;
- (2) establish the MNJOBS program;
- (3) provide systems development and staff training;
- (4) accept and supervise the disbursement of any funds that may be provided from other sources for use in the program;

(5) approve county MNJOBS plans; and

(6) allocate program funds.

Subd. 9. [DUTIES OF COUNTY AGENCY.] The county agency shall:

(1) collaborate with the commissioners of human services, economic security, and other agencies to develop, implement, and evaluate the demonstration of the program;

(2) operate the program in partnership with private and public employers, workforce councils, labor unions, and employment, educational, and social service agencies, and according to subdivision 5; and

(3) ensure that program components such as client orientation, immediate job search, job development, creation of community work experience jobs, job placements, and postplacement follow-up are implemented according to the MNJOBS program.

Subd. 10. [DUTIES OF PARTICIPANT.] To be eligible for AFDC, a participant shall cooperate with the county agency, the provider, and the participant's employer in all aspects of the program.

Sec. 2. [256.7382] [PROGRAM PARTICIPANTS; PROGRAM EXPECTATIONS.]

(a) All recipients selected for participation are expected to meet the requirements of the program. In determining who may participate in the program, priority must be given to individuals who are on the county's project STRIDE waiting list, and also individuals who have applied for AFDC, and are subsequently determined to be eligible for STRIDE. An individual who is enrolled in STRIDE, and is making satisfactory progress towards completing the goals in the individual's approved EDP, may continue with the existing EDP, and is not required to participate in the MNJOBS program, but may volunteer to participate in the program.

(b) Caretakers who are exempt from the program may volunteer to participate in the program. The caretaker will be treated as a mandatory participant once an EDP is signed.

(c) Except as provided in paragraph (a), the program shall supersede the STRIDE program in counties that operate a MNJOBS program, except in MFIP counties, where STRIDE will be continued for families assigned to certain research groups.

Sec. 3. [256.7383] [PROGRAM REQUIREMENTS.]

Subdivision 1. [NOTIFICATION OF PROGRAM.] At the time of the face-to-face interview, the applicant or recipient being recertified must be given a written referral to the orientation and an appointment date for the EDP. Orientation must be completed within ten days of the face-to-face interview. The applicant or recipient must also be given the following information:

(1) notification that, as part of continued receipt of AFDC, the recipient is required to attend orientation, to be followed immediately by an assessment and intensive job search;

(2) the program provider, the date, time, and location of the scheduled program orientation;

(3) the procedures for qualifying for and receiving benefits under the program;

(4) the immediate availability of supportive services, including, but not limited to, child care, transportation, medical assistance, and other work-related aid;

(5) the rights, responsibilities, and obligations of participants in the program, including, but not limited to, the grounds for exemptions and deferrals, the consequences for refusing or failing to participate fully, and the appeal process; and

(6) a determination of whether the applicant or recipient is exempt from job search activity.

Subd. 2. [PROGRAM ORIENTATION.] The county agency or the provider must give a face-to-face orientation regarding the program within ten days after the date of face-to-face interview. The orientation must be designed to inform the recipient of:

- (1) the importance of locating and obtaining a job as soon as possible;
- (2) benefits to be provided to support work;
- (3) how other supportive services such as medical assistance, child care, transportation, and other work-related aid shall be available to support job search and work;
- (4) the consequences for failure without good cause to comply with program requirements; and
- (5) the appeal process.

Subd. 3. [ASSESSMENT AND EMPLOYMENT DEVELOPMENT PLAN.] At the end of orientation, the provider must assign an employment advisor and a financial specialist to the recipient. Working with the recipient, the employment advisor must assess the recipient and develop an EDP based on the recipient's existing educational level, available program resources, existing job markets, prior employment, work experience, and transferable work skills, unless exempt under subdivision 7. The EDP must require caretakers to participate in initial job search activities for up to four consecutive weeks for at least 30 hours per week and accept suitable employment if offered during participation in the program unless exempt under subdivision 7, or subject to the provisions of subdivision 8, or deferred under subdivision 9. The job search activities must commence within 30 days of the face-to-face interview.

Subd. 4. [JOB SEARCH ACTIVITIES.] The following job search activities may be included in the job search plan:

- (a) Job clubs, which shall consist of both of the following:
 - (1) job search workshops, which shall be group training sessions where participants learn various job finding skills, including training in basic job seeking skills, job development skills, job interviewing skills, understanding employer requirements and expectations, and how to enhance self-esteem, self-image, and confidence; and
 - (2) supervised job search, which shall include, but not be limited to, access to phone banks in a clean and well-lighted place, job orders, direct referrals to employers, or other organized methods of seeking work which are overseen, reviewed, and critiqued by a trained employment professional. The amount and type of activity required during this supervised job search period shall be determined by the employment and training service provider and the participant, based on the participant's employment history and need for support services as defined in section 256.736, subdivision 1a, paragraph (i), and shall be consistent with regulations developed by the employment and service training provider.
- (b) Unsupervised job search, where the individual shall seek work in the individual's own way, and make periodic progress reports no less frequently than every two weeks to the employment and training service provider.
- (c) Job placement, which shall include, but not be limited to, referrals to jobs listed by employers.
- (d) Job development, which shall be active assistance in seeking employment provided to a participant by a training employment professional on a one-to-one basis.
- (e) Employment counseling, which shall be counseling aimed at helping a person reach an informed decision on an appropriate employment goal.

Subd. 5. [ACTIVITIES FOLLOWING INTENSE JOB SEARCH ACTIVITIES.] (a) On completion of initial job search activities, or determination that those services are not required, the participant shall continue in additional job search activities or be assigned to one or more of the following activities as needed to attain the participant's employment goal:

- (1) job training, which shall include, but is not limited to, training employer-specific jobs skills in a classroom or on-site setting, including training provided by local private industry council programs;

(2)(i) community work experience, which shall include work for a public or nonprofit agency that helps to provide basic job skills; enhance existing job skills in a position related to a participant's experience, training, or education; or provide a needed community service. Community work experience must be operated in accordance with section 256.737; and

(ii) the continuation of the participant seeking employment during the community work experience assignment. The participant may request job search services;

(3) adult basic education, which shall include reading, writing, arithmetic, high school proficiency or general education development certificate instruction, and English-as-a-second-language (ESL), including vocational ESL, to the extent necessary to attain the participant's employment goal. Vocational ESL shall be intensive instruction in English for non-English-speaking participants, coordinated with specific job training; or

(4) college and community college education, when that education provides employment skills training that can reasonably be expected to lead to employment and be limited to two years.

(b) The assignment to one or more of the program activities as required in paragraph (a), shall be based on the EDP developed after an assessment. The EDP shall be based, at a minimum, on consideration of the individual's existing education level, employment experience and goals, available program resources, and local labor market opportunities. The assessment and EDP must comply with section 256.736, subdivision 10, clauses (14) and (15).

(c) A participant who lacks basic literacy or mathematics skills, a high school diploma or general education development certificate, or English language skills, may be assigned to participate in adult basic education, as appropriate and necessary for achievement of the individual's employment goal.

(d) Participation in activities assigned pursuant to this section may be sequential or concurrent. The provider may require concurrent participation in the assigned activities if it is appropriate to the participant's abilities, consistent with the participant's EDP, and the activities can be concurrently scheduled. However, to the extent possible, activities should be full time. The combined hours of participation in assigned concurrent activities shall not exceed 32 hours per week for an individual who has primary responsibility for personally providing care to a child under six years of age or 40 hours per week for any other individual. The maximum number of hours any participant may be required to participate in activities under this subdivision is a number equal to the amount of AFDC payable to the recipient divided by the greater of the federal minimum wage or the applicable state minimum wages.

Subd. 6. [IMMEDIATE JOB SEARCH.] A recipient is required to begin job search activities within 30 days after the face-to-face interview for at least 30 hours per week for up to four weeks, unless exempt under subdivision 7, subject to the provisions of subdivision 8, or deferred under subdivision 9. Notwithstanding section 256H.11, subdivision 1, for purposes of the program the limit on job search child care is 480 hours annually. For a recipient who is working at least 20 hours per week, job search must consist of 12 hours per week for up to eight weeks. The recipient is required to carry out the other activities under the EDP developed under subdivision 3.

Subd. 7. [EXEMPTION CATEGORIES.] The recipient is exempted from mandatory participation in all activities except orientation, if the recipient belongs to any of the following groups:

(1) caretakers under age 20 who have not completed a high school education and are attending high school or an equivalency program under section 256.736, subdivision 3b;

(2) individuals who are age 60 or older;

(3) individuals who are suffering from a professionally certified permanent or temporary illness, injury, or incapacity which is expected to continue for more than 30 days and which prevents the person from obtaining or retaining employment;

(4) caretakers whose presence in the home is needed because of illness or incapacity of another member in the household;

(5) women who are pregnant, if it has been medically verified that the child is expected to be born within the next six months;

(6) caretakers or other caretaker relatives of a child under the age of three years who personally provide full-time care for the child. In AFDC-UP cases, only one parent or other relative may qualify for this exemption;

(7) individuals employed at least 30 hours per week;

(8) individuals for whom participation would require a round trip commuting time by available transportation of more than two hours, excluding transporting of children for child care;

(9) a child under age 16, or a child age 16 or 17 who is attending elementary or secondary school or a secondary-level vocational or technical school full time; or

(10) individuals experiencing a personal or family crisis which make them incapable of participating in the program, as determined by the county.

Subd. 8. [AFDC-UP RECIPIENTS.] All recipients under the AFDC-UP program are required to meet the requirements of the job search program under section 256.736, subdivision 14, and the community work experience program under section 256.737.

Subd. 9. [DEFERRAL FROM JOB SEARCH REQUIREMENT.] The recipient may be deferred from the requirement to conduct at least 30 hours of job search per week for up to four consecutive weeks, if during the development of the EDP, the recipient is determined to:

(1) be within two years of completing a post-secondary training program that is likely to lead to employment provided the recipient is attending school full time. The recipient must agree to develop and carry out an EDP which includes jobs search immediately after the training is completed;

(2) be in treatment for chemical dependency, be a victim of domestic abuse, or be homeless, provided that the recipient agrees to develop an EDP, and immediately follow through with the activities in the EDP. The EDP must include specific outcomes that the recipient must achieve for the duration of the EDP and activities that are needed to address the issues identified. Under this clause, the recipient may be deferred for up to three months;

(3) lack proficiency in English which is a barrier to employment, provided such individuals are successfully participating in an ESL program. Caretakers can be deferred for ESL for no longer than 12 months. The EDP shall establish an education plan which assigns caretakers to ESL programs available in the community that provide the quickest advancement of the caretaker's language skills; or

(4) need refresher courses for purposes of obtaining professional certification or licensure, provided the plans are approved in the EDP.

Subd. 10. [DUTY TO REPORT.] The participant must immediately inform the provider of any changes related to the participant's employment status.

Sec. 4. [256.7384] [COMMUNITY WORK EXPERIENCE PROGRAM FOR SINGLE-PARENT FAMILIES.]

To the extent that funds are available or appropriated, recipients who are participating in the program and are not working in unsubsidized employment within 24 months are required to participate in a community work experience program in accordance with section 256.737.

Sec. 5. [256.7385] [MOVE TO A DIFFERENT COUNTY.]

If the recipient who is required to participate in the program moves to a different county, the benefits and enabling services agreed upon in the EDP must be provided by the pilot county where the recipient originated. If the recipient is moving to a different county and has failed to comply with the requirements of the program, the recipient is not eligible for AFDC for at least six months from the date of the move.

Sec. 6. [256.7386] [SANCTIONS AND APPEAL PROCESS.]

The same sanctions and appeals imposed and available to recipients of AFDC under this chapter shall be imposed and available to participants in the MNJOBS program.

Sec. 7. [256.7387] [PROGRAM FUNDING.]

(a) [FUNDING.] After ensuring that all persons required to participate in the county's food stamp employment and training program will be served under that program, any remaining unexpended state funds from the county's food stamp employment and training program allocation for that fiscal year may be combined with the county's Project STRIDE allocation for that same fiscal year and are available to administer the program.

(b) [TRANSFER OF ACCESS CHILD CARE FUNDS.] After the end of the third quarter of the state fiscal year, any unencumbered ACCESS funds of a county participating in the program shall be transferred to the county's base sliding fee fund to be used to provide child care to AFDC recipients beyond the one-year transition period. In determining the baseline funding for the ACCESS and basic sliding fee programs, the commissioners of finance and human services shall ignore any transfers made under this section.

(c) [USE OF CHILD CARE.] Participants in the program are eligible for STRIDE child care funds.

(d) [LEVERAGING GRANT AMOUNT TO SECURE OTHER FUNDS.] The county agency or the provider in cooperation with the commissioner may leverage the grant amount to secure other funds from employers, foundations, and the community for the purpose of developing additional components to benefit children and improve the program.

Sec. 8. [INCOME DISREGARDS.]

A participating county may utilize the county's own funds in order to provide higher income disregards to recipients participating in the program.

Sec. 9. [WAIVER AUTHORITY.]

The commissioner of human services is authorized to seek all necessary waivers to implement sections 1 to 8. The waiver requests must be submitted by the commissioner as part of the federal waiver package authorized by Laws 1995, chapter 178, article 2, section 46.

Sec. 10. [APPROPRIATION.]

\$102,000 is appropriated from the general fund to the commissioner of human services for the fiscal year ending June 30, 1997, for purposes of applying for necessary federal waivers to implement the program, and administering the MNJOBS program.

Sec. 11. [EFFECTIVE DATE.]

Section 9 is effective July 1, 1996. For purposes of sections 1 to 8, the commissioner may allow the implementation of the MNJOBS program in counties that have been approved by the commissioner as early as April 1, 1997, but no later than July 1, 1997.

ARTICLE 2

MFIP AND INCOME ASSISTANCE CHANGES BASED ON FEDERAL REFORM

Section 1. [MFIP; LEGISLATIVE POLICY.]

Subdivision 1. [LEGISLATIVE FINDINGS.] The legislature recognizes that:

(1) changes in federal law and federal funding may necessitate changes to Minnesota's public assistance programs;

(2) Minnesota is in the process of testing and evaluating the Minnesota family investment plan, a program that will change public assistance programs in Minnesota; and

(3) the Minnesota family investment plan embodies the principles that should guide Minnesota in implementing changes necessitated by federal law and federal funding.

Subd. 2. [WELFARE REFORM PROPOSAL.] (a) The commissioner shall present the 1997 legislature with a proposal to modify the Minnesota family investment plan for statewide implementation. The proposed program must be designed around the following goals:

- (1) to support work;
- (2) to foster personal responsibility;
- (3) to support the family;
- (4) to simplify the welfare system;
- (5) to prevent dependency; and
- (6) to enable families to achieve sustained self-sufficiency.

(b) The proposed program shall provide assistance to all families with minor children and individuals who meet program eligibility rules and comply with program requirements and may set limits on the number of years or months of assistance.

(c) In designing the proposal, the commissioner shall consider:

- (1) evaluation results from the Minnesota family investment plan;
- (2) any evaluation or other information regarding the results of the work focused, work first, MNJOBS, and STRIDE programs;
- (3) evaluations from any programs which have increased income disregards for working recipient families; and
- (4) program and fiscal analysis of the impact of federal laws, including proposals to simplify or block grant the food stamp program.

