

STATE OF MINNESOTA

Journal of the Senate

EIGHTY-SECOND LEGISLATURE

THIRTY-FIFTH DAY

St. Paul, Minnesota, Wednesday, April 18, 2001

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

CALL OF THE SENATE

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

Prayer was offered by the Chaplain, Rev. Brian J. Fier.

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

Anderson	Frederickson	Knutson	Oliver	Robling
Bachmann	Higgins	Krentz	Olson	Sabo
Belanger	Hottinger	Langseth	Orfield	Sams
Berg	Johnson, Dave	Larson	Ourada	Samuelson
Berglin	Johnson, Dean	Lesewski	Pappas	Scheevel
Betzold	Johnson, Debbie	Lessard	Pariseau	Schwab
Chaudhary	Johnson, Doug	Limmer	Pogemiller	Stevens
Cohen	Kelley, S.P.	Lourey	Price	Stumpf
Day	Kelly, R.C.	Marty	Ranum	Tomassoni
Dille	Kierlin	Metzen	Reiter	Vickerman
Fischbach	Kinkel	Moe, R.D.	Rest	Wiener
Foley	Kiscaden	Murphy	Ring	Wiger
Fowler	Kleis	Neuville	Robertson	

The President declared a quorum present.

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

MEMBERS EXCUSED

Senators Scheid, Solon and Terwilliger were excused from the Session of today.

EXECUTIVE AND OFFICIAL COMMUNICATIONS

The following communications were received and referred to the committees indicated.

August 3, 1999

The Honorable Allan H. Spear
President of the Senate

Dear Sir:

The following appointment is hereby respectfully submitted to the Senate for confirmation as required by law:

MINNESOTA HOUSING FINANCE AGENCY

Lee Himle, 516 Hillcrest Drive, Spring Valley, Minnesota 55975, in the county of Fillmore, effective July 5, 1999, for a four-year term expiring on January 6, 2003.

(Referred to the Committee on Jobs, Housing and Community Development.)

January 23, 2001

The Honorable Don Samuelson
President of the Senate

Dear Sir:

The following appointment is hereby respectfully submitted to the Senate for confirmation as required by law:

JUDGE OF THE WORKERS' COMPENSATION COURT OF APPEALS

Thomas Johnson, 1510 Red Cedar Road, Eagan, Minnesota 55121 in the county of Dakota, effective January 30, 2001, for a six-year term expiring on January 1, 2007.

(Referred to the Committee on Jobs, Housing and Community Development.)

January 25, 2001

The Honorable Don Samuelson
President of the Senate

Dear Sir:

The following appointment is hereby respectfully submitted to the Senate for confirmation as required by law:

BOARD ON JUDICIAL STANDARDS

Cyndy Brucato, 6109 Sherman Circle, Edina, Minnesota 55436 in the county of Hennepin, effective February 1, 2001, for a four-year term expiring on January 3, 2005.

(Referred to the Committee on Judiciary.)

January 26, 2001

The Honorable Don Samuelson
President of the Senate

Dear Sir:

The following appointments are hereby respectfully submitted to the Senate for confirmation as required by law:

MINNESOTA VETERANS HOMES BOARD OF DIRECTORS

Gordon Baden, 100 West Second Street, Post Office Box 147, Jasper, Minnesota 56144 in the county of Pipestone, effective February 2, 2001, for a four-year term expiring on January 3, 2005.

MaryLu Brunner, 110972 Von Herten Circle, Chaska, Minnesota 55318 in the county of Carver, effective February 2, 2001, for a four-year term expiring on January 3, 2005.

Violet Wagoner, 11033 North 32nd Street, Lake Elmo, Minnesota 55042 in the county of Washington, effective February 2, 2001, for a four-year term expiring on January 3, 2005.

(Referred to the Committee on Agriculture, General Legislation and Veterans Affairs.)

February 2, 2001

The Honorable Don Samuelson
President of the Senate

Dear Sir:

The following appointments are hereby respectfully submitted to the Senate for confirmation as required by law:

MINNESOTA RURAL FINANCE AUTHORITY

Patrick Thiry, 37767 Rendova Street Northeast, Stanchfield, Minnesota 55080 in the county of Isanti, effective February 9, 2001, for a four-year term expiring on January 3, 2005.

William Thyne, 321 Stephens Avenue, Ortonville, Minnesota 56278 in the county of Big Stone, effective February 9, 2001, for a four-year term expiring on January 3, 2005.

(Referred to the Committee on Agriculture, General Legislation and Veterans Affairs.)

February 2, 2001

The Honorable Don Samuelson
President of the Senate

Dear Sir:

The following appointment is hereby respectfully submitted to the Senate for confirmation as required by law:

TAX COURT

Kathleen Hvass Sanberg, 4509 Drexel Avenue South, Edina, Minnesota 55424 in the county of Hennepin, effective February 28, 2001, for a six-year term expiring on January 1, 2007.

(Referred to the Committee on Taxes.)

February 5, 2001

The Honorable Don Samuelson
President of the Senate

Dear Sir:

The following appointments are hereby respectfully submitted to the Senate for confirmation as required by law:

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

Carol Blomberg, 20016 County Road 56, Nashwauk, Minnesota 55769, in the county of Itasca, effective February 10, 2001 for a four-year term expiring on January 3, 2005.

David Rowland, 5003 Arden Avenue, Edina, Minnesota 55424-1315, in the county of Hennepin, effective February 10, 2001 for a four-year term expiring on January 3, 2005.

(Referred to the Committee on Education.)

February 27, 2001

The Honorable Don Samuelson
President of the Senate

Dear Sir:

The following appointments are hereby respectfully submitted to the Senate for confirmation as required by law:

EMERGENCY MEDICAL SERVICES REGULATORY BOARD

Steve Haavisto, 90 N. 2nd Street, Pine City, Minnesota 55063-1522, in the county of Pine, effective March 3, 2001 to complete a term expiring on January 7, 2002.

Martin Scheerer, 5104 Danens Drive, Edina, Minnesota 55439-1403, in the county of Hennepin, effective March 3, 2001 to complete a term expiring on January 6, 2003.

Linda Way, 604 Dale Place, Duluth, Minnesota 55811-1914, in the county of Saint Louis, effective March 3, 2001 to complete a term expiring on January 7, 2002.

(Referred to the Committee on Health and Family Security.)

February 27, 2001

The Honorable Don Samuelson
President of the Senate

Dear Sir:

The following appointment is hereby respectfully submitted to the Senate for confirmation as required by law:

MINNESOTA ENVIRONMENTAL QUALITY BOARD

Mary Mellen, 2813 South 8th Street, Minneapolis, Minnesota 55454-1440, in the county of Hennepin, effective March 3, 2001 for a four-year term expiring on January 3, 2005.

(Referred to the Committee on Environment and Natural Resources.)

Sincerely,
Jesse Ventura, Governor

April 13, 2001

The Honorable Steve Sviggum
Speaker of the House of Representatives

The Honorable Don Samuelson
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 2001 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S.F. No.	H.F. No.	Session Laws Chapter No.	Time and Date Approved 2001	Date Filed 2001
702		27	1:50 p.m. April 13	April 13
225		26	1:50 p.m. April 13	April 13
480		24	1:55 p.m. April 13	April 13
	57	25	1:50 p.m. April 13	April 13
1204		28	1:55 p.m. April 13	April 13
883		29	1:55 p.m. April 13	April 13

Sincerely,
Mary Kiffmeyer
Secretary of State

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following Senate Files, herewith returned: S.F. Nos. 274, 283 and 1435.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 17, 2001

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. 319: A bill for an act relating to judgments; regulating the discharge of judgments against bankruptcy debtors; amending Minnesota Statutes 2000, section 548.181, subdivision 2.

Senate File No. 319 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 17, 2001

Senator Moe, R.D. moved that S.F. No. 319 be laid on the table. The motion prevailed.

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. 174: A bill for an act relating to traffic regulations; allowing gross weight seasonal increase for transporting carrots; amending Minnesota Statutes 2000, section 169.825, subdivision 11.

Senate File No. 174 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 17, 2001

Senator Moe, R.D. moved that the Senate do not concur in the amendments by the House to S.F. No. 174, 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.

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 865, 1260, 1748, 1889, 1188, 1247 and 1522.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 17, 2001

FIRST READING OF HOUSE BILLS

The following bills were read the first time and referred to the committees indicated.

H.F. No. 865: A bill for an act relating to criminal justice; providing for community service in lieu of criminal fines in certain instances; amending Minnesota Statutes 2000, section 609.101, subdivision 5.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1266, now on General Orders.

H.F. No. 1260: A bill for an act relating to family law; neutralizing certain terminology; amending Minnesota Statutes 2000, sections 518.131, subdivision 2; 518.155; 518.171, subdivisions 1, 4, 5, 6, and 8; 518.175; 518.1751, subdivision 1b; 518.176, subdivision 1; 518.18; 518.55, subdivision 1; 518.551, subdivisions 5 and 5e; 518.612; and 518.64, subdivision 2.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1332, now on the Consent Calendar.

H.F. No. 1748: A bill for an act relating to health; authorizing the emergency medical services regulatory board to grant temporary variances from staffing requirements for basic life support ambulances operated by rural ambulance services; amending Minnesota Statutes 2000, section 144E.101, subdivision 6.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2097, now on General Orders.

H.F. No. 1889: A bill for an act relating to filings with the secretary of state; providing for the orderly revocation of delinquent foreign corporations; regulating certain transition issues under the Uniform Partnership Act of 1994; amending Minnesota Statutes 2000, sections 303.17, subdivisions 2, 3, 4; 323A.12-02.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1831, now on the Consent Calendar.

H.F. No. 1188: A bill for an act relating to environment; regulating ash disposal from fire training exercises; amending Minnesota Statutes 2000, section 116.07, by adding a subdivision.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1045, now on General Orders.

H.F. No. 1247: A bill for an act relating to veterans homes; providing for the veterans homes board to administer planned giving donations; amending Minnesota Statutes 2000, section 198.16; repealing Minnesota Statutes 2000, section 198.161.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1506, now on General Orders.

H.F. No. 1522: A bill for an act relating to health; modifying requirements for full-time nursing home administrators; amending Minnesota Statutes 2000, section 144A.04, subdivisions 5 and 7a; repealing Minnesota Statutes 2000, section 144A.04, subdivision 5a; and Minnesota Rules, part 4658.0055, subpart 2.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1421, now on General Orders.

REPORTS OF COMMITTEES

Senator Moe, R.D. moved that the Committee Reports at the Desk be now adopted, with the exception of the reports on S.F. Nos. 2121 and 160. The motion prevailed.

Senator Sams from the Committee on Health and Family Security, to which was referred

S.F. No. 923: A bill for an act relating to health occupations; exempting certain persons who are refugees or immigrants to the United States and for whom English is a second language from the examination requirement for social work licensure and for obtaining a temporary permit to practice social work; amending Minnesota Statutes 2000, section 148B.21, subdivisions 3, 4, 5, 6, and 7.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2000, section 148B.21, subdivision 3, is amended to read:

Subd. 3. [SOCIAL WORKER.] (a) Except as provided in paragraph (b), to be licensed as a social worker, an applicant must provide evidence satisfactory to the board that the applicant:

- (1) has received a baccalaureate degree from an accredited program of social work;
- (2) has passed the examination provided for in section 148B.20, subdivision 1;
- (3) will engage in social work practice only under supervision as defined in section 148B.18, subdivision 12, for at least two years in full-time employment or 4,000 hours of part-time employment;
- (4) will conduct all professional activities as a social worker in accordance with standards for professional conduct established by the statutes and rules of the board; and
- (5) has not engaged in conduct warranting a disciplinary action against a licensee. If the applicant has engaged in conduct warranting disciplinary action against a licensee, the board may issue a license only on the applicant's showing that the public will be protected through the issuance of a license with conditions or limitations approved by the board.

(b) An applicant who was born in a foreign country, who has taken and failed to pass the examination specified in paragraph (a), clause (2), at least once since January 1, 2000, and for whom English is a second language, is eligible for licensure as a social worker if the applicant:

- (1) provides evidence satisfactory to the board of compliance with the requirements in paragraph (a), clauses (1), (3), (4), and (5); and
- (2) provides to the board letters of recommendation and experience ratings from two licensed social workers and one professor from the applicant's social work program who can attest to the applicant's competence.

This paragraph expires August 1, 2005.

Sec. 2. Minnesota Statutes 2000, section 148B.21, subdivision 4, is amended to read:

Subd. 4. [GRADUATE SOCIAL WORKER.] (a) Except as provided in paragraph (b), to be licensed as a graduate social worker, an applicant must provide evidence satisfactory to the board that the applicant:

- (1) has received a master's degree from an accredited program of social work or doctoral degree in social work;
- (2) has passed the examination provided for in section 148B.20, subdivision 1;
- (3) will engage in social work practice only under supervision as defined in section 148B.18, subdivision 12;
- (4) will conduct all professional activities as a graduate social worker in accordance with standards for professional conduct established by the statutes and rules of the board; and
- (5) has not engaged in conduct warranting a disciplinary action against a licensee. If the applicant has engaged in conduct warranting disciplinary action against a licensee, the board may issue a license only on the applicant's showing that the public will be protected through the issuance of a license with conditions or limitations approved by the board.

(b) An applicant who was born in a foreign country, who has taken and failed to pass the examination specified in paragraph (a), clause (2), at least once since January 1, 2000, and for whom English is a second language, is eligible for licensure as a graduate social worker if the applicant:

- (1) provides evidence satisfactory to the board of compliance with the requirements in paragraph (a), clauses (1), (3), (4), and (5); and
- (2) provides to the board letters of recommendation and experience ratings from two licensed social workers and one professor from the applicant's social work program who can attest to the applicant's competence.

This paragraph expires August 1, 2005.

Sec. 3. Minnesota Statutes 2000, section 148B.21, subdivision 5, is amended to read:

Subd. 5. [INDEPENDENT SOCIAL WORKER.] (a) Except as provided in paragraph (b), to be licensed as an independent social worker, an applicant must provide evidence satisfactory to the board that the applicant:

(1) has received a master's degree from an accredited program of social work or doctoral degree in social work;

(2) has passed the examination provided for in section 148B.20, subdivision 1;

(3) has practiced social work for at least two years in full-time employment or 4,000 hours of part-time employment under supervision as defined in section 148B.18, subdivision 12, after receiving the master's or doctoral degree in social work;

(4) will conduct all professional activities as an independent social worker in accordance with standards for professional conduct established by the statutes and rules of the board; and

(5) has not engaged in conduct warranting a disciplinary action against a licensee. If the applicant has engaged in conduct warranting disciplinary action against a licensee, the board may issue a license only on the applicant's showing that the public will be protected through the issuance of a license with conditions or limitations approved by the board.

(b) An applicant who was born in a foreign country, who has taken and failed to pass the examination specified in paragraph (a), clause (2), at least once since January 1, 2000, and for whom English is a second language, is eligible for licensure as an independent social worker if the applicant:

(1) provides evidence satisfactory to the board of compliance with the requirements in paragraph (a), clauses (1), (3), (4), and (5); and

(2) provides to the board letters of recommendation and experience ratings from two licensed social workers and one professor from the applicant's social work program who can attest to the applicant's competence.

This paragraph expires August 1, 2005.

Sec. 4. Minnesota Statutes 2000, section 148B.21, subdivision 6, is amended to read:

Subd. 6. [INDEPENDENT CLINICAL SOCIAL WORKER.] (a) Except as provided in paragraph (b), to be licensed as an independent clinical social worker, an applicant must provide evidence satisfactory to the board that the applicant:

(1) has received a master's degree from an accredited program of social work, or doctoral degree in social work, that included an advanced concentration of clinically oriented course work as defined by the board and a supervised clinical field placement at the graduate level, or post-master's clinical training that is found by the board to be equivalent to that course work and field placement;

(2) has practiced clinical social work for at least two years in full-time employment or 4,000 hours of part-time employment under supervision as defined in section 148B.18, subdivision 12, after receiving the master's or doctoral degree in social work;

(3) has passed the examination provided for in section 148B.20, subdivision 1;

(4) will conduct all professional activities as an independent clinical social worker in accordance with standards for professional conduct established by the statutes and rules of the board; and

(5) has not engaged in conduct warranting a disciplinary action against a licensee. If the

applicant has engaged in conduct warranting disciplinary action against a licensee, the board may issue a license only on the applicant's showing that the public will be protected through the issuance of a license with conditions or limitations approved by the board.

(b) An applicant who was born in a foreign country, who has taken and failed to pass the examination specified in paragraph (a), clause (3), at least once since January 1, 2000, and for whom English is a second language, is eligible for licensure as an independent clinical social worker if the applicant:

(1) provides evidence satisfactory to the board of compliance with the requirements in paragraph (a), clauses (1), (2), (4), and (5); and

(2) provides to the board letters of recommendation and experience ratings from two licensed social workers and one professor from the applicant's social work program who can attest to the applicant's competence.

This paragraph expires August 1, 2005.

Sec. 5. Minnesota Statutes 2000, section 148B.21, subdivision 7, is amended to read:

Subd. 7. [TEMPORARY PERMIT.] (a) The board may issue a temporary permit to practice social work to an applicant in the following situations, provided the applicant meets all other requirements for licensure:

(1) the applicant has passed the licensure examination and the applicant's accredited program of social work has submitted an affidavit on a form provided by the board verifying the applicant's completion of the requirements for a degree. The affidavit must be submitted within 15 days of the date of completion of the degree requirements. The temporary permit under this clause is valid for six months, or until a license is issued, whichever comes first, and is nonrenewable;

(2) the applicant has applied for licensure under section 148B.24 and the board determines that the applicant must pass the licensure examination before being licensed. The temporary permit under this clause is valid if the applicant passes the examination and completes the licensure process within the time periods specified by the board, and is nonrenewable; or

(3) the applicant has passed the licensure examination, has graduated from a program of social work in candidacy status with the Council on Social Work Education, and the program of social work has submitted an affidavit on a form provided by the board verifying the applicant's completion of the requirements for a degree. The affidavit must be submitted within 15 days of the date of completion of the degree requirements. The temporary permit under this clause is valid for six months, and may be extended at the board's discretion upon a showing that the social work program remains in good standing with the Council on Social Work Education. If the board receives notice from the Council on Social Work Education that the program of social work is not in good standing or that accreditation will not be granted to the program of social work, then the temporary permit shall be invalid immediately and the applicant shall not qualify for licensure; or

(4) the applicant was born in a foreign country, the applicant has taken and failed to pass the licensure examination, English is a second language for the applicant, and the applicant's accredited program of social work has submitted an affidavit on a form provided by the board verifying the applicant's completion of the requirements for a degree. The affidavit must be submitted within 15 days of the date of completion of the degree requirements. The temporary permit under this clause is valid for six months or until a license is issued, whichever comes first, and is nonrenewable. This clause expires August 1, 2005.

(b) An applicant who obtains a temporary permit may practice social work only under the supervision of a licensed social worker who is eligible to provide supervision under section 148B.18, subdivision 12. The applicant's supervisor must provide evidence to the board, before the applicant is approved by the board for licensure, that the applicant has practiced social work under supervision. This supervision will not apply toward the supervision requirement required after licensure.

(c) A temporary permit is nonrenewable.

Sec. 6. [STUDY OF THE SOCIAL WORKER LICENSE EXAMINATION.]

(a) The board of social work shall, upon receipt of funding from federal or private sources, commission a study by an independent researcher to determine the extent to which the social work licensure examination failure rate for applicants who were born in a foreign country and for whom English is not their first language is greater than the failure rate for applicants from other populations taking the licensure examination, and the underlying cause of any such disparity. The study shall include consultations with and the collection of data from Minnesota social work educators; representatives of culturally based community organizations, including, but not limited to, the Asian-Pacific, Chicano/Latino, and Somali populations; and the national organization that develops, owns, and maintains the social work examinations used by the board. The study shall also include the collection and review of relevant data from other health-related boards in Minnesota, as well as relevant data from social work and health-related boards in other states. The results of the study shall be reported directly to the board.

(b) Provided funding is received to conduct the study, the board shall submit a report to the legislature by September 1, 2003. The report shall include the results of the study as well as recommendations on possible remedies to address any disparity in examination failure rates among different populations."

Amend the title as follows:

Page 1, line 2, after the semicolon, insert "temporarily"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Senator Sams from the Committee on Health and Family Security, to which was referred

S.F. No. 1399: A bill for an act relating to human services; changing provisions to improve access to home and community-based options for individuals with disabilities; modifying provisions for consumer control in some services; creating a consumer-directed home care demonstration project; amending Minnesota Statutes 2000, sections 252.275, subdivision 4b; 254B.03, subdivision 1; 254B.09, by adding a subdivision; 256.01, by adding a subdivision; 256.476, subdivisions 1, 2, 3, 4, 5, 8, and by adding a subdivision; 256B.0625, subdivisions 7, 19a, 19c, 20, and by adding a subdivision; 256B.0627, subdivisions 1, 2, 4, 5, 7, 8, 10, 11, and by adding subdivisions; 256B.0911, by adding a subdivision; 256B.093, subdivision 3; 256B.095; 256B.0951, subdivisions 1, 3, 4, 5, 6, and by adding a subdivision; 256B.0952, subdivisions 1 and 4; 256B.0955; 256B.49, by adding subdivisions; 256B.5012, by adding a subdivision; and 256D.44, subdivision 5; repealing Minnesota Statutes 2000, sections 145.9245; 256.476, subdivision 7; 256B.0912; 256B.0915, subdivisions 3a, 3b, and 3c; 256B.0951, subdivision 7; and 256B.49, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, and 10; Minnesota Rules, parts 9505.2455; 9505.2458; 9505.2460; 9505.2465; 9505.2470; 9505.2473; 9505.2475; 9505.2480; 9505.2485; 9505.2486; 9505.2490; 9505.2495; 9505.2496; 9505.2500; 9505.3010; 9505.3015; 9505.3020; 9505.3025; 9505.3030; 9505.3035; 9505.3040; 9505.3065; 9505.3085; 9505.3135; 9505.3500; 9505.3510; 9505.3520; 9505.3530; 9505.3535; 9505.3540; 9505.3545; 9505.3550; 9505.3560; 9505.3570; 9505.3575; 9505.3580; 9505.3585; 9505.3600; 9505.3610; 9505.3620; 9505.3622; 9505.3624; 9505.3626; 9505.3630; 9505.3635; 9505.3640; 9505.3645; 9505.3650; 9505.3660; and 9505.3670.

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

Page 1, after line 35, insert:

"Section 1. Minnesota Statutes 2000, section 245A.13, subdivision 7, is amended to read:

Subd. 7. [RATE RECOMMENDATION.] The commissioner of human services may review rates of a residential program participating in the medical assistance program which is in receivership and that has needs or deficiencies documented by the department of health or the

department of human services. If the commissioner of human services determines that a review of the rate established under ~~section 256B.501~~ sections 256B.5012 and 256B.5013 is needed, the commissioner shall:

- (1) review the order or determination that cites the deficiencies or needs; and
- (2) determine the need for additional staff, additional annual hours by type of employee, and additional consultants, services, supplies, equipment, repairs, or capital assets necessary to satisfy the needs or deficiencies.

Sec. 2. Minnesota Statutes 2000, section 245A.13, subdivision 8, is amended to read:

Subd. 8. [ADJUSTMENT TO THE RATE.] Upon review of rates under subdivision 7, the commissioner may adjust the residential program's payment rate. The commissioner shall review the circumstances, together with the residential program cost report program's most recent income and expense report, to determine whether or not the deficiencies or needs can be corrected or met by reallocating residential program staff, costs, revenues, or any other resources including any investments, efficiency incentives, or allowances. If the commissioner determines that any deficiency cannot be corrected or the need cannot be met with the payment rate currently being paid, the commissioner shall determine the payment rate adjustment by dividing the additional annual costs established during the commissioner's review by the residential program's actual resident days from the most recent ~~desk-audited-cost~~ income and expense report or the estimated resident days in the projected receivership period. The payment rate adjustment must meet the conditions in Minnesota Rules, parts 9553.0010 to 9553.0080, and remains in effect during the period of the receivership or until another date set by the commissioner. Upon the subsequent sale, closure, or transfer of the residential program, the commissioner may recover amounts that were paid as payment rate adjustments under this subdivision. This recovery shall be determined through a review of actual costs and resident days in the receivership period. The costs the commissioner finds to be allowable shall be divided by the actual resident days for the receivership period. This rate shall be compared to the rate paid throughout the receivership period, with the difference multiplied by resident days, being the amount to be repaid to the commissioner. Allowable costs shall be determined by the commissioner as those ordinary, necessary, and related to resident care by prudent and cost-conscious management. The buyer or transferee shall repay this amount to the commissioner within 60 days after the commissioner notifies the buyer or transferee of the obligation to repay. This provision does not limit the liability of the seller to the commissioner pursuant to section 256B.0641.