(d) The commissioner shall consider the following additional policy options in developing the proposal:

- (1) consolidate all income assistance programs into a single program;
- (2) integrate the food stamp program more closely with income assistance program;
- (3) provide disregards of earned income that are not time limited;
- (4) establish asset limits which appropriately reflect the needs of working families;
- (5) provide for flexibility in establishing grant standards which can be adapted to different needs of assistance units and to different work and training requirements in order to maximize successful outcomes;
- (6) use of wage subsidies to increase employment opportunities;
- (7) development of individual asset accounts;
- (8) expansion of employment and training options to include the option of small business training;
- (9) establishment of a loan or grant fund for transition to work needs not covered under the grant;
- (10) contingent on inclusion of clause (3), provide an initial period of assistance, not to exceed six months, after which the grant standard for all assistance units would be reduced. After this initial period:

(i) assistance units in which all adults are incapacitated, as defined by the commissioner, would receive a supplement that raises the unit's grant standard back to the standard of the initial period;

(ii) assistance units not included in item (i) could earn back a portion of the grant reduction by participating in employment and training services; and

(iii) for assistance units not included in item (i), earnings equal to the grant reduction would be entirely disregarded in determining benefits;

(11) pay child support directly to custodial parents receiving income assistance and budget all or part of the child support amount against the income assistance benefit;

(12) address the question of providing assistance to Minnesota residents who are legal noncitizens;

(13) divert applicants from using public assistance through early intervention focused on meeting immediate needs; and

(14) implement an outcome-based quality assurance program that measures the effectiveness of transitional support services by defining target groups, program goals, outcome indicators, data collection methods, and performance targets.

Sec. 2. [INCOME ASSISTANCE PROGRAMS; FEDERAL POLICY INITIATIVE.]

If the 104th Congress makes significant policy or funding changes that affect income assistance, the commissioner of human services shall develop a proposal that includes recommendations for the legislature which address these changes.

Further, the commissioners of human services, health, economic security, and children, families, and learning, shall, upon request of a county, work with and jointly develop a proposal that permits the county to merge funding and services in order to meet the individual needs of eligible clients. The proposal and draft legislation are due to the chairs of the senate family services committee and health and human services finance division, and the house of representatives human services committee and health and human services finance division by December 1, 1996.

ARTICLE 3

ASSISTANCE PROGRAM CHANGES

Section 1. Minnesota Statutes 1994, section 53A.09, is amended to read:

53A.09 [POWERS; LIMITATIONS; PROHIBITIONS.]

Subdivision 1. [DEPOSITS; ESCROW ACCOUNTS.] A currency exchange may not accept money or currency for deposit, or act as bailee or agent for persons, firms, partnerships, associations, or corporations to hold money or currency in escrow for others for any purpose. However, a currency exchange may act as agent for the issuer of money orders or travelers' checks.

Subd. 2. [GAMBLING ESTABLISHMENTS.] A currency exchange located on the premises of a gambling establishment as defined in section 256.9831, subdivision 1, may not cash a warrant that bears a restrictive endorsement under section 256.9831, subdivision 3.

Sec. 2. Minnesota Statutes 1994, section 256.031, is amended by adding a subdivision to read:

Subd. 1a. [USE OF FEDERAL AUTHORITY.] Federal authority as cited in sections 256.031 to 256.0361 and section 256.047 is reference to the United States Code, title 42, section 601, United States Code, title 42, section 602, section 402 of the Social Security Act, and Code of Federal Regulations, title 45, as constructed on the day prior to their federal repeal.

Sec. 3. Minnesota Statutes 1994, section 256.033, is amended by adding a subdivision to read:

Subd. 6. [RECOVERY OF ATM ERRORS.] For recipients receiving benefits via electronic

benefit transfer, if the recipient is overpaid as a result of an automated teller machine (ATM) dispensing funds in error to the recipient, the agency may recover the ATM error by immediately withdrawing funds from the recipient's electronic benefit transfer account, up to the amount of the error.

Sec. 4. Minnesota Statutes 1994, section 256.034, is amended by adding a subdivision to read:

Subd. 6. [PAYMENT METHODS.] Minnesota family investment plan grant payments may be issued in the form of warrants immediately redeemable in cash, electronic benefits transfer, or by direct deposit into the recipient's account in a financial institution.

Sec. 5. Minnesota Statutes 1994, section 256.035, subdivision 1, is amended to read:

Subdivision 1. [EXPECTATIONS.] All families eligible for assistance under the family investment plan who are assigned to a test group in the evaluation as provided in section 256.031, subdivision 3, paragraph (d), are expected to be in transitional status as defined in section 256.032, subdivision 12. To be considered in transitional status, families must meet the following expectations:

(a) For a family headed by a single adult parental caregiver, the expectation is that the parental caregiver will independently pursue self-sufficiency until the family has received assistance for 24 months within the preceding 36 months. Beginning with the 25th month of assistance, the parent must be developing or complying with the terms of the family support agreement.

(b) For a family with a minor parental caregiver or a family whose parental caregiver is 18 or 19 years of age and does not have a high school diploma or its equivalent, the expectation is that, concurrent with the receipt of assistance, the parental caregiver must be developing or complying with a family support agreement. The terms of the family support agreement must include compliance with section 256.736, subdivision 3b. However, if the assistance unit does not comply with section 256.736, subdivision 3b, the sanctions in subdivision 3 apply.

(c) For a family with two adult parental caregivers, the expectation is that at least one parent will independently pursue self-sufficiency until the family has received assistance for six months within the preceding 12 months. Beginning with the seventh month of assistance, one parent must be developing or complying with the terms of the family support agreement. To the extent of available resources and provided the other caregiver is proficient in English, the commissioner may require that both caregivers in a family with two adult parental caregivers, in which the youngest child has attained the age of six and is not in kindergarten, must be developing or complying with the terms of a family support agreement by the seventh month on assistance. A caregiver shall be determined proficient in English if the county agency, or its employment and training service provider, determines that the person has sufficient English language capabilities to become suitably employed.

If, as of July 1, 1996, the other caretaker is enrolled in a post-secondary education or training program that is limited to one year and can reasonably be expected to lead to employment, that caretaker is exempt from job search and work experience for a period of one year or until the caretaker stops attending the post-secondary program, whichever is shorter.

Sec. 6. Minnesota Statutes 1994, section 256.035, subdivision 6a, is amended to read:

Subd. 6a. [CASE MANAGEMENT SERVICES.] (a) The county agency will provide case management services to caregivers required to develop and comply with a family support agreement as provided in subdivision 1. For minor parents, the responsibility of the case manager shall be as defined in section 256.736, subdivision 3b. Sanctions for failing to develop or comply with the terms of a family support agreement shall be imposed according to subdivision 3. When a minor parent reaches age 17, or earlier if determined necessary by the social service agency, the minor parent shall be referred for case management services.

(b) Case managers shall provide the following services:

(1) the case manager shall provide or arrange for an assessment of the family and caregiver's

needs, interests, and abilities according to section 256.736, subdivision 11, paragraph (a), clause (1);

(2) the case manager shall coordinate services according to section 256.736, subdivision 11, paragraph (a), clause (3);

(3) the case manager shall develop an employability plan according to subdivision 6b;

(4) the case manager shall develop a family support agreement according to subdivision 6c; and

(5) the case manager shall monitor the caregiver's compliance with the employability plan and the family support agreement as required by the commissioner.

(c) Case management counseling and personal assistance services may continue for up to six months following the caregiver's achievement of employment goals. Funds for specific employment and training services may be expended for up to 90 days after the caregiver loses eligibility for financial assistance.

Sec. 7. Minnesota Statutes 1995 Supplement, section 256.0475, is amended by adding a subdivision to read:

Subd. 2a. [INTENSIVE ESL.] "Intensive ESL" means an English as a second language program that offers at least 20 hours of class per week.

Sec. 8. Minnesota Statutes 1995 Supplement, section 256.048, subdivision 1, is amended to read:

Subdivision 1. [EXPECTATIONS.] The requirement for a caregiver to develop a family support agreement is tied to the structure of the family and the length of time on assistance according to paragraphs (a) to (c).

(a) In a family headed by a single adult parental caregiver who has received AFDC, family general assistance, MFIP, or a combination of AFDC, family general assistance, and MFIP assistance for 12 or more months within the preceding 24 months, the parental caregiver must be developing and complying with the terms of the family support agreement commencing with the 13th month of assistance.

(b) For a family with a minor parental caregiver or a family whose parental caregiver is 18 or 19 years of age and does not have a high school diploma or its equivalent, the parental caregiver must be developing and complying with a family support agreement concurrent with the receipt of assistance. The terms of the family support agreement must include compliance with section 256.736, subdivision 3b. If the parental caregiver fails to comply with the terms of the family support agreement, the sanctions in subdivision 4 apply. When the requirements in section 256.736, subdivision 3b, have been met, a caregiver has fulfilled the caregiver's obligation. County agencies must continue to offer MFIP-R services if the caregiver wants to continue with an employability plan. Caregivers who fulfill the requirements of section 256.736, subdivision 3b, are subject to the expectations of paragraphs (a) and (c).

(c) In a family with two adult parental caregivers, at least one of whom has received AFDC, family general assistance, MFIP, or a combination of AFDC, family general assistance, and MFIP assistance for six or more months within the preceding 12 months, one parental caregiver must be developing and complying with the terms of the family support agreement commencing with the seventh month of assistance. The family and MFIP-R staff will designate the parental caregiver who will develop the family support agreement based on which parent has the greater potential to increase family income through immediate employment. To the extent of available resources and provided the other caregiver is proficient in English, the commissioner may require that both caregivers in a family with two adult parental caregivers, in which the youngest child has attained the age of six and is not in kindergarten, must be developing or complying with the terms of a family support agreement by the seventh month on assistance. A caregiver shall be determined proficient in English if the county agency, or its employment and training service provider, determines that the person has sufficient English language capabilities to become suitably employed.

If, as of July 1, 1996, the other caretaker is enrolled in a post-secondary education or training program that is limited to one year and can reasonably be expected to lead to employment, that caretaker is exempt from job search and work experience for a period of one year or until the caretaker stops attending the post-secondary program, whichever is shorter.

Sec. 9. Minnesota Statutes 1995 Supplement, section 256.048, subdivision 4, is amended to read:

Subd. 4. [SANCTION.] The county agency must reduce an assistance unit's assistance payment by ten percent of the transitional standard for the applicable family size when a caregiver, who is not exempt from the expectations in this section, fails to attend a mandatory briefing, fails to attend scheduled meetings with MFIP-R staff, terminates employment without good cause, or fails to develop or comply with the terms of the caregiver's family support agreement. MFIP-R staff must send caregivers a notice of intent to sanction. For the purpose of this section, "notice of intent to sanction" means MFIP-R staff must provide written notification to the caregiver that the caregiver is not fulfilling the requirement to develop or comply with the family support agreement. This notification must inform the caregiver of the right to request a conciliation conference within ten days of the mailing of the notice of intent to sanction or the right to request a fair hearing under section 256.045. If a caregiver requests a conciliation conference, the county agency must postpone implementation of the sanction pending completion of the conciliation conference. If the caregiver does not request a conciliation conference within ten calendar days of the mailing of the notice of intent to sanction, the MFIP-R staff must notify the county agency that the assistance payment should be reduced.

Upon notification from MFIP-R staff that an assistance payment should be reduced, the county agency must send a notice of adverse action to the caregiver stating that the assistance payment will be reduced in the next month following the ten-day notice requirement and state the reason for the action. For the purpose of this section, "notice of adverse action" means the county agency must send a notice of sanction, reduction, suspension, denial, or termination of benefits before taking any of those actions. The caregiver may request a fair hearing under section 256.045, upon notice of intent to sanction or notice of adverse action, but the conciliation conference is available only upon notice of intent to sanction.

Sec. 10. Minnesota Statutes 1995 Supplement, section 256.048, subdivision 6, is amended to read:

Subd. 6. [PRE-EMPLOYMENT AND EMPLOYMENT SERVICES.] The county agency must provide services identified in clauses (1) to (10). Services include:

(1) a required briefing for all nonmandatory caregivers assigned to MFIP-R, which includes a review of the information presented at an earlier MFIP-R orientation pursuant to subdivision 5, and an overview of services available under MFIP-R pre-employment and employment services, an overview of job search techniques, and the opportunity to volunteer for MFIP-R job search activities and basic education services;

(2) a briefing for all mandatory caregivers assigned to MFIP-R, which includes a review of the information presented at an earlier MFIP-R orientation pursuant to subdivision 5, and an overview of services available under MFIP-R pre-employment and employment services;

(3) an MFIP assessment that meets the requirements of section 256.736, subdivision 10, paragraph (a), clause (14), and addresses caregivers' skills, abilities, interests, and needs;

(4) development, together with the caregiver, of an employability plan and family support agreement according to subdivision 7;

(5) coordination of services including child care, transportation, education assistance, and social services necessary to enable caregivers to fulfill the terms of the employability plan and family support agreement;

(6) provision of full-time English as a second language (intensive ESL) classes;

(7) provision of a broad range of employment and pre-employment services including basic skills testing, interest and aptitude testing, career exploration, job search activities, community work experience program under section 256.737, or on-the-job training under section 256.738;

(8) evaluation of the caregiver's compliance with the employability plan and family support agreement and support and recognition of progress toward employment goals;

(9) provision of postemployment follow-up for up to six months after caregivers become exempt or exit MFIP-R due to employment if requested by the caregiver; and

(10) approval of education and training program activities.

Sec. 11. Minnesota Statutes 1995 Supplement, section 256.048, subdivision 13, is amended to read:

Subd. 13. [EDUCATION AND TRAINING ACTIVITIES; BASIC EDUCATION.] Basic education, including adult basic education, high school or general equivalency diploma, ~~or ESL~~ may be included in the family support agreement when a caregiver is actively participating in job search activities as specified in the family support agreement, or employed at least 12 hours per week. The concurrent work requirement for basic education does not apply to caregivers under subdivision 1, paragraph (b), who are attending secondary school full time. Six months of basic education activities may be included in the family support agreement, and extension of basic education activities, including intensive ESL, is contingent upon review and approval by MFIP-R staff.

Non-English-speaking caregivers have the option to participate in full-time intensive ESL activities for up to six months prior to participation in job search with approval of MFIP-R staff, provided the caregiver also works or participates in job search. For caregivers participating in intensive ESL, hours spent in intensive ESL, employment, and job search must equal at least 30 hours per week, or 20 hours per week for a single parent caregiver with a child under age six.

Sec. 12. Minnesota Statutes 1994, section 256.73, subdivision 1, is amended to read:

Subdivision 1. [DEPENDENT CHILDREN.] Assistance shall be given under sections 256.72 to 256.87 to or on behalf of any dependent child who:

(1) Resides Has resided in Minnesota for at least 30 days or, if residing in the state for less than 30 days, the child or the child's caretaker relative meets one of the criteria specified in subdivision 1b;

(2) Is otherwise eligible; the child shall not be denied aid because of conditions of the home in which the child resides.

Sec. 13. Minnesota Statutes 1994, section 256.73, is amended by adding a subdivision to read:

Subd. 1a. [USE OF CODE OF FEDERAL REGULATIONS.] In the event that federal block grant legislation eliminates the federal regulatory basis for AFDC, the state shall continue to determine eligibility for Minnesota's AFDC program using the provisions of the Code of Federal Regulations, title 45, as constructed on the day prior to their federal repeal, except as expressly superseded in sections 256.72 to 256.87, or as superseded by federal law, or as modified by state rule or by regulatory waivers granted to the state.

Sec. 14. Minnesota Statutes 1994, section 256.73, is amended by adding a subdivision to read:

Subd. 1b. [RESIDENCY CRITERIA.] A child or caretaker relative who has resided in Minnesota for less than 30 days is considered to be a Minnesota resident if:

(1) either the child or the caretaker relative was born in the state;

(2) either the child or the caretaker relative has, in the past, resided in this state for at least 365 consecutive days;

(3) either the child or the caretaker relative came to this state to join a close relative who has

resided in this state for at least one year. For purposes of this clause, "close relative" means a parent, grandparent, brother, sister, spouse, or child; or

(4) the caretaker relative came to this state to accept a bona fide offer of employment and was eligible to accept the employment.

A county agency may waive the 30-day residency requirement in cases of emergency or where unusual hardship would result from denial of assistance. The county agency must report to the commissioner within 30 days on any waiver granted under this section. The county shall not deny an application solely because the applicant does not meet at least one of the criteria in this subdivision, but shall continue to process the application and leave the application pending until the residency requirement is met or until eligibility or ineligibility is established.

Sec. 15. Minnesota Statutes 1995 Supplement, section 256.73, subdivision 8, is amended to read:

Subd. 8. [RECOVERY OF OVERPAYMENTS AND ATM ERRORS.] (a) Except as provided in subdivision 8a, if an amount of aid to families with dependent children assistance is paid to a recipient in excess of the payment due, it shall be recoverable by the county agency. The agency shall give written notice to the recipient of its intention to recover the overpayment.

(b) When an overpayment occurs, the county agency shall recover the overpayment from a current recipient by reducing the amount of aid payable to the assistance unit of which the recipient is a member for one or more monthly assistance payments until the overpayment is repaid. All county agencies in the state shall reduce the assistance payment by three percent of the assistance unit's standard of need or the amount of the monthly payment, whichever is less, for all overpayments whether or not the overpayment is due solely to agency error. For recipients receiving benefits via electronic benefit transfer, if the overpayment is a result of an automated teller machine (ATM) dispensing funds in error to the recipient, the agency may recover the ATM error by immediately withdrawing funds from the recipient's electronic benefit transfer account, up to the amount of the error. If the overpayment is due solely to having wrongfully obtained assistance, whether based on a court order, the finding of an administrative fraud disqualification hearing or a waiver of such a hearing, or a confession of judgment containing an admission of an intentional program violation, the amount of this reduction shall be ten percent. In cases when there is both an overpayment and underpayment, the county agency shall offset one against the other in correcting the payment.

(c) Overpayments may also be voluntarily repaid, in part or in full, by the individual, in addition to the above aid reductions, until the total amount of the overpayment is repaid.

(d) The county agency shall make reasonable efforts to recover overpayments to persons no longer on assistance in accordance with standards adopted in rule by the commissioner of human services. The county agency need not attempt to recover overpayments of less than \$35 paid to an individual no longer on assistance if the individual does not receive assistance again within three years, unless the individual has been convicted of fraud under section 256.98.

Sec. 16. Minnesota Statutes 1994, section 256.736, subdivision 1a, is amended to read:

Subd. 1a. [DEFINITIONS.] As used in this section and section 256.7365, the following words have the meanings given them:

(a) "AFDC" means aid to families with dependent children.

(b) "AFDC-UP" or "two-parent family" means that group of AFDC clients who are eligible for assistance by reason of unemployment as defined by the commissioner under section 256.12, subdivision 14.

(c) "Caretaker" means a parent or eligible adult, including a pregnant woman, who is part of the assistance unit that has applied for or is receiving AFDC.

(d) "Case manager" means the county agency's employment and training service provider who provides the services identified in sections 256.736 to 256.739 according to subdivision 12.

(e) "Employment and training services" means programs, activities, and services related to job training, job placement, and job creation, including job service programs, job training partnership act programs, wage subsidies, remedial and secondary education programs, post-secondary education programs excluding education leading to a post-baccalaureate degree, and vocational education programs, ~~work readiness programs~~, job search, counseling, case management, community work experience programs, displaced homemaker programs, self-employment programs, grant diversion, employment experience programs, youth employment programs, community investment programs, refugee employment and training programs, and counseling and support activities necessary to stabilize the caretaker or the family.

(e) (f) "Employment and training service provider" means a public, private, or nonprofit agency certified by the commissioner of economic security to deliver employment and training services under section 268.0122, subdivision 3, and section 268.871, subdivision 1.

(f) (g) "Minor parent" means a caretaker ~~relative who is the person who is under age 18 who is either the birth parent of the dependent a minor child or children in the assistance unit and who is under the age of 18~~ or is eligible for AFDC as a pregnant woman.

(g) (h) "Targeted groups" or "targeted caretakers" means recipients of AFDC or AFDC-UP designated as priorities for employment and training services under subdivision 16.

(h) (i) "Suitable employment" means employment which:

- (1) is within the recipient's physical and mental capacity;
- (2) meets health and safety standards established by the Occupational Safety and Health Administration and the department of economic security;
- (3) pays hourly gross earnings which are not less than the federal or state minimum wage for that type of employment, whichever is applicable;
- (4) does not result in a net loss of income. Employment results in a net loss of income when the income remaining after subtracting necessary work-related expenses from the family's gross income, which includes cash assistance, is less than the cash assistance the family was receiving at the time the offer of employment was made. For purposes of this definition, "work expenses" means the amount withheld or paid for; state and federal income taxes; social security withholding taxes; mandatory retirement fund deductions; dependent care costs; transportation costs to and from work at the amount allowed by the Internal Revenue Service for personal car mileage; costs of work uniforms, union dues, and medical insurance premiums; costs of tools and equipment used on the job; \$1 per work day for the costs of meals eaten during employment; public liability insurance required by an employer when an automobile is used in employment and the cost is not reimbursed by the employer; and the amount paid by an employee from personal funds for business costs which are not reimbursed by the employer;
- (5) offers a job vacancy which is not the result of a strike, lockout, or other bona fide labor dispute;
- (6) requires a round trip commuting time from the recipient's residence of less than two hours by available transportation, exclusive of the time to transport children to and from child care;
- (7) does not require the recipient to leave children under age 12 unattended in order to work, or if child care is required, such care is available; and
- (8) does not discriminate at the job site on the basis of age, sex, race, color, creed, marital status, status with regard to public assistance, disability, religion, or place of national origin.

(i) (j) "Support services" means programs, activities, and services intended to stabilize families and individuals or provide assistance for family needs related to employment or participation in employment and training services, including child care, transportation, housing assistance, personal and family counseling, crisis intervention services, peer support groups, chemical dependency counseling and treatment, money management assistance, and parenting skill courses.

Sec. 17. Minnesota Statutes 1994, section 256.736, subdivision 3b, is amended to read:

Subd. 3b. [MANDATORY ASSESSMENT AND SCHOOL ATTENDANCE FOR CERTAIN CUSTODIAL PARENTS.] This subdivision applies to the extent permitted under federal law and regulation.

(a) [DEFINITIONS.] The definitions in this paragraph apply to this subdivision.

(1) "Custodial parent" means a recipient of AFDC who is the natural or adoptive parent of a child living with the custodial parent.

(2) "School" means:

(i) an educational program which leads to a high school diploma. The program or coursework may be, but is not limited to, a program under the post-secondary enrollment options of section 123.3514, a regular or alternative program of an elementary or secondary school, a technical college, or a college;

(ii) coursework for a general educational development (GED) diploma of not less than six hours of classroom instruction per week; or

(iii) any other post-secondary educational program that is approved by the public school or the county agency ~~under subdivision 11.~~

(b) [ASSESSMENT AND PLAN; REQUIREMENT; CONTENT.] The county agency must examine the educational level of each custodial parent under the age of 20 to determine if the recipient has completed a high school education or its equivalent. If the custodial parent has not completed a high school education or its equivalent and is not exempt from the requirement to attend school under paragraph (c), the county agency must complete an individual assessment for the custodial parent. The assessment must be performed as soon as possible but within 60 days of determining AFDC eligibility for the custodial parent. The assessment must provide an initial examination of the custodial parent's educational progress and needs, literacy level, child care and supportive service needs, family circumstances, skills, and work experience. In the case of a custodial parent under the age of 18, the assessment must also consider the results of the early and periodic screening, diagnosis and treatment (EPSDT) screening, if available, and the effect of a child's development and educational needs on the parent's ability to participate in the program. The county agency must advise the parent that the parent's first goal must be to complete an appropriate educational option if one is identified for the parent through the assessment and, in consultation with educational agencies, must review the various school completion options with the parent and assist the parent in selecting the most appropriate option.

(c) [RESPONSIBILITY FOR ASSESSMENT AND PLAN.] For custodial parents who are under age 18, the assessment and the employability plan must be completed by the county social services agency, as specified in section 257.33. For custodial parents who are age 18 or 19, the assessment and employability plan must be completed by the case manager. The social services agency or the case manager shall consult with representatives of educational agencies required to assist in developing educational plans under section 126.235.

(d) [EDUCATION DETERMINED TO BE APPROPRIATE.] If the case manager or county social services agency identifies an appropriate educational option, it must develop an employability plan in consultation with the custodial parent which reflects the assessment. The plan must specify that participation in an educational activity is required, what school or educational program is most appropriate, the services that will be provided, the activities the parent will take part in including child care and supportive services, the consequences to the custodial parent for failing to participate or comply with the specified requirements, and the right to appeal any adverse action. The employability plan must, to the extent possible, reflect the preferences of the participant.

(e) [EDUCATION DETERMINED TO BE NOT APPROPRIATE.] If the case manager determines that there is no appropriate educational option for a custodial parent who is age 18 or 19, the case manager shall indicate the reasons for the determination. The case manager shall then

notify the county agency which must refer the custodial parent to ~~ease management services under subdivision 4~~ the Project STRIDE program for completion of an employability plan and mandatory participation in employment and training services. If the custodial parent fails to participate or cooperate with ~~ease management~~ employment and training services and does not have good cause for the failure, the county agency shall apply the sanctions listed in subdivision 4, beginning with the first payment month after issuance of notice. If the county social services agency determines that school attendance is not appropriate for a custodial parent under age 18, the county agency shall refer the custodial parent to social services for services as provided in section 257.33.

(f) [SCHOOL ATTENDANCE REQUIRED.] Notwithstanding subdivision 3, a custodial parent must attend school if all of the following apply:

- (1) the custodial parent is less than 20 years of age;
- (2) transportation services needed to enable the custodial parent to attend school are available;
- (3) licensed or legal nonlicensed child care services needed to enable the custodial parent to attend school are available;
- (4) the custodial parent has not already received a high school diploma or its equivalent; and
- (5) the custodial parent is not exempt because the custodial parent:
 - (i) is ill or incapacitated seriously enough to prevent attendance at school;
 - (ii) is needed in the home because of the illness or incapacity of another member of the household; this includes a custodial parent of a child who is younger than six weeks of age;
 - (iii) works 30 or more hours a week; or
 - (iv) is pregnant if it has been medically verified that the child's birth is expected within the next six months.

(g) [ENROLLMENT AND ATTENDANCE.] The custodial parent must be enrolled in school and meeting the school's attendance requirements. If enrolled, the custodial parent is considered to be attending when the school is not in regular session, including during holiday and summer breaks.

(h) [GOOD CAUSE FOR NOT ATTENDING SCHOOL.] The county agency shall not impose the sanctions in subdivision 4 if it determines that a custodial parent has good cause for not being enrolled or for not meeting the school's attendance requirements. The county agency shall determine whether good cause for not attending or not enrolling in school exists, according to this paragraph:

(1) Good cause exists when the county agency has verified that the only available school program requires round trip commuting time from the custodial parent's residence of more than two hours by available means of transportation, excluding the time necessary to transport children to and from child care.

(2) Good cause exists when the custodial parent has indicated a desire to attend school, but the public school system is not providing for the education and alternative programs are not available.

(i) [FAILURE TO COMPLY.] The case manager and social services agency shall establish ongoing contact with appropriate school staff to monitor problems that custodial parents may have in pursuing their educational plan and shall jointly seek solutions to prevent parents from failing to complete education. If the school notifies the county agency that the custodial parent is not enrolled or is not meeting the school's attendance requirements, or appears to be facing barriers to completing education, the information must be conveyed to the case manager for a custodial parent age 18 or 19, or to the social services agency for a custodial parent under age 18. The case manager or social services agency shall reassess the appropriateness of school attendance as specified in paragraph (f). If after consultation, school attendance is still appropriate and the case

manager or social services agency determines that the custodial parent has failed to enroll or is not meeting the school's attendance requirements and the custodial parent does not have good cause, the case manager or social services agency shall inform the custodial parent's financial worker who shall apply the sanctions listed in subdivision 4 beginning with the first payment month after issuance of notice.

(j) [NOTICE AND HEARING.] A right to notice and fair hearing shall be provided in accordance with section 256.045 and the Code of Federal Regulations, title 45, section 205.10.

(k) [SOCIAL SERVICES.] When a custodial parent under the age of 18 has failed to attend school, is not exempt, and does not have good cause, the county agency shall refer the custodial parent to the social services agency for services, as provided in section 257.33.

(l) [VERIFICATION.] No less often than quarterly, the financial worker must verify that the custodial parent is meeting the requirements of this subdivision. Notwithstanding section 13.32, subdivision 3, when the county agency notifies the school that a custodial parent is subject to this subdivision, the school must furnish verification of school enrollment, attendance, and progress to the county agency. The county agency must not impose the sanctions in paragraph (i) if the school fails to cooperate in providing verification of the minor parent's education, attendance, or progress.

Sec. 18. Minnesota Statutes 1994, section 256.736, subdivision 4, is amended to read:

Subd. 4. [CONDITIONS OF CERTIFICATION.] The commissioner of human services shall:

(1) in consultation with the commissioner of children, families, and learning, arrange for or provide any caretaker or child ~~required to participate~~ who participates in employment and training services pursuant to this section with child-care services, transportation, and other necessary family services;

(2) provide that in determining a recipient's needs the additional expenses attributable to participation in a program are taken into account in grant determination to the extent permitted by federal regulation;

(3) provide that the county board shall impose the sanctions in clause (4) when the county board:

(a) determines that a custodial parent under the age of 16 who is required to attend school under subdivision 3b has, without good cause, failed to attend school; or

(b) determines that subdivision 3c applies to a minor parent and the minor parent has, without good cause, failed to cooperate with development of a social service plan or to participate in execution of the plan, to live in a group or foster home, or to participate in a program that teaches skills in parenting and independent living;

(4) to the extent permissible by federal law, impose the following sanctions for a recipient's failure to participate in the requirements of subdivision 3b or 3c:

(a) for the first failure, 50 percent of the grant provided to the family for the month following the failure shall be made in the form of protective or vendor payments;

(b) for the second and subsequent failures, the entire grant provided to the family must be made in the form of protective or vendor payments. Assistance provided to the family must be in the form of protective or vendor payments until the recipient complies with the requirement; and

(c) when protective payments are required, the county agency may continue payments to the caretaker if a protective payee cannot reasonably be found;

(5) provide that the county board shall impose the sanctions in clause (6) when the county board:

(a) determines that a caretaker or child required to participate in employment and training

services has been found by the employment and training service provider to have failed without good cause to participate in appropriate employment and training services, to comply with the recipient's employability development plan, or to have failed without good cause to accept, through the job search program described in subdivision 14, or the provisions of an employability development plan if the caretaker is a custodial parent age 18 or 19 and subject to the requirements of subdivision 3b, a bona fide offer of public or other employment;

(b) determines that a custodial parent aged 16 to 19 who is required to attend school under subdivision 3b has, without good cause, failed to enroll or attend school; or

(c) determines that a caretaker has, without good cause, failed to attend orientation;

(6) to the extent required by federal law, impose the following sanctions for a recipient's failure to participate in required employment and training services, to comply with the recipient's employability development plan, to accept a bona fide offer of public or other employment, to enroll or attend school under subdivision 3b, or to attend orientation:

(a) for the first failure, the needs of the noncompliant individual shall not be taken into account in making the grant determination, until the individual complies with the requirements;

(b) for the second failure, the needs of the noncompliant individual shall not be taken into account in making the grant determination until the individual complies with the requirement or for three consecutive months, whichever is longer;

(c) for subsequent failures, the needs of the noncompliant individual shall not be taken into account in making the grant determination until the individual complies with the requirement or for six consecutive months, whichever is longer;

(d) aid with respect to a dependent child who has been sanctioned under this paragraph shall be continued for the parent or parents of the child if the child is the only child receiving aid in the family, the child continues to meet the conditions of section 256.73, and the family is otherwise eligible for aid;

(e) if the noncompliant individual is a parent or other relative caretaker, payments of aid for any dependent child in the family must be made in the form of protective or vendor payments. When protective payments are required, the county agency may continue payments to the caretaker if a protective payee cannot reasonably be found. When protective payments are imposed on ~~assistance units whose basis of eligibility is unemployed parent or incapacitated parent in a two-parent family~~, cash payments may continue to the ~~nonsanctioned~~ caretaker in the assistance unit who remains eligible for AFDC, subject to paragraph (g);

(f) If, after removing a caretaker's needs from the grant, only dependent children remain eligible for AFDC, the standard of assistance shall be computed using the special children standard;

(g) if the noncompliant individual is a ~~principal wage earner in a family whose basis of eligibility is the unemployment of a parent in a two-parent family~~ and the ~~nonprincipal wage earner~~ other parent is not participating in an approved employment and training service, the needs of both the principal and nonprincipal wage earner parents must not be taken into account in making the grant determination; and

(7) Request approval from the secretary of health and human services to use vendor payment sanctions for persons listed in paragraph (5), clause (b). If approval is granted, the commissioner must begin using vendor payment sanctions as soon as changes to the state plan are approved.