Page 7, line 13, strike "nursing"

Page 7, strike line 14

Page 7, line 15, strike everything before "recipients"

Page 10, line 1, strike "attendant" and insert "assistant"

Page 11, line 2, strike "shall" and insert "may"

Page 11, lines 11 and 12, reinstate the stricken language

Page 11, after line 27, insert:

"(h) Grant funds unexpended by consumers shall return to the state once a year. The annual return of unexpended grant funds shall occur in the quarter following the end of the state fiscal year."

Page 12, line 3, after the semicolon, insert "and"

Page 12, line 5, strike "; and"

Page 12, line 6, strike "(7)"

Page 12, lines 8 to 10, delete the new language

Page 12, delete section 11

Page 13, line 20, after "CARE" insert "ASSISTANT"

Page 13, lines 21, 22, 28, 34, and 36, after "care" insert "assistant"

Page 14, lines 4, 7, 18, and 32, after "care" insert "assistant"

Page 14, line 6, after "care" insert "assistant" in both places

Page 14, line 20, reinstate the stricken "notwithstanding the provisions of"

Page 14, line 21, reinstate the stricken language

Pages 19 to 23, delete section 16 and insert:

Sec. 17. Minnesota Statutes 2000, section 256B.0625, is amended by adding a subdivision to read:

Subd. 43. [TARGETED CASE MANAGEMENT.] For purposes of subdivisions 43a to 43h, the following terms have the meanings given them:

(1) "home care service recipients" means those individuals receiving the following services under section 256B.0627: skilled nursing visits, home health aide visits, private duty nursing, personal care assistants, or therapies provided through a home health agency;

(2) "home care targeted case management" means the provision of targeted case management services for the purpose of assisting home care service recipients to gain access to needed services and supports so that they may remain in the community;

(3) "institutions" means hospitals, consistent with Code of Federal Regulations, title 42, section 440.10; regional treatment center inpatient services, consistent with section 245.474; nursing facilities; and intermediate care facilities for persons with mental retardation;

(4) "relocation targeted case management" means the provision of targeted case management services for the purpose of assisting recipients to gain access to needed services and supports if they choose to move from an institution to the community. Relocation targeted case management may be provided during the last 180 consecutive days of an eligible recipient's institutional stay; and

(5) "targeted case management" means case management services provided to help recipients gain access to needed medical, social, educational, and other services and supports.

Sec. 18. Minnesota Statutes 2000, section 256B.0625, is amended by adding a subdivision to read:

Subd. 43a. [ELIGIBILITY.] The following persons are eligible for relocation targeted case management or home care targeted case management:

(1) medical assistance eligible persons residing in institutions who choose to move into the community are eligible for relocation case management services; and

(2) medical assistance eligible persons receiving home care services, who are not eligible for any other medical assistance reimbursable case management service, are eligible for home care targeted case management services beginning January 1, 2003.

Sec. 19. Minnesota Statutes 2000, section 256B.0625, is amended by adding a subdivision to read:

Subd. 43b. [RELOCATION CASE MANAGER PROVIDER QUALIFICATIONS.] The following qualifications and certification standards must be met by providers of relocation targeted case management:

(a) The commissioner must certify each provider or relocation targeted case management before enrollment. The certification process shall examine the provider's ability to meet the requirements in this subdivision and other federal and state requirements of this service. A certified targeted case management provider may subcontract with another provider to deliver targeted case management services. Subcontracted providers must demonstrate the ability to provide the services outlined in subdivision 43d.

(b) A relocation targeted case management provider is an enrolled medical assistance provider who is determined by the commissioner to have all of the following characteristics:

(1) the legal authority to provide public welfare under sections 393.01, subdivision 7; and 393.07, or a federally recognized Indian tribe;

(2) the demonstrated capacity and experience to provide the components of case management to coordinate and link community resources needed by the eligible population;

(3) the administrative capacity and experience to serve the target population for whom it will provide services and ensure quality of services under state and federal requirements;

(4) the legal authority to provide complete investigative and protective services under section 626.556, subdivision 10; and child welfare and foster care services under section 393.07, subdivisions 1 and 2; or a federally recognized Indian tribe;

(5) a financial management system that provides accurate documentation of services and costs under state and federal requirements; and

(6) the capacity to document and maintain individual case records under state and federal requirements.

A provider of targeted case management under subdivision 20 may be deemed a certified provider of relocation targeted case management.

Sec. 20. Minnesota Statutes 2000, section 256B.0625, is amended by adding a subdivision to read:

Subd. 43c. [HOME CARE CASE MANAGER PROVIDER QUALIFICATIONS.] The following qualifications and certification standards must be met by providers of home care targeted case management.

(a) The commissioner must certify each provider of home care targeted case management before enrollment. The certification process shall examine the provider's ability to meet the requirements in this subdivision and other state and federal requirements of this service.

(b) A home care targeted case management provider is an enrolled medical assistance provider who has a minimum of a bachelor's degree, a license in a health or human services field, and is determined by the commissioner to have all of the following characteristics:

(1) the demonstrated capacity and experience to provide the components of case management to coordinate and link community resources needed by the eligible population;

(2) the administrative capacity and experience to serve the target population for whom it will provide services and ensure quality of services under state and federal requirements;

(3) a financial management system that provides accurate documentation of services and costs under state and federal requirements;

(4) the capacity to document and maintain individual case records under state and federal requirements; and

(5) the capacity to coordinate with county administrative functions.

Sec. 21. Minnesota Statutes 2000, section 256B.0625, is amended by adding a subdivision to read:

Subd. 43d. [ELIGIBLE SERVICES.] Services eligible for medical assistance reimbursement as targeted case management include:

- (1) assessment of the recipient's need for targeted case management services;
- (2) development, completion, and regular review of a written individual service plan, which is based upon the assessment of the recipient's needs and choices, and which will ensure access to medical, social, educational, and other related services and supports;
- (3) routine contact or communication with the recipient, the recipient's family, primary caregiver, legal representative, substitute care provider, service providers, or other relevant persons identified as necessary to the development or implementation of the goals of the individual service plan;
- (4) coordinating referrals for, and the provision of, case management services for the recipient with appropriate service providers, consistent with section 1902(a)(23) of the Social Security Act;
- (5) coordinating and monitoring the overall service delivery to ensure quality of services, appropriateness, and continued need;
- (6) completing and maintaining necessary documentation that supports and verifies the activities in this subdivision;
- (7) traveling to conduct a visit with the recipient or other relevant person necessary to develop or implement the goals of the individual service plan; and
- (8) coordinating with the institution discharge planner in the 180-day period before the recipient's discharge.

Sec. 22. Minnesota Statutes 2000, section 256B.0625, is amended by adding a subdivision to read:

Subd. 43e. [TIMELINES.] The following timelines must be met for assigning a case manager:

- (1) for relocation targeted case management, an eligible recipient must be assigned a case manager who visits the person within 20 working days of requesting one from their county of financial responsibility as determined under chapter 256G. If a county agency does not provide case management services as required, the recipient may, after written notice to the county agency, obtain targeted relocation case management services from a home care targeted case management provider under this subdivision; and
- (2) for home care targeted case management, an eligible recipient must be assigned a case manager within 20 working days of requesting one from a home care targeted case management provider, as defined in subdivision 43c.

Sec. 23. Minnesota Statutes 2000, section 256B.0625, is amended by adding a subdivision to read:

Subd. 43f. [EVALUATION.] The commissioner shall evaluate the delivery of targeted case management, including, but not limited to, access to case management services, consumer satisfaction with case management services, and quality of case management services.

Sec. 24. Minnesota Statutes 2000, section 256B.0625, is amended by adding a subdivision to read:

Subd. 43g. [CONTACT DOCUMENTATION.] The case manager must document each face-to-face and telephone contact with the recipient and others involved in the recipient's individual service plan.

Sec. 25. Minnesota Statutes 2000, section 256B.0625, is amended by adding a subdivision to read:

Subd. 43h. [PAYMENT RATES.] The commissioner shall set payment rates for targeted case management under this subdivision. Case managers may bill according to the following criteria:

(1) for relocation targeted case management, case managers may bill for direct case management activities, including face-to-face and telephone contacts, in the 180 days preceding an eligible recipient's discharge from an institution; and

(2) for home care targeted case management, case managers may bill for direct case management activities, including face-to-face and telephone contacts."

Page 24, line 12, after "care" insert "assistant"

Page 25, line 3, delete the comma and insert a colon

Page 25, delete line 4

Page 25, line 32, delete the new language and reinstate the stricken language

Page 25, lines 33 to 35, reinstate the stricken language

Page 26, lines 5 and 10, after "care" insert "assistant"

Page 28, line 19, strike "aide"

Page 28, line 21, after "care" insert "assistant"

Page 28, line 30, reinstate the stricken "and"

Page 28, lines 33 to 36, delete the new language

Page 29, line 1, delete the new language

Page 29, line 4, after "CARE" insert "ASSISTANT" and after "care" insert "assistant"

Page 30, line 5, after "care" insert "assistant"

Page 32, line 24, after "care" insert "assistant"

Page 33, line 32, after "care" insert "assistant"

Page 34, lines 7 and 35, after "care" insert "assistant"

Page 34, line 28, strike the period and insert "except that"

Page 34, line 29, after "visits" insert "or two home health aide visits" and after "day" insert ", but not more than a total of three visits per day for skilled nursing services and home health aide services"

Page 34, line 30, after "CARE" insert "ASSISTANT" and after "care" insert "assistant"

Page 37, line 17, after "care" insert "assistant"

Page 38, line 30, delete "January 1, 2003" and insert "July 1, 2001"

Page 38, line 31, delete "will" and insert "shall"

Page 38, line 32, delete ", subdivision 2, clause (2)"

Page 40, line 23, after the first "care" insert "assistant"

Page 40, line 28, after "care" insert "assistant"

Page 42, line 23, after "care" insert "assistant"

Page 43, line 9, after "care" insert "assistant"

Page 45, line 21, after "care" insert "assistant"

Page 46, line 8, after "care" insert "assistant"

Page 46, line 25, delete "plan of care" and insert "service plan"

Page 46, line 30, after "party" insert a comma

Page 48, line 10, delete "consulting" and insert "qualified"

Page 49, line 10, after "care" insert "assistant"

Page 53, line 22, delete everything after "(a)" and insert " Upon the receipt of"

Page 53, line 23, after "authority" insert ", the commissioner"

Page 56, line 19, delete everything before "payment"

Page 56, delete lines 22 to 26 and insert "guardians who are providing private duty nursing care under the following conditions:

(1) the provision of these services is not legally required of the parents, spouses, or legal guardians;

(2) the services are necessary to prevent hospitalization of the recipient; and

(3) the recipient is eligible for state plan home care or a home and community-based waiver and one of the"

Page 56, line 28, delete "(1)" and insert "(i)"

Page 56, line 31, delete "(2)" and insert "(ii)"

Page 56, line 34, delete "(3)" and insert "(iii)"

Page 57, line 1, delete "(4)" and insert "(iv)"

Page 57, line 9, after "payors" insert a comma

Page 57, line 10, delete "and medical assistance"

Page 57, line 12, delete "plan of care" and insert "service plan"

Page 57, line 30, after "care" insert "assistant"

Page 59, line 2, delete "initiate the"

Page 59, line 3, delete "development of" and insert "complete" and delete "30" and insert "20"

Page 59, line 4, after "shall" insert "describe the services needed to move out of the facility and a timeline for the move which is designed to"

Page 62, line 8, reinstate the stricken "and"

Page 62, lines 12 to 16, delete the new language

Page 63, line 11, delete "will" and insert "shall"

Page 63, after line 11, insert:

"(f) By January 15, 2003, the commission shall explore applications of the project to other populations or geographic areas and describe expansion efforts, including barriers to expansion, and report to the commissioner."

Page 64, after line 9, insert:

"Sec. 47. Minnesota Statutes 2000, section 256B.0951, subdivision 7, is amended to read:

Subd. 7. [WAIVER OF RULES.] The commissioner of health may exempt residents of intermediate care facilities for persons with mental retardation (ICFs/MR) who participate in the three-year quality assurance pilot project established in section 256B.095 from the requirements of Minnesota Rules, chapter 4665, upon approval by the federal government of a waiver of federal certification requirements for ICFs/MR. ~~The commissioners of health and human services shall apply for any necessary waivers as soon as practicable and shall submit the concept paper to the federal government by June 1, 1998.~~"

Page 65, line 1, delete "will need to" and insert "shall"

Page 65, line 2, before "continued" insert "their"

Page 66, line 35, before the period, insert ", including provision of services according to a service plan designated to meet the needs of the individual"

Page 67, after line 2, insert:

"(c) The commissioner shall seek approval, as authorized under section 1915(c) of the Social Security Act, to allow medical assistance eligibility under this section for children under age 21 without deeming of parental income or assets.

"(d) The commissioner shall seek approval, as authorized under section 1915(c) of the Social Security Act, to allow medical assistance eligibility under this section for individuals under age 65 without deeming the spouse's income or assets.

"(e) Prior to submitting to the federal government any proposed changes or amendments to federally approved applications for home and community-based services, the commissioner shall notify interested persons serving on departmental advisory groups and task forces and persons who have requested to be notified."

Page 67, line 11, before the period, insert "using the provisions described in section 256B.77, subdivision 2, paragraph (p)"

Page 67, after line 18, insert:

"(1) assessing the needs of the individual within 20 working days of a recipient's request;"

Page 67, line 19, delete "(1)" and insert "(2)" and delete "plan of care" and insert "service plan within ten working days after the assessment is completed"

Page 67, line 20, delete "(2)" and insert "(3)"

Page 67, line 22, delete "(3)" and insert "(4)"

Page 67, line 24, delete "(4)" and insert "(5)"

Page 67, line 25, delete "(5)" and insert "(6)"

Page 67, line 26, delete "plan of care; and" and insert "service plan;"

Page 67, line 27, delete "(6)" and insert "(7)" and delete "plan of care" and insert "service plan; and

"(8) informing the recipient or legal representative of the right to have assessments completed and service plans developed within specified time periods, and to appeal county action or inaction under section 256.045, subdivision 3"

Page 68, line 2, delete everything after "shall" and insert "be completed within 20 working days of the recipient's request"

Page 68, line 3, delete everything before the period

Page 68, line 5, delete "the"

Page 68, line 6, delete everything before "there"

Page 68, line 18, delete "PLAN OF CARE" and insert "SERVICE PLAN"

Page 68, line 19, before "services" insert "waivered" and delete "have a" and insert "be provided a copy of the" and delete "plan of"

Page 68, line 20, delete "care" and insert "service plan"

Page 68, after line 20, insert:

"(1) is developed and signed by the recipient within ten working days of the completion of the assessment;

(2) meets the assessed needs of the recipient;"

Page 68, line 21, delete "(1)" and insert "(3)"

Page 68, line 23, delete "(2)" and insert "(4)"

Page 68, line 24, delete "(3)" and insert "(5)"

Page 68, line 26, delete "(4)" and insert "(6)" and after "choice" insert ", as defined in section 256B.77, subdivision 2, paragraph (p),"

Page 69, line 1, delete "2002" and insert "2003"

Page 69, line 5, after the period, insert "Consumer-directed community support services shall be offered as an option to all persons eligible for services under section 256B.49, subdivision 11, by January 1, 2002."

Page 69, line 10, delete "(a) The"

Page 69, delete lines 11 and 12

Page 69, line 13, delete everything before "The" and insert "(a)"

Page 69, line 19, delete "(c)" and insert "(b)"

Page 69, line 25, delete ": (i)"

Page 69, line 26, after "of" insert ":"

(1)"

Page 69, line 27, delete "(ii) provides" and insert:

"(2) the need"

Page 69, line 28, delete "(iii) provides" and insert:

"(3) the need"

Page 69, line 29, delete "(iv) provides" and insert:

"(4)"

Page 69, line 31, delete "(d)" and insert "(c)" and delete "methodologies" and insert "allocation methods described in paragraph (b)"

Page 69, line 34, delete "The" and insert "the"

Page 70, line 2, delete the period and insert "; or"

Page 70, line 3, delete "An" and insert "an"

Page 70, line 17, delete "(e)" and insert "(d)" and delete "January 1, 2003" and insert "July 1, 2001"

Page 70, line 19, after the period, insert "The rate established by the commissioner for registered nurse or licensed practical nurse services under any home and community-based waiver as of January 1, 2001, shall not be reduced."

Page 71, after line 8, insert:

"Sec. 62. Minnesota Statutes 2000, section 256D.35, is amended by adding a subdivision to read:

Subd. 11a. [INSTITUTION.] "Institution" means a hospital, consistent with Code of Federal Regulations, title 42, section 440.10; regional treatment center inpatient services, consistent with section 245.474; a nursing facility; and an intermediate care facility for persons with mental retardation.

Sec. 63. Minnesota Statutes 2000, section 256D.35, is amended by adding a subdivision to read:

Subd. 18a. [SHELTER COSTS.] "Shelter costs" means rent, manufactured home lot rentals; monthly principal, interest, insurance premiums, and property taxes due for mortgages or contract for deed costs; costs for utilities, including heating, cooling, electricity, water, and sewerage; garbage collection fees; and the basic service fee for one telephone."

Page 72, line 15, delete "each" and insert "of the previous"

Page 72, line 17, delete "a" and insert "an institution"

Page 72, delete line 18

Page 72, line 19, delete everything before "and" and after the period, insert "An eligible individual who receives this benefit prior to age 65 may continue to receive the benefit after the age of 65."

Page 72, line 26, after "federal" insert "or state"

Page 72, line 27, delete everything after the first comma and insert "that limits shelter costs to a percentage of gross income, shall not"

Page 72, after line 28, insert:

"Sec. 65. [SEMI-INDEPENDENT LIVING SERVICES (SILS) STUDY.]

The commissioner of human services, in consultation with county representatives and other interested persons, shall develop recommendations revising the funding methodology for SILS as defined in Minnesota Statutes, section 252.275, subdivisions 3, 4, 4b, and 4c, and report by January 15, 2002, to the chair of the house of representatives health and human services finance committee and the chair of the senate health, human services and corrections budget division.

Sec. 66. [WAIVER REQUEST REGARDING SPOUSAL INCOME.]

By September 1, 2001, the commissioner of human services shall seek federal approval to allow recipients of home and community-based waivers authorized under Minnesota Statutes, section 256B.49, to choose either a waiver of deeming of spousal income or the spousal impoverishment protections authorized under United States Code, title 42, section 1396r-5, with the addition of the group residential housing rate set according to Minnesota Statutes, section 256I.03, subdivision 5, to the personal needs allowance authorized by Minnesota Statutes, section 256B.0575.

Sec. 67. [GRANTS TO PROVIDE BRAIN INJURY SUPPORT.]

Subdivision 1. [GRANTS.] Within the limits of the appropriations made specifically for this purpose, the commissioner of health shall make grants of up to \$300,000 to nonprofit corporations to continue a pilot project that provides information, connects to community resources, and provides support and problem solving on an ongoing basis to individuals with traumatic brain injuries.

Subd. 2. [REPORT.] The commissioner shall prepare a report identifying the results of the pilot project and making recommendations on continuation of the project. The report must be forwarded to the legislature no later than January 15, 2004.

Sec. 68. [APPROPRIATION.]

\$300,000 is appropriated from the general fund to the commissioner of health for the purpose of section 67, to be available until June 30, 2003."

Page 72, line 32, delete "256B.0951, subdivision 7;"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 5, after the semicolon, insert "authorizing medical assistance targeted case management for certain persons;"

Page 1, line 6, after the semicolon, insert "requiring the commissioner of human services to seek certain federal waivers; requiring a study of semi-independent living services; authorizing traumatic brain injury pilot project grants; appropriating money;"

Page 1, line 7, after "sections" insert "245A.13, subdivisions 7, 8;"

Page 1, lines 10 and 11, delete ", and by adding a subdivision"

Page 1, line 12, delete "and" and delete "a subdivision" and insert "subdivisions"

Page 1, lines 13, 23, 24, and 34, delete "and"

Page 1, line 16, delete "and" and insert "7,"

Page 1, line 17, delete "and" and insert a comma

Page 1, line 19, delete "and" and insert "256D.35, by adding subdivisions;"

Page 1, line 22, delete "and" and delete "256B.0951, subdivision 7;"

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Senator Anderson from the Committee on Jobs, Housing and Community Development, to which was referred

S.F. No. 1737: A bill for an act relating to housing; establishing a program to assist with purchases of manufactured homes; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 462A.

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

Delete everything after the enacting clause and insert:

"Section 1. [462A.2035] [MANUFACTURED HOME PARK REDEVELOPMENT PROGRAM.]

Subdivision 1. [ESTABLISHMENT.] The agency shall establish a manufactured home park redevelopment program for the purpose of making manufactured home park redevelopment grants or loans to cities, counties, or community action programs. Cities, counties, and community action programs may use grants and loans under this program to:

(1) assist with the purchase of existing manufactured homes in manufactured home parks with preference given to older manufactured homes and buy-out assistance to be determined by the tax-assessed value of the home;

(2) provide down payment assistance not to exceed \$10,000 per house to affected homeowners for replacement dwellings or new manufactured homes; and

(3) make improvements in manufactured home parks as requested by the grant recipient.

Subd. 2. [ELIGIBILITY REQUIREMENTS.] Households assisted under this section must have an annual household income at or below 80 percent of the area median household income. Cities, counties, or community action programs receiving funds under the program must give preference to households at or below 50 percent of the area median household income.

Sec. 2. [GRANTS; REPORT.]

The housing finance agency shall select program participants from eligible applicants, with the first grant being awarded no later than December 31, 2001. Participation in this program is voluntary and no park resident shall be required to participate. The agency shall report to the legislature by February 1, 2003, on the effectiveness of the program.

Sec. 3. [APPROPRIATION.]

\$2,000,000 is appropriated for the fiscal biennium ending June 30, 2003, from the general fund to the housing finance agency for transfer to the housing development fund for the purposes of this act. In the first year of the fiscal biennium, the agency shall ensure that grants and loans under this appropriation are awarded in approximately equal amounts to applicants outside of and within the metropolitan area, as defined in Minnesota Statutes, section 473.121, subdivision 2. After June 30, 2002, funds remaining under this appropriation, if any, need not be equally divided between metropolitan and nonmetropolitan applicants. This is a one-time appropriation and is not added to the agency's permanent base."

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Senator Murphy from the Committee on Agriculture, General Legislation and Veterans Affairs, to which was referred

S.F. No. 2121: A bill for an act relating to agriculture; repealing obsolete or unnecessary provisions; repealing Minnesota Statutes 2000, sections 17.039; 17.042; 17.06; 17.07; 17.108; 17.139; 17.45; 17.4996; 17.76; 17.861; 17A.091, subdivision 1; 17B.21; 17B.23; 17B.24; 17B.25; 17B.26; 17B.27; 18.205; 24.001; 24.002; 24.12; 24.131; 24.135; 24.141; 24.145; 24.151; 24.155; 24.161; 24.171; 24.175; 24.18; 24.181; 25.47; 27.185; 29.025; 29.049; 30.50; 30.51; 31.185; 31.73; 31B.07; 32.11; 32.12; 32.18; 32.19; 32.20; 32.203; 32.204; 32.206; 32.208; 32.70; 32.71; 32.72; 32.74; 32.745; 33.001; 33.002; 33.01; 33.011; 33.02; 33.03; 33.031; 33.032; 33.06; 33.07; 33.08; 33.09; 33.091; 33.111; 35.04; 35.14; and 35.84.

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

Page 1, line 25, delete "32.70; 32.71; 32.72; 32.74; 32.745;"

Page 1, line 27, delete "and" and before the comma, insert "; 395.14; 395.15; 395.16; 395.17; 395.18; 395.19; 395.20; 395.21; 395.22; 395.23; and 395.24"

Amend the title as follows:

Page 1, line 12, delete everything before "33.001"

Page 1, line 14, delete "and"

Page 1, line 15, before the period, insert "; 395.14; 395.15; 395.16; 395.17; 395.18; 395.19; 395.20; 395.21; 395.22; 395.23; 395.24"

And when so amended the bill do pass.