Sec. 19. Minnesota Statutes 1995 Supplement, section 256.736, subdivision 10, is amended to read:

Subd. 10. [COUNTY DUTIES.] (a) To the extent of available state appropriations, county boards shall:

(1) refer all mandatory and eligible volunteer caretakers permitted to participate under

subdivision 3a to an employment and training service provider for participation in employment and training services;

(2) identify to the employment and training service provider the target group of which the referred caretaker is a member, if any, and whether the person's participation is mandatory or voluntary;

(3) provide all caretakers with an orientation which meets the requirements in subdivisions 10a and 10b;

(4) work with the employment and training service provider to encourage voluntary participation by caretakers in the target groups in employment and training services;

(5) work with the employment and training service provider to collect data as required by the commissioner;

(6) to the extent permissible under federal law, require all caretakers coming into the AFDC program to attend orientation;

(7) encourage ~~non~~target caretakers to develop a plan to obtain self-sufficiency;

(8) notify the commissioner of the caretakers ~~required to~~ who participate in employment and training services;

(9) inform appropriate caretakers of opportunities available through the head start program and encourage caretakers to have their children screened for enrollment in the program where appropriate;

(10) provide transportation assistance using available funds to caretakers who participate in employment and training programs;

(11) ensure that the required services of orientation, ~~job search~~, services to custodial parents under the age of 20 who have not completed high school or an equivalent program, job search, educational activities, and work experience for AFDC-UP two-parent families, and case management services are made available to appropriate caretakers under this section, ~~except that payment for case management services is governed by subdivision 13~~ and that services are provided to volunteer caretakers to the extent resources permit;

(12) explain in its local service unit plan under section 268.88 how it will ensure that ~~target~~ caretakers determined to be in need of social services are provided with such social services. The plan must specify how the case manager and the county social service workers will ensure delivery of needed services;

(13) to the extent allowed by federal laws and regulations, provide a job search program as defined in subdivision 14, a community work experience program as defined in section 256.737, grant diversion as defined in section 256.739, and on-the-job training as defined in section 256.738. A county may also provide another work and training program approved by the commissioner and the secretary of the United States Department of Health and Human Services. Planning and approval for employment and training services listed in this clause must be obtained through submission of the local service unit plan as specified under section 268.88. A county is not required to provide a community work experience program if the county agency is successful in placing at least ~~40~~ 60 percent of the monthly average of all caretakers who are subject to the job search requirements of subdivision 14 in grant diversion or on-the-job training program;

(14) prior to participation, provide an assessment of each AFDC recipient who is required or volunteers to participate in an approved employment and training service. The assessment must include an evaluation of the participant's (i) educational, child care, and other supportive service needs; (ii) skills and prior work experience; and (iii) ability to secure and retain a job which, when wages are added to child support, will support the participant's family. The assessment must also include a review of the results of the early and periodic screening, diagnosis and treatment (EPSDT) screening and preschool screening under chapter 123, if available; the participant's family circumstances; and, in the case of a custodial parent under the age of 18, a review of the

effect of a child's development and educational needs on the parent's ability to participate in the program;

(15) develop an employability development plan for each recipient for whom an assessment is required under clause (14) which:

- (i) reflects the assessment required by clause (14);
- (ii) takes into consideration the recipient's physical capacity, skills, experience, health and safety, family responsibilities, place of residence, proficiency, child care and other supportive service needs;
- (iii) is based on available resources and local employment opportunities;
- (iv) specifies the services to be provided by the employment and training service provider;
- (v) specifies the activities the recipient will participate in, including the worksite to which the caretaker will be assigned, if the caretaker is subject to the requirements of section 256.737, subdivision 2;
- (vi) specifies necessary supportive services such as child care;
- (vii) reflects the effort to arrange mandatory activities so that the activities do not interfere with access to available English as a second language classes and to the extent possible, reflects the preferences of the participant;
- (viii) includes a written agreement between the county agency and the caretaker that outlines a reasonable schedule for completing the plan, including specific completion deadlines, and confirms that
 - (A) there is a market for full-time employees with this education or training where the caretaker will or is willing to reside upon completion of the program;
 - (B) the average wage level for employees with this education or training is greater than the caretaker can earn without this education or training;
 - (C) the caretaker has the academic ability to successfully complete the program; and
 - (D) there is a reasonable expectation that the caretaker will complete the training program based on such factors as the caretaker's previous education, training, work history, current motivation, and changes in previous circumstances; and
- (ix) specifies the recipient's long-term employment goal which shall lead to self-sufficiency. Caretakers shall be counseled to set realistic attainable goals, taking into account the long-term needs of the caretaker and the caretaker's family;

(16) provide written notification to and obtain the written concurrence of the appropriate exclusive bargaining representatives with respect to job duties covered under collective bargaining agreements and assure that no work assignment under this section or sections 256.737, 256.738, and 256.739, or the Minnesota parent's fair share mandatory community work experience program results in: (i) termination, layoff, or reduction of the work hours of an employee for the purpose of hiring an individual under this section or sections 256.737, 256.738, and 256.739; (ii) the hiring of an individual if any other person is on layoff from the same or a substantially equivalent job; (iii) any infringement of the promotional opportunities of any currently employed individual; (iv) the impairment of existing contracts for services or collective bargaining agreements; or (v) except for on-the-job training under section 256.738, a participant filling an established unfilled position vacancy. If an exclusive bargaining representative and a county or public service employer disagree regarding whether job duties are covered under a collective bargaining agreement, the exclusive bargaining representative or the county or public service employer may petition the bureau of mediation services, and the bureau shall determine if the job duties are covered by a collective bargaining agreement; and

(17) assess each caretaker in an ~~AFDC-UP~~ a two-parent family who is under age 25, has not completed high school or a high school equivalency program, and who would otherwise be required to participate in a work experience placement under section 256.737 to determine if an appropriate secondary education option is available for the caretaker. If an appropriate secondary education option is determined to be available for the caretaker, the caretaker must, in lieu of participating in work experience, enroll in and meet the educational program's participation and attendance requirements. "Secondary education" for this paragraph means high school education or education designed to prepare a person to qualify for a high school equivalency certificate, basic and remedial education, and English as a second language education. A caretaker required to participate in secondary education who, without good cause, fails to participate shall be subject to the provisions of subdivision 4a and the sanction provisions of subdivision 4, clause (6). For purposes of this clause, "good cause" means the inability to obtain licensed or legal nonlicensed child care services needed to enable the caretaker to attend, inability to obtain transportation needed to attend, illness or incapacity of the caretaker or another member of the household which requires the caretaker to be present in the home, or being employed for more than 30 hours per week; and

(18) provide counseling and other personal follow-up support as needed for up to six months after the participant loses AFDC eligibility to assist the person to maintain employment or to secure new employment.

(b) Funds available under this subdivision may not be used to assist, promote, or deter union organizing.

(c) A county board may provide other employment and training services that it considers necessary to help caretakers obtain self-sufficiency.

(d) Notwithstanding section 256G.07, when a target caretaker relocates to another county to implement the provisions of the caretaker's ~~ease management contract or other~~ written employability development plan approved by the county human service agency, ~~its ease manager or its~~ employment and training service provider, the county that approved the plan is responsible for the costs of ~~ease management and other~~ services required to carry out the plan, ~~including employment and training services~~. The county agency's responsibility for the costs ends when all plan obligations have been met, when the caretaker loses AFDC eligibility for at least 30 days, or when approval of the plan is withdrawn for a reason stated in the plan, whichever occurs first. Responsibility for the costs of child care must be determined under chapter 256H. A county human service agency may pay for the costs of ~~ease management, child care, and other~~ services required in an approved employability development plan when the nontarget caretaker relocates to another county or when a target caretaker again becomes eligible for AFDC after having been ineligible for at least 30 days.

Sec. 20. Minnesota Statutes 1995 Supplement, section 256.736, subdivision 10a, is amended to read:

Subd. 10a. [ORIENTATION.] (a) Each county agency must provide an orientation to all caretakers within its jurisdiction in the time limits described in this paragraph:

(1) within 60 days of being determined eligible for AFDC for caretakers ~~with a continued absence or incapacitated parent basis of eligibility~~ who are permitted to volunteer for services under subdivision 3a; or

(2) within 30 days of being determined eligible for AFDC for caretakers ~~with an unemployed parent basis of eligibility~~ who are required to participate in services under subdivision 3a.

(b) Caretakers are required to attend an in-person orientation if the caretaker is a member of one of the groups listed in subdivision 3a, paragraph (a), unless the caretaker is exempt from registration under subdivision 3 and the caretaker's exemption basis will not expire within 60 days of being determined eligible for AFDC, or the caretaker is enrolled at least half time in any recognized school, training program, or institution of higher learning and the in-person orientation cannot be scheduled at a time that does not interfere with the caretaker's school or training schedule. The county agency shall require attendance at orientation of caretakers described in

subdivision 3a, paragraph (b) or (c), if the commissioner determines that the groups are eligible for participation in employment and training services.

(c) The orientation must consist of a presentation that informs caretakers of:

(1) the identity, location, and phone numbers of employment and training and support services available in the county;

(2) the types and locations of child care services available through the county agency that are accessible to enable a caretaker to participate in educational programs or employment and training services;

(3) the child care resource and referral program designated by the commissioner providing education and assistance to select child care services and a referral to the child care resource and referral when assistance is requested;

(4) the obligations of the county agency and service providers under contract to the county agency;

(5) the rights, responsibilities, and obligations of participants;

(6) the grounds for exemption from mandatory employment and training services or educational requirements;

(7) the consequences for failure to participate in mandatory services or requirements, including the requirement that volunteer participants comply with their employability development plan;

(8) the method of entering educational programs or employment and training services available through the county;

(9) the availability and the benefits of the early and periodic, screening, diagnosis and treatment (EPSDT) program and preschool screening under chapter 123;

(10) their eligibility for transition year child care assistance when they lose eligibility for AFDC due to their earnings;

(11) their eligibility for extended medical assistance when they lose eligibility for AFDC due to their earnings; ~~and~~

(12) the availability of the federal earned income tax credits and the state working family tax credits; and

(13) the availability and benefits of the Head Start program.

(d) All orientation programs should provide information to caretakers on parenting, nutrition, household management, food preparation, and other subjects relevant to promoting family integration and self-sufficiency and provide detailed information on community resources available for training sessions on these topics.

(e) Orientation must encourage recipients to view AFDC as a temporary program providing grants and services to individuals who set goals and develop strategies for supporting their families without AFDC assistance. The content of the orientation must not imply that a recipient's eligibility for AFDC is time limited. Orientation may be provided through audio-visual methods, but the caretaker must be given an opportunity for face-to-face interaction with staff of the county agency or the entity providing the orientation, and an opportunity to express the desire to participate in educational programs and employment and training services offered through the county agency.

(f) County agencies shall not require caretakers to attend orientation for more than three hours during any period of 12 continuous months. The county agency shall also arrange for or provide needed transportation and child care to enable caretakers to attend.

The county or, under contract, the county's employment and training service provider shall

mail written orientation materials containing the information specified in paragraph (c), clauses (1) to (3) and (8) to ~~(12)~~ (13), to each caretaker exempt from attending an in-person orientation or who has good cause for failure to attend after at least two dates for their orientation have been scheduled. The county or the county's employment and training service provider shall follow up with a phone call or in writing within two weeks after mailing the material.

(g) Persons required to attend orientation must be informed of the penalties for failure to attend orientation, support services to enable the person to attend, what constitutes good cause for failure to attend, and rights to appeal. Persons required to attend orientation must be offered a choice of at least two dates for their first scheduled orientation. No person may be sanctioned for failure to attend orientation until after a second failure to attend.

(h) Good cause for failure to attend an in-person orientation exists when a caretaker cannot attend because of:

(1) temporary illness or injury of the caretaker or of a member of the caretaker's family that prevents the caretaker from attending an orientation during the hours when the orientation is offered;

(2) a judicial proceeding that requires the caretaker's presence in court during the hours when orientation is scheduled; or

(3) a nonmedical emergency that prevents the caretaker from attending an orientation during the hours when orientation is offered. "Emergency" for the purposes of this paragraph means a sudden, unexpected occurrence or situation of a serious or urgent nature that requires immediate action.

(i) Caretakers must receive a second orientation only when:

(1) there has been a 30-day break in AFDC eligibility; and

(2) the caretaker has not attended an orientation within the previous 12-month period, excluding the month of reapplication for AFDC.

Sec. 21. Minnesota Statutes 1994, section 256.736, subdivision 12, is amended to read:

Subd. 12. ~~[CASE MANAGERS EMPLOYMENT AND TRAINING SERVICE PROVISION.]~~
 (a) Counties may directly employ case managers to provide the employment and training services in this section if the county is certified as an employment and training service provider under section 268.0122, or may contract for ~~ease management~~ services with a certified employment and training service provider. Uncertified counties and contracting agencies may provide ~~ease management~~ services only if they demonstrate the ability to coordinate employment, training, education, and support services. The commissioner of economic security shall determine whether or not an uncertified county or agency has demonstrated such ability.

(b) Counties that employ case managers must ensure that the case managers have the skills and knowledge necessary to perform the variety of tasks described in ~~subdivision 11~~ this section. Counties that contract with another agency for ~~ease management~~ services must specify in the contract the skills and knowledge needed by the case managers. At a minimum, case managers must:

(1) have a thorough knowledge of training, education, and employment opportunities;

(2) have training or experience in understanding the needs of AFDC clients and their families; and

(3) be able to formulate creative individualized ~~contracts~~ employability development plans.

Sec. 22. Minnesota Statutes 1995 Supplement, section 256.736, subdivision 14, is amended to read:

Subd. 14. [JOB SEARCH.] (a) Each county agency must establish and operate a job search

program as provided under this section. Unless all caretakers in the household are exempt, one nonexempt caretaker in each ~~AFDC-UP~~ two-parent AFDC household must be referred to and begin participation in the job search program within 30 days of being determined eligible for AFDC. If the assistance unit contains more than one nonexempt caretaker, the caretakers may determine which caretaker shall participate. The designation may be changed only once annually at the annual redetermination of eligibility. If no designation is made or if the caretakers cannot agree, the county agency shall designate the caretaker having earned the greater of the incomes, including in-kind income, during the 24-month period immediately preceding the month of application for AFDC benefits as the caretaker that must participate. When no designation is made or the caretakers cannot agree and neither caretaker had earnings or the earnings were identical for each caretaker, then the county agency shall designate the caretaker who must participate. A caretaker is exempt from job search participation if:

(1) the caretaker is exempt from registration under subdivision 3, except that the second caretaker cannot be exempt to provide child care or care to an ill or incapacitated household member if the first caretaker is sanctioned for failure to comply or is exempt under any other exemption category, provided the first caretaker is capable of providing the needed care; or

(2) the caretaker is under age 25, has not completed a high school diploma or an equivalent program, and is participating in a secondary education program as defined in subdivision 10, paragraph (a), clause (17), which is approved by the employment and training service provider in the employability development plan.

(b) The job search program must provide four consecutive weeks of job search activities for no less than 20 hours per week but not more than 32 hours per week. The employment and training service provider shall specify for each participating caretaker the number of weeks and hours of job search to be conducted and shall report to the county agency if the caretaker fails to cooperate with the job search requirement. A person for whom lack of proficiency in English, as determined by an appropriate evaluation, is a barrier to employment, can choose to attend an available intensive, functional work literacy program for a minimum of 20 hours in place of the 20 hours of job search activities. The caretaker's employability development plan must include the length of time needed in the program, specific outcomes, attendance requirements, completion dates, and employment goals as they pertain to the intensive literacy program.

(c) The job search program may provide services to ~~non-AFDC-UP~~ caretakers who are not in two-parent families.

(d) After completion of job search requirements in this section, if the caretaker is not employed, nonexempt caretakers shall be placed in and must participate in and cooperate with the work experience program under section 256.737, the on-the-job training program under section 256.738, or the grant diversion program under section 256.739. Caretakers must be offered placement in a grant diversion or on-the-job training program, if either such employment is available, before being required to participate in a community work experience program under section 256.737. When a nonexempt caretaker fails to cooperate with the job search program, the work experience program, the on-the-job training program, or the community work experience program and is subject to the sanction provisions of subdivision 4, the second caretaker in the assistance unit, unless exempt, must also be removed from the grant unless that second caretaker has been referred to and has started participating in the job search program and subsequently in the work experience program, the on-the-job training program, or the community work experience program prior to the date the sanction begins for the first caretaker. The second caretaker is ineligible for AFDC until the first caretaker's sanction ends or the second caretaker cooperates with the requirements.

(e) The commissioner may require that, to the extent of available resources and provided the second caretaker is proficient in English, both caretakers in a two-parent AFDC family where all children are over age six and are not in kindergarten participate in job search and work experience. A caretaker shall be determined proficient in English if the county agency, or its employment and training service provider, determines that the person has sufficient English language capabilities to become suitably employed.

If, as of July 1, 1996, the second caretaker is enrolled in a post-secondary education or training

program that is limited to one year and can reasonably be expected to lead to employment, the second caretaker is exempt from job search and work experience for a period of one year or until the caretaker stops attending the post-secondary program, whichever is shorter.

Sec. 23. Minnesota Statutes 1995 Supplement, section 256.736, subdivision 16, is amended to read:

Subd. 16. [ALLOCATION AND USE OF MONEY.] (a) State money appropriated for employment and training services under this section must be allocated to counties as specified in paragraphs (b) to (l).

(b) For purposes of this subdivision, "targeted caretaker" means a recipient who:

(1) is a custodial parent under the age of 24 who: (i) has not completed a high school education and at the time of application for AFDC is not enrolled in high school or in a high school equivalency program; or (ii) had little or no work experience in the preceding year;

(2) is a member of a family in which the youngest child is within two years of being ineligible for AFDC due to age; or

(3) has received 36 months or more of AFDC over the last 60 months.

(c) One hundred percent of the money appropriated for case management services ~~as described in subdivision 11~~ must be allocated to counties based on the average number of cases in each county described in clause (1). Money appropriated for employment and training services as described in subdivision 1a, paragraph (d), other than case management services, must be allocated to counties as follows:

(1) Forty percent of the state money must be allocated based on the average number of cases receiving AFDC in the county which either have been open for 36 or more consecutive months or have a caretaker who is under age 24 and who has no high school or general equivalency diploma. The average number of cases must be based on counts of these cases as of March 31, June 30, September 30, and December 31 of the previous year.

(2) Twenty percent of the state money must be allocated based on the average number of cases receiving AFDC in the county which are not counted under clause (1). The average number of cases must be based on counts of cases as of March 31, June 30, September 30, and December 31 of the previous year.

(3) Twenty-five percent of the state money must be allocated based on the average monthly number of assistance units in the county receiving AFDC-UP for the period ending December 31 of the previous year.

(4) Fifteen percent of the state money must be allocated at the discretion of the commissioner based on participation levels for target group members in each county.

(d) No more than 15 percent of the money allocated under paragraph (b) and no more than 15 percent of the money allocated under paragraph (c) may be used for administrative activities.

(e) At least 55 percent of the money allocated to counties under paragraph (c) must be used for employment and training services for caretakers in the target groups, and up to 45 percent of the money may be used for employment and training services for nontarget caretakers. One hundred percent of the money allocated to counties for case management services must be used to provide those services to caretakers in the target groups.

(f) Money appropriated to cover the nonfederal share of costs for bilingual case management services to refugees for the employment and training programs under this section are allocated to counties based on each county's proportion of the total statewide number of AFDC refugee cases. However, counties with less than one percent of the statewide number of AFDC refugee cases do not receive an allocation.

(g) Counties, the department of economic security, and entities under contract with either the

department of economic security or the department of human services for provision of STRIDE related services shall bill the commissioner of human services for any expenditures incurred by the county, the county's employment and training service provider, or the department of economic security that may be reimbursed by federal money. The commissioner of human services shall bill the United States Department of Health and Human Services and the United States Department of Agriculture for the reimbursement and appropriate the reimbursed money to the county, the department of economic security, or employment and training service provider that submitted the original bill. The reimbursed money must be used to expand employment and training services.

(h) The commissioner of human services shall review county expenditures of case management and employment and training block grant money at the end of the third quarter of the biennium and each quarter after that, and may reallocate unencumbered or unexpended money allocated under this section to those counties that can demonstrate a need for additional money. Reallocation of funds must be based on the formula set forth in paragraph (a), excluding the counties that have not demonstrated a need for additional funds.

(i) The county agency may continue to provide case management and supportive services to a participant for up to 90 days after the participant loses AFDC eligibility and may continue providing a specific employment and training service for the duration of that service to a participant if funds for the service are obligated or expended prior to the participant losing AFDC eligibility.

(j) One hundred percent of the money appropriated for an unemployed parent work experience program under section 256.737 must be allocated to counties based on the average monthly number of assistance units in the county receiving AFDC-UP for the period ending December 31 of the previous year.

(k) The commissioner may waive the requirement of paragraph (e) that case management funds be spent only on case management services in order to permit the development of a unified STRIDE funding allocation for each county agency. The unified allocation may be expended by the county agency for case management and employment and training activities in the proportion determined necessary to streamline administrative procedures and enhance program performance. The commissioner, in consultation with the commissioner of economic security, may also grant a waiver from program spending limits in paragraphs (d) and (e) to any county which can demonstrate increased program effectiveness through a written request to the department. Counties which request a waiver of the spending limits in paragraphs (d) and (e) shall amend their local service unit plans and receive approval of the plans prior to commencing the waiver. The commissioners of human services and economic security shall annually evaluate the effectiveness of all waivers approved under this subdivision.

(l) Effective July 1, 1995, the commissioner of human services shall begin developing a performance model for the purpose of analyzing each county's performance in the provision of STRIDE employment and training services. Beginning February 1, 1997, and each year thereafter, the commissioner of human services shall inform each county of the county's performance based upon the following measures:

- (1) employment rate at termination of STRIDE eligibility;
- (2) wage rate at termination of STRIDE eligibility;
- (3) average annual cost per placement calculated by dividing the total STRIDE expenditures by the number of participants placed in unsubsidized employment;
- (4) AFDC-UP participation rate;
- (5) percentage of 18- and 19-year-old custodial parents subject to secondary education requirements of subdivision 3b who complete secondary education or equivalent course of study; and
- (6) achievement of federally mandated JOBS participation rate.

Performance measures (1), (2), and (3) shall be adjusted to reflect local conditions.

County agencies must take the results of these performance measures into consideration when selecting employment and training service providers.

Sec. 24. Minnesota Statutes 1995 Supplement, section 256.737, subdivision 7, is amended to read:

Subd. 7. [INJURY PROTECTION FOR WORK EXPERIENCE PARTICIPANTS.] (a) Payment of any claims resulting from an alleged injury or death of a recipient participating in a community work experience program established and operated by a county or a tribal JOBS program pursuant to this section shall be determined in accordance with this section. This determination method applies to work experience programs established under aid to families with dependent children, work readiness, Minnesota parent's fair share, and to obligors participating in community services pursuant to section 518.551, subdivision 5a, in a county with an approved community investment program.

(b) Claims that are subject to this section shall be investigated by the county agency or the tribal JOBS program responsible for supervising the work to determine whether the claimed injury occurred, whether the claimed medical expenses are reasonable, and whether the loss is covered by the claimant's insurance. If insurance coverage is established, the county agency or tribal JOBS program shall submit the claim to the appropriate insurance entity for payment. The investigating county agency or tribal JOBS program shall submit all valid claims, in the amount net of any insurance payments, to the department of human services.

(c) The department of human services shall submit all claims for impairment compensation to the commissioner of labor and industry. The commissioner of labor and industry shall review all submitted claims and recommend to the department of human services an amount of compensation comparable to that which would be provided under the impairment compensation schedule of section 176.101, subdivision 3b.

(d) The department of human services shall approve a claim of \$1,000 or less for payment if appropriated funds are available, if the county agency or tribal JOBS program responsible for supervising the work has made the determinations required by this section, and if the work program was operated in compliance with the safety provisions of this section. The department shall pay the portion of an approved claim of \$1,000 or less that is not covered by the claimant's insurance within three months of the date of submission. On or before February 1 of each legislative session, the department shall submit to the appropriate committees of the senate and the house of representatives a list of claims of \$1,000 or less paid during the preceding calendar year and shall be reimbursed by legislative appropriation for any claims that exceed the original appropriation provided to the department to operate this program. Any unspent money from this appropriation shall carry over to the second year of the biennium, and any unspent money remaining at the end of the second year shall be returned to the state general fund.

On or before February 1 of each year, the department shall submit to the appropriate committees of the senate and the house of representatives a list of claims in excess of \$1,000 and a list of claims of \$1,000 or less that were submitted to but not paid by the department of human services, together with any recommendations of appropriate compensation. These claims shall be heard and determined by the appropriate committees of the senate and house of representatives and, if approved, shall be paid under the legislative claims procedure.

(e) Compensation paid under this section is limited to reimbursement for reasonable medical expenses and impairment compensation for disability in like amounts as allowed in section 176.101, subdivision 3b. Compensation for injuries resulting in death shall include reasonable medical expenses and burial expenses in addition to payment to the participant's estate in an amount up to \$200,000. No compensation shall be paid under this section for pain and suffering, lost wages, or other benefits provided in chapter 176. Payments made under this section shall be reduced by any proceeds received by the claimant from any insurance policy covering the loss. For the purposes of this section, "insurance policy" does not include the medical assistance program authorized under chapter 256B or the general assistance medical care program authorized under chapter 256D.

(f) The procedure established by this section is exclusive of all other legal, equitable, and statutory remedies against the state, its political subdivisions, or employees of the state or its political subdivisions. The claimant shall not be entitled to seek damages from any state or county, tribal, or reservation insurance policy or self-insurance program.

(g) A claim is not valid for purposes of this subdivision if the local agency responsible for supervising the work cannot verify to the department of human services:

(1) that appropriate safety training and information is provided to all persons being supervised by the agency under this subdivision; and

(2) that all programs involving work by those persons comply with federal Occupational Safety and Health Administration and state department of labor and industry safety standards. A claim that is not valid because of failure to verify safety training or compliance with safety standards will not be paid by the department of human services or through the legislative claims process and must be heard, decided, and paid, if appropriate, by the local government unit or tribal JOBS program responsible for supervising the work of the claimant.

(h) This program is effective July 1, 1995. Claims may be submitted on or after November 1, 1995.

Sec. 25. Minnesota Statutes 1995 Supplement, section 256.76, subdivision 1, is amended to read:

Subdivision 1. Upon the completion of the investigation the county agency shall decide whether the child is eligible for assistance under the provisions of sections 256.72 to 256.87 and determine the amount of the assistance and the date on which the assistance begins. A decision on an application for assistance must be made as promptly as possible and no more than 30 days from the date of application. Notwithstanding section 393.07, the county agency shall not delay approval or issuance of assistance pending formal action of the county board of commissioners. The first month's grant shall be based upon that portion of the month from the date of application, or from the date that the applicant meets all eligibility factors, whichever occurs later, provided that on the date that assistance is first requested, the county agency shall inquire and determine whether the person requesting assistance is in immediate need of food, shelter, clothing, or other emergency assistance. If an emergency need is found to exist, the applicant shall be granted assistance pursuant to section 256.871 within a reasonable period of time. ~~¶~~ The county shall make a grant of assistance which shall be binding upon the county and be complied with by the county until the grant is modified or vacated. The county agency shall notify the applicant of its decision in writing. The assistance shall be paid monthly to the applicant or to the vendor of medical care upon order of the county agency from funds appropriated to the county agency for this purpose.

Sec. 26. Minnesota Statutes 1995 Supplement, section 256.81, is amended to read:

256.81 [COUNTY AGENCY, DUTIES.]

(1) The county agency shall keep such records, accounts, and statistics in relation to aid to families with dependent children as the state agency shall prescribe.

(2) Each grant of aid to families with dependent children shall be paid to the recipient by the county agency unless paid by the state agency. Payment must be ~~by check or electronic means in the form of a warrant immediately redeemable in cash, electronic benefits transfer, or by direct deposit into the recipient's account in a financial institution,~~ except in those instances in which the county agency, subject to the rules of the state agency, determines that payments for care shall be made to an individual other than the parent or relative with whom the dependent child is living or to vendors of goods and services for the benefit of the child because such parent or relative is unable to properly manage the funds in the best interests and welfare of the child. There is a presumption of mismanagement of funds whenever a recipient is more than 30 days in arrears on payment of rent, except when the recipient has withheld rent to enforce the recipient's right to withhold the rent in accordance with federal, state, or local housing laws. In cases of mismanagement based solely on failure to pay rent, the county may vendor the rent payments to

the landlord. At the request of a recipient, the state or county may make payments directly to vendors of goods and services, but only for goods and services appropriate to maintain the health and safety of the child, as determined by the county.