Pursuant to Joint Rule 2.03, the bill was referred to the Committee on Rules and Administration.

Senator Ranum from the Committee on Crime Prevention, to which was referred

S.F. No. 1712: A bill for an act relating to crime prevention; clarifying provisions of the sex offender registration law, registration law for other offenders, and law requiring submission of a biological specimen for DNA testing; providing criminal penalties; requiring additional offenders to submit a biological specimen for DNA testing; amending Minnesota Statutes 2000, sections 243.166, subdivisions 1, 3, 4a, 6; 243.167, subdivision 1; 609.117, subdivision 2; repealing Minnesota Statutes 2000, section 243.166, subdivision 10.

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

Pages 1 to 3, delete section 1

Page 6, line 32, after "(2)" insert ", or a similar statute from another state or the United States" and after the semicolon, insert:

"(3) if the person is required to register based upon a conviction for an offense under section"

Page 7, line 3, strike "(3)" and insert "(4)"

Page 9, line 4, delete "7" and insert "6"

Page 9, line 6, delete "8" and insert "7"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 9, delete "1,"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Senator Ranum from the Committee on Crime Prevention, to which was referred

S.F. No. 1244: A bill for an act relating to crime prevention; specifying that peace officers' use of less lethal munitions does not constitute deadly force; amending Minnesota Statutes 2000, section 609.066, subdivision 1.

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

Page 1, line 9, strike "DEADLY FORCE DEFINED" and insert "DEFINITIONS" and before "For" insert "(a)"

Page 1, line 10, after the comma, insert "the terms defined in this subdivision have the meanings given."

(b)"

Page 1, line 17, after the period, insert:

"(c)"

Page 1, line 20, after the period, insert:

"(d)"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Senator Ranum from the Committee on Crime Prevention, to which was re-referred

S.F. No. 1178: A bill for an act relating to transportation; making seat belt violation a primary offense; amending Minnesota Statutes 2000, section 169.686, subdivision 1.

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

Page 2, after line 4, insert:

"(c) The commissioner of public safety shall determine the degree to which, if at all, injuries and deaths resulting from motor vehicle accidents have decreased in the one-year period following August 1, 2001, as compared to the one-year period preceding that date. The commissioner shall attempt to determine the degree to which, if at all, the decrease can be attributed to changes made in this section. By February 1, 2003, the commissioner shall report the results of this analysis to the chairs and ranking minority members of the senate and house committees having jurisdiction over transportation and criminal justice policy.

(d) Beginning on August 1, 2003, a peace officer may not issue a citation for a violation of this section unless the officer lawfully stopped or detained the driver of the motor vehicle for a moving violation other than a violation involving motor vehicle equipment.

Sec. 2. Minnesota Statutes 2000, section 171.05, subdivision 2b, is amended to read:

Subd. 2b. [INSTRUCTION PERMIT USE BY PERSON UNDER AGE 18.] (a) This subdivision applies to persons who have applied for and received an instruction permit under subdivision 2.

(b) The permit holder may, with the permit in possession, operate a motor vehicle, but must be accompanied by and be under the supervision of a certified driver education instructor, the permit holder's parent or guardian, or another licensed driver age 21 or older. The supervisor must occupy the seat beside the permit holder.

(c) The permit holder may operate a motor vehicle only when every occupant under the age of 18 has a seat belt or child passenger restraint system properly fastened. A person who violates this paragraph is subject to a fine of \$25. ~~A peace officer may not issue a citation for a violation of this paragraph unless the officer lawfully stopped or detained the driver of the motor vehicle for a moving violation as defined in section 171.04, subdivision 1.~~ The commissioner shall not record a violation of this paragraph on a person's driving record.

(d) The permit holder must maintain a driving record free of convictions for moving violations, as defined in section 171.04, subdivision 1, and free of convictions for violation of section 169A.20, 169A.33, 169A.35, or sections 169A.50 to 169A.53. If the permit holder drives a motor vehicle in violation of the law, the commissioner shall suspend, cancel, or revoke the permit in accordance with the statutory section violated.

Sec. 3. Minnesota Statutes 2000, section 171.055, subdivision 2, is amended to read:

Subd. 2. [USE OF PROVISIONAL LICENSE.] (a) A provisional license holder may operate a motor vehicle only when every occupant under the age of 18 has a seat belt or child passenger restraint system properly fastened. A person who violates this paragraph is subject to a fine of \$25. ~~A peace officer may not issue a citation for a violation of this paragraph unless the officer lawfully stopped or detained the driver of the motor vehicle for a moving violation as defined in section 171.04.~~ The commissioner shall not record a violation of this paragraph on a person's driving record.

(b) If the holder of a provisional license during the period of provisional licensing incurs (1) a conviction for a violation of section 169A.20, 169A.33, 169A.35, or sections 169A.50 to 169A.53, (2) a conviction for a crash-related moving violation, or (3) more than one conviction for a moving violation that is not crash related, the person may not be issued a driver's license until 12 consecutive months have expired since the date of the conviction or until the person reaches the age of 18 years, whichever occurs first."

Page 2, line 5, delete "2" and insert "4"

Page 2, line 6, delete "Section 1 is" and insert "Sections 1, 2, and 3 are" and delete "applies" and insert "apply"

Amend the title as follows:

Page 1, line 3, after "offense" insert "for two years; requiring a report"

Page 1, line 4, delete "section" and insert "sections" and before the period, insert "; 171.05, subdivision 2b; 171.055, subdivision 2"

And when so amended the bill be reported to the Senate without recommendation. Amendments adopted. Report adopted.

Senator Ranum from the Committee on Crime Prevention, to which was referred

S.F. No. 1552: A bill for an act relating to crimes; defining the level of negligence required for the crime of causing negligent fires; amending Minnesota Statutes 2000, section 609.576, subdivision 1.

Reports the same back with the recommendation that the bill do pass and be placed on the Consent Calendar. Report adopted.

Senator Kelly, R.C. from the Committee on Transportation, to which was re-referred

S.F. No. 160: A bill for an act relating to local government; providing reimbursement to fire departments for expenses incurred in extinguishing certain motor vehicle fires; providing cities and towns authority to collect unpaid bills for certain emergency services from nonresidents; appropriating money; amending Minnesota Statutes 2000, sections 161.465; 366.011; and 366.012.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Finance.

Pursuant to Joint Rule 2.03, the bill was referred to the Committee on Rules and Administration.

Senator Kelly, R.C. from the Committee on Transportation, to which was referred

S.F. No. 2225: A bill for an act relating to drivers' licenses; establishing pilot project to allow certain type A school bus to be operated by holder of Class D driver's license under limited conditions; making clarifying changes; providing misdemeanor penalty; amending Minnesota Statutes 2000, section 171.02, subdivisions 2 and 2a.

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

Page 1, after line 8, insert:

"Section 1. Minnesota Statutes 2000, section 169.448, subdivision 1, is amended to read:

Subdivision 1. [RESTRICTIONS ON APPEARANCE; MISDEMEANOR.] (a) A bus that is not used as a school bus may not be operated on a street or highway unless it is painted a color

significantly different than national school bus glossy yellow or ~~Minnesota school bus golden orange.~~

(b) A bus that is not used as a school bus or Head Start bus may not be operated if it is equipped with school bus or Head Start bus-related equipment and printing.

(c) A violation of this subdivision is a misdemeanor.

(d) This subdivision does not apply to a school bus owned by or under contract to a school district operated as a charter or leased bus.

(e) This subdivision does not apply to a school bus operated by a licensed child care provider if:

(1) the stop arm is removed;

(2) the eight-light system is deactivated;

(3) the school bus is identified as a "child care bus" in letters at least eight inches high on the front and rear top of the bus; and

(4) the name, address, and telephone number of the owner or operator of the bus is identified on each front door of the bus in letters not less than three inches high."

Page 5, line 4, delete "and 2" and insert "to 3"

Page 5, line 5, delete "1 and 2" and insert "2 and 3"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, after the semicolon, insert "allowing certain school buses to be operated by licensed child care providers;"

Page 1, delete line 7 and insert "Statutes 2000, sections 169.448, subdivision 1; 171.02, subdivisions 2, 2a."

And when so amended the bill do pass. Amendments adopted. Report adopted.

Senator Kelly, R.C. from the Committee on Transportation, to which was referred

S.F. No. 2039: A bill for an act relating to motor vehicles; authorizing issuance of "choose life" license plates; establishing an adoption support account and appropriating money in the account to the commissioner of human services for grants to counties to support adoption; amending Minnesota Statutes 2000, section 168.1291, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 168.

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

Delete everything after the enacting clause and insert:

"Section 1. [168.1299] [SPECIAL "CHOOSE LIFE" PLATES; ACCOUNT.]

Subdivision 1. [GENERAL REQUIREMENTS AND PROCEDURES.] (a) The registrar shall issue special "choose life" license plates to an applicant who:

(1) is an owner or joint owner of a passenger automobile, pickup truck, or van;

(2) pays a fee of \$10 to cover the costs of handling and manufacturing the plates;

(3) pays the registration tax required under section 168.013;

(4) pays the fees required under this chapter;

(5) pays a minimum contribution of \$25 annually to the special account created in subdivision 6; and

(6) complies with laws and rules governing registration and licensing of vehicles and drivers.

(b) The "choose life" license plate application form must clearly indicate that the contribution specified under paragraph (a), clause (5), is a minimum annual contribution to receive the license plates and that the applicant may make an additional contribution to the account.

Subd. 2. [DESIGN.] The registrar shall approve the design of the special plates featuring a brightly colored, crayon-like drawing image of two children, a school bus yellow background, and the words "choose life." The design, which must be used, is available from Choose Life, Inc., located in Florida.

Subd. 3. [NO REFUND.] Contributions under this section are not refundable.

Subd. 4. [PLATE TRANSFERS.] Notwithstanding section 168.12, subdivision 1, on payment of a transfer fee of \$5, plates issued under this section may be transferred to another passenger automobile, pickup truck, or van owned or jointly owned by the person to whom the special plates were issued.

Subd. 5. [FEES CREDITED.] The fees collected under this section, not including the contributions collected under subdivision 1, paragraph (a), clause (5), must be deposited in the state treasury and credited to the highway user tax distribution fund.

Subd. 6. [ADOPTION SUPPORT ACCOUNT.] (a) Contributions under subdivision 1, paragraph (a), clause (5), must be paid to the registrar of motor vehicles and credited to a special account known as the adoption support account, which is established in the general fund. Money in the account is annually appropriated to the counties in proportion to the number of "choose life" license plates issued in each county as shown by the registrar's record under subdivision 7.

(b) Each county receiving funds under this subdivision shall distribute the funds to nongovernmental, nonprofit agencies whose services are limited to counseling and meeting the physical needs of pregnant women who are committed to placing their children for adoption. Funds may not be distributed to any agency that is directly or indirectly involved in or associated with abortion activities, including (1) counseling for or referrals to abortion clinics; (2) providing medical abortion-related procedures; or (3) pro-abortion advertising. Funds may not be distributed to any agency that charges women for services received.

(c) An agency that receives funds under this subdivision must use at least 70 percent of those funds to (1) provide for the material needs of pregnant women who are committed to placing their children for adoption, including clothing, housing, medical care, food, utilities, and transportation; or (2) provide for the needs of infants awaiting placement with adoptive parents.

(d) An agency that receives funds under this subdivision shall spend any funds remaining after expenditures for the purposes of paragraph (c) for adoption counseling, training, or advertising, but not for administrative expenses, legal expenses, or capital expenditures.

(e) An agency that receives funds under this subdivision shall submit an annual audit, prepared by a certified public accountant, to the county. The county may conduct a consolidated audit in lieu of the annual audit. Unused funds that exceed ten percent of the funds received by an agency in a fiscal year must be returned to the county, and the county shall distribute these funds to other qualified agencies.

Subd. 7. [RECORD.] The registrar of motor vehicles shall maintain a record of the number of license plates issued in each county in order to determine the amount of money in the adoption support account available to each county.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective July 1, 2001."

Delete the title and insert:

"A bill for an act relating to motor vehicles; authorizing issuance of "choose life" license plates; establishing an adoption support account and appropriating money in the account to the registrar of motor vehicles for grants to counties to support adoption; proposing coding for new law in Minnesota Statutes, chapter 168."

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Senator Kelly, R.C. from the Committee on Transportation, to which was referred

S.F. No. 1139: A bill for an act relating to highways; appropriating money for eliminating trunk highway bottlenecks in the metropolitan area and for improvements on at-risk interregional corridors outside the metropolitan area; requiring annual reports to the major transportation projects commission.

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

Page 1, after line 8, insert:

"Section 1. Minnesota Statutes 2000, section 297B.09, subdivision 1, is amended to read:

~~Subdivision 1. [GENERAL FUND SHARE.] Money collected and received under this chapter must be deposited as provided in this subdivision.~~

~~Thirty-two percent of the money collected and received must be deposited in the highway user tax distribution fund, and the remaining 68 percent of the money must be deposited in the general fund a surface transportation fund to be appropriated by law.~~

Sec. 2. [CONSTITUTIONAL AMENDMENT PROPOSED.]

An amendment to the Minnesota Constitution, article XIV, is proposed to the people. If the amendment is adopted, a section is added to article XIV, to read:

Sec. 12. The proceeds from any tax on the sale of new and used motor vehicles must be deposited in a surface transportation fund to be appropriated by law.

Sec. 3. [SUBMISSION TO VOTERS.]

The proposed amendment must be submitted to the people at the 2002 general election. The question submitted must be:

"Shall the Minnesota Constitution be amended to require the proceeds from the sales tax on motor vehicles be deposited in a surface transportation fund?"

Yes.....
No....." "

Page 1, lines 13 and 17, delete "\$200,000,000" and insert "\$....."

Page 2, line 14, after "effective" insert "for money collected and received after June 30, 2002. Section 4 is effective"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, after the semicolon, insert "dedicating motor vehicle sales tax receipts to transportation; proposing an amendment to the Minnesota Constitution, article XIV;

Page 1, line 7, before the period, insert "; amending Minnesota Statutes 2000, section 297B.09, subdivision 1"

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Senator Vickerman from the Committee on State and Local Government Operations, to which was referred

S.F. No. 1321: A bill for an act relating to retirement; modifying teachers retirement provisions; providing for service credit purchases; permitting a transfer of funds; extending the prior service credit determination procedure; amending Minnesota Statutes 2000, sections 354.534, subdivision 1; 354.539; and 356.55, subdivision 7; proposing coding for new law in Minnesota Statutes, chapters 354 and 354B.

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

Delete everything after the enacting clause and insert:

"ARTICLE 1

VARIOUS ADMINISTRATIVE PROVISIONS

Section 1. Minnesota Statutes 2000, section 3A.03, subdivision 2, is amended to read:

Subd. 2. [REFUND.] (1) Any person former member who has made contributions pursuant to under subdivision 1 who is no longer a member of the legislature is entitled to receive upon application to the director a refund of all contributions credited to the member's account with interest at an annual rate of six percent compounded annually.

(2) The refund of contributions as provided in clause (1) terminates all rights of a former member of the legislature or survivors of the former member under this chapter. Should the former member of the legislature again be a member of the legislature after having taken a refund as provided above, the member shall be considered a new member. However, a new member may reinstate the rights and credit for service forfeited, provided the new member repays all refunds taken plus interest at an annual rate of 8.5 percent compounded annually.

(3) No person shall be required to apply for or accept a refund.

Sec. 2. Minnesota Statutes 2000, section 11A.18, subdivision 7, is amended to read:

Subd. 7. [PARTICIPATION AND FINANCIAL REPORTING IN FUND.] (a) Each participating public retirement fund or plan which has transferred money to the state board for investment in the postretirement investment fund shall have an undivided participation in the fund. The participation on any valuation date shall be determined by adding to the participation on the prior valuation date: (a) (1) funds transferred in accordance with subdivision 6, (b) (2) the amount of required investment income on its participation as defined in subdivision 9, ~~clause (1)(e) paragraph (c), clause (1), and (e) (3)~~ the reserves for any benefit adjustment made as of the current valuation date with the result adjusted for any mortality gains or losses determined pursuant to under subdivision 11.

(b) The total fair market value of the postretirement fund as of June 30 must be calculated in accordance with generally accepted accounting principles. The fair market value share of each fund participating in the postretirement investment fund shall be allocated by adding to the fair market value at the beginning of the fiscal year: (1) 100 percent of the funds transferred in accordance with subdivision 6; and (2) a pro rata distribution of unrealized gains or losses, based on a weighted percentage of participation at the end of each month of the fiscal year.

Sec. 3. [13.632] [TEACHERS RETIREMENT FUND ASSOCIATION DATA; CERTAIN CITIES.]

Subdivision 1. [BENEFICIARY AND SURVIVOR DATA.] The following data on beneficiaries and survivors of the Minneapolis teachers retirement fund association, the St. Paul teachers retirement fund association, and the Duluth teachers retirement fund association members

are private data on individuals: home address, date of birth, direct deposit number, and tax withholding data.

Subd. 2. [LIMITS ON DISCLOSURE.] Required disclosure of data about members, survivors, and beneficiaries is limited to name, gross annuity, or benefit and type of annuity or benefit awarded.

Sec. 4. Minnesota Statutes 2000, section 352.01, subdivision 2a, is amended to read:

Subd. 2a. [INCLUDED EMPLOYEES.] (a) "State employee" includes:

- (1) employees of the Minnesota historical society;
- (2) employees of the state horticultural society;
- (3) employees of the Disabled American Veterans, Department of Minnesota, Veterans of Foreign Wars, Department of Minnesota, if employed before July 1, 1963;
- (4) employees of the Minnesota crop improvement association;
- (5) employees of the adjutant general who are paid from federal funds and who are not covered by any federal civilian employees retirement system;
- (6) employees of the Minnesota state colleges and universities employed under the university or college activities program;
- (7) currently contributing employees covered by the system who are temporarily employed by the legislature during a legislative session or any currently contributing employee employed for any special service as defined in subdivision 2b, clause (8);
- (8) employees of the armory building commission;
- (9) employees of the legislature appointed without a limit on the duration of their employment and persons employed or designated by the legislature or by a legislative committee or commission or other competent authority to conduct a special inquiry, investigation, examination, or installation;
- (10) trainees who are employed on a full-time established training program performing the duties of the classified position for which they will be eligible to receive immediate appointment at the completion of the training period;
- (11) employees of the Minnesota safety council;
- (12) any employees on authorized leave of absence from the transit operating division of the former metropolitan transit commission who are employed by the labor organization which is the exclusive bargaining agent representing employees of the transit operating division;
- (13) employees of the metropolitan council, metropolitan parks and open space commission, metropolitan sports facilities commission, metropolitan mosquito control commission, or metropolitan radio board unless excluded or covered by another public pension fund or plan under section 473.415, subdivision 3;
- (14) judges of the tax court;
- (15) personnel employed on June 30, 1992, by the University of Minnesota in the management, operation, or maintenance of its heating plant facilities, whose employment transfers to an employer assuming operation of the heating plant facilities, so long as the person is employed at the University of Minnesota heating plant by that employer or by its successor organization; and
- (16) seasonal help in the classified service employed by the department of revenue; and
- ~~(17) a person who renders teaching or other service for the Minnesota state colleges and universities system and who also renders service on a part-time basis for an employer with~~

~~employees covered by the general state employees retirement plan of the Minnesota state retirement system, for all service with the Minnesota state colleges and universities system, if the person's nonteaching service comprises at least 50 percent of the combined total salary received by the person as determined by the chancellor of the Minnesota state colleges and universities system or if the person is certified for general state employees retirement plan coverage by the chancellor of the Minnesota state colleges and universities system.~~

(b) Employees specified in paragraph (a), clause (15), are included employees under paragraph (a) if employer and employee contributions are made in a timely manner in the amounts required by section 352.04. Employee contributions must be deducted from salary. Employer contributions are the sole obligation of the employer assuming operation of the University of Minnesota heating plant facilities or any successor organizations to that employer.

Sec. 5. Minnesota Statutes 2000, section 352.01, subdivision 2b, is amended to read:

Subd. 2b. [EXCLUDED EMPLOYEES.] "State employee" does not include:

- (1) ~~elective state officers;~~
- (2) ~~students employed by the University of Minnesota, or the state colleges and universities, and community colleges unless approved for coverage by the board of regents or the board of trustees of the Minnesota state colleges and universities, as the case may be;~~
- (3) ~~(2) employees who are eligible for membership in the state teachers retirement association except employees of the department of children, families, and learning who have chosen or may choose to be covered by the Minnesota state retirement system instead of the teachers retirement association;~~
- (4) ~~(3) employees of the University of Minnesota who are excluded from coverage by action of the board of regents;~~
- (5) ~~(4) officers and enlisted personnel in the national guard and the naval militia who are assigned to permanent peacetime duty and who under federal law are or are required to be members of a federal retirement system;~~
- (6) ~~(5) election officers;~~
- (7) ~~(6) persons engaged in public work for the state but employed by contractors when the performance of the contract is authorized by the legislature or other competent authority;~~
- (8) ~~(7) officers and employees of the senate and house of representatives or a legislative committee or commission who are temporarily employed;~~
- (9) ~~(8) receivers, jurors, notaries public, and court employees who are not in the judicial branch as defined in section 43A.02, subdivision 25, except referees and adjusters employed by the department of labor and industry;~~
- (10) ~~(9) patient and inmate help in state charitable, penal, and correctional institutions including the Minnesota veterans home;~~
- (11) ~~(10) persons employed for professional services where the service is incidental to regular professional duties and whose compensation is paid on a per diem basis;~~
- (12) ~~(11) employees of the Sibley House Association;~~
- (13) ~~(12) the members of any state board or commission who serve the state intermittently and are paid on a per diem basis; the secretary, secretary-treasurer, and treasurer of those boards if their compensation is \$5,000 or less per year, or, if they are legally prohibited from serving more than three years; and the board of managers of the state agricultural society and its treasurer unless the treasurer is also its full-time secretary;~~
- (14) ~~(13) state troopers;~~

~~(15)~~ (14) temporary employees of the Minnesota state fair employed on or after July 1 for a period not to extend beyond October 15 of that year; and persons employed at any time by the state fair administration for special events held on the fairgrounds;

~~(16)~~ (15) emergency employees in the classified service; except that if an emergency employee, within the same pay period, becomes a provisional or probationary employee on other than a temporary basis, the employee shall be considered a "state employee" retroactively to the beginning of the pay period;

(17) ~~(16)~~ persons described in section 352B.01, subdivision 2, clauses (2) to (5);

~~(18)~~ (17) temporary employees in the classified service, and temporary employees in the unclassified service appointed for a definite period of not more than six months and employed less than six months in any one-year period;

(19) ~~(18)~~ trainee employees, except those listed in subdivision 2a, clause (10);

~~(20)~~ (19) persons whose compensation is paid on a fee basis;

~~(21)~~ (20) state employees who are employed by the board of trustees of the Minnesota state colleges and universities in unclassified positions enumerated in section 43A.08, subdivision 1, clause (9);

(21) state employees who in any year have credit for 12 months service as teachers in the public schools of the state and as teachers are members of the teachers retirement association or a retirement system in St. Paul, Minneapolis, or Duluth;

(22) employees of the adjutant general employed on an unlimited intermittent or temporary basis in the classified and unclassified service for the support of army and air national guard training facilities;

(23) chaplains and nuns who are excluded from coverage under the federal Old Age, Survivors, Disability, and Health Insurance Program for the performance of service as specified in United States Code, title 42, section 410(a)(8)(A), as amended, if no irrevocable election of coverage has been made under section 3121(r) of the Internal Revenue Code of 1986, as amended through December 31, 1992;

(24) examination monitors employed by departments, agencies, commissions, and boards to conduct examinations required by law;

(25) persons appointed to serve as members of fact-finding commissions or adjustment panels, arbitrators, or labor referees under chapter 179;

(26) temporary employees employed for limited periods under any state or federal program for training or rehabilitation including persons employed for limited periods from areas of economic distress except skilled and supervisory personnel and persons having civil service status covered by the system;

(27) full-time students employed by the Minnesota historical society intermittently during part of the year and full-time during the summer months;

(28) temporary employees, appointed for not more than six months, of the metropolitan council and of any of its statutory boards, if the board members are appointed by the metropolitan council;

(29) persons employed in positions designated by the department of employee relations as student workers;

(30) members of trades employed by the successor to the metropolitan waste control commission with trade union pension plan coverage under a collective bargaining agreement first employed after June 1, 1977;

(31) persons employed in subsidized on-the-job training, work experience, or public service

employment as enrollees under the federal Comprehensive Employment and Training Act after March 30, 1978, unless the person has as of the later of March 30, 1978, or the date of employment sufficient service credit in the retirement system to meet the minimum vesting requirements for a deferred annuity, or the employer agrees in writing on forms prescribed by the director to make the required employer contributions, including any employer additional contributions, on account of that person from revenue sources other than funds provided under the federal Comprehensive Employment and Training Act, or the person agrees in writing on forms prescribed by the director to make the required employer contribution in addition to the required employee contribution;

(32) off-duty peace officers while employed by the metropolitan council;

(33) persons who are employed as full-time police officers by the metropolitan council and as police officers are members of the public employees police and fire fund;

(34) persons who are employed as full-time firefighters by the department of military affairs and as firefighters are members of the public employees police and fire fund;

(35) foreign citizens with a work permit of less than three years, or an H-1b/JV visa valid for less than three years of employment, unless notice of extension is supplied which allows them to work for three or more years as of the date the extension is granted, in which case they are eligible for coverage from the date extended; and

(36) persons who are employed by the board of trustees of the Minnesota state colleges and universities and who elect to remain members of the public employees retirement association or the Minneapolis employees retirement fund, whichever applies, under section 136C.75.