(3) The state or county may ask the recipient to give written consent authorizing the state or county to provide advance notice to a vendor before vendor payments of rent are reduced or terminated. Whenever possible under state and federal laws and regulations and if the recipient consents, the state or county shall provide at least 30 days notice to vendors before vendor payments of rent are reduced or terminated. If 30 days notice cannot be given, the state or county shall notify the vendor within three working days after the date the state or county becomes aware that vendor payments of rent will be reduced or terminated. When the county notifies a vendor that vendor payments of rent will be reduced or terminated, the county shall include in the notice that it is illegal to discriminate on the grounds that a person is receiving public assistance and the penalties for violation. The county shall also notify the recipient that it is illegal to discriminate on the grounds that a person is receiving public assistance and the procedures for filing a complaint. The county agency may develop procedures, including using the MAXIS system, to implement vendor notice and may charge vendors a fee not exceeding \$5 to cover notification costs.

(4) A vendor payment arrangement is not a guarantee that a vendor will be paid by the state or county for rent, goods, or services furnished to a recipient, and the state and county are not liable for any damages claimed by a vendor due to failure of the state or county to pay or to notify the vendor on behalf of a recipient, except under a specific written agreement between the state or county and the vendor or when the state or county has provided a voucher guaranteeing payment under certain conditions.

(5) The county shall be paid from state and federal funds available therefor the amount provided for in section 256.82.

(6) Federal funds available for administrative purposes shall be distributed between the state and the counties in the same proportion that expenditures were made except as provided for in section 256.017.

(7) The affected county may require that assistance paid under the AFDC emergency assistance program in the form of a rental unit damage deposit, less any amount retained by the landlord to remedy a tenant's default in payment of rent or other funds due to the landlord pursuant to a rental agreement, or to restore the premises to the condition at the commencement of the tenancy, ordinary wear and tear excepted, be returned to the county when the individual vacates the premises or paid to the recipient's new landlord as a vendor payment. The vendor payment of returned funds shall not be considered a new use of emergency assistance.

Sec. 27. [256.9831] [BENEFITS; GAMBLING ESTABLISHMENTS.]

Subdivision 1. [DEFINITION.] For purposes of this section "gambling establishment" means a bingo hall licensed under section 349.164, a racetrack licensed under section 240.06 or 240.09, a casino operated under a tribal-state compact under section 3.9221, or any other establishment that receives at least 50 percent of its gross revenue from the conduct of gambling.

Subd. 2. [FINANCIAL TRANSACTION CARDS.] The commissioner shall take all actions necessary to insure that no person may obtain benefits under chapter 256 or 256D through the use of a financial transaction card, as defined in section 609.821, subdivision 1, paragraph (a), at a terminal located in or attached to a gambling establishment.

Subd. 3. [WARRANTS.] The commissioner shall take all actions necessary to insure that warrants issued to pay benefits under chapter 256 or 256D bear a restrictive endorsement that prevents their being cashed in a gambling establishment.

Sec. 28. Minnesota Statutes 1995 Supplement, section 256D.02, subdivision 12a, is amended to read:

Subd. 12a. [RESIDENT.] (a) For purposes of eligibility for general assistance under section 256D.05, and payments under section 256D.054 and general assistance medical care, a "resident"

is a person living in the state for at least 30 days with the intention of making the person's home here and not for any temporary purpose. All applicants for these programs are required to demonstrate the requisite intent and can do so in any of the following ways:

(1) by showing that the applicant maintains a residence at a verified address, other than a place of public accommodation. An applicant may verify a residence address by presenting a valid state driver's license, a state identification card, a voter registration card, a rent receipt, a statement by the landlord, apartment manager, or homeowner verifying that the individual is residing at the address, or other form of verification approved by the commissioner; or

(2) by ~~providing written documentation~~ verifying residence in accordance with Minnesota Rules, part 9500.1219, subpart 3, item (c).

(b) An applicant who has been in the state for less than 30 days shall be considered a resident if the applicant can provide documentation:

(1) that the applicant ~~came to~~ was born in the state in response to an offer of employment;

(3) by providing verification (2) that the applicant has been a long-time resident of the state or was formerly a resident of the state for at least 365 days and is returning to the state from a temporary absence, as those terms are defined in rules to be adopted by the commissioner;

(3) that the applicant has come to the state to join a close relative which, for purposes of this subdivision, means a parent, grandparent, brother, sister, spouse, or child; or

(4) by providing other persuasive evidence to show that the applicant is a resident of the state, according to rules adopted by the commissioner that the applicant has come to this state to accept a bona fide offer of employment for which the applicant is eligible.

A county agency shall waive the 30-day residency requirement in cases of emergencies, including medical emergencies, or where unusual hardship would result from denial of general assistance medical care. A county may waive the 30-day residency requirement in cases of emergencies, including medical emergencies, or where unusual hardship would result from denial of general assistance. The county agency must report to the commissioner within 30 days on any waiver granted under this section. The county shall not deny an application solely because the applicant does not meet at least one of the criteria in this subdivision, but shall continue to process the application and leave the application pending until the residency requirement is met or until eligibility or ineligibility is established.

Sec. 29. Minnesota Statutes 1995 Supplement, section 256D.03, subdivision 2, is amended to read:

Subd. 2. After December 31, 1980, state aid shall be paid for 75 percent of all general assistance and grants up to the standards of ~~sections~~ section 256D.01, subdivision 1a, ~~and 256D.051~~, and according to procedures established by the commissioner, except as provided for under section 256.017. Benefits shall be issued to recipients by the state or county and funded according to section 256.025, subdivision 3.

Beginning July 1, 1991, the state will reimburse counties according to the payment schedule in section 256.025 for the county share of county agency expenditures made under this subdivision from January 1, 1991, on. Payment to counties under this subdivision is subject to the provisions of section 256.017.

Sec. 30. Minnesota Statutes 1995 Supplement, section 256D.03, subdivision 2a, is amended to read:

Subd. 2a. [COUNTY AGENCY OPTIONS.] Any county agency may, from its own resources, make payments of general assistance: (a) at a standard higher than that established by the commissioner without reference to the standards of section 256D.01, subdivision 1; or (b) to persons not meeting the eligibility standards set forth in section 256D.05, subdivision 1, ~~or 256D.051~~ but for whom the aid would further the purposes established in the general assistance program in accordance with rules adopted by the commissioner pursuant to the administrative

procedure act. The Minnesota department of human services may maintain client records and issue these payments, providing the cost of benefits is paid by the counties to the department of human services in accordance with sections 256.01 and 256.025, subdivision 3.

Sec. 31. Minnesota Statutes 1995 Supplement, section 256D.03, subdivision 3, is amended to read:

Subd. 3. [GENERAL ASSISTANCE MEDICAL CARE; ELIGIBILITY.] (a) General assistance medical care may be paid for any person who is not eligible for medical assistance under chapter 256B, including eligibility for medical assistance based on a spenddown of excess income according to section 256B.056, subdivision 5, and:

(1) who is receiving assistance under section 256D.05 or ~~256D.051~~, or who is having a payment made on the person's behalf under sections 256I.01 to 256I.06; or

(2)(i) who is a resident of Minnesota; and whose equity in assets is not in excess of \$1,000 per assistance unit. No asset test shall be applied to children and their parents living in the same household. Exempt assets, the reduction of excess assets, and the waiver of excess assets must conform to the medical assistance program in chapter 256B, with the following exception: the maximum amount of undistributed funds in a trust that could be distributed to or on behalf of the beneficiary by the trustee, assuming the full exercise of the trustee's discretion under the terms of the trust, must be applied toward the asset maximum; and

(ii) who has countable income not in excess of the assistance standards established in section 256B.056, subdivision 4, or whose excess income is spent down pursuant to section 256B.056, subdivision 5, using a six-month budget period, except that a one-month budget period must be used for recipients residing in a long-term care facility. The method for calculating earned income disregards and deductions for a person who resides with a dependent child under age 21 shall be as specified in section 256.74, subdivision 1. However, if a disregard of \$30 and one-third of the remainder described in section 256.74, subdivision 1, clause (4), has been applied to the wage earner's income, the disregard shall not be applied again until the wage earner's income has not been considered in an eligibility determination for general assistance, general assistance medical care, medical assistance, or aid to families with dependent children for 12 consecutive months. The earned income and work expense deductions for a person who does not reside with a dependent child under age 21 shall be the same as the method used to determine eligibility for a person under section 256D.06, subdivision 1, except the disregard of the first \$50 of earned income is not allowed; or

(3) who would be eligible for medical assistance except that the person resides in a facility that is determined by the commissioner or the federal health care financing administration to be an institution for mental diseases.

(b) Eligibility is available for the month of application, and for three months prior to application if the person was eligible in those prior months. A redetermination of eligibility must occur every 12 months.

(c) General assistance medical care is not available for a person in a correctional facility unless the person is detained by law for less than one year in a county correctional or detention facility as a person accused or convicted of a crime, or admitted as an inpatient to a hospital on a criminal hold order, and the person is a recipient of general assistance medical care at the time the person is detained by law or admitted on a criminal hold order and as long as the person continues to meet other eligibility requirements of this subdivision.

(d) General assistance medical care is not available for applicants or recipients who do not cooperate with the county agency to meet the requirements of medical assistance.

(e) In determining the amount of assets of an individual, there shall be included any asset or interest in an asset, including an asset excluded under paragraph (a), that was given away, sold, or disposed of for less than fair market value within the 60 months preceding application for general assistance medical care or during the period of eligibility. Any transfer described in this paragraph shall be presumed to have been for the purpose of establishing eligibility for general assistance

medical care, unless the individual furnishes convincing evidence to establish that the transaction was exclusively for another purpose. For purposes of this paragraph, the value of the asset or interest shall be the fair market value at the time it was given away, sold, or disposed of, less the amount of compensation received. For any uncompensated transfer, the number of months of ineligibility, including partial months, shall be calculated by dividing the uncompensated transfer amount by the average monthly per person payment made by the medical assistance program to skilled nursing facilities for the previous calendar year. The individual shall remain ineligible until this fixed period has expired. The period of ineligibility may exceed 30 months, and a reapplication for benefits after 30 months from the date of the transfer shall not result in eligibility unless and until the period of ineligibility has expired. The period of ineligibility begins in the month the transfer was reported to the county agency, or if the transfer was not reported, the month in which the county agency discovered the transfer, whichever comes first. For applicants, the period of ineligibility begins on the date of the first approved application.

(f)(1) Beginning October 1, 1993, an undocumented alien or a nonimmigrant is ineligible for general assistance medical care other than emergency services. For purposes of this subdivision, a nonimmigrant is an individual in one or more of the classes listed in United States Code, title 8, section 1101(a)(15), and an undocumented alien is an individual who resides in the United States without the approval or acquiescence of the Immigration and Naturalization Service.

(2) This subdivision does not apply to a child under age 18, to a Cuban or Haitian entrant as defined in Public Law Number 96-422, section 501(e)(1) or (2)(a), or to an alien who is aged, blind, or disabled as defined in United States Code, title 42, section 1382c(a)(1).

(3) For purposes of paragraph (f), "emergency services" has the meaning given in Code of Federal Regulations, title 42, section 440.255(b)(1), except that it also means services rendered because of suspected or actual pesticide poisoning.

Sec. 32. Minnesota Statutes 1995 Supplement, section 256D.05, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY.] (a) Each person or family whose income and resources are less than the standard of assistance established by the commissioner and who is a resident of the state shall be eligible for and entitled to general assistance if the person or family is:

(1) a person who is suffering from a professionally certified permanent or temporary illness, injury, or incapacity which is expected to continue for more than 30 days and which prevents the person from obtaining or retaining employment;

(2) a person whose presence in the home on a substantially continuous basis is required because of the professionally certified illness, injury, incapacity, or the age of another member of the household;

(3) a person who has been placed in, and is residing in, a licensed or certified facility for purposes of physical or mental health or rehabilitation, or in an approved chemical dependency domiciliary facility, if the placement is based on illness or incapacity and is pursuant to a plan developed or approved by the county agency through its director or designated representative;

(4) a person who resides in a shelter facility described in subdivision 3;

(5) a person not described in clause (1) or (3) who is diagnosed by a licensed physician, psychological practitioner, or other qualified professional, as mentally retarded or mentally ill, and that condition prevents the person from obtaining or retaining employment;

(6) a person who has an application pending for, or is appealing termination of benefits from, the social security disability program or the program of supplemental security income for the aged, blind, and disabled, provided the person has a professionally certified permanent or temporary illness, injury, or incapacity which is expected to continue for more than 30 days and which prevents the person from obtaining or retaining employment;

(7) a person who is unable to obtain or retain employment because advanced age significantly affects the person's ability to seek or engage in substantial work;

(8) a person who has been assessed by a vocational specialist and, in consultation with the county agency, has been determined to be unemployable for purposes of this item, a person is considered employable if there exist positions of employment in the local labor market, regardless of the current availability of openings for those positions, that the person is capable of performing. The person's eligibility under this category must be reassessed at least annually. The county agency must provide notice to the person not later than 30 days before annual eligibility under this item ends, informing the person of the date annual eligibility will end and the need for vocational assessment if the person wishes to continue eligibility under this clause. For purposes of establishing eligibility under this clause, it is the applicant's or recipient's duty to obtain any needed vocational assessment;

(9) a person who is determined by the county agency, in accordance with permanent rules adopted by the commissioner, to be learning disabled, provided that if a rehabilitation plan for the person is developed or approved by the county agency, the person is following the plan;

(10) a child under the age of 18 who is not living with a parent, stepparent, or legal custodian, but only if: the child is legally emancipated or living with an adult with the consent of an agency acting as a legal custodian; the child is at least 16 years of age and the general assistance grant is approved by the director of the county agency or a designated representative as a component of a social services case plan for the child; or the child is living with an adult with the consent of the child's legal custodian and the county agency. For purposes of this clause, "legally emancipated" means a person under the age of 18 years who: (i) has been married; (ii) is on active duty in the uniformed services of the United States; (iii) has been emancipated by a court of competent jurisdiction; or (iv) is otherwise considered emancipated under Minnesota law, and for whom county social services has not determined that a social services case plan is necessary, for reasons other than that the child has failed or refuses to cooperate with the county agency in developing the plan;

(11) a woman in the last trimester of pregnancy who does not qualify for aid to families with dependent children. A woman who is in the last trimester of pregnancy who is currently receiving aid to families with dependent children may be granted emergency general assistance to meet emergency needs;

(12) a person who is eligible for displaced homemaker services, programs, or assistance under section 268.96, but only if that person is enrolled as a full-time student;

(13) a person who lives more than two hours round-trip traveling time from any potential suitable employment;

(14) a person who is involved with protective or court-ordered services that prevent the applicant or recipient from working at least four hours per day;

(15)(i) a family as defined in section 256D.02, subdivision 5, which is ineligible for the aid to families with dependent children program.