Sec. 6. Minnesota Statutes 2000, section 352.113, subdivision 4, is amended to read:

Subd. 4. [MEDICAL OR PSYCHOLOGICAL EXAMINATIONS; AUTHORIZATION FOR PAYMENT OF BENEFIT.] An applicant shall provide medical or psychological evidence to support an application for total and permanent disability. The director shall have the employee examined by at least one additional licensed chiropractor, physician, or psychologist designated by the medical adviser. The chiropractors, physicians, or psychologists shall make written reports to the director concerning the employee's disability including medical opinions as to whether the employee is permanently and totally disabled within the meaning of section 352.01, subdivision 17. The director shall also obtain written certification from the employer stating whether the employment has ceased or whether the employee is on sick leave of absence because of a disability that will prevent further service to the employer and as a consequence the employee is not entitled to compensation from the employer. The medical adviser shall consider the reports of the physicians, psychologists, and chiropractors and any other evidence supplied by the employee or other interested parties. If the medical adviser finds the employee totally and permanently disabled, the adviser shall make appropriate recommendation to the director in writing together with the date from which the employee has been totally disabled. The director shall then determine if the disability occurred within 180 days of filing the application, while still in the employment of the state, and the propriety of authorizing payment of a disability benefit as provided in this section. A terminated employee may apply for a disability benefit within 180 days of termination as long as the disability occurred while in the employment of the state. The fact that an employee is placed on leave of absence without compensation because of disability does not bar that employee from receiving a disability benefit. Unless payment of a disability benefit has terminated because the employee is no longer totally disabled, or because the employee has reached normal retirement age as provided in this section, the disability benefit shall cease with the last payment received by the disabled employee or which had accrued during the lifetime of the employee unless there is a spouse surviving; in that event the surviving spouse is entitled to the disability benefit for the calendar month in which the disabled employee died.

Sec. 7. Minnesota Statutes 2000, section 352.113, subdivision 6, is amended to read:

Subd. 6. [REGULAR MEDICAL OR PSYCHOLOGICAL EXAMINATIONS.] At least once each year during the first five years following the allowance of a disability benefit to any

employee, and at least once in every three-year period thereafter, the director may require any disabled employee to undergo a medical or psychological examination. The examination must be made at the place of residence of the employee, or at any place mutually agreed upon, by a physician or physicians designated by the medical adviser and engaged by the director. If any examination indicates to the medical adviser that the employee is no longer permanently and totally disabled, or is engaged in or can engage in a gainful occupation, payments of the disability benefit by the fund must be discontinued. The payments shall discontinue as soon as the employee is reinstated to the payroll following sick leave, but in no case shall payment be made for more than 60 days after the medical adviser finds that the employee is no longer permanently and totally disabled.

Sec. 8. Minnesota Statutes 2000, section 352.22, subdivision 8, is amended to read:

Subd. 8. [REFUND SPECIFICALLY LIMITED.] If a former employee covered by the system does not apply for refund within five years after the last deduction was taken from salary for the retirement fund, and does not have enough service to qualify for a deferred annuity, accumulated contributions must be credited to and become a part of the retirement fund. If the former employee returns to state service and becomes a state employee covered by the system, the amount credited to the retirement fund, if more than \$2 \$25, shall be restored to the individual account. If the amount credited to the fund is over \$2 \$25 and the former employee applies for refund or an annuity under section 352.72, the amount must be restored to the former employee's individual account and refund made or annuity paid whichever applies.

Sec. 9. Minnesota Statutes 2000, section 352.87, subdivision 4, is amended to read:

Subd. 4. [NON-JOB-RELATED DISABILITY BENEFITS.] An eligible member described in subdivision 1, ~~who is less than 55 years of age and~~ who becomes disabled and physically or mentally unfit to perform the duties of the position because of sickness or injury while not engaged in covered employment, is entitled to a disability benefit amount equivalent to an annuity computed under subdivision 3 assuming the member has 15 years of service qualifying under this section and waiving the minimum age requirement. If the eligible member becomes disabled under this subdivision with more than 15 years of service covered under this section, the eligible member is entitled to a disability benefit amount equivalent to an annuity computed under subdivision 3 based on all years of service credited under this section and waiving the minimum age requirement.

Sec. 10. Minnesota Statutes 2000, section 352.87, subdivision 5, is amended to read:

Subd. 5. [JOB-RELATED DISABILITY BENEFITS.] An eligible member defined in subdivision 1, ~~who is less than 55 years of age and~~ who becomes disabled and physically or mentally unfit to perform the duties of the position because of sickness or injury while engaged in covered employment, is entitled to a disability benefit amount equivalent to an annuity computed under subdivision 3 assuming the member has 20 years of service qualifying under this section and waiving the minimum age requirement. An eligible member who becomes disabled under this subdivision with more than 20 years of service credited under this section is entitled to a disability benefit amount equivalent to an annuity computed under subdivision 3 based on all years of service credited under this section and waiving the age requirement.

Sec. 11. Minnesota Statutes 2000, section 352.95, subdivision 4, is amended to read:

Subd. 4. [MEDICAL OR PSYCHOLOGICAL EVIDENCE.] (a) An applicant shall provide medical or psychological evidence to support an application for disability benefits. The director shall have the employee examined by at least one additional licensed physician or psychologist designated by the medical adviser. The physicians shall make written reports to the director concerning the employee's disability, including medical opinions as to whether the employee is disabled within the meaning of this section. The director shall also obtain written certification from the employer stating whether the employee is on sick leave of absence because of a disability that will prevent further service to the employer, and as a consequence the employee is not entitled to compensation from the employer.

(b) If on considering the physicians' reports and any other evidence supplied by the employee or others, the medical adviser finds the employee disabled within the meaning of this section, the advisor shall make appropriate recommendation to the director in writing, together with the date from which the employee has been disabled. The director shall then determine the propriety of authorizing payment of a disability benefit as provided in this section.

(c) Unless payment of a disability benefit has terminated because the employee is no longer disabled, or because the employee has reached age 62 65 or the five-year anniversary of the effective date of the disability benefit, whichever is later, the disability benefit shall cease with the last payment received by the disabled employee or which had accrued during the employee's lifetime. While disability benefits are paid, the director has the right at reasonable times to require the disabled employee to submit proof of the continuance of the disability claimed. If any examination indicates to the medical adviser that the employee is no longer disabled, the disability payment must be discontinued upon reinstatement to state service or within 60 days of the finding, whichever is sooner.

Sec. 12. Minnesota Statutes 2000, section 352.95, subdivision 5, is amended to read:

Subd. 5. [RETIREMENT STATUS AT NORMAL RETIREMENT AGE.] The disability benefit paid to a disabled correctional employee under this section shall terminate at the end of the month in which the employee reaches age 62 65, or the five-year anniversary of the effective date of the disability benefit, whichever is later. If the disabled correctional employee is still disabled when the employee reaches age 62 65, or the five-year anniversary of the effective date of the disability benefit, whichever is later, the employee shall be deemed to be a retired employee. If the employee had elected an optional annuity under subdivision 1a, the employee shall receive an annuity in accordance with the terms of the optional annuity previously elected. If the employee had not elected an optional annuity under subdivision 1a, the employee may within 90 days of attaining age 65 or reaching the five-year anniversary of the effective date of the disability benefit, whichever is later, either elect to receive a normal retirement annuity computed in the manner provided in section 352.93 or elect to receive an optional annuity as provided in section 352.116, subdivision 3, based on the same length of service as used in the calculation of the disability benefit. Election of an optional annuity must be made within 90 days before attaining age 65 or reaching the five-year anniversary of the effective date of the disability benefit, whichever is later. If an optional annuity is elected, the optional annuity shall begin to accrue on the first of the month following the month in which the employee reaches age 65 or the five-year anniversary of the effective date of the disability benefit, whichever is later.

Sec. 13. Minnesota Statutes 2000, section 352.95, subdivision 7, is amended to read:

Subd. 7. [RESUMPTION OF EMPLOYMENT.] ~~If the disabled employee resumes a gainful occupation from which earnings are less than the salary received at the date of disability or the salary currently paid for similar positions, or if the employee is entitled to receive workers' compensation benefits~~ work, the disability benefit must be continued in an amount which when added to current earnings and workers' compensation benefits does not exceed the salary received at the date of disability or the salary currently paid for similar positions, whichever is higher, if the disability benefit in that case does not exceed the disability benefit originally authorized and in effect rate at the date of disability as adjusted by the same percentage increase in United States average wages used by social security in calculating average indexed monthly earnings.

Sec. 14. Minnesota Statutes 2000, section 352B.01, subdivision 11, is amended to read:

Subd. 11. [AVERAGE MONTHLY SALARY.] "Average monthly salary" means the average of the highest monthly salaries for five years of service as a member. Average monthly salary must be based upon all allowable service if this service is less than five years. It does not include any lump sum annual leave payments and overtime payments made at the time of separation from state service, any amounts of severance pay, or any reduced salary paid during the period the person is entitled to workers' compensation benefit payments for temporary disability. A member on leave of absence receiving temporary workers' compensation payments and a reduced salary or no salary from the employer who is entitled to allowable service credit for the period of absence may make payment to the fund for the difference between salary received, if any, and the salary

the member would normally receive if not on leave of absence during the period. The member shall pay an amount equal to the member and employer contribution rate under section 352B.02, subdivisions 1b and 1c, on the differential salary amount for the period of the leave of absence. The employing department, at its option, may pay the employer amount on behalf of the member. Payment made under this subdivision must include interest at the rate of 8.5 percent per year, and must be completed within one year of the return from the leave of absence.

Sec. 15. Minnesota Statutes 2000, section 352B.10, subdivision 3, is amended to read:

Subd. 3. [ANNUAL AND SICK LEAVE; WORK AT LOWER PAY.] No member shall receive any disability benefit payment when the member has unused annual leave or sick leave or under any other circumstances, when during the period of disability there has been no impairment of salary. Should the member or former member resume gainful work ~~and earn less than the salary received at the date of disability or the salary currently paid for similar positions~~, the disability benefit must be continued in an amount which when added to current earnings does not exceed the salary rate received at the date of disability or the salary currently paid for similar positions, whichever is higher. ~~The disability benefit must not exceed the disability benefit originally allowed as adjusted by the same percentage increase in United States average wages used by social security in calculating average indexed monthly earnings.~~

Sec. 16. Minnesota Statutes 2000, section 352B.101, is amended to read:

352B.101 [APPLICATION FOR DISABILITY BENEFIT.]

A member claiming a disability benefit must file a written application for benefits in the office of the system in a form and manner prescribed by the executive director. The member shall provide medical or psychological evidence to support the application. The benefit begins to accrue the day following the start of disability or the day following the last day for which the member was paid, whichever is later, but not earlier than 180 days before the date the application is filed with the executive director.

Sec. 17. Minnesota Statutes 2000, section 354.05, subdivision 2, is amended to read:

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

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

(2) an employee of the teachers retirement association ~~unless the employee is covered by the Minnesota state retirement system due to prior employment by that system~~;

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

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

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

(ii) other manager or professional in an academic or academic support program;

(iii) administrative or service support faculty; or

(iv) teacher or research assistant.

(b) Teacher does not mean:

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

(2) a person employed in subsidized on-the-job training, work experience or public service employment as an enrollee under the federal Comprehensive Employment and Training Act from and after March 30, 1978, unless the person has, as of the later of March 30, 1978, or the date of employment, sufficient service credit in the retirement association to meet the minimum vesting requirements for a deferred retirement annuity, or the employer agrees in writing on forms prescribed by the executive director to make the required employer contributions, including any employer additional contributions, on account of that person from revenue sources other than funds provided under the federal Comprehensive Training and Employment Act, or the person agrees in writing on forms prescribed by the executive director to make the required employer contribution in addition to the required employee contribution;

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

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

Sec. 18. Minnesota Statutes 2000, section 354.52, subdivision 4, is amended to read:

Subd. 4. [REPORTING AND REMITTANCE REQUIREMENTS.] An employer shall remit all amounts due to the association and furnish a statement indicating the amount due and transmitted with any other information required by the executive director. If an amount due is not received by the association within ~~seven~~ 14 calendar days of the payroll warrant, the amount accrues interest at an annual rate of 8.5 percent compounded annually from the due date until the amount is received by the association. All amounts due and other employer obligations not remitted within 60 days of notification by the association must be certified to the commissioner of finance who shall deduct the amount from any state aid or appropriation amount applicable to the employing unit.

Sec. 19. Minnesota Statutes 2000, section 354A.011, subdivision 24, is amended to read:

Subd. 24. [SALARY; COVERED SALARY.] (a) "Salary" or "covered salary" means the entire compensation, upon which member contributions are required and made, that is paid to a teacher before ~~any allowable reductions permitted under the federal Internal Revenue Code of 1986, as amended, for employee selected fringe benefits, tax sheltered annuities, deferred compensation, or any combination of these items~~ deductions for deferred compensation, supplemental retirement plans, or other voluntary salary reduction programs.

(b) "Salary" does not mean:

(1) lump sum annual leave payments;

(2) lump sum wellness and sick leave payments;

(3) payments in lieu of any employer-paid group insurance coverage employer-paid amounts used by an employee toward the cost of insurance coverage, employer-paid fringe benefits, flexible spending accounts, cafeteria plans, health care expense accounts, day care expenses, or any payments in lieu of any employer-paid group insurance coverage, including the difference

between single and family rates that may be paid to a member with single coverage and certain amounts determined by the executive secretary or director to be ineligible;

~~(4) payments for the difference between single and family premium rates that may be paid to a member with single coverage~~ any form of payment made in lieu of any other employer-paid fringe benefit or expense;

~~(5) employer-paid fringe benefits including, but not limited to, flexible spending accounts, cafeteria plans, health care expense accounts, day care expenses, or automobile allowances and expenses~~ any form of severance payments;

(6) workers' compensation payments;

(7) disability insurance payments, including self-insured disability payments;

~~(8)~~ (8) payments to school principals and all other administrators for services in addition to the normal work year contract if these additional services are performed on an extended duty day, Saturday, Sunday, holiday, annual leave day, sick leave day, or any other nonduty day;

~~(9)~~ (9) payments under section 356.24, subdivision 1, clause (4)(ii); and

~~(10)~~ (10) payments made under section 122A.40, subdivision 12, except for payments for sick leave accumulated under the provisions of a uniform school district policy that applies equally to all similarly situated persons in the district.

Sec. 20. [354A.107] [PAYMENT ACCEPTANCE ALLOWED.]

Payment for allowable service credit or repayment of a prior refund or payment for an eligible leave of absence by a member of the Minneapolis teachers retirement fund association, the St. Paul teachers retirement fund association, or the Duluth teachers retirement fund association, may be made with funds distributed from a plan qualified under section 401(a), 401(k), 403(a), 403(b), or 457(b) of the federal Internal Revenue Code of 1986, as amended from time to time, or funds distributed from an individual retirement account used solely in a manner eligible for treatment as a nontaxable rollover under applicable law. The rollover must be separately accounted for as member contributions not previously taxed. Before accepting any transfers to which this section applies, the executive secretary or director must require the member to provide written documentation that the amounts to be transferred are eligible for tax free rollover and qualify for that treatment under the federal Internal Revenue Code of 1986, as amended.

Sec. 21. [354A.108] [PAYMENT BY TEACHERS COLLECTING WORKERS' COMPENSATION.]

(a) A member of the Duluth teachers retirement fund association who is receiving temporary workers' compensation payments related to the member's teaching service and who either is receiving a reduced salary from the employer or is receiving no salary from the employer is entitled to purchase allowable service credit for the period of time that the member is receiving the workers' compensation payments.

(b) The required amount payable by the member must be calculated first by determining the differential salary amount, which is the difference between the salary received, if any, during the period of time that the member is collecting workers' compensation payments, and the salary that the member received for an identical length period immediately before collecting the workers' compensation payments. The member shall pay an amount equal to the employee contribution rate under section 354A.12, subdivision 1, multiplied by the differential salary amount.

(c) If the member makes the employee payment under this section, the employing unit shall make an employer payment to the Duluth teachers retirement fund association equal to the employer contribution rate under section 354A.12, subdivision 2a, multiplied by the differential salary amount.

(d) Payments made under this subdivision are payable without interest if paid by June 30 of the

year during which the workers' compensation payments are received by the member. If paid after June 30, payments made under this subdivision must include interest at the rate of 8.5 percent per year. Payment under this section must be completed within one year of the termination of the workers' compensation payments to the member.

Sec. 22. Minnesota Statutes 2000, section 354A.12, subdivision 5, is amended to read:

Subd. 5. ~~[EMPLOYEE REPORTING AND REMITTANCE REQUIREMENTS.]~~ (a) Each school district employing unit shall provide to the appropriate teachers retirement fund association information the following member data regarding all new or returning employees on a form provided by the executive secretary or director before the employee's first payroll date. in a format approved by the executive secretary or director. Data changes and the dates of those changes must be reported to the association on an ongoing basis for the payroll cycle in which they occur. Data on the member includes:

(1) legal name, address, date of birth, association member number, employer-assigned employee number, and social security number;

(2) association status, including, but not limited to, basic, coordinated, exempt annuitant, exempt technical college teacher, and exempt independent contractor or consultant;

(3) employment status, including, but not limited to, full time, part time, intermittent, substitute, or part-time mobility;

(4) employment position, including, but not limited to, teacher, superintendent, principal, administrator, or other;

(5) employment activity, including, but not limited to, hire, termination, resumption of employment, disability, or death;

(6) leaves of absence; and

(7) other information as may be required by the association.

(b) Each employing unit shall provide the following data to the appropriate association for each payroll cycle in a format approved by the executive secretary or director:

(1) association member number;

(2) employer-assigned employee number;

(3) social security number;

(4) amount of each salary deduction;

(5) amount of salary as defined in section 354A.011, subdivision 24, from which each deduction was made;

(6) reason for payment;

(7) service credit;

(8) the beginning and ending dates of the payroll period covered and the date of actual payment;

(9) fiscal year of salary earnings;

(10) total remittance amount including employee, employer, and employer additional contributions; and

(11) other information as may be required by the association.

(c) On or before August 1 each year, each employing unit must report to the appropriate

association giving an itemized summary for the preceding 12 months of the total amount withheld from the salaries of teachers for deductions and all other information required by the association.

(d) An employing unit that does not comply with the reporting requirements under this section shall pay a fine of \$5 per calendar day until the association receives the required member data.

(e) An employing unit shall remit all amounts due to the association and shall furnish for each pay period an itemized statement indicating the total amount due and transmitted with any other information required by the association. All amounts due and other employer obligations not remitted within 30 days of notification by the association must be certified to the commissioner of finance who shall deduct the amount from any state aid or appropriation amount applicable to the employing unit.

Sec. 23. Minnesota Statutes 2000, section 354A.31, subdivision 3, is amended to read:

Subd. 3. [RESUMPTION OF TEACHING AFTER COMMENCEMENT OF A RETIREMENT ANNUITY.] (a) Any person who retired and is receiving a coordinated program retirement annuity under the provisions of sections 354A.31 to 354A.41 or any person receiving a basic program retirement annuity under the governing sections in the articles of incorporation or bylaws and who has resumed teaching service for the school district in which the teachers retirement fund association exists is entitled to continue to receive retirement annuity payments, except that annuity payments must be reduced during the calendar year immediately following the calendar year in which the person's income from the teaching service is in an amount greater than the annual maximum earnings allowable for that age for the continued receipt of full benefit amounts monthly under the federal old age, survivors, and disability insurance program as set by the secretary of health and human services under United States Code, title 42, section 403. The amount of the reduction must be one-third the amount in excess of the applicable reemployment income maximum specified in this subdivision and must be deducted from the annuity payable for the calendar year immediately following the calendar year in which the excess amount was earned. If the person has not yet reached the minimum age for the receipt of social security benefits, the maximum earnings for the person must be equal to the annual maximum earnings allowable for the minimum age for the receipt of social security benefits.

(b) If the person is retired for only a fractional part of the calendar year during the initial year of retirement, the maximum reemployment income specified in this subdivision must be prorated for that calendar year.

(c) After a person has reached the age of 70, no reemployment income maximum is applicable regardless of the amount of any compensation received for teaching service for the school district in which the teachers retirement fund association exists.

(d) The amount of the retirement annuity reduction must be handled or disposed of as provided in section 356.58.

(e) For the purpose of this subdivision, income from teaching service includes: (i) all income for services performed as a consultant or independent contractor; or income resulting from working with the school district in any capacity; and (ii) the greater of either the income received or an amount based on the rate paid with respect to an administrative position, consultant, or independent contractor in the school district in which the teachers retirement fund association exists and at the same level as the position occupied by the person who resumes teaching service.

(f) On or before February 15 of each year, each employing unit shall report to the teachers retirement fund association the amount of postretirement income as defined in this section, earned as a teacher, consultant, or independent contractor during the previous calendar year by each retiree of a teachers retirement fund association for teaching service performed after retirement. The report shall be in a format approved by the executive secretary or director.

Sec. 24. Minnesota Statutes 2000, section 354A.35, subdivision 4, is amended to read:

Subd. 4. [PAYMENT OF MINIMAL REFUND AND BENEFIT AMOUNTS.] If a coordinated member or former coordinated member dies without having designated a beneficiary

or if the designated beneficiary dies without there existing any other designated beneficiary and prior to making application for the refund credited to the deceased coordinated member or coordinated former member, and if the amount of the refund does not exceed \$500 ~~\$1,500~~, the board in its discretion may, in absence of probate proceedings, make payment 90 days after the date of death of the coordinated member or former coordinated member to the surviving spouse of the deceased coordinated member or former coordinated member, or if none, to the next of kin as determined under the laws of descent of the state. A payment under this subdivision shall be a bar to recovery by any other person or persons. Any retirement annuity in any amount which has accrued at the time of the death of a coordinated retiree may be paid by the board in its discretion using the procedure set forth in this subdivision.

Sec. 25. Minnesota Statutes 2000, section 356A.06, subdivision 5, is amended to read:

Subd. 5. [INVESTMENT BUSINESS RECIPIENT DISCLOSURE.] The chief administrative officer of a covered pension plan, with respect to investments made by the plan, and the executive director of the state board of investment, with respect to investments of plan assets made by the board, shall annually disclose in writing the recipients of investment business placed with or investment commissions allocated among commercial banks, investment bankers, brokerage organizations, or other investment managers. The disclosure document must be prepared within 60 days after the close of the fiscal year of the plan and must be available for public inspection during regular office hours at the office of the plan. The disclosure document must also be filed with the executive director of the legislative commission on pensions and retirement within 90 days after the close of the fiscal year of the plan. For the state board of investment and a first class city teacher pension fund, a disclosure document included as part of a regular annual report of the board or the first class city teacher pension fund when filed with the executive director of the legislative commission on pensions and retirement is considered to have been filed on a timely basis.

Sec. 26. Minnesota Statutes 2000, section 490.121, subdivision 4, is amended to read:

Subd. 4. [ALLOWABLE SERVICE.] "Allowable service" means a whole year, or any fraction thereof any calendar month, subject to the service credit limit in subdivision 22, served as a judge at any time, or served as a referee in probate for all referees in probate who were in office prior to January 1, 1974.

Sec. 27. [DELAYED EFFECTIVE DATE.]

Notwithstanding Laws 2000, chapter 461, article 10, section 3, the amendment to Minnesota Statutes, section 353E.03, made by Laws 2000, chapter 461, article 10, section 2, is effective on the first day of the first full pay period beginning after January 1, 2003.

Sec. 28. [REPEALER.]

Minnesota Statutes 2000, section 354A.026, is repealed.

Sec. 29. [EFFECTIVE DATE.]

(a) Sections 1 to 20, 22 to 26, and 28 are effective on July 1, 2001.

(b) Section 21 is effective on May 1, 2001.

ARTICLE 2

STATE PATROL RETIREMENT PLAN MEMBERSHIP EXPANSION

Section 1. Minnesota Statutes 2000, section 352.01, subdivision 2b, is amended to read:

Subd. 2b. [EXCLUDED EMPLOYEES.] "State employee" does not include:

- (1) elective state officers;
- (2) students employed by the University of Minnesota, the state universities, and community

colleges unless approved for coverage by the board of regents or the board of trustees of the Minnesota state colleges and universities, as the case may be;

(3) employees who are eligible for membership in the state teachers retirement association except employees of the department of children, families, and learning who have chosen or may choose to be covered by the Minnesota state retirement system instead of the teachers retirement association;

(4) employees of the University of Minnesota who are excluded from coverage by action of the board of regents;

(5) officers and enlisted personnel in the national guard and the naval militia who are assigned to permanent peacetime duty and who under federal law are or are required to be members of a federal retirement system;

(6) election officers;

(7) persons engaged in public work for the state but employed by contractors when the performance of the contract is authorized by the legislature or other competent authority;

(8) officers and employees of the senate and house of representatives or a legislative committee or commission who are temporarily employed;

(9) receivers, jurors, notaries public, and court employees who are not in the judicial branch as defined in section 43A.02, subdivision 25, except referees and adjusters employed by the department of labor and industry;

(10) patient and inmate help in state charitable, penal, and correctional institutions including the Minnesota veterans home;

(11) persons employed for professional services where the service is incidental to regular professional duties and whose compensation is paid on a per diem basis;

(12) employees of the Sibley House Association;

(13) the members of any state board or commission who serve the state intermittently and are paid on a per diem basis; the secretary, secretary-treasurer, and treasurer of those boards if their compensation is \$5,000 or less per year, or, if they are legally prohibited from serving more than three years; and the board of managers of the state agricultural society and its treasurer unless the treasurer is also its full-time secretary;

(14) state troopers;

(15) temporary employees of the Minnesota state fair employed on or after July 1 for a period not to extend beyond October 15 of that year; and persons employed at any time by the state fair administration for special events held on the fairgrounds;

(16) emergency employees in the classified service; except that if an emergency employee, within the same pay period, becomes a provisional or probationary employee on other than a temporary basis, the employee shall be considered a "state employee" retroactively to the beginning of the pay period;

(17) persons described in section 352B.01, subdivision 2, clauses (2) to ~~(5)~~ (6);

(18) temporary employees in the classified service, and temporary employees in the unclassified service appointed for a definite period of not more than six months and employed less than six months in any one-year period;

(19) trainee employees, except those listed in subdivision 2a, clause (10);

(20) persons whose compensation is paid on a fee basis;

(21) state employees who in any year have credit for 12 months service as teachers in the public schools of the state and as teachers are members of the teachers retirement association or a retirement system in St. Paul, Minneapolis, or Duluth;

(22) employees of the adjutant general employed on an unlimited intermittent or temporary basis in the classified and unclassified service for the support of army and air national guard training facilities;

(23) chaplains and nuns who are excluded from coverage under the federal Old Age, Survivors, Disability, and Health Insurance Program for the performance of service as specified in United States Code, title 42, section 410(a)(8)(A), as amended, if no irrevocable election of coverage has been made under section 3121(r) of the Internal Revenue Code of 1986, as amended through December 31, 1992;

(24) examination monitors employed by departments, agencies, commissions, and boards to conduct examinations required by law;

(25) persons appointed to serve as members of fact-finding commissions or adjustment panels, arbitrators, or labor referees under chapter 179;

(26) temporary employees employed for limited periods under any state or federal program for training or rehabilitation including persons employed for limited periods from areas of economic distress except skilled and supervisory personnel and persons having civil service status covered by the system;

(27) full-time students employed by the Minnesota historical society intermittently during part of the year and full-time during the summer months;

(28) temporary employees, appointed for not more than six months, of the metropolitan council and of any of its statutory boards, if the board members are appointed by the metropolitan council;

(29) persons employed in positions designated by the department of employee relations as student workers;

(30) members of trades employed by the successor to the metropolitan waste control commission with trade union pension plan coverage under a collective bargaining agreement first employed after June 1, 1977;

(31) persons employed in subsidized on-the-job training, work experience, or public service employment as enrollees under the federal Comprehensive Employment and Training Act after March 30, 1978, unless the person has as of the later of March 30, 1978, or the date of employment sufficient service credit in the retirement system to meet the minimum vesting requirements for a deferred annuity, or the employer agrees in writing on forms prescribed by the director to make the required employer contributions, including any employer additional contributions, on account of that person from revenue sources other than funds provided under the federal Comprehensive Employment and Training Act, or the person agrees in writing on forms prescribed by the director to make the required employer contribution in addition to the required employee contribution;

(32) off-duty peace officers while employed by the metropolitan council;

(33) persons who are employed as full-time police officers by the metropolitan council and as police officers are members of the public employees police and fire fund;

(34) persons who are employed as full-time firefighters by the department of military affairs and as firefighters are members of the public employees police and fire fund;

(35) foreign citizens with a work permit of less than three years, or an H-1b/JV visa valid for less than three years of employment, unless notice of extension is supplied which allows them to work for three or more years as of the date the extension is granted, in which case they are eligible for coverage from the date extended; and

(36) persons who are employed by the board of trustees of the Minnesota state colleges and universities and who elect to remain members of the public employees retirement association or the Minneapolis employees retirement fund, whichever applies, under section 136C.75.

Sec. 2. Minnesota Statutes 2000, section 352B.01, subdivision 2, is amended to read:

Subd. 2. [MEMBER.] "Member" means:

~~(a) persons referred to and~~ (1) a state patrol member currently employed after June 30, 1943, under Laws 1929, chapter 355, as amended or supplemented, ~~currently employed section 299D.03~~ by the state, who is a peace officer under section 626.84, and whose ~~salaries~~ salary or compensation is paid out of state funds;

~~(b) (2)~~ a conservation officer employed under section 97A.201, currently employed by the state, whose salary or compensation is paid out of state funds;

~~(c) (3)~~ a crime bureau officer who was employed by the crime bureau and was a member of the highway patrolmen's retirement fund on July 1, 1978, whether or not that person has the power of arrest by warrant after that date, or who is employed as police personnel, with powers of arrest by warrant under section 299C.04, and who is currently employed by the state, and whose salary or compensation is paid out of state funds;

~~(d) (4)~~ a person who is employed by the state in the department of public safety in a data processing management position with salary or compensation paid from state funds, who was a crime bureau officer covered by the state patrol retirement plan on August 15, 1987, and who was initially hired in the data processing management position within the department during September 1987, or January 1988, with membership continuing for the duration of the person's employment in that position, whether or not the person has the power of arrest by warrant after August 15, 1987; and

~~(e) (5)~~ a public safety employees employee defined as a peace officers officer in section 626.84, subdivision 1, paragraph (c), and employed with the division of alcohol and gambling enforcement under section 299L.01; and

(6) a fugitive apprehension unit officer after October 31, 2000, employed by the office of special investigations of the department of corrections who is a peace officer under section 626.84.

Sec. 3. [DISPOSITION OF CERTAIN CONTRIBUTIONS.]

(a) The employee contributions for the period November 1, 2000, to the effective date of this section for a person described in Minnesota Statutes, section 352B.01, subdivision 2, clause (6), must be transferred, with 8.5 percent per annum interest for the period from the date of the contribution to the date of transfer, from the general state employees retirement plan of the Minnesota state retirement system to the state patrol retirement fund.

(b) The employer contributions associated with the employee contributions governed by paragraph (a) also must be transferred for the period from the date of the contribution to the date of transfer, with 8.5 percent per annum interest, from the general state employees retirement plan of the Minnesota state retirement system to the state patrol retirement fund.

(c) A person described in Minnesota Statutes, section 352B.01, subdivision 2, clause (6), must pay, by additional payroll deduction, to the state patrol retirement fund an amount equal to the difference between the transferred employee contributions and interest and the full member contribution under Minnesota Statutes, section 352B.02, subdivision 1a, plus 8.5 percent per annum interest on the balance from March 1, 2001, to the date the additional payment is complete. The additional payment must be completed by December 31, 2001, or by the date of retirement, whichever is earlier.

(d) The department of corrections, for each person described in Minnesota Statutes, section 352B.01, subdivision 2, clause (6), must pay, in a lump sum on July 1, 2001, to the state patrol retirement fund an amount equal to the difference between the transferred employer contributions

and interest and the full employer contribution under Minnesota Statutes, section 352B.02, subdivision 1c, plus 8.5 percent per annum interest on the amount from March 1, 2001, to July 1, 2001.

Sec. 4. [EFFECTIVE DATE.]

Sections 1 and 2 are effective retroactively to November 1, 2000. Section 3 is effective on the day following final enactment.

ARTICLE 3

REMEDIAL MEASURES FOR THE PERA-GENERAL FUNDING DEFICIENCY

Section 1. Minnesota Statutes 2000, section 11A.18, subdivision 11, is amended to read:

Subd. 11. [~~ADJUSTMENT FOR DISPOSITION OF MORTALITY GAINS AND LOSSES.~~]

(a) As of June 30 annually, the commission-retained actuary shall calculate the amount of required reserves representing any mortality gains and any mortality losses incurred by each participating public pension fund or plan during the fiscal year and report the results of those calculations to the applicable participating public pension fund or plan. The actuary shall report separately the amount of the reserves for annuitants and benefit recipients who are eligible for a postretirement benefit adjustment and the amount of reserves for annuitants and benefit recipients who are not eligible for a postretirement benefit adjustment.

(b) A mortality stabilization reserve is established within the Minnesota postretirement investment fund. If the net amount of required reserves calculated under paragraph (a) represents a mortality gain, the participating public pension fund or plan shall certify that amount to the state board, which shall sell sufficient securities or transfer sufficient available cash credit to the mortality stabilization reserve an amount equal to the amount of money certified mortality gain. If the amount of required reserves calculated under paragraph (a) represents a mortality loss, the participating public pension fund or plan shall transfer to the state board shall deduct from the mortality stabilization reserve an amount equal to the amount of the net mortality loss.

(c) If a change in a mortality assumption of a participating public pension plan is approved under section 356.215, subdivision 7, any associated reduction in the actuarial accrued liability of the plan as calculated by the commission-retained actuary under section 356.215 must be credited to the mortality stabilization reserve by the state board as a mortality gain and any associated increase in the actuarial accrued liability of the plan as calculated by the commission-retained actuary under section 356.215 must be deducted from the mortality stabilization reserve by the state board as a mortality loss.

(d) The amount of the transfers shall any mortality credit or deduction must be determined before any postretirement benefit adjustments have been made. All transfers resulting from mortality adjustments shall be completed annually by December 31 for the preceding June 30. Interest shall be charged or credited on any transfers after December 31 based upon the preretirement interest assumption for the participating plan or fund as specified in section 356.215, subdivision 4d, stated as a monthly rate. Book values of the assets of the fund for the purposes of subdivision 9 shall be determined only after all adjustments for mortality gains and losses for the fiscal year have been made. A net positive mortality stabilization reserve amount must be deducted from the market value of the Minnesota postretirement investment fund under subdivision 9, paragraph (c), clause (1). A net negative mortality stabilization reserve amount must be considered a negative balance under subdivision 9, paragraph (c), clauses (7), (8), and (9).

Sec. 2. Minnesota Statutes 2000, section 353.01, subdivision 1, is amended to read:

Subdivision 1. [TERMS.] Unless the language or context clearly indicates that a different meaning is intended, each of the following terms, for the purposes of this chapter, shall be have the meaning given the meanings subjoined to them it.

Sec. 3. Minnesota Statutes 2000, section 353.01, subdivision 2, is amended to read:

Subd. 2. [PUBLIC EMPLOYEE.] "Public employee" means ~~an~~ a governmental employee

performing personal services for a governmental subdivision ~~under defined in~~ subdivision 6, whose salary is paid, in whole or in part, from revenue derived from taxation, fees, assessments, or from other sources. The term also includes ~~special the classes of persons described or listed in subdivision 2a, but.~~ The term also includes persons who elect association membership under subdivision 2d, paragraph (a), and persons for whom the applicable governmental subdivision had elected association membership under subdivision 2d, paragraph (b). The term excludes ~~special the classes of persons listed in subdivision 2b for purposes of membership in the association. Public employee does not include independent contractors and their employees. A reemployed annuitant under section 353.37 must not be considered to be a public employee for purposes of that reemployment.~~

Sec. 4. Minnesota Statutes 2000, section 353.01, subdivision 2a, is amended to read:

Subd. 2a. [INCLUDED EMPLOYEES.] (a) ~~Public employees whose salary from one governmental subdivision exceeds \$425 in any month shall participate as members of the association. If the salary of an employee is less than \$425 in a subsequent month, the employee retains membership eligibility. The following persons are considered public employees:~~

(1) ~~employees whose annual salary from one governmental subdivision exceeds a stipulation prepared in advance, in writing, to be not more than \$5,100 per calendar year or per school year for school employees for employment expected to be of a full year's duration or more than the prorated portion of \$5,100 per employment period expected to be of less than a full year's duration. If compensation from one governmental subdivision to an employee under this clause exceeds \$5,100 per calendar year or school year after being stipulated in advance not to exceed that amount, the stipulation is no longer valid and contributions must be made on behalf of the employee under section 353.27, subdivision 12, from the month in which the employee's salary first exceeded \$425;~~

(2) ~~employees whose total salary from concurrent nontemporary positions in one governmental subdivision exceeds \$425 in any month;~~

(3) ~~elected officers for service to which they were elected by the public at large, or persons appointed to fill a vacancy in an elective office, who elect to participate by filing an application for membership, but not for service on a joint or regional board that is a governmental subdivision under subdivision 6, paragraph (a), unless the salary earned for that service exceeds \$425 in any month. The option to become a member, once exercised, may not be withdrawn during the incumbency of the person in office;~~

(4) ~~members who are appointed by the governor to be a state department head and elect not to be covered by the Minnesota state retirement system under section 352.021;~~

(5) ~~employees of elected officers;~~

(6) ~~persons who elect to remain members under section 480.181, subdivision 2;~~

(7) ~~employees of a school district who receive separate salaries for driving their own buses;~~

(8) ~~employees of the Minnesota association of townships when the board of the association, at its option, certifies to the executive director that its employees are to be included for purposes of retirement coverage, in which case coverage of all employees of the association is permanent;~~

(9) ~~employees of a county historical society who are county employees;~~

(10) ~~employees of a county historical society located in the county whom the county, at its option, certifies to the executive director to be county employees for purposes of retirement coverage under this chapter, which status must be accorded to all similarly situated county historical society employees and, once established, must continue as long as a person is an employee of the county historical society and is not excluded under subdivision 2b; and~~

(11) ~~employees who became members before July 1, 1988, based on the total salary of positions held in more than one governmental subdivision. shall participate as members of the~~

association with retirement coverage by the public employees retirement plan or the public employees police and fire retirement plan under this chapter, or the local government correctional employees retirement plan under chapter 353E, whichever applies, as a condition of their employment on the first day of employment unless they:

- (1) are specifically excluded under subdivision 2b;
- (2) do not exercise their option to elect retirement coverage in the association as provided in subdivision 2d, paragraph (a); or
- (3) are employees of the governmental subdivisions listed in subdivision 2d, paragraph (b), where the governmental subdivision has not elected to participate as a governmental subdivision covered by the association.

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

Sec. 5. Minnesota Statutes 2000, section 353.01, subdivision 2b, is amended to read:

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

(1) elected public officers, other than county sheriffs, who are elected to a governing body, or persons who are appointed to fill a vacancy in an elective office who do not elect to participate in the association by filing an application for membership of a governing body, whose term of office first commences on or after July 1, 2002, for the service to be rendered in that elective position. Elected governing body officials who were active members of the association's coordinated or basic retirement plans as of June 30, 2002, continue participation throughout incumbency in office until termination of public service occurs as defined in subdivision 11a;

(2) election officers or election judges;

(3) patient and inmate personnel who perform services in charitable, penal, or correctional institutions of for a governmental subdivision;

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

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

(5) employees whose actual salary from one governmental subdivision does not exceed \$425 per month, or whose annual salary from one governmental subdivision does not exceed a

~~stipulation prepared in advance, in writing, that the salary must not exceed \$5,100 per calendar year or per school year for school employees for employment expected to be of a full year's duration or more than the prorated portion of \$5,100 per employment period for employment expected to be of less than a full year's duration;~~

~~(6)~~ employees who are employed by reason of work emergency caused by fire, flood, storm, or similar disaster;

~~(7)~~ ~~(6)~~ employees who by virtue of their employment in one governmental subdivision are required by law to be a member of and to contribute to any of the plans or funds administered by the Minnesota state retirement system, the teachers retirement association, the Duluth teachers retirement fund association, the Minneapolis teachers retirement association, the St. Paul teachers retirement fund association, the Minneapolis employees retirement fund, or any police or firefighters relief association governed by section 69.77 that has not consolidated with the public employees retirement association, or any local police or firefighters consolidation account but who have not elected the type of benefit coverage provided by the public employees police and fire fund under sections 353A.01 to 353A.10, or any persons covered by section 353.665, subdivision 4, 5, or 6, who have not elected public employees police and fire plan benefit coverage. This clause must not be construed to prevent a person from being a member of and contributing to the public employees retirement association and also belonging to and contributing to another public pension fund for other service occurring during the same period of time. A person who meets the definition of "public employee" in subdivision 2 by virtue of other service occurring during the same period of time becomes a member of the association unless contributions are made to another public retirement fund on the salary based on the other service ~~or to the teachers retirement association by a teacher as defined in section 354.05, subdivision 2;~~

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

~~(9)~~ ~~full-time students who~~ ~~(8)~~ employees who at the time they are hired by a governmental subdivision are enrolled and on a full-time basis to attend or are regularly attending classes at an accredited school, college, or university and who are part-time employees as defined by a governmental subdivision in an undergraduate, graduate, or professional-technical program, or a public or charter high school, if the employment is predicated on the student status of the individual;

~~(10)~~ ~~(9)~~ resident physicians, medical interns, and pharmacist residents and pharmacist interns who are serving in a degree or residency program in public hospitals;

~~(11)~~ ~~(10)~~ students who are serving in an internship or residency program sponsored by an accredited educational institution;

~~(12)~~ ~~(11)~~ persons who hold a part-time adult supplementary technical college license who render part-time teaching service in a technical college;

~~(13)~~ ~~(12)~~ foreign citizens working for a governmental subdivision with a work permit of less than three years, or an H-1b visa valid for less than three years of employment. Upon notice to the association that the work permit or visa extends beyond the three-year period, the foreign citizens are eligible for membership from the date of the extension;

~~(14)~~ ~~(13)~~ public hospital employees who elected not to participate as members of the association before 1972 and who did not elect to participate from July 1, 1988, to October 1, 1988;

~~(15)~~ ~~(14)~~ except as provided in section 353.86, volunteer ambulance service personnel, as defined in subdivision 35, but persons who serve as volunteer ambulance service personnel may still qualify as public employees under subdivision 2 and may be members of the public employees retirement association and participants in the public employees retirement fund or the

public employees police and fire fund, whichever applies, on the basis of compensation received from public employment service other than service as volunteer ambulance service personnel;

~~(16)~~ (15) except as provided in section 353.87, volunteer firefighters, as defined in subdivision 36, engaging in activities undertaken as part of volunteer firefighter duties; provided that a person who is a volunteer firefighter may still qualify as a public employee under subdivision 2 and may be a member of the public employees retirement association and a participant in the public employees retirement fund or the public employees police and fire fund, whichever applies, on the basis of compensation received from public employment activities other than those as a volunteer firefighter;

~~(17)~~ pipefitters and associated trades personnel employed by independent school district No. 625, St. Paul, with coverage by the pipefitters local 455 pension plan under a collective bargaining agreement who were either first employed after May 1, 1997, or, if first employed before May 2, 1997, elected to be excluded under Laws 1997, chapter 241, article 2, section 12; and

~~(18)~~ (16) electrical workers, plumbers, carpenters, and associated trades personnel employed by independent school district No. 625, St. Paul, or the city of St. Paul, with who have retirement coverage by the electrical workers local 110 pension plan, the united association plumbers local 34 pension plan, or the carpenters local 87 pension plan under a collective bargaining agreement who were either first employed after May 1, 2000, or, if first employed before May 2, 2000, elected to be excluded under Laws 2000, chapter 461, article 7, section 5-;

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

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

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

(20) reemployed annuitants of the association during the course of that reemployment; and

(21) employees of a common school district as defined in section 120A.05, subdivision 5, an independent school district as defined in section 120A.05, subdivision 10, a special school district as defined in section 120A.05, subdivision 14, any instrumentality of a common, independent, or special school district, or any governmental entity comprised wholly of common, independent, or special school districts.

Sec. 6. Minnesota Statutes 2000, section 353.01, is amended by adding a subdivision to read:

Subd. 2d. [OPTIONAL MEMBERSHIP.] (a) Membership in the association is optional by action of the individual employee for the following public employees who meet the conditions set forth in subdivision 2a:

(1) members of the coordinated plan who are also employees of labor organizations as defined in section 353.017, subdivision 1, for their employment by the labor organization only if they elect to have membership under section 353.017, subdivision 2;

(2) persons who are elected or persons who are appointed to elected positions other than local governing body elected positions who elect to participate by filing a written election for membership;

(3) members of the association who are appointed by the governor to be a state department head and who elect not to be covered by the general state employees retirement plan of the Minnesota state retirement system under section 352.021; and

(4) city managers as defined in section 353.028, subdivision 1, who do not elect to be excluded from membership in the association under section 353.028, subdivision 2.

(b) Membership in the association is optional by action of the governmental subdivision for the employees of the following governmental subdivisions under the conditions specified:

(1) the Minnesota association of townships if the board of the association, at its option, certifies to the executive director that its employees are to be included for purposes of retirement coverage, in which case the status of the association as a participating employer is permanent; and

(2) a county historical society if the county in which the historical society is located, at its option, certifies to the executive director that the employees of the historical society are to be county employees for purposes of retirement coverage under this chapter. The status as a county employee must be accorded to all similarly situated county historical society employees and, once established, must continue as long as a person is an employee of the county historical society.

(c) For employees who are covered by paragraph (a), clause (1), (2), or (3), or covered by paragraph (b), if the necessary membership election is not made, the employee is excluded from retirement coverage under this chapter. For employees who are covered by paragraph (a), clause (4), if the necessary election is not made, the employee must become a member and have retirement coverage under this chapter. The option to become a member, once exercised under this subdivision, may not be withdrawn until termination of public service as defined under subdivision 11a.

Sec. 7. Minnesota Statutes 2000, section 353.01, subdivision 6, is amended to read:

Subd. 6. [GOVERNMENTAL SUBDIVISION.] (a) "Governmental subdivision" means a county, city, or town, ~~school district~~ within this state, or a department or unit of state government, or any public body whose revenues are derived from taxation, fees, assessments or from other sources.

(b) Governmental subdivision also means the public employees retirement association, the league of Minnesota cities, the association of metropolitan municipalities, public hospitals owned or operated by, or an integral part of, a governmental subdivision or governmental subdivisions, the association of Minnesota counties, the metropolitan intercounty association, the Minnesota municipal utilities association, the metropolitan airports commission, the Minneapolis employees retirement fund for employment initially commenced after June 30, 1979, the range association of municipalities and schools, soil and water conservation districts, and economic development authorities created or operating under sections 469.090 to 469.108.