(ii) ~~unless all adults in the family are exempt under section 256D.051, subdivision 3a, one each adult in the family unit must participate in and cooperate with the food stamp employment and training program under section 256D.051 each month that the family unit receives general assistance benefits. If the household contains more than one nonexempt adult, the adults may determine which adult must participate. The designation may be changed once annually at the annual redetermination of eligibility. If no designation is made or if the adults cannot agree, the county agency shall designate the adult having earned the greater of the incomes, including in-kind income, during the 24-month period immediately preceding the month of application for general assistance, as the adult that must participate. When there are no earnings or when earnings are identical for each adult, the county agency shall designate which adult must participate. The recipient's participation must begin on no later than the first day of the first full month following the determination of eligibility for general assistance benefits. To the extent of available resources, and with the county agency's consent, the recipient may voluntarily continue to participate in food stamp employment and training services for up to three additional consecutive months immediately following termination of general assistance benefits in order to complete the provisions of the recipient's employability development plan. If the an adult member fails without~~

good cause to participate in or cooperate with the food stamp employment and training program, the county agency shall concurrently terminate that person's eligibility for general assistance and food stamps for two months or until compliance is achieved, whichever is shorter, using the notice, good cause, conciliation and termination procedures specified in section 256D.051; or

(16) a person over age 18 whose primary language is not English and who is attending high school at least half time.

(b) Persons or families who are not state residents but who are otherwise eligible for general assistance may receive emergency general assistance to meet emergency needs.

(c) As a condition of eligibility under paragraph (a), clauses (1), (3), (5), (8), and (9), the recipient must complete an interim assistance agreement and must apply for other maintenance benefits as specified in section 256D.06, subdivision 5, and must comply with efforts to determine the recipient's eligibility for those other maintenance benefits.

(d) The burden of providing documentation for a county agency to use to verify eligibility for general assistance or for exemption from the food stamp employment and training program is upon the applicant or recipient. The county agency shall use documents already in its possession to verify eligibility, and shall help the applicant or recipient obtain other existing verification necessary to determine eligibility which the applicant or recipient does not have and is unable to obtain.

Sec. 33. Minnesota Statutes 1995 Supplement, section 256D.051, subdivision 1, is amended to read:

Subdivision 1. [FOOD STAMP EMPLOYMENT AND TRAINING PROGRAM.] The commissioner shall implement a food stamp employment and training program in order to meet the food stamp employment and training participation requirements of the United States Department of Agriculture. ~~Unless all adult members of the food stamp household are exempt under subdivision 3a, one nonexempt each adult recipient in each household the unit must participate in the food stamp employment and training program each month that the household person is eligible for food stamps, up to a maximum period of six calendar months during any 12 consecutive calendar month period. If the household contains more than one nonexempt adult, the adults may determine which adult must participate. The designation may be changed only once annually at the annual redetermination of eligibility. If no designation is made or if the adults cannot agree, the county agency shall designate the adult having earned the greater of the incomes, including in-kind income, during the 24-month period immediately preceding the month of application for food stamp benefits, as the adult that must participate. When there are no earnings or when earnings are identical for each adult, the county agency shall designate the adult that must participate. The person's participation in food stamp employment and training services must begin on no later than the first day of the calendar month following the date determination of eligibility for food stamps. With the county agency's consent, and to the extent of available resources, the person may voluntarily continue to participate in food stamp employment and training services for up to three additional consecutive months immediately following the end of the six-month mandatory participation period termination of food stamp benefits in order to complete the provisions of the person's employability development plan.~~

Sec. 34. Minnesota Statutes 1995 Supplement, section 256D.051, subdivision 6, is amended to read:

Subd. 6. [SERVICE COSTS.] Within the limits of available resources, the commissioner shall reimburse county agency expenditures for providing food stamp employment and training services including direct participation expenses and administrative costs. State food stamp employment and training funds shall be used only to pay the county agency's and food stamp employment and training service provider's actual costs of providing participant support services, direct program services, and program administrative costs for persons who participate in such employment and training services. The average annual reimbursable cost for providing food stamp employment and training services to a recipient for whom an individualized employability development plan is not completed must not exceed \$60 for the food stamp employment and training services, and ~~\$240~~ \$340 for necessary recipient support services such as transportation or child care needed to

participate in food stamp employment and training program. If an individualized employability development plan has been completed, the average annual reimbursable cost for providing food stamp employment and training services must not exceed \$300 \$400 for all services and costs necessary to implement the plan, including the costs of training, employment search assistance, placement, work experience, on-the-job training, other appropriate activities, the administrative and program costs incurred in providing these services, and necessary recipient support services such as tools, clothing, and transportation needed to participate in food stamp employment and training services. The county agency may expend additional county funds over and above the dollar limits of this subdivision without state reimbursement.

Sec. 35. Minnesota Statutes 1995 Supplement, section 256D.055, is amended to read:

256D.055 [COUNTY DESIGN; WORK FOCUSED PROGRAM.]

The commissioner of human services shall issue a request for proposals from counties to submit a plan for developing and implementing a county-designed program. The plan shall be for first-time applicants for aid to families with dependent children (AFDC) and family general assistance (FGA) and must emphasize the importance of becoming employed and oriented into the work force in order to become self-sufficient. The plan must target public assistance applicants who are most likely to become self-sufficient quickly with short-term assistance or services such as child care, child support enforcement, or employment and training services.

The plan may include vendor payments, mandatory job search, refocusing existing county or provider efforts, or other program features. The commissioner may approve a county plan which allows a county to use other program funding for the county work focus program in a more flexible manner. Nothing in this section shall allow payments made to the public assistance applicant to be less than the amount the applicant would have received if the program had not been implemented, or reduce or eliminate a category of eligible participants from the program without legislative approval.

The commissioner shall not approve a county plan that would have an adverse impact on the Minnesota family investment plan demonstration. If the plan is approved by the commissioner, the county may implement the plan. If the plan is approved by the commissioner, but a federal waiver is necessary to implement the plan, the commissioner shall apply for the necessary federal waivers. ~~If by July 1, 1996, at least four counties have not proposed a work focused plan, the commissioner of human services may pursue the work first plan as provided under sections 256.7351 to 256.7359. However, a county with a work focus plan that has been approved under this section may implement the plan.~~

Sec. 36. Minnesota Statutes 1994, section 256D.06, is amended by adding a subdivision to read:

Subd. 8. [RECOVERY OF ATM ERRORS.] For recipients receiving benefits via electronic benefit transfer, if the recipient is overpaid as a result of an automated teller machine (ATM) dispensing funds in error to the recipient, the agency may recover the ATM error by immediately withdrawing funds from the recipient's electronic benefit transfer account, up to the amount of the error.

Sec. 37. Minnesota Statutes 1995 Supplement, section 256D.09, subdivision 1, is amended to read:

Subdivision 1. [PRESUMPTIVE ELIGIBILITY; ~~VENDOR PAYMENTS.~~] Until the county agency has determined the initial eligibility of the applicant in accordance with section 256D.07 ~~or 256D.051~~, grants for emergency general assistance must be in the form of vouchers or vendor payments unless the county agency determines that a cash grant will best resolve the applicant's need for emergency assistance. Thereafter, grants of general assistance must be paid in cash, by electronic benefit transfer, or by direct deposit into the recipient's account in a financial institution, on the first day of the month, except as allowed in this section.

Sec. 38. Minnesota Statutes 1994, section 256D.10, is amended to read:

256D.10 [HEARINGS PRIOR TO REDUCTION; TERMINATION; SUSPENSION OF GENERAL ASSISTANCE GRANTS.]

No grant of general assistance except one made pursuant to section 256D.06, subdivision 2; 256D.051, subdivisions 1, paragraph (d), and 1a, paragraph (b); or 256D.08, subdivision 2, shall be reduced, terminated or suspended unless the recipient receives notice and is afforded an opportunity to be heard prior to any action by the county agency.

Nothing herein shall deprive a recipient of the right to full administrative and judicial review of an order or determination of a county agency as provided for in section 256.045 subsequent to any action taken by a county agency after a prior hearing.

Sec. 39. Minnesota Statutes 1994, section 256D.49, subdivision 3, is amended to read:

Subd. 3. [OVERPAYMENT OF MONTHLY GRANTS AND RECOVERY OF ATM ERRORS.] When the county agency determines that an overpayment of the recipient's monthly payment of Minnesota supplemental aid has occurred, it shall issue a notice of overpayment to the recipient. If the person is no longer receiving Minnesota supplemental aid, the county agency may request voluntary repayment or pursue civil recovery. If the person is receiving Minnesota supplemental aid, the county agency shall recover the overpayment by withholding an amount equal to three percent of the standard of assistance for the recipient or the total amount of the monthly grant, whichever is less. For recipients receiving benefits via electronic benefit transfer, if the overpayment is a result of an automated teller machine (ATM) dispensing funds in error to the recipient, the agency may recover the ATM error by immediately withdrawing funds from the recipient's electronic benefit transfer account, up to the amount of the error. Residents of nursing homes, regional treatment centers, and facilities with negotiated rates shall not have overpayments recovered from their personal needs allowance.

Sec. 40. Minnesota Statutes 1994, section 256E.08, subdivision 8, is amended to read:

Subd. 8. [REPORTING BY COUNTIES.] Beginning in calendar year 1980 each county shall submit to the commissioner of human services a financial accounting of the county's community social services fund, and other data required by the commissioner under section 256E.05, subdivision 3, paragraph (g), shall include:

(a) A detailed statement of income and expenses attributable to the fund in the preceding quarter; and

(b) A statement of the source and application of all money used for social services programs by the county during the preceding quarter, including the ~~number of clients served and~~ expenditures for each service provided, as required by the commissioner of human services.

In addition, each county shall submit to the commissioner of human services no later than February 15 of each year, a detailed balance sheet of the community social development fund for the preceding calendar year.

If county boards have joined or designated human service boards for purposes of providing community social services programs, the county boards may submit a joint statement or the human service board shall submit the statement, as applicable.

Sec. 41. Minnesota Statutes 1994, section 336.3-206, is amended to read:

336.3-206 [RESTRICTIVE ENDORSEMENT.]

(a) An endorsement limiting payment to a particular person or otherwise prohibiting further transfer or negotiation of the instrument is not effective to prevent further transfer or negotiation of the instrument.

(b) An endorsement stating a condition to the right of the endorsee to receive payment does not affect the right of the endorsee to enforce the instrument. A person paying the instrument or taking it for value or collection may disregard the condition, and the rights and liabilities of that person are not affected by whether the condition has been fulfilled.

(c) If an instrument bears an endorsement (i) described in section 336.4-201(b), or (ii) in blank or to a particular bank using the words "for deposit," "for collection," or other words indicating a purpose of having the instrument collected by a bank for the endorser or for a particular account, the following rules apply:

(1) A person, other than a bank, who purchases the instrument when so endorsed converts the instrument unless the amount paid for the instrument is received by the endorser or applied consistently with the endorsement.

(2) A depositary bank that purchases the instrument or takes it for collection when so endorsed converts the instrument unless the amount paid by the bank with respect to the instrument is received by the endorser or applied consistently with the endorsement.

(3) A payor bank that is also the depositary bank or that takes the instrument for immediate payment over the counter from a person other than a collecting bank converts the instrument unless the proceeds of the instrument are received by the endorser or applied consistently with the endorsement.

(4) Except as otherwise provided in paragraph (3), a payor bank or intermediary bank may disregard the endorsement and is not liable if the proceeds of the instrument are not received by the endorser or applied consistently with the endorsement.

(d) Except for an endorsement covered by subsection (c), if an instrument bears an endorsement using words to the effect that payment is to be made to the endorsee as agent, trustee, or other fiduciary for the benefit of the endorser or another person, the following rules apply:

(1) Unless there is notice of breach of fiduciary duty as provided in section 336.3-307, a person who purchases the instrument from the endorsee or takes the instrument from the endorsee for collection or payment may pay the proceeds of payment or the value given for the instrument to the endorsee without regard to whether the endorsee violates a fiduciary duty to the endorser.

(2) A subsequent transferee of the instrument or person who pays the instrument is neither given notice nor otherwise affected by the restriction in the endorsement unless the transferee or payor knows that the fiduciary dealt with the instrument or its proceeds in breach of fiduciary duty.

(e) The presence on an instrument of an endorsement to which this section applies does not prevent a purchaser of the instrument from becoming a holder in due course of the instrument unless the purchaser is a converter under subsection (c) or has notice or knowledge of breach of fiduciary duty as stated in subsection (d).

(f) In an action to enforce the obligation of a party to pay the instrument, the obligor has a defense if payment would violate an endorsement to which this section applies and the payment is not permitted by this section.

(g) Nothing in this section prohibits or limits the effectiveness of a restrictive endorsement made under section 256.9831, subdivision 3.

Sec. 42. [WAIVER AUTHORITY.]

The commissioner of human services shall seek federal waivers as necessary to implement sections 12 and 14.

Sec. 43. [SEVERABILITY.]

If any provision of sections 12, 14, or 28 is found to be unconstitutional or void by a court of competent jurisdiction, all remaining provisions of the law shall remain valid and shall be given full effect.

Sec. 44. [APPROPRIATION.]

\$450,000 is appropriated from the general fund to the commissioner of human services for the

fiscal year ending June 30, 1997, to be added to the AFDC child care entitlement fund to provide child care for two-parent families that are mandatory participants under Minnesota Statutes, chapter 256.

Sec. 45. [REPEALER.]

Minnesota Statutes 1994, section 256.736, subdivisions 10b and 11; Minnesota Statutes 1995 Supplement, section 256.736, subdivision 13, are repealed.

Sec. 46. [EFFECTIVE DATE.]

Sections 29 to 31 and 38 are retroactive to July 1, 1995.

ARTICLE 4 CHILD CARE

Section 1. [APPROPRIATION.]

\$5,000,000 is appropriated from the general fund to the commissioner of children, families, and learning for purposes of increasing the funding to the basic sliding fee child care program under Minnesota Statutes, section 256H.03, to be available for the fiscal year ending June 30, 1997.

ARTICLE 5 HEALTH PLAN PROVISIONS

Section 1. Minnesota Statutes 1994, section 62A.047, is amended to read:

62A.047 [CHILDREN'S HEALTH SUPERVISION SERVICES AND PRENATAL CARE SERVICES.]

A policy of individual or group health and accident insurance regulated under this chapter, or individual or group subscriber contract regulated under chapter 62C, health maintenance contract regulated under chapter 62D, or health benefit certificate regulated under chapter 64B, issued, renewed, or continued to provide coverage to a Minnesota resident, must provide coverage for child health supervision services and prenatal care services. The policy, contract, or certificate must specifically exempt reasonable and customary charges for child health supervision services and prenatal care services from a deductible, copayment, or other coinsurance or dollar limitation requirement. This section does not prohibit the use of policy waiting periods or preexisting condition limitations for these services. Minimum benefits may be limited to one visit payable to one provider for all of the services provided at each visit cited in this section subject to the schedule set forth in this section. Nothing in this section applies to a commercial health insurance policy issued as a companion to a health maintenance organization contract, a policy designed primarily to provide coverage payable on a per diem, fixed indemnity, or nonexpense incurred basis, or a policy that provides only accident coverage.

"Child health supervision services" means pediatric preventive services, appropriate immunizations, developmental assessments, and laboratory services appropriate to the age of a child from birth to age six, and appropriate immunizations from ages six to 18, as defined by Standards of Child Health Care issued by the American Academy of Pediatrics. Reimbursement must be made for at least five child health supervision visits from birth to 12 months, three child health supervision visits from 12 months to 24 months, once a year from 24 months to 72 months.

"Prenatal care services" means the comprehensive package of medical and psychosocial support provided throughout the pregnancy, including risk assessment, serial surveillance, prenatal education, and use of specialized skills and technology, when needed, as defined by Standards for Obstetric-Gynecologic Services issued by the American College of Obstetricians and Gynecologists.

Sec. 2. [62A.265] [COVERAGE FOR LYME DISEASE.]

Subdivision 1. [REQUIRED COVERAGE.] Every health plan, including a plan providing the coverage specified in section 62A.011, subdivision 3, clause (10), must cover treatment for diagnosed Lyme disease.