(c) Governmental subdivision does not mean a school district; any municipal housing and redevelopment authority organized under the provisions of sections 469.001 to 469.047; or any port authority organized under sections 469.048 to 469.089; or any hospital district organized or reorganized prior to July 1, 1975, under sections 447.31 to 447.37 or the successor of the district, nor the Minneapolis community development agency.

Sec. 8. Minnesota Statutes 2000, section 353.01, subdivision 7, is amended to read:

Subd. 7. [MEMBER.] "Member" means a person who accepts employment as a "public employee" under subdivision 2, who is an employee who works in one or more positions that require or allow membership in the association under subdivision 2a or 2d, for whom contributions have been withheld from salary and who is not covered by the plan established in chapter 353D or excluded under subdivision 2b. A person who is a member remains a member while performing services as a public employee and while on an authorized leave of absence or an authorized temporary layoff.

Sec. 9. Minnesota Statutes 2000, section 353.01, subdivision 11b, is amended to read:

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

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

(2) ~~when a member who is a part-time employee is excluded from membership as a full-time student under subdivision 2b, clause (9);~~

~~(3) when a member does not return to work within 30 days of the expiration of an authorized temporary layoff under subdivision 12 or an authorized leave of absence under subdivision 31. If the employee subsequently returns to a position in the same governmental subdivision, the employee shall not again be required to earn a salary in excess of \$425 per month, unless the employee has taken a refund of accumulated employee deductions plus interest under section 353.34, subdivision 1 as evidenced by the appropriate record filed by the governmental subdivision; or~~

~~(4) (3) when a person files a written election to discontinue employee deductions under section 353.27, subdivision 7, paragraph (a), clause (1).~~

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

Sec. 10. Minnesota Statutes 2000, section 353.01, subdivision 12, is amended to read:

Subd. 12. [AUTHORIZED TEMPORARY LAYOFF.] "Authorized temporary layoff," ~~including seasonal leave of absence,~~ means a suspension of public service authorized by the employing governmental subdivision for a specified period not exceeding three months in any calendar year, as evidenced by appropriate record of the employer and promptly transmitted to the association. The association shall credit the member for an authorized temporary layoff only as provided in subdivision 16, paragraph (a), clause (4).

Sec. 11. Minnesota Statutes 2000, section 353.01, subdivision 12a, is amended to read:

Subd. 12a. [TEMPORARY POSITION.] (1) "Temporary position" means an employment position predetermined by the employer at the time of hiring to be a period of six months or less ~~or. Temporary position also means an employment position occupied by a person hired by the employer as a temporary replacement who is employed for a predetermined period of six months or less.~~

(2) "Temporary position" does not mean an employment position for ~~an unlimited period a specified term in which a person serves a probationary period or works an irregular schedule as a requirement for subsequent employment on a permanent or unlimited basis.~~

Sec. 12. Minnesota Statutes 2000, section 353.01, subdivision 12b, is amended to read:

Subd. 12b. [SEASONAL POSITION.] "Seasonal position" means a position where the nature of the work or its duration are related to a specific season or seasons of the year, regardless of whether or not the employing agency anticipates that the same employee will return to the position each season in which it becomes available. The entire period of employment in a business year must be used to determine whether or not a position may be excluded as seasonal when there is less than a 30-day break between one seasonal position and a subsequent seasonal position for employment with the same governmental employer. Seasonal positions include, but are not limited to, coaching athletic activities; employment to plow snow or to maintain roads or parks, or to operate skating rinks, ski lodges, golf courses, or swimming pools.

Sec. 13. Minnesota Statutes 2000, section 353.01, subdivision 16, is amended to read:

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

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

(2) service in years during which the public employee was not a member but for which the

member later elected, while a member, to obtain credit by making payments to the fund as permitted by any law then in effect;

(b) "~~Allowable service~~" also means (3) a period of authorized leave of absence with pay from which deductions for employee contributions are made, deposited, and credited to the fund;

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

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

(e) "~~Allowable service~~" also means a period during which a member is on an authorized sick leave of absence, without pay, limited to one year. An employee who has received one year of allowable service shall return to public service and receive a minimum of three months of allowable service to receive allowable service for a subsequent authorized sick leave of absence.

(f) "~~Allowable service~~" also means (6) an authorized temporary layoff under subdivision 12. For temporary layoffs that begin before July 1, 2001, allowable service credit is limited to three months allowable service per authorized temporary layoff in one calendar year. ~~An employee who~~

~~has received the maximum service allowed for an authorized temporary layoff shall return to public service and receive a minimum of three months of allowable service to receive allowable service for a subsequent authorized temporary layoff. For temporary layoffs that begin on or after July 1, 2001, allowable service credit for the calendar month in which the member does not receive salary due to the layoff must be determined using the following formula:~~

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

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

~~(g) Notwithstanding any law to the contrary, "allowable service" also means a parental leave. The association shall grant a maximum of two months service credit for a parental leave, within six months after the birth or adoption, upon documentation from the member's governmental subdivision or presentation of a birth certificate or other evidence of birth or adoption to the association.~~

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

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

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

~~(d) For persons who, after June 30, 2001, either first become members or terminated~~

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

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

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

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

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

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

Sec. 14. Minnesota Statutes 2000, section 353.01, is amended by adding a subdivision to read:

Subd. 38. [BUSINESS YEAR.] "Business year" means the first day of the first full pay period through the last day of the last full pay period of the 12-month fiscal year applicable to the respective governmental subdivision.

Sec. 15. Minnesota Statutes 2000, section 353.01, is amended by adding a subdivision to read:

Subd. 39. [COMPENSATED HOURS.] "Compensated hours" means the hours during which an employee performs services in one or more positions for a single governmental subdivision for which the employee receives compensation. The term also includes the following:

(1) paid holiday hours for which the employee is not required to work;

(2) paid used sick leave hours;

(3) paid used personal leave hours and vacation hours; and

(4) the paid hours drawn from accrued compensatory time.

Sec. 16. Minnesota Statutes 2000, section 353.026, is amended to read:

353.026 [COVERAGE FOR CERTAIN MUNICIPAL AND SCHOOL DISTRICT EMPLOYEES.]

Any person who was employed by the city of Minneapolis, ~~Special School District No. 1~~, or public corporation as defined in section 422A.01, subdivision 9, on or after July 1, 1978 and prior to July 1, 1979, and who was excluded from retirement coverage by the coordinated program of the Minneapolis municipal employees retirement fund pursuant to section 422A.09, subdivision 3, shall be entitled to retirement coverage by the public employees retirement association unless specifically excluded pursuant to section 353.01, subdivision 2b, from and after May 19, 1981.

Sec. 17. Minnesota Statutes 2000, section 353.03, subdivision 1, is amended to read:

Subdivision 1. [MANAGEMENT; COMPOSITION; ELECTION.] (a) The management of the

public employees retirement fund is vested in an 11-member board of trustees consisting of ten members and the state auditor ~~who~~. The state auditor may designate a deputy auditor with expertise in pension matters as the auditor's representative on the board.

(b) The governor shall appoint five trustees to four-year terms, one of whom shall be designated to represent ~~school boards~~ townships and special districts, one to represent cities, one to represent counties, one who is a retired annuitant, and one who is a public member knowledgeable in pension matters.

(c) The membership of the association, including recipients of retirement annuities and disability and survivor benefits, shall elect five trustees, one of whom must be a member of the police and fire fund and one of whom must be a former member who met the definition of public employee under section 353.01, subdivisions 2 and 2a, for at least five years prior to terminating membership or a member who receives a disability benefit, for terms of four years. Except as provided in this subdivision, trustees elected by the membership of the association must be public employees and members of the association.

(d) For seven days beginning October 1 of each year preceding a year in which an election is held, the association shall accept at its office filings in person or by mail of candidates for the board of trustees. A candidate shall submit at the time of filing a nominating petition signed by 25 or more members of the fund. No name may be withdrawn from nomination by the nominee after October 15. At the request of a candidate for an elected position on the board of trustees, the board shall mail a statement of up to 300 words prepared by the candidate to all persons eligible to vote in the election of the candidate. The board may adopt policies to govern form and length of these statements, timing of mailings, and deadlines for submitting materials to be mailed. These policies must be approved by the secretary of state. The secretary of state shall resolve disputes between the board and a candidate concerning application of these policies to a particular statement.

(e) A candidate who:

(1) receives contributions or makes expenditures in excess of \$100; or

(2) has given implicit or explicit consent for any other person to receive contributions or make expenditures in excess of \$100 for the purpose of bringing about the candidate's election, shall file a report with the campaign finance and public disclosure board disclosing the source and amount of all contributions to the candidate's campaign. The campaign finance and public disclosure board shall prescribe forms governing these disclosures. Expenditures and contributions have the meaning defined in section 10A.01. These terms do not include the mailing made by the association board on behalf of the candidate. A candidate shall file a report within 30 days from the day that the results of the election are announced. The campaign finance and public disclosure board shall maintain these reports and make them available for public inspection in the same manner as the board maintains and makes available other reports filed with it.

(f) By January 10 of each year in which elections are to be held the board shall distribute by mail to the members ballots listing the candidates. No member may vote for more than one candidate for each board position to be filled. A ballot indicating a vote for more than one person for any position is void. No special marking may be used on the ballot to indicate incumbents. The last day for mailing ballots to the fund is January 31. Terms expire on January 31 of the fourth year, and positions are vacant until newly elected members are qualified. The ballot envelopes must be so designed and the ballots counted in a manner that ensures that each vote is secret. The secretary of state shall supervise the elections.

(g) The board of trustees and the executive director shall undertake their activities consistent with chapter 356A.

Sec. 18. Minnesota Statutes 2000, section 353.27, subdivision 2, is amended to read:

Subd. 2. [EMPLOYEE CONTRIBUTION.] (a) The employee contribution is an the following applicable percentage of total salary amount (1) for a "basic member" equal to 8.75 percent of total salary; and (2) for a "coordinated member" equal to 4.75 percent of total salary;

	<u>basic program</u>	<u>coordinated program</u>
<u>before January 1, 2002</u>	<u>8.75</u>	<u>4.75</u>
<u>effective January 1, 2002</u>	<u>....</u>	<u>....</u>
<u>effective January 1, 2003</u>	<u>....</u>	<u>....</u>

(b) These contributions must be made by deduction from salary in the manner provided in subdivision 4. Where any portion of a member's salary is paid from other than public funds, such member's employee contribution must be based on the total salary received from all sources.

Sec. 19. Minnesota Statutes 2000, section 353.27, subdivision 3, is amended to read:

Subd. 3. [EMPLOYER CONTRIBUTION.] (a) The employer contribution is ~~an~~ the following applicable percentage of total salary amount equal to the employee contribution under subdivision 2.

	<u>basic program</u>	<u>coordinated program</u>
<u>before January 1, 2002</u>	<u>8.75</u>	<u>4.75</u>
<u>effective January 1, 2002</u>	<u>....</u>	<u>....</u>
<u>effective January 1, 2003</u>	<u>....</u>	<u>....</u>

(b) This contribution must be made from funds available to the employing subdivision by the means and in the manner provided in section 353.28.

Sec. 20. Minnesota Statutes 2000, section 353.27, subdivision 4, is amended to read:

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

- (1) the legal names and social security numbers of employees who are members;
- (2) the amount of each employee's salary deduction;
- (3) the amount of salary from which each deduction was made;
- (4) the beginning and ending dates of the payroll period covered and the date of actual payment; ~~and~~
- (5) adjustments or corrections covering past pay periods; and
- (6) the number of compensated hours of each employee during the payroll period.

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

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

Sec. 21. Minnesota Statutes 2000, section 353.27, subdivision 10, is amended to read:

Subd. 10. [EMPLOYER EXCLUSION REPORTS.] The head of a department shall annually furnish the executive director with an exclusion report listing only those employees in potentially PERA-eligible positions who were not reported as members of the association and who worked during the school year for school employees and calendar year for nonschool employees. The department head must certify the accuracy and completeness of the exclusion report to the association. The executive director shall prescribe the manner and forms, including standardized exclusion codes, to be used by a governmental subdivision in preparing and filing exclusion reports. The executive director shall also check the exclusion report to ascertain whether any omissions have been made by a department head in the reporting of new public employees for membership. The executive director may delegate an association employee under section 353.03, subdivision 3a, paragraph (b), clause (5), to conduct a field audit to review the payroll records of a governmental subdivision.

Sec. 22. Minnesota Statutes 2000, section 353.27, subdivision 11, is amended to read:

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

Sec. 23. [353.275] [STATE AID FOR PERA-GENERAL.]

(a) Annually, on July 1, \$..... is appropriated from the general fund to the commissioner of finance for transmittal to the executive director of the public employees retirement association.

(b) The state aid transmitted under paragraph (a) must be deposited in the general employees retirement fund upon receipt and must be credited as an asset of the general employees retirement plan of the public employees retirement association.

Sec. 24. Minnesota Statutes 2000, section 353.28, subdivision 8, is amended to read:

Subd. 8. If the taxes authorized to be levied under this section cause the total amount of taxes levied to exceed any limitation upon the power of a county, city, or town, ~~or school district~~ to levy taxes, the governmental subdivision concerned, ~~if it is other than a school district~~, may levy taxes in excess of the limitation in such amount as is necessary to meet its obligations under this section. The expenditures authorized to be made under this chapter by any municipality are not included in computing the cost of government as defined in any home rule charter of any municipality which employs members covered by the retirement fund.

Sec. 25. Minnesota Statutes 2000, section 353.86, subdivision 1, is amended to read:

Subdivision 1. [PARTICIPATION.] Volunteer ambulance service personnel, as defined in

section 353.01, subdivision 35, who are or become members of and participants in the public employees retirement fund or the public employees police and fire fund before July 1, 2002, and make contributions to either of those funds based on compensation for service other than volunteer ambulance service may elect to participate in that same fund with respect to compensation received for volunteer ambulance service, provided that the volunteer ambulance service is not credited to another public or private pension plan including the public employees retirement plan established by chapter 353D and provided further that the volunteer ambulance service is rendered for the same governmental unit for which the nonvolunteer ambulance service is rendered.

Sec. 26. Minnesota Statutes 2000, section 354.05, subdivision 2, is amended to read:

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

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

(2) an employee of the teachers retirement association unless the employee is covered by the Minnesota state retirement system due to prior employment by that system;

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

(4) an employee of a common, independent, or special school district, an instrumentality of a school district, or a governmental entity that is comprised wholly of school districts who are not included in clause (1) other than a person who was a member of the Minneapolis employees retirement fund on March 1, 2001.

(b) Teacher does not mean:

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

(2) a person employed in subsidized on-the-job training, work experience or public service employment as an enrollee under the federal Comprehensive Employment and Training Act from and after March 30, 1978, unless the person has, as of the later of March 30, 1978, or the date of employment, sufficient service credit in the retirement association to meet the minimum vesting requirements for a deferred retirement annuity, or the employer agrees in writing on forms prescribed by the executive director to make the required employer contributions, including any employer additional contributions, on account of that person from revenue sources other than funds provided under the federal Comprehensive Training and Employment Act, or the person agrees in writing on forms prescribed by the executive director to make the required employer contribution in addition to the required employee contribution;

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

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

(5) a person who is employed by special school district No. 1 and who was a member of the Minneapolis employees retirement fund on March 1, 2001;

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

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

Sec. 27. [354.411] [TRANSFER OF MEMBERSHIP; TRANSFER OF LIABILITIES, ASSETS, AND RELEVANT RECORDS.]

Subdivision 1. [MEMBERSHIP TRANSFER.] Unless excluded from membership under section 354.05, subdivision 2, active members of the general employees retirement plan of the public employees retirement association on June 30, 2001, who are employees of a common school district, an independent school district, a special school district, an instrumentality of a school district, or a governmental entity comprised wholly of school districts are active members of the teachers retirement association under this chapter on July 1, 2001, and are not active members of the general employees retirement plan of the public employees retirement association under chapter 353.

Subd. 2. [SERVICE CREDIT TRANSFER.] (a) For every person transferred under subdivision 1, all past allowable service credit in the general employees retirement plan of the public employees retirement association under section 353.01, subdivision 16, arising from school district or related employment is allowable and formula service credit under section 354.05, subdivisions 13 and 25.

(b) The executive director of the public employees retirement association shall certify the amount of service credit transferred under paragraph (a) for each active member provided future retirement plan coverage under subdivision 1.

(c) Following the certification under paragraph (b), effective June 30, 2001, the applicable service credit of transferred members in the general employees retirement plan of the public employees retirement association cancels and is forfeited.

Subd. 3. [LIABILITY TRANSFER.] The liability to provide retirement coverage related to the service credit transferred under subdivision 2, paragraph (a), becomes the liability of the teachers retirement association as of July 1, 2001, and is no longer the liability of the general employees retirement plan of the public employees retirement association as of June 30, 2001. This liability transfer must be reflected in the actuarial valuations of the teachers retirement association and the general employees retirement plan of the public employees retirement plan as of July 1, 2001, every July 1, thereafter.

Subd. 4. [ASSET TRANSFER.] The executive director of the public employees retirement association shall transfer from the general employees retirement plan of the public employees retirement association to the executive director of the teachers retirement association assets, at market value, equal to 74.89 percent of the amount of actuarial accrued liabilities transferred under subdivision 3. The executive director of the teachers retirement association shall deposit the assets transferred under this subdivision to the teachers retirement fund. The transfer may not include a transfer of any amounts payable or amounts receivable.

Subd. 5. [RECORDS TRANSFER.] The executive director of the public employees retirement association shall transfer relevant records relating to members transferred to teachers retirement association retirement coverage under subdivision 1.

Subd. 6. [APPLICABILITY OF CLAIMS.] The teachers retirement association is the successor in interest for all claims related to members transferred under subdivision 1. The teachers retirement association may assert any applicable defense in any judicial proceeding which the public employees retirement association would have otherwise been entitled to assert with respect to claims related to members transferred under subdivision 1.

Sec. 28. Minnesota Statutes 2000, section 356.215, subdivision 4g, is amended to read:

Subd. 4g. [AMORTIZATION CONTRIBUTIONS.] (a) In addition to the exhibit indicating the level normal cost, the actuarial valuation must contain an exhibit indicating the additional annual contribution sufficient to amortize the unfunded actuarial accrued liability. For funds governed by chapters 3A, 352, 352B, 352C, 353, 354, 354A, and 490, the additional contribution must be calculated on a level percentage of covered payroll basis by the established date for full funding in effect when the valuation is prepared. For funds governed by chapter 3A, sections 352.90 through 352.951, chapters 352B, 352C, sections 353.63 through 353.68, and chapters 353C, 354A, and 490, the level percent additional contribution must be calculated assuming annual payroll growth of 6.5 percent. For funds governed by sections 352.01 through 352.86 and chapter 354, the level percent additional contribution must be calculated assuming an annual payroll growth of five percent. For the fund governed by sections 353.01 through 353.46, the level percent additional contribution must be calculated assuming an annual payroll growth of six percent. For all other funds, the additional annual contribution must be calculated on a level annual dollar amount basis.

(b) For any fund other than the Minneapolis employees retirement fund and the public employees retirement association general plan, after the first actuarial valuation date occurring after June 1, 1989, if there has not been a change in the actuarial assumptions used for calculating the actuarial accrued liability of the fund, a change in the benefit plan governing annuities and benefits payable from the fund, a change in the actuarial cost method used in calculating the actuarial accrued liability of all or a portion of the fund, or a combination of the three, which change or changes by themselves without inclusion of any other items of increase or decrease produce a net increase in the unfunded actuarial accrued liability of the fund, the established date for full funding ~~for the first actuarial valuation made after June 1, 1989, and each successive actuarial valuation~~ is the first actuarial valuation date occurring after June 1, 2020.

(c) For any fund or plan other than the Minneapolis employees retirement fund and the public employees retirement association general plan, after the first actuarial valuation date occurring after June 1, 1989, if there has been a change in any or all of the actuarial assumptions used for calculating the actuarial accrued liability of the fund, a change in the benefit plan governing annuities and benefits payable from the fund, a change in the actuarial cost method used in calculating the actuarial accrued liability of all or a portion of the fund, or a combination of the three, and the change or changes, by themselves and without inclusion of any other items of increase or decrease, produce a net increase in the unfunded actuarial accrued liability in the fund, the established date for full funding must be determined using the following procedure:

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

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

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

(iv) the level annual dollar contribution or level percentage, whichever is applicable, needed to amortize the difference between the unfunded actuarial accrued liability amount calculated under item (i) and the unfunded actuarial accrued liability amount calculated under item (iii) over a

period of 30 years from the end of the plan year in which the applicable change is effective must be calculated using the applicable interest assumption specified in subdivision 4d in effect after any applicable change;

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

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

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

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

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

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

Sec. 29. [IMPLEMENTATION PLAN; MAJOR STATEWIDE RETIREMENT SYSTEM ADMINISTRATIVE SERVICES CONSOLIDATION.]

(a) Based on the July 15, 2001, report required under Laws 1999, chapter 222, article 22, section 5, the executive directors of the Minnesota state retirement system, the public employees retirement association, and the teachers retirement association jointly shall prepare a report detailing the implementation steps that would be necessary to consolidate the administrations of the three systems into a single administrative structure if the legislature subsequently determines that such a consolidation would be in the best interests of the state, its taxpayers, and its public employees.

(b) The report must include the draft proposed legislation that would be required to effect an administrative consolidation as well as a detailed schedule and timetable of the completion steps for a consolidation.

(c) The report must be filed by February 15, 2002, with the chair of the legislative commission on pensions and retirement, the chair of the senate committee on state and local government operations, and the chair of the house committee on government operations and veterans affairs policy.

Sec. 30. [IMPLEMENTATION PLAN; AGGREGATION OF TEACHER RETIREMENT PLANS.]

(a) The executive director of the teachers retirement association, the secretary of the Duluth teachers retirement fund association, the executive director of the Minneapolis teachers retirement fund association, and the secretary of the St. Paul teachers retirement fund association jointly shall prepare a report detailing the implementation steps that would be necessary to aggregate the benefit plans, retirement funds, and governance structures of the four teacher retirement plans into

a single Minnesota public education employees retirement plan and system if the legislature subsequently determines that such an aggregation would be in the best interests of the state, its taxpayers, and the public education community.

(b) In preparing the report, the pension plan administrators must establish and consult with a task force. The task force must consist of representatives of the affected employing units and representatives of the collective bargaining organizations representing members of the affected pension plans

(c) The report must include the draft proposed legislation that would be required to effect the public education employees retirement plan and system aggregation as well as a detailed schedule and timetable of the completion steps for an aggregation.

(d) The report must be filed by February 15, 2002, with the chair of the legislative commission on pensions and retirement, the chair of the senate committee on state and local government operations, and the chair of the house committee on government operations and veterans affairs policy.

Sec. 31. [EFFECTIVE DATE.]

(a) Sections 1, 2, 5 as it relates to the exclusion of school district employees, 7, 16, 17, 21, 24, 26, and 27 are effective June 30, 2001.

(b) Sections 3, 4, 5, 6, 8, 9, 10, 11, 12, 14, and 25 are effective July 1, 2002.

(c) Section 28 is effective for actuarial valuations prepared after June 1, 2001.

(d) Sections 13, 15, 18, 19, 20, 22, and 23 are effective July 1, 2001.

(e) Sections 29 and 30 are effective on the day following final enactment.

ARTICLE 4

CLOSED CHARTER SCHOOL RETIREMENT CONTRIBUTIONS

Section 1. [STATE PAYMENT OF CERTAIN UNPAID CHARTER SCHOOL RETIREMENT CONTRIBUTIONS.]

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

(b) The chief administrative officer of the retirement association shall certify to the commissioner of finance the amount of accrued contributions, plus applicable interest, which were not paid by each designated charter school before its closure. The commissioner of finance shall remit directly to the retirement association the amounts certified under this section. The applicable retirement association shall credit employee contribution payments to the applicable member accounts and shall credit to applicable members allowable and formula service and covered salary for the period when the teaching or other service was actually performed in the charter school. State payments representing unpaid employee contributions must be considered accumulated employee or member deductions for purposes of Minnesota Statutes, section 353.34; 354.49; or 354A.37.

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

- (1) teachers retirement association;
- (2) Minneapolis teachers retirement fund association;
- (3) St. Paul teachers retirement fund association;

(4) Duluth teachers retirement fund association; and

(5) public employees retirement association.

Subd. 3. [DESIGNATED CLOSED CHARTER SCHOOLS.] This section applies to the Frederick Douglass charter school and any other charter school that has closed and that is approved by the legislative commission on pensions and retirement for coverage by this section.

Sec. 2. [CONTINUING RECOVERY AUTHORITY.]

Nothing in section 1 relieves from the sponsor of a closed charter school or the operator of a closed charter school any financial responsibility that those parties may have to pay unpaid employee or employer contributions to applicable public retirement plans. The commissioner of finance shall undertake all reasonable efforts to recover these amounts. Any recovered amounts must be deposited in the general fund.

Sec. 3. [APPROPRIATION.]

\$...... is appropriated from charter school lease aid for the purposes of section 1, to be available on the day following final enactment.

Sec. 4. [EFFECTIVE DATE.]

Sections 1, 2, and 3 are effective the day following final enactment.

ARTICLE 5

MINNEAPOLIS FIREFIGHTERS RELIEF ASSOCIATION BENEFIT PLAN CODIFICATION AND REVISION

Section 1. [423C.01] [MINNEAPOLIS FIREFIGHTERS RELIEF ASSOCIATION; DEFINITIONS.]

Subdivision 1. [TERMS.] For purposes of this chapter, unless the context clearly indicates otherwise, the terms defined in this section have the meanings given them.

Subd. 2. [ACTIVE MEMBER.] "Active member" means a person who was hired and duly appointed by the city of Minneapolis before June 15, 1980, as a firefighter who is regularly entered on the fire department payroll and who serves on active duty.

Subd. 3. [ACTIVE MEMBER PERCENTAGE.] "Active member percentage" means the total number of units accrued by active members divided by the sum of the total number of units to which eligible members are entitled and active members have accrued.

Subd. 4. [ACTUARIAL EQUIVALENT OR ACTUARIALLY EQUIVALENT.] "Actuarial equivalent" or "actuarially equivalent" means the condition of one annuity or benefit having an equal actuarial present value as another annuity or benefit determined as of a given date at a specified age with each actuarial present value based on the appropriate mortality table adopted by the board based on the experience of the special fund and approved by the actuary retained by the legislative commission on pensions and retirement and using the applicable preretirement or postretirement interest rate assumptions specified in section 356.216.

Subd. 5. [AGE.] "Age" means a person's age at the person's latest birthday.

Subd. 6. [ANNUAL POSTRETIREMENT ADJUSTMENT.] "Annual postretirement adjustment" means the payment of a lump-sum, postretirement benefit pursuant to section 423C.06, subdivision 1, to an eligible member on June 1 following the determination date in any year.

Subd. 7. [ASSOCIATION.] "Association" means the Minneapolis firefighters relief association.

Subd. 8. [BOARD.] "Board" means the board established in section 423C.03 to govern the association.

Subd. 9. [CITY.] "City" means the city of Minneapolis.

Subd. 10. [DEFERRED MEMBER.] "Deferred member" means a person who served on active duty and was regularly entered on the fire department payroll and separated from active service prior to attaining 50 years of age and is entitled to receive a service pension upon reaching age 50 under the law existing at the time the member separated from active service for at least five years.

Subd. 11. [DEPENDENT.] "Dependent" means:

(1) a biological or adopted child of a deceased, active, or retired member who is unmarried and under the age of 18;

(2) a biological or adopted child of a deceased, active, or retired member who is between the ages of 18 and 22 and is enrolled full time at an accredited educational institution approved by the board; or

(3) a biological child of an active or retired member conceived during the active or retired member's lifetime and born after the active or retired member's death.

Subd. 12. [DETERMINATION DATE.] "Determination date" means December 31 of each year.

Subd. 13. [DISABILITY.] "Disability" has the meaning specified in the bylaws of the relief association on April 1, 2001.

Subd. 14. [DISCHARGE.] "Discharge" means a complete separation from and termination of active service as a member of the fire department.

Subd. 15. [ELIGIBLE MEMBER.] "Eligible member" means:

(1) for purposes of section 423C.06, subdivision 1, a person, including a service pensioner, a disability pensioner, a survivor, or dependent of a deceased active member, service pensioner, or disability pensioner, who received a pension or benefit from the relief association during the 12 months before the determination date. A person who received a pension or benefit for the entire 12 months before the determination date is eligible for a full annual postretirement payment. A person who received a pension or benefit for less than 12 months before the determination date is eligible for a prorated annual postretirement payment; and

(2) for purposes of section 423C.06, subdivision 4, a person who receives a service, survivor, or disability pension payable from the special fund of the association.

Subd. 16. [ENROLLED FULL TIME.] "Enrolled full time" means the situation of an individual who is in full-time attendance as a student at an educational institution, as determined by the board of trustees of the relief association in light of the standards and practices of the school involved. A person who is paid by the person's employer while attending school at the request of that employer may not be considered to be a full-time student. A person may be considered a full-time student during a period of up to four months of nonattendance during any 12 month period if the person shows to the satisfaction of the board of trustees that the person intends to continue in full-time school attendance immediately upon the conclusion of the nonattendance period.

Subd. 17. [EXCESS INVESTMENT INCOME.] "Excess investment income" means the amount, if any, by which the time-weighted total rate of return earned by the special fund in the prior five fiscal years has exceeded the actual percentage increase in the current monthly salary of a first grade firefighter in the most recent fiscal year plus two percent. The excess investment income must be expressed as a dollar amount and may not exceed one percent of the total assets of the special fund except when the actuarial value of assets of the special fund, according to the most recent annual actuarial valuation prepared in accordance with sections 356.215 and 356.216,

is greater than 102 percent of its actuarial accrued liabilities, in which case the amount must not exceed 1.5 percent of the assets of the special fund.

Subd. 18. [FIRE DEPARTMENT.] "Fire department" means the Minneapolis fire department.

Subd. 19. [FUND.] "Fund" means the special fund of the relief association.

Subd. 20. [NET EXCESS ASSET AMOUNT PAYMENT.] "Net excess asset amount payment" means the payment of an additional postretirement payment under section 423C.06, subdivision 4, to an eligible member on June 1 following the determination date in the given year.

Subd. 21. [NET TOTAL EXCESS ASSET AMOUNT.] "Net total excess asset amount" means the total excess asset amount stated in dollars and multiplied by one minus the active member percentage.

Subd. 22. [PERIOD OF SERVICE.] "Period of service" means:

(1) any service rendered by a firefighter for any calendar month when the member receives salary from which deductions are made, deposited, and credited to the special fund. Leaves of absence of more than 90 days, except those granted because of disability due to sickness or accident or to enable a member to accept an appointive position in the fire department, shall be excluded in computing a member's period of service;

(2) any period in which the member, after entering the fire department, leaves to either enter the military forces of the United States in a time of war or national emergency and subsequently receives an honorable discharge from the military or renders fire prevention services to the United States government in a time of war or national emergency, provided the member who serves either applies for reinstatement in or resumes active duty in the fire department within six months. During any period of military or fire prevention service, the individual shall not be considered an active member. Any period of service a member qualifies for under this clause is limited as follows:

(i) credit shall be granted for service rendered subsequent to July 1, 1961, but the credit shall not exceed six calendar years;

(ii) no credit shall be granted for service rendered subsequent to July 1, 1961, if the period of service rendered prior to July 1, 1961, equals or exceeds six calendar years; and

(iii) if the period of service prior to July 1, 1961, is less than six calendar years, credit for service subsequent to July 1, 1961, shall be added to the prior service, but in no case shall total service credit exceed six calendar years.

Subd. 23. [RETIRED MEMBER.] "Retired member" means a former active member who has terminated active service with the fire department and is entitled to receive a pension or benefit under this chapter or any predecessor law.

Subd. 24. [RELIEF ASSOCIATION.] "Relief association" means the Minneapolis fire department relief association.

Subd. 25. [SURVIVING SPOUSE MEMBER.] "Surviving spouse member" means a person who was:

(1) legally married to, and residing with, an active, deferred, or retired member both during the time the member was regularly entered on the payroll and serving on active duty in the fire department and at the time of the member's death;

(2) not in a common law marriage; and

(3) in the event the person was married to a retired or deferred member, the person was married to that retired or deferred member for at least two years prior to the member's discharge from the fire department.

Subd. 26. [TIME-WEIGHTED TOTAL RATE OF RETURN.] "Time-weighted total rate of return" means the percentage amount determined by using the formula or formulas established by the state board of investment under section 11A.04, clause (11), and in effect on January 1, 1987.

Subd. 27. [TOTAL EXCESS ASSET AMOUNT.] (a) "Total excess asset amount" means the difference, if positive, expressed in dollars, between the special fund's market value of assets after any deductions required by section 423C.06, subdivision 3, and 110 percent of the actuarial accrued liabilities based on the actuarial valuation indicated in paragraph (b).

(b) The total excess asset amount in paragraph (a) exists if the actuarial liability funding ratio, according to the most recent annual actuarial valuation of the special fund prepared in accordance with sections 69.77, 356.215, and 356.216, with adjustments required by section 423C.06, subdivision 3, equals or exceeds 110 percent.

Subd. 28. [UNIT.] "Unit" means 1/80 of the maximum monthly salary of a first grade firefighter on the first day of the month in which the pension benefits provided by this chapter are paid.

Sec. 2. [423C.02] [MINNEAPOLIS FIREFIGHTERS RELIEF ASSOCIATION.]

Subdivision 1. [CREATION.] The active and retired members of the fire department and their surviving spouses shall maintain the association. The association shall be duly incorporated under chapter 317A. The corporation shall have perpetual corporate existence. The association shall create, maintain, and administer those funds and accounts as set forth in section 423C.04 for the benefit of its members, surviving spouses, and dependents. The sources of revenue for each fund and account are governed by section 423C.04. The authorized disbursements from each fund and account are governed by sections 423C.04, 423C.05, and 423C.06.

Subd. 2. [MEMBERSHIP.] Active members, deferred members, retired members, and surviving spouse members as defined in section 423C.01 are members of the association.

Subd. 3. [MANAGEMENT OF ASSOCIATION.] The board created in section 423C.03 shall manage, control, and operate the association, including the funds and accounts set forth in section 423C.04, according to this chapter, other applicable law, and the association's articles of incorporation and its bylaws. Notwithstanding section 423A.01, subdivision 2, or any other law to the contrary, the board shall continue to govern the association until there are fewer than 100 members receiving benefits under this chapter. Thereafter, the special fund shall become a trust fund according to section 423A.01, subdivision 2.

Subd. 4. [DISPOSITION OF ASSETS UPON CONCLUSION OF BENEFIT PAYMENTS.] Upon the death of the last benefit recipient and the certification by the chief administrative officer of the city to the state auditor of the absence of any remaining person entitled to a benefit under this chapter, all assets of the association or trust fund, whichever applies, shall revert to the city. The city shall only use these assets for firefighting expenditure purposes.

Sec. 3. [423C.03] [BOARD MEMBERSHIP; ELECTIONS; DUTIES; COMPENSATION; BOND; MEETINGS; POWERS.]

Subdivision 1. [BOARD COMPOSITION AND ELECTIONS.] The board shall consist of two persons appointed by the city and ten other members selected by the members. Elections for active and retired positions on the board shall be conducted pursuant to the association's bylaws.

Subd. 2. [BOARD OFFICERS.] The officers of the association shall consist of a president, one or more vice-presidents, an executive secretary, a treasurer, an assistant executive secretary, and an assistant treasurer. Only elected members of the board are eligible to be officers. Officers shall have those duties and responsibilities as set forth in this chapter, other applicable law, and the association's bylaws. Officers shall be compensated as provided in subdivision 3. All officers shall be elected in even years at the association's annual meeting. Officers shall hold their office for a term of two years unless they are removed from the board before their two-year term expires.

Subd. 3. [COMPENSATION OF OFFICERS AND BOARD MEMBERS.] Notwithstanding

any other law to the contrary, the association may provide for payment of the following salaries to its officers and board members:

(1) the executive secretary may receive a salary not exceeding 30 percent of the maximum salary of a first grade firefighter;

(2) the president may receive a salary not exceeding ten percent of the maximum salary of a first grade firefighter; and

(3) all other elected members of the board may receive a salary not exceeding 2.5 percent of the maximum salary of a first grade firefighter.

Subd. 4. [BOND FOR EXECUTIVE SECRETARY AND TREASURER.] (a) The executive secretary and the treasurer must furnish to the relief association a corporate bond for the faithful performance of the duties of that office in an amount as the board of trustees from time to time may determine, subject to the minimum amount specified in section 69.051, subdivision 2.

(b) The relief association must pay the premiums on these bonds from the general fund of the relief association.

Subd. 5. [MEETINGS.] Each December, the board shall hold an annual meeting. All other meetings of the board shall be held as provided in the association's articles or bylaws. Board members may participate in a board meeting by any means of communication through which the trustee, other board members participating, and all other board members physically present at the meeting may simultaneously hear each other during the meeting. Participating in a meeting by these means is the same thing as being physically present at the meeting.

Subd. 6. [ADDITIONAL BOARD POWERS.] In addition to the powers granted the board by this chapter, chapter 317A, other applicable state and federal law, and its articles and bylaws, the board shall authorize and create a board of examiners.

The board of examiners shall investigate and make report on all applications for disability pensions and make recommendations as to the amount to be paid to each applicant; investigate and make report on all disability pensioners, and make recommendations as to the amount of pension to be paid to them, from year to year; and investigate and report on all applications for service pensions, and claims for relief. This board shall consist of a competent physician selected by the association, and at least three members of the relief association on active duty with the fire department.

Sec. 4. [423C.04] [ASSOCIATION FUNDS AND ACCOUNTS.]

Subdivision 1. [DUTIES.] The association shall create, maintain, and administer the funds and accounts in this section. The sources of revenue and authorized disbursements of each fund and account are governed by this section.

Subd. 2. [SPECIAL FUND; PURPOSE AND SOURCES OF REVENUE.] (a) The special fund may only be used to pay for defined and contingent benefits as set forth in sections 423C.05 and 423C.06; compensation for officers and board members as set forth in section 423C.03, subdivision 3; and expenses of officers and employees of the association in connection with the protection of the special fund, and expenses of operating, administering, and maintaining the association as authorized by this chapter, section 69.80, or other applicable law.

(b) The special fund is derived from the following sources:

(1) receipts from the state, including, but not limited to, any fire state aid, any fire insurance premium surcharge amount, or any additional amortization state aid;

(2) all money derived from taxation by the city under section 69.77 for the support of the association and for the payment of benefits set forth in sections 423C.05 and 423C.06;

(3) an amount equal to the minimum percentage specified in section 69.77, subdivision 2a, of the salary of a first grade firefighter deducted from the monthly salary of each active member; and

(4) the proceeds of the investment of special fund assets.

Subd. 3. [GENERAL FUND.] The general fund is separate and distinct from the special fund. The general fund may, consistent with applicable law, be expended for those purposes deemed appropriate by the relief association. The city finance officer shall deduct from each active member's biweekly payroll check a sum equal to one-half of one percent of the maximum biweekly salary of a first grade firefighter. This sum shall be forwarded to the association's treasurer and deposited in the general fund. The general fund shall also consist of receipts from private sources, such as gifts, charges, fundraising projects, and dues paid by members; investment of, earnings on, and interest of the general fund; and all other sources. Money received from other sources may also be deposited in the general fund.

Subd. 4. [HEALTH INSURANCE ACCOUNTS.] Notwithstanding any law to the contrary, contributions of active members of the association with at least 25 years of service made after the 25th year of service must be deposited in a separate account and used to pay health care costs of the individual member upon retirement. The board shall adopt rules regarding the frequency and amounts of distributions from these accounts. A member with an account established pursuant to this section is entitled, upon retirement or disability, to receive periodic distributions from the account, in the amount and with the frequency specified by the retiring member consistent with the board's rules.

Sec. 5. [423C.05] [DEFINED BENEFITS.]

Subdivision 1. [DUTIES.] The association is authorized to and shall pay the benefits in this section to its members in accordance with this section. All benefits authorized in this section shall be paid from the association's special fund.

Subd. 2. [SERVICE PENSION.] (a) An active member who has performed duty for the fire department for five years or more, upon written application after retiring from duty and reaching at least age 50, is entitled to be paid monthly for life a service pension under paragraph (b).

(b) Based on the percentage that the actuarial value of assets of the special fund equal of the actuarial accrued liabilities of the special fund according to the most recent annual actuarial valuation of the relief association prepared in accordance with sections 356.215 and 356.216, the amount of the service pension is as follows:

<u>length of allowable service credit</u>	<u>service pension payable if under 90 percent</u>	<u>service pension payable if greater than 89.99 percent and less than 92.5 percent</u>	<u>service pension payable if greater than 92.49 percent</u>
<u>5 years</u>	<u>-</u>	<u>8.0 units</u>	<u>8.0 units</u>
<u>6 years</u>	<u>-</u>	<u>9.6 units</u>	<u>9.6 units</u>
<u>7 years</u>	<u>-</u>	<u>11.2 units</u>	<u>11.2 units</u>
<u>8 years</u>	<u>-</u>	<u>12.8 units</u>	<u>12.8 units</u>
<u>9 years</u>	<u>-</u>	<u>14.4 units</u>	<u>14.4 units</u>
<u>10 years</u>	<u>16.0 units</u>	<u>16.0 units</u>	<u>16.0 units</u>
<u>11 years</u>	<u>17.6 units</u>	<u>17.6 units</u>	<u>17.6 units</u>
<u>12 years</u>	<u>19.2 units</u>	<u>19.2 units</u>	<u>19.2 units</u>
<u>13 years</u>	<u>20.8 units</u>	<u>20.8 units</u>	<u>20.8 units</u>
<u>14 years</u>	<u>22.4 units</u>	<u>22.4 units</u>	<u>22.4 units</u>
<u>15 years</u>	<u>24.0 units</u>	<u>24.0 units</u>	<u>24.0 units</u>
<u>16 years</u>	<u>25.6 units</u>	<u>25.6 units</u>	<u>25.6 units</u>
<u>17 years</u>	<u>27.2 units</u>	<u>27.2 units</u>	<u>27.2 units</u>
<u>18 years</u>	<u>28.8 units</u>	<u>28.8 units</u>	<u>28.8 units</u>

<u>19 years</u>	<u>30.4 units</u>	<u>30.4 units</u>	<u>30.4 units</u>
<u>20 years</u>	<u>33.0 units</u>	<u>33.5 units</u>	<u>34.0 units</u>
<u>21 years</u>	<u>34.6 units</u>	<u>35.1 units</u>	<u>35.6 units</u>
<u>22 years</u>	<u>36.2 units</u>	<u>37.7 units</u>	<u>37.2 units</u>
<u>23 years</u>	<u>37.8 units</u>	<u>38.3 units</u>	<u>38.8 units</u>
<u>24 years</u>	<u>39.4 units</u>	<u>39.9 units</u>	<u>40.4 units</u>
<u>25 years or more</u>	<u>41.0 units</u>	<u>41.5 units</u>	<u>42.0 units</u>

(c) A member entitled to a benefit under this subdivision may elect to have it paid as an optional retirement annuity pursuant to the conditions set forth in subdivision 8. A member receiving a benefit pursuant to subdivision 5 or 6 shall not simultaneously be entitled to a benefit under this subdivision.

Subd. 3. [CALCULATION OF SERVICE PENSION FOR DEFERRED MEMBERS.] An association member who has performed services for the fire department for five years or more but has not reached the age of 50 years shall be eligible to retire from the department, without forfeiting service pension rights. The member shall, upon application, be placed on the association's deferred pension roll. The association shall, upon board approval, pay the pension of any member on the deferred pension roll who has attained 50 years of age from the date the application is approved. The pension shall be paid in accordance with the schedule in subdivision 2. Any person making this application waives all other rights, claims, or demands against the association for any cause that may have arisen from or that may be attributable to the person's service in the fire department. A member entitled to a benefit under this subdivision may elect to have the benefit paid as an optional retirement annuity pursuant to the conditions set forth in subdivision 7.

Subd. 4. [TEMPORARY DISABILITY PENSION.] An active member who, by sickness or accident, becomes temporarily disabled from performing firefighter duties for the fire department shall be entitled to a temporary disability pension. No allowance for disability shall be made unless notice of the disability and an application for benefits is made by or on behalf of the disabled member within 90 days after the beginning of the disability. This application shall include a certificate from a qualified medical professional setting forth the cause, nature, and extent of the disability. This certificate must also conclude that the disability was incurred or sustained while the member was in the service of the fire department. The board may appoint a board of examiners pursuant to section 423C.03, subdivision 6, paragraph (a), to investigate and report on an application for benefits pursuant to this section and make recommendations as to eligibility and the benefit amount to be paid. A member entitled to a disability pension shall receive benefits in the amount and manner determined by the board.

Subd. 5. [SERVICE-RELATED PERMANENT DISABILITY PENSION.] An active member who becomes permanently disabled as result of a service-related disease or injury shall, upon application and approval of the board, be entitled to a pension of 42 units or in the amount determined under subdivision 8. The application for service-related permanent disability shall include a certificate from a qualified medical professional setting forth the permanent nature of the disability or disease and that it was service related. The board may appoint a board of examiners pursuant to section 423C.03, subdivision 6, to investigate and make recommendations on an application for a pension pursuant to this subdivision.

Subd. 6. [NON-SERVICE-RELATED PERMANENT DISABILITY PENSION.] An active member who, by sickness or accident, becomes permanently disabled from performing firefighter duties for the fire department shall be entitled to a permanent disability pension. No allowance for disability shall be made unless notice of the disability and an application for benefits is made by or on behalf of the disabled member within 90 days after the beginning of the disability. This application shall include a certificate from a qualified medical professional setting forth the cause, nature, and extent of the disability. The board may appoint a board of examiners pursuant to section 423C.03, subdivision 6, paragraph (a), to investigate and report on an application for benefits pursuant to this section and make recommendations as to eligibility and the benefit amount to be paid. A member entitled to a disability pension shall receive benefits in the amount and manner determined by the board, not to exceed 41 units.

Subd. 7. [SURVIVING SPOUSE AND DEPENDENT PENSIONS.] Notwithstanding any other law to the contrary, when a service pensioner, disability pensioner, deferred pensioner, or active member of the association dies, recipient beneficiaries are entitled to a pension or pensions, as follows:

(1) to a surviving spouse, a pension of 22 units per month;

(2) to a surviving spouse of a deceased service pensioner, disability pensioner, or deferred pensioner who is otherwise not qualified for a pension may receive a benefit if the surviving spouse was legally married to the decedent for a period of two years and was residing with the decedent at the time of death. The surviving spouse benefit provided in this clause is the same as that provided to those who meet the definition of surviving spouse under section 423C.01, subdivision 22, except that if the surviving spouse is younger than the decedent, the surviving spouse benefit must be actuarially equivalent to a surviving spouse benefit that would have been paid to the member's spouse had the member been married to a person of the same or greater age than the member's age prior to retirement. A benefit paid in this circumstance may be less than 17 units notwithstanding the minimum set out in this clause;

(3) to each dependent, if the dependent's other parent is living, a pension not to exceed eight units per month. Dependents between the ages of 18 and 22 may continue to receive a pension upon board determination that the dependent complies with the requirements of section 423C.01, subdivision 11, and applicable association bylaws, except that if the dependent marries before the age of 22 years the pension shall cease as of the date of the marriage. The board shall make the final determination with respect to eligibility for benefits and compliance with section 423C.01, subdivision 11;

(4) to each dependent of a deceased member after the death of the dependent's other parent, or in the event the other parent predeceases the member, is entitled to receive a pension in the amount the board deems necessary to properly support each dependent until the dependent reaches the age of not less than 16 and not more than 18 years. Dependents between the ages of 18 and 22 may be entitled to continue receiving a pension upon board determination that the dependent complies with the requirements of section 423C.01, subdivision 11, and applicable association bylaws, except that if the dependent marries before the age of 22 years the pension shall cease as of the date of the marriage. The board shall make the final determination with respect to eligibility for benefits and compliance; and

(5) the total pension payable to a surviving spouse and all dependents of a deceased member shall in no event exceed 41 units per month.

Subd. 8. [OPTIONAL RETIREMENT ANNUITY ELECTION.] A member of the association who retires under subdivision 2 or becomes disabled under subdivision 6 may elect an optional retirement annuity prior to the receipt of any benefits. The optional retirement annuity may be a 50 percent, 75 percent, or 100 percent joint survivor annuity without reinstatement in the event the designated beneficiary predeceases the member or a joint and survivor annuity with reinstatement in the event the member predeceases the designated beneficiary. An optional retirement annuity must be actuarially equivalent to the service pension and automatic survivor coverage otherwise payable to the retired member and the member's beneficiaries. Once selected, the optional annuity is irrevocable.