Subd. 2. [SPECIAL RESTRICTIONS PROHIBITED.] No health plan included in subdivision 1 may impose a special deductible, copayment, waiting period, or other special restriction on treatment for Lyme disease that the health plan does not apply to nonpreventive treatment in general.

Sec. 3. [EFFECTIVE DATE.]

Sections 1 and 2 are effective August 1, 1996, and applies to all health plans providing coverage to a Minnesota resident, issued, renewed, or continued on or after that date."

Delete the title and insert:

"A bill for an act relating to human services; providing for MNJOBS program; making changes to MFIP and income assistance programs; changing assistance programs; changing health plan regulations; requiring coverage for treatment of Lyme disease; appropriating money; amending Minnesota Statutes 1994, sections 53A.09; 62A.047; 256.031, by adding a subdivision; 256.033, by adding a subdivision; 256.034, by adding a subdivision; 256.035, subdivisions 1 and 6a; 256.73, subdivision 1, and by adding subdivisions; 256.736, subdivisions 1a, 3b, 4, and 12; 256D.06, by adding a subdivision; 256D.10; 256D.49, subdivision 3; 256E.08, subdivision 8; and 336.3-206; Minnesota Statutes 1995 Supplement, sections 256.0475, by adding a subdivision; 256.048, subdivisions 1, 4, 6, and 13; 256.73, subdivision 8; 256.736, subdivisions 10, 10a, 14, and 16; 256.737, subdivision 7; 256.76, subdivision 1; 256.81; 256D.02, subdivision 12a; 256D.03, subdivisions 2, 2a, and 3; 256D.05, subdivision 1; 256D.051, subdivisions 1 and 6; 256D.055; and 256D.09, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 62A and 256; repealing Minnesota Statutes 1994, section 256.736, subdivisions 10b and 11; Minnesota Statutes 1995 Supplement, section 256.736, subdivision 13."

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

House Conferees: (Signed) Bob Anderson, Mary Murphy, Ken Otremba

Senate Conferees: (Signed) Don Samuelson, Pat Piper, Jim Vickerman, Dan Stevens, Edward C. Oliver

Mr. Samuelson moved that the foregoing recommendations and Conference Committee Report on H.F. No. 219 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 219 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 58 and nays 6, as follows:

Those who voted in the affirmative were:

Beckman	Hottinger	Laidig	Neuville	Robertson
Belanger	Janezich	Langseth	Novak	Sams
Berg	Johnson, D.E.	Larson	Oliver	Samuelson
Betzold	Johnson, J.B.	Lesewski	Olson	Scheevel
Chandler	Johnston	Lessard	Ourada	Solon
Cohen	Kelly	Limmer	Pariseau	Spear
Day	Kiscaden	Marty	Piper	Stevens
Dille	Kleis	Metzen	Pogemiller	Stumpf
Finn	Knutson	Moe, R.D.	Price	Terwilliger
Fischbach	Kramer	Mondale	Ranum	Vickerman
Frederickson	Krentz	Morse	Reichgott Junge	
Hanson	Kroening	Murphy	Riveness	

Those who voted in the negative were:

Anderson	Flynn	Merriam	Pappas	Runbeck
Berglin				

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 343, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 343 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 2, 1996

CONFERENCE COMMITTEE REPORT ON H.F. NO. 343

A bill for an act proposing an amendment to the Minnesota Constitution, article VIII, by adding a section; providing for recall of elected state officers; amending Minnesota Statutes 1994, section 200.01; proposing coding for new law as Minnesota Statutes, chapter 211C.

April 2, 1996

The Honorable Irv Anderson
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H.F. No. 343, 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. 343 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

Section 1. [CONSTITUTIONAL AMENDMENT.]

An amendment to the Minnesota Constitution, amending article VIII by adding a section, is proposed to the people. If the amendment to article VIII is adopted, the new section will read:

Sec. 6. A member of the senate or the house of representatives, an executive officer of the state identified in section 1 of article V of the constitution, or a judge of the supreme court, the court of appeals, or a district court is subject to recall from office by the voters. The grounds for recall of a judge shall be established by the supreme court. The grounds for recall of an officer other than a judge are serious malfeasance or nonfeasance during the term of office in the performance of the duties of the office or conviction during the term of office of a serious crime. A petition for recall must set forth the specific conduct that may warrant recall. A petition may not be issued until the supreme court has determined that the facts alleged in the petition are true and are sufficient grounds for issuing a recall petition. A petition must be signed by a number of eligible voters who reside in the district where the officer serves and who number not less than 25 percent of the number of votes cast for the office at the most recent general election. Upon a determination by the secretary of state that a petition has been signed by at least the minimum number of eligible voters, a recall election must be conducted in the manner provided by law. A recall election may not occur less than six months before the end of the officer's term. An officer who is removed from office by a recall election or who resigns from office after a petition for recall issues may not be appointed to fill the vacancy that is created.

Sec. 2. [SCHEDULE AND QUESTION.]

The amendment shall be submitted to the people at the 1996 general election. The question submitted must be:

"Shall the Minnesota Constitution be amended to provide for recall of elected state officers for wrongdoing?"

Yes.....
No....."

ARTICLE 2

Section 1. Minnesota Statutes 1994, section 200.01, is amended to read:

200.01 [CITATION, MINNESOTA ELECTION LAW.]

This chapter and chapters 201, 202A, 203B, 204B, 204C, 204D, 205, 205A, 206, 208, 209, 211A, and 211B, and 211C shall be known as the Minnesota election law.

Sec. 2. [211C.01] [DEFINITIONS.]

Subdivision 1. [APPLICATION.] The definitions in this section and in chapter 200 apply to this chapter.

Subd. 2. [MALFEASANCE.] "Malfeasance" means the intentional commission of an unlawful or wrongful act by a state officer other than a judge in the performance of the officer's duties that is substantially outside the scope of the authority of the officer and that substantially infringes on the rights of any person or entity.

Subd. 3. [NONFEASANCE.] "Nonfeasance" means the intentional, repeated failure of a state officer other than a judge to perform specific acts that are required duties of the officer.

Subd. 4. [SERIOUS CRIME.] (a) "Serious crime" means a crime that is punished as a gross misdemeanor, as defined in section 609.02, and that involves assault, intentional injury or threat of injury to person or public safety, dishonesty, stalking, aggravated driving while intoxicated, coercion, obstruction of justice, or the sale or possession of controlled substances.

(b) "Serious crime" also means a crime that is punished as a misdemeanor, as defined in section 609.02, and that involves assault, intentional injury or threat of injury to person or public safety, dishonesty, coercion, obstruction of justice, or the sale or possession of controlled substances.

Subd. 5. [STATE OFFICER.] "State officer" means an individual occupying an office subject to recall under the Minnesota Constitution, article VIII, section 6.

Sec. 3. [211C.02] [GROUNDS.]

The grounds for recall of a judge shall be established by the supreme court. A state officer other than a judge may be subject to recall for serious malfeasance or nonfeasance during the term of office in the performance of the duties of the office or conviction during the term of office for a serious crime.

Sec. 4. [211C.03] [PETITION FOR RECALL; FORM AND CONTENT.]

The secretary of state shall prescribe by rule the form required for a recall petition. Each page of the petition must contain the following information:

(1) the name and office held by the state officer who is the subject of the recall petition and, in the case of a representative, senator, or district judge, the district number in which the state officer serves;

(2) the specific grounds upon which the state officer is sought to be recalled and a concise, accurate, and complete synopsis of the specific facts that are alleged to warrant recall on those grounds;

(3) a statement that a recall election, if conducted, will be conducted at public expense;

(4) a statement that persons signing the petition:

(i) must be eligible voters residing within the district where the state officer serves or, in the case of a statewide officer, within the state;

(ii) must know the purpose and content of the petition; and

(iii) must sign of their own free will and may sign only once; and

(5) a space for the signature and signature date; printed first, middle, and last name; residence address, including municipality and county; and data of birth of each signer.

The secretary of state shall make available sample recall petition forms upon request.

Sec. 5. [211C.04] [PROPOSED PETITION; SUBMITTAL.]

A petition to recall a state officer may be proposed by 25 or more persons, who must be eligible to sign and shall sign the proposed petition for the recall of the officer. The persons submitting the petition must designate in writing no more than three individuals among them to represent all petitioners in matters relating to the recall. The proposed petition must be submitted to the secretary of state in the manner and form required by the secretary of state and be accompanied by a fee of \$100. After the secretary of state issues a petition to recall a state officer under section 211C.06, the secretary of state may not accept a proposed petition to recall the same officer until either the earlier petition is dismissed by the secretary of state for a deficiency of signatures under section 211C.06, or the recall election brought about by the earlier petition results in the officer retaining the office. Upon receiving a proposed petition that satisfies the requirements of this section, the secretary of state shall immediately notify in writing the state officer named and forward the proposed petition to the clerk of the appellate courts for action under section 211C.05.

Sec. 6. [211C.05] [SUPREME COURT REVIEW OF PROPOSED PETITION.]

Subdivision 1. [ASSIGNMENT FOR HEARING.] Upon receiving a proposed petition from the secretary of state, the clerk of the appellate courts shall submit it immediately to the chief justice of the supreme court, or, if the chief justice is the subject of the proposed petition, to the most senior associate justice of the supreme court. The persons proposing the petition shall provide to the reviewing judge any materials supporting the petition. The officer who is named in the proposed petition may submit materials in opposition. The justice, or a designee if the justice has a conflict of interest or is unable to conduct the review in a timely manner, shall review the proposed petition to determine whether it alleges specific facts that, if proven, would constitute grounds for recall of the officer under the Minnesota Constitution, article VIII, section 6, and section 211C.02. If it does not, the justice shall immediately issue an order dismissing the petition and indicating the reason for dismissal. If the proposed petition does allege specific facts that, if proven, would constitute grounds for recall, the justice shall assign the case to a special master for a public hearing. The special master must be an active or retired judge. The justice shall complete the review under this section and dismiss the proposed petition or assign the case for hearing within ten days.

Subd. 2. [HEARING; REPORT.] A public hearing on the allegations of a proposed petition must be held within 21 days after issuance of the order of the justice assigning the case to a special master. The special master shall report to the court within seven days after the end of the public hearing. In the report, the special master shall determine:

(1) whether the persons proposing the petition have shown by a preponderance of the evidence that the factual allegations supporting the petition are true; and

(2) if so, whether the persons proposing the petition have shown that the facts found to be true are sufficient grounds for issuing a recall petition.

If the special master determines that these standards have been met, the report must include a statement of the specific facts and grounds for the recall petition.

Subd. 3. [SUPREME COURT; DECISION.] The supreme court shall review the report of the special master and make a decision on the petition within 20 days. If the court decides that the standard expressed in subdivision 2 has not been met, the court shall dismiss the petition. If the court decides that the standard for decision expressed in subdivision 2 has been met, the court shall prescribe, by order to the secretary of state, the statement of the specific facts and grounds that must appear on the petition for recall issued under section 211C.06. If the court dismisses a petition under this section because the persons proposing the petition have acted in bad faith in violation of section 211C.09, the court may assess the persons proposing the petition for reasonable costs of conducting the proceeding.

Sec. 7. [211C.06] [ISSUING, CIRCULATING, AND VERIFYING PETITION.]

Upon receipt of the order from the supreme court, the secretary of state shall issue a recall petition. When the required number of signatures on the petition have been secured, the petition may be filed with the secretary of state. The petition must be filed within 90 days after the date of issuance. Upon the filing of the petition, the secretary of state shall verify the number and eligibility of signers in the manner provided by the secretary of state. If the secretary of state determines that a petition has been signed by a sufficient number of eligible voters, the secretary of state shall certify the petition and immediately notify in writing the governor, the petitioners, and the state officer named in the petition. If the petition is not signed by a sufficient number of eligible voters, the secretary of state shall dismiss the petition.

Sec. 8. [211C.07] [GOVERNOR; WRIT OF ELECTION; ELECTION.]

Within five days of receiving certification of a petition under section 211C.06, the governor shall issue a writ calling for a recall election, unless the election cannot be held before the deadline specified in the Minnesota Constitution, article VIII, section 6. A recall election must be conducted, and the results canvassed and returned, in the manner provided by law for the state general election.

Sec. 9. [211C.08] [ELECTION RESULT; REMOVAL FROM OFFICE.]

If a majority of the votes cast in a recall election favor the removal of the state officer, upon certification of that result the state officer is removed from office and the office is vacant.

Sec. 10. [211C.09] [RECALL PETITION; CORRUPT PRACTICES.]

A person proposing a petition may not allege any material fact in support of the petition that the person knows is false or has alleged with reckless disregard of whether it is false. A person may not intentionally make any false entry on a petition or aid, abet, counsel, or procure another to do so. A person may not use threat, intimidation, coercion, or other corrupt means to interfere or attempt to interfere with the right of any eligible voter to sign or not to sign a recall petition of their own free will. A person may not, for any consideration, compensation, gift, reward, or thing of value or promise thereof, sign or not sign a recall petition.

The supreme court may dismiss a proposed petition for violation of this section. Notwithstanding section 645.241, the sole remedy for a violation of this section is dismissal of the petition by the supreme court.

Sec. 11. [EFFECTIVE DATE.]

Article 2 is effective upon ratification of the constitutional amendment in article 1."

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

House Conferees: (Signed) Betty McCollum, Thomas Pugh, Tim Pawlenty

Senate Conferees: (Signed) Ember D. Reichgott Junge, Randy C. Kelly, Dallas C. Sams

Ms. Reichgott Junge moved that the foregoing recommendations and Conference Committee Report on H.F. No. 343 be now adopted, and that the bill be repassed as amended by the Conference Committee.

CALL OF THE SENATE

Ms. Reichgott Junge imposed a call of the Senate for the balance of the proceedings on H.F. No. 343. The Sergeant at Arms was instructed to bring in the absent members.

The question recurred on the motion of Ms. Reichgott Junge to adopt the Conference Committee Report. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 343 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 34 and nays 30, as follows:

Those who voted in the affirmative were:

Anderson	Flynn	Langseth	Murphy	Sams
Beckman	Hanson	Marty	Pappas	Samuelson
Berglin	Hottinger	Merriam	Piper	Solon
Betzold	Janezich	Metzen	Price	Spear
Chandler	Johnson, J.B.	Moe, R.D.	Ranum	Stumpf
Cohen	Kelly	Mondale	Reichgott Junge	Vickerman
Finn	Krentz	Morse	Riveness	

Those who voted in the negative were:

Belanger	Johnson, D.E.	Kroening	Neuville	Pogemiller
Berg	Johnston	Laidig	Novak	Robertson
Day	Kiscaden	Larson	Oliver	Runbeck
Dille	Kleis	Lesewski	Olson	Scheevel
Fischbach	Knutson	Lessard	Ourada	Stevens
Frederickson	Kramer	Limmer	Pariseau	Terwilliger

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MEMBERS EXCUSED

Mr. Chmielewski and Ms. Wiener were excused from the Session of today. Mr. Finn was excused from the Session of today from 9:00 a.m. to 2:00 p.m. Mr. Riveness was excused from the Session of today from 9:00 to 10:50 a.m. Mr. Lessard was excused from the Session of today from 9:00 to 11:30 a.m. Mr. Laidig was excused from the Session of today from 9:00 to 11:00 a.m.

The following member was excused from today's Session for brief periods of time: Mr. Johnson, D.J.

ADJOURNMENT

Mr. Moe, R.D. moved that the Senate do now adjourn until 11:00 a.m., Wednesday, April 3, 1996. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

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