Subd. 9. A retired member who is not legally married may select the joint and survivor 50 percent optional benefit form as if he were married to a spouse of the same age provided that the member forever forfeits and the fund will not pay a benefit to a surviving spouse under subdivision 6.

Sec. 6. [423C.06] [INVESTMENT-RELATED POSTRETIREMENT ADJUSTMENTS.]

Subdivision 1. [ANNUAL ADJUSTMENTS.] Notwithstanding the provisions of chapter 69, or any other law to the contrary, the association may provide annual postretirement payments to eligible members under this section. No provision of or payment made under this section may be interpreted or relied upon by any member of the association to guarantee or entitle a member to

annual postretirement adjustments for any period when the requirements in this section have not been met.

Subd. 2. [ACTUARIAL ASSETS OF SPECIAL FUND LESS THAN 102 PERCENT.] When the actuarial assets of the special fund in any year are less than 102 percent of its accrued liabilities according to the most recent annual actuarial valuation of the special fund prepared in accordance with sections 356.215 and 356.216, investment-related postretirement adjustments shall be determined and paid pursuant to this subdivision. Payment of the annual postretirement adjustment may be made only if there is excess investment income.

(a) The board shall determine by May 1 of each year whether or not the special fund has excess investment income. The amount of excess investment income, if any, must be stated as a dollar amount and reported by the executive secretary to the mayor and governing body of the city, the state auditor, the commissioner of finance, and the executive director of the legislative commission on pensions and retirement. The dollar amount of excess investment income up to one percent of the assets of the special fund must be applied for the purpose specified in paragraph (b). Excess investment income must not be considered as income to or assets of the special fund for actuarial valuations of the special fund for that year under sections 69.77, 356.215, 356.216, and this section except to offset the annual postretirement adjustment. Additional investment income is any realized or unrealized investment income other than the excess investment income and must be included in the actuarial valuations performed under sections 69.77, 356.215, 356.216, and this section.

(b) The amount determined under paragraph (a) must be applied as follows: the association shall apply the first one-half of one percent of assets that constitute excess investment income to the payment of an annual postretirement adjustment to eligible members and the second one-half of one percent of assets which constitute excess investment income shall be applied to reduce the state amortization state aid or supplementary amortization state aid payments otherwise due the association under section 423A.02 for the current calendar year. The amounts of all payments to eligible members shall not exceed one-half of one percent of the assets of the fund. The amount of each eligible member's postretirement adjustment shall be calculated by dividing the total number of units to which eligible members are entitled into the excess investment income available for distribution to eligible members, and then multiplying that result by the number of units to which each eligible member is entitled. If this amount exceeds the total monthly benefit that the eligible member was entitled to in the prior year under the terms of this chapter, the association shall pay the eligible member the lesser amount. Payment of the annual postretirement adjustment must be in a lump-sum amount on June 1 following the determination date in any year. In the event an eligible member dies prior to the payment of the annual postretirement adjustment, the executive secretary shall pay the eligible member's estate the amount to which the member was entitled.

Subd. 3. [ACTUARIAL ASSETS OF SPECIAL FUND 102 PERCENT OR MORE.] When the actuarial assets of the special fund in any year is 102 percent or more of its accrued liabilities according to the most recent annual actuarial valuation of the special fund prepared in accordance with sections 356.215 and 356.216, an investment-related postretirement adjustment shall be determined and paid pursuant to this subdivision. Payment of the annual postretirement adjustment may only be made if there is excess investment income.

(a) The board shall determine by May 1 of each year whether or not the special fund has excess investment income. The amount of excess investment income, if any, must be stated as a dollar amount and reported by the executive secretary to the mayor and governing body of the city, the state auditor, the commissioner of finance, and the executive director of the legislative commission on pensions and retirement. The dollar amount of excess investment income up to 1-1/2 percent of the assets of the fund must be applied for the purpose specified in paragraph (b). Excess investment income must not be considered as income to or assets of the special fund for actuarial valuations of the special fund for that year under sections 69.77, 356.215, 356.216, and this section except to offset the annual postretirement adjustment. Additional investment income is any realized or unrealized investment income other than the excess investment income and must be included in the actuarial valuations performed under sections 69.77, 356.215, 356.216, and this section.

(b) The amount determined under paragraph (a) must be applied as follows: the association shall apply the 1-1/2 percent of assets that constitute excess investment income to the payment of an annual postretirement adjustment to eligible members. The amount of each eligible member's postretirement adjustment shall be calculated by dividing the total number of units to which eligible members are entitled into the excess investment income available for distribution to eligible members, and then multiplying that result by the number of units to which each eligible member is entitled. Payment of the annual postretirement adjustment must be in a lump-sum amount on June 1 following the determination date in any year. In the event an eligible member dies prior to the payment of the annual postretirement adjustment, the executive secretary shall pay the eligible member's estate the amount to which the member was entitled.

Subd. 4. [ACTUARIAL ASSETS OF SPECIAL FUND 110 PERCENT OR MORE.] When the actuarial assets of the special fund in any year is 110 percent or more of its accrued liabilities according to the most recent annual actuarial valuation of the special fund prepared in accordance with sections 356.215 and 356.216, an investment-related postretirement adjustment shall be determined and paid pursuant to this subdivision. Payment of the annual postretirement adjustment may be made only if a total excess asset amount exists.

(a) The board shall determine by May 1 of each year whether the special fund has a total excess asset amount for that year. If a total excess asset amount exists for the given year, the net total asset amount shall be determined. The executive secretary shall report the total excess asset amount and net total excess asset amount to the mayor and governing body of the city, the state auditor, the commissioner of finance, and the executive director of the legislative commission on pensions and retirement. The portion of the net excess asset amount which is distributed under this subdivision shall not be considered income to or assets of the special fund for actuarial valuations of the special fund for that year under sections 69.77, 356.215, and 356.216 and Laws 2000, chapter 461, except to offset the amount distributed.

(b) Twenty percent of the net total excess asset amount determined under paragraph (a) is available for excess asset amount payments under paragraph (c).

(c) Except as limited under paragraph (d), the net excess asset amount payment to an eligible member is equal to the amount determined under paragraph (b) multiplied by the units applicable to the eligible member and divided by the total units of all eligible members.

(d) A member who is an eligible member for the entire 12 months before the determination date is eligible for a full excess asset amount payment pursuant to paragraph (c). A member who is an eligible member for less than 12 months before the determination date is eligible for a prorated excess asset amount payment. If an eligible member dies before the determination date and before the excess asset amount payment commences, the association shall pay the eligible member's excess asset amount payment to the eligible member's surviving spouse or, if no surviving spouse, to the eligible member's estate.

(e) The excess asset amount payments determined under this subdivision commence on June 1 following the determination date. The board may disperse payments to eligible members in a lump sum, 12 monthly installments, or any other manner that the board determines.

Subd. 5. [REPORT ON ANNUAL POSTRETIREMENT ADJUSTMENTS.] The executive secretary shall submit a report on the amount of all postretirement adjustments made under this section and the manner in which those payments were determined to the state auditor, the executive director of the legislative commission on pensions and retirement, and the city clerk.

Subd. 6. [CITY TAX LEVY.] If in any year after the actuarial value of special fund assets, according to the most recent annual actuarial valuation prepared in accordance with sections 356.215 and 356.216, is greater than 102 percent of the actuarial accrued liabilities of the special fund and subsequently the actuarial value of assets are less than 100 percent of the actuarial accrued liabilities according to the most recent annual actuarial valuation prepared according to sections 356.215 and 356.216, the city of Minneapolis is not required to levy a property tax to fund any deficit unless the fund has two successive years when the actuarial value of assets are less than 100 percent of the actuarial accrued liabilities according to the most recent annual actuarial valuation prepared according to sections 356.215 and 356.216.

Sec. 7. [423C.07] [ACTUARIAL VALUATION DATE.]

Notwithstanding section 69.77, subdivision 2h; 356.215; or 356.216, the annual actuarial valuation of the association must be completed by May 1 of each year.

Sec. 8. [423C.08] [MEMBER CONTRIBUTION REFUND TO BENEFICIARY UPON DEATH.]

If an active, deferred, or retired member of the association dies and no survivor benefit is payable, the designated beneficiary of the decedent or, if none, the legal representative of the estate of the decedent is entitled, upon application, to a refund. The refund shall be an amount equal to the member contributions to the credit of the decedent, plus interest on those contributions at an annual compounded rate of five percent from the first day of the month following the date of death of the decedent, reduced by the sum of any service pension or disability benefit previously paid by the fund to the decedent.

Sec. 9. [423C.09] [PAYMENTS EXEMPT FROM PROCESS.]

All payments made, or to be made, by the association under this chapter shall be totally exempt from garnishment, execution, or other legal process, except as provided in section 518.58, 518.581, or 518.6111. No person entitled to a payment shall have the right to assign the name, nor shall the association have authority to recognize any assignment or to pay any sum on account thereof. Any attempt to transfer any right or claim, or any part thereof, shall be void.

Sec. 10. [423C.10] [LAW GOVERNING PENSIONS AND BENEFITS.]

A service pension or other retirement benefit for or on behalf of a member of the Minneapolis firefighters relief association must be calculated under the laws, articles of incorporation, or relief association by laws in effect on the day that the active member terminated active employment in the Minneapolis fire department as a firefighter.

Sec. 11. [423C.11] [WORKERS' COMPENSATION ACT NOT AFFECTED.]

This chapter shall not be construed as abridging, repealing, or amending the laws of this state relating to the provisions of the law commonly known as the Workers' Compensation Act.

Sec. 12. [423C.12] [RIGHT TO REDUCE PENSIONS.]

The relief association has the right and retains the right to reduce the amount of pensions and benefits paid from its special fund and to reduce and otherwise adjust those pensions and benefits. For any pension or benefit that was reduced, the relief association has the right and retains the right to increase or otherwise adjust these pensions or benefits within the limits of this act, as amended.

Sec. 13. [423C.13] [CITY CLERK TO FILE REPORT WITH THE REVENUE COMMISSIONER.]

(a) On or before March 1, each year, the Minneapolis finance director shall file with the county auditor and the commissioner of revenue a certificate stating that the Minneapolis fire department relief association exists and including any other information that the commissioner or auditor may require.

(b) The commissioner of revenue shall provide the Minneapolis finance director with the necessary documents for the city of Minneapolis and the Minneapolis fire department relief association to carry out its duties and to receive the benefits of sections 69.011 to 69.051, 297I.05, and 297I.10.

Sec. 14. [423C.14] [STATE AUDITOR TO EXAMINE BOOKS.]

(a) The state auditor, annually, shall examine the books and accounts of the secretary and of the treasurer of the Minneapolis fire department relief association.

(b) If the state auditor finds that any money in the special fund of the relief association was expended for purposes that were not authorized by this act, as amended, the state auditor shall report that to the governor, who shall then direct the commissioner of finance not to issue any further warrants to the relief association until the state auditor reports that the money which was unlawfully expended. The governor additionally may take such further action as the emergency may demand.

Sec. 15. [REPEALER.]

(a) Laws 1907, chapter 24; Laws 1913, chapters 318 and 419; Laws 1917, chapter 196; Laws 1919, chapters 515 and 523; Laws 1921, chapter 404; Laws 1923, chapter 61; and Laws 1945, chapter 322, are repealed.

(b) Laws 1959, chapters 213; 491; and 568, are repealed.

(c) Laws 1961, chapter 109; extra session Laws 1961, chapter 3; Laws 1963, chapter 318; Laws 1965, chapters 519 and 578; Laws 1967, chapters 819 and 824; and Laws 1969, chapters 123 and 287, are repealed.

(d) Laws 1971, chapter 542; Laws 1975, chapter 57; and Laws 1977, chapter 164, section 2, are repealed.

(e) Laws 1980, chapter 607, article xv, sections 8, 9, and 10; Laws 1988, chapters 572, sections 4, 5, and 6; and 574, sections 3, 4, and 5; and Laws 1989, chapter 319, article 19, sections 6 and 7, are repealed.

(f) Laws 1990, chapter 589, article 1, sections 5 and 6; Laws 1992, chapters 429; 454, section 2; and 471, article 2; Laws 1993, chapters 125; and 192, section 32; Laws 1994, chapters 591; and 632, article 3, section 14; Laws 1996, chapter 448, articles 2, section 3; and 3, section 1; Laws 1997, chapter 233, article 4, sections 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, and 22; Laws 1998, chapter 390, article 7, section 2; and Laws 2000, chapter 461, article 17, sections 6, 7, 8, 9, 10, 11, 12, and 13, are repealed.

Sec. 16. [EFFECTIVE DATE.]

Sections 1 to 15 are effective on the day after the city council of the city of Minneapolis and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

ARTICLE 6

VOLUNTEER FIREFIGHTER RELIEF ASSOCIATION PROVISIONS

Section 1. Minnesota Statutes 2000, section 424A.04, is amended by adding a subdivision to read:

Subd. 3. [CONDITIONS ON RELIEF ASSOCIATION CONSULTANTS.] (a) If a volunteer fire relief association hires or contracts with a consultant to provide legal or financial advice, the association shall obtain and the consultant shall provide a copy of the consultant's certificate of insurance.

(b) A consultant is any person who is employed under contract to provide legal or financial advice and who is or who represents to the volunteer fire relief association that the person is:

- (1) an actuary;
- (2) a licensed public accountant or a certified public accountant;
- (3) an attorney;
- (4) an investment advisor or manager, or an investment counselor;
- (5) an investment advisor or manager selection consultant;

(6) a pension benefit design advisor or consultant; or

(7) any other financial consultant.

Sec. 2. [WHITE BEAR LAKE VOLUNTEER FIREFIGHTER RELIEF ASSOCIATION; QUALIFICATION FOR SERVICE PENSION IN CERTAIN INSTANCES.]

Notwithstanding any provision to the contrary of Minnesota Statutes, section 424A.001, subdivision 9; or 424A.02, subdivision 1, paragraph (d), or subdivision 9b, a member of the White Bear Lake volunteer firefighter relief association who has terminated active membership in the relief association and has otherwise qualified for a service pension is entitled to receive a service pension from the relief association despite subsequent employment of the person by the city of White Bear Lake to perform duties as fire chief or as fire inspector within the municipal fire department on a full-time basis.

Sec. 3. [EFFECTIVE DATE.]

(a) Section 1 is effective July 1, 2001.

(b) Section 2 is effective on the day after the city council of the city of White Bear Lake and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3."

Delete the title and insert:

"A bill for an act relating to retirement; various statewide and local retirement plans; clarifying the eligibility for retirement coverage for various Minnesota state colleges and universities system employees; implementing various public pension plan administrative modifications; including fugitive apprehension officers in the state patrol retirement plan; expanding public employee retirement association general plan membership eligibility; prorating service credit for certain general public employee retirement plan members; extending certain unfunded actuarial accrued liability amortization target dates; eliminating mortality gain and loss transfers for the Minnesota postretirement investment fund; increasing general public employee retirement plan member and employer contribution rates; creating a direct state aid for the general public employees retirement plan; transferring noncertificated public school employees to membership in the teachers retirement association; mandating a statewide retirement plan administrative consolidation feasibility study; mandating an educational employees retirement plan aggregation feasibility study; funding unpaid retirement contributions from certain closed charter schools; codifying and revising the Minneapolis firefighters relief association law; requiring insurance by certain volunteer firefighter relief association financial consultants; authorizing payment of volunteer firefighters relief association service pensions to certain full-time White Bear Lake fire department employees; appropriating money; amending Minnesota Statutes 2000, sections 3A.03, subdivision 2; 11A.18, subdivisions 7, 11; 352.01, subdivisions 2a, 2b; 352.113, subdivisions 4, 6; 352.22, subdivision 8; 352.87, subdivisions 4, 5; 352.95, subdivisions 4, 5, 7; 352B.01, subdivisions 2, 11; 352B.10, subdivision 3; 352B.101; 353.01, subdivisions 1, 2, 2a, 2b, 6, 7, 11b, 12, 12a, 12b, 16, by adding subdivisions; 353.026; 353.03, subdivision 1; 353.27, subdivisions 2, 3, 4, 10, 11; 353.28, subdivision 8; 353.86, subdivision 1; 354.05, subdivision 2; 354.52, subdivision 4; 354A.011, subdivision 24; 354A.12, subdivision 5; 354A.31, subdivision 3; 354A.35, subdivision 4; 356.215, subdivision 4g; 356A.06, subdivision 5; 424A.04, by adding a subdivision; 490.121, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 13; 353; 354; 354A; proposing coding for new law as Minnesota Statutes, chapter 423C; repealing Minnesota Statutes 2000, section 354A.026; Laws 1907, chapter 24; Laws 1913, chapter 318; Laws 1913, chapter 419; Laws 1917, chapter 196; Laws 1919, chapter 515; Laws 1919, chapter 523; Laws 1921, chapter 404; Laws 1923, chapter 61; Laws 1945, chapter 322; Laws 1959, chapter 213; Laws 1959, chapter 491; Laws 1959, chapter 568; Laws 1961, chapter 109; extra session Laws 1961, chapter 3; Laws 1963, chapter 318; Laws 1965, chapter 519; Laws 1965, chapter 578; Laws 1967, chapter 819; Laws 1967, chapter 824; Laws 1969, chapter 123; Laws 1969, chapter 287; Laws 1971, chapter 542; Laws 1975, chapter 57; Laws 1977, chapter 164, section 2; Laws 1980, chapter 607, article xv, sections 8, 9, 10; Laws 1988, chapter 572, sections 4, 5, 6; Laws 1988, chapter 574, sections 3, 4, 5; Laws 1989, chapter 319, article 19, sections 6, 7; Laws 1990, chapter 589, article

1, sections 5, 6; Laws 1992, chapter 429; Laws 1992, chapter 454, section 2; Laws 1992, chapter 471, article 2; Laws 1993, chapter 125; Laws 1993, chapter 192, section 32; Laws 1994, chapter 591; Laws 1994, chapter 632, article 3, section 14; Laws 1996, chapter 448, article 2, section 3; Laws 1996, chapter 448, article 3, section 1; Laws 1997, chapter 233, article 4, sections 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22; Laws 1998, chapter 390, article 7, section 2; Laws 2000, chapter 461, article 17, sections 6, 7, 8, 9, 10, 11, 12, 13."

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Senator Murphy from the Committee on Agriculture, General Legislation and Veterans Affairs, to which was referred

H.F. No. 1391: A resolution urging the United States Postal Service to create a postage stamp reproducing Eric Enstrom's photograph "Grace."

Reports the same back with the recommendation that the resolution do pass and be placed on the Consent Calendar. Report adopted.

Senator Marty from the Committee on Judiciary, to which was re-referred

S.F. No. 1721: A bill for an act relating to employment; regulating the use of genetic testing in employment; providing penalties; proposing coding for new law in Minnesota Statutes, chapter 181.

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

Page 1, line 10, delete "testing" and insert "test"

Page 1, after line 22, insert:

"(d) "Protected genetic information" means:

(1) information about a person's genetic test; or

(2) information about a genetic test of a blood relative of a person."

Page 1, line 23, delete "GENETIC TESTING" and insert "USE OF PROTECTED GENETIC INFORMATION"

Page 1, line 25, after "(1)" insert "administer a genetic test or" and delete "administer a genetic test to any" and insert "collect protected genetic information regarding a"

Page 2, line 3, delete "the results of"

Page 2, line 4, delete "any genetic test" and insert "protected genetic information"

Page 2, line 5, delete "sell to" and insert "provide"

Page 2, line 6, delete "a genetic test" and insert "protected genetic information"

Amend the title as follows:

Page 1, lines 2 and 3, delete "genetic testing" and insert "protected genetic information"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Senator Marty from the Committee on Judiciary, to which was re-referred

S.F. No. 1937: A bill for an act relating to corrections; making various changes to laws involving the department of corrections, including clarifying the community notification law,

striking and repealing obsolete and unnecessary statutory language, clarifying who may be required to pay the costs for the use of a correctional camp, allowing licensed mental health professionals to admit inmates to the mental health unit at MCF-Oak Park Heights, altering the requirements of the department's annual performance report, providing that investigation of inmate deaths be initiated by the commissioner of corrections, continuing the task force for agency purchasing from correctional agencies, creating a peer review committee in the health correctional system; authorizing the commissioner to inspect and certify juvenile facilities licensed by the department of human services; requiring the commissioners of corrections and human services to develop alternative equivalent standards for chemical dependency treatment programs for correctional facilities under certain circumstances; requiring the commissioner of corrections to contract with the commissioner of human services for background studies of individuals providing services in secure and nonsecure juvenile residential and detention facilities; making it a crime for employees, contract personnel, or volunteers of a correctional system to engage in certain sexual activities with offenders in correctional facilities; requiring a sex offender assessment for certain repeat sex offenders; authorizing HIV test results to be maintained in inmate medical records; amending Minnesota Statutes 2000, sections 16B.181, subdivision 2; 241.016, subdivision 1; 241.021, subdivisions 1, 4, 4a, 6, by adding a subdivision; 241.67, subdivision 8; 241.69; 242.32, subdivision 1a; 243.05, subdivision 6; 243.51, subdivision 2; 243.53, subdivision 1; 244.052, subdivision 3; 244.173; 244.18, subdivision 1; 390.11, subdivision 1, by adding a subdivision; 390.32, by adding a subdivision; 609.341, subdivision 11; 609.344, subdivision 1; 609.345, subdivision 1; 609.3452, subdivision 1, by adding subdivisions; 611A.19; repealing Minnesota Statutes 2000, sections 241.19; 242.51.

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

Page 6, line 27, after the period, insert "The office of health facility complaints has jurisdiction under sections 144A.51 to 144A.54 to investigate complaints regarding the provision of health care under this section."

And when so amended the bill do pass. Amendments adopted. Report adopted.

Senator Marty from the Committee on Judiciary, to which was re-referred

S.F. No. 1208: A bill for an act relating to impaired driving; permitting the results of a preliminary screening test to be admissible in a criminal prosecution for the crime of implied consent test refusal; prohibiting certain first-time DWI offenders from receiving a shortened license revocation period; amending a definition in the plate impoundment law to allow plate impoundment for certain first-time alcohol-related license revocations; creating a gross misdemeanor penalty for violation of an alcohol-related restriction on a person's driver's license if the violation occurs while driving a motor vehicle and authorizing consecutive sentences for these violations in certain cases; amending the definition of "prosecuting authority" in the DWI forfeiture law and changing how proceeds from the sale of forfeited vehicles are distributed; requiring health professionals to report injuries resulting from alcohol-related or controlled substance-related accidents when asked by a peace officer and granting civil and criminal immunity for these reports; amending Minnesota Statutes 2000, sections 169A.28, subdivision 2; 169A.41, subdivision 2; 169A.54, subdivision 6; 169A.60, subdivision 1; 169A.63, subdivisions 1, 10; 171.09; 609.035, subdivision 2; 626.52; 626.55, subdivision 1; repealing Minnesota Statutes 2000, section 626.55, subdivision 2.

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

Page 9, line 32, after "amended" insert "by adding a subdivision"

Page 9, delete lines 33 to 36

Page 10, delete lines 1 to 36

Page 11, delete lines 1 to 8

Page 11, delete section 10

Page 11, line 26, delete "11" and insert "10"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 26, after "626.52" insert ", by adding a subdivision" and delete "626.55, subdivision 1;"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Senator Marty from the Committee on Judiciary, to which was referred

S.F. No. 2006: A bill for an act relating to government data; authorizing certain accident data to be made public; amending Minnesota Statutes 2000, section 169.09, subdivision 13.

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

Page 2, line 35, delete "shall" and insert "may"

Page 3, line 11, delete "shall" and insert "may"

Page 3, line 16, delete "information" and insert "identification"

Page 3, line 17, after "certifies" insert "and agrees"

Page 3, line 20, delete "and"

Page 3, line 21, delete "uses" and insert "will use"

Page 3, line 24, before the period, insert "or for any other purpose; and

(3) will be subject to the penalties and remedies under sections 13.08 and 13.09"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Senator Marty from the Committee on Judiciary, to which was referred

S.F. No. 1561: A bill for an act relating to commerce; revised Article 9 of the Uniform Commercial Code; making corrective and conforming amendments; appropriating money; amending Minnesota Statutes 2000, sections 27.138, subdivisions 2 and 3; 86B.820, subdivisions 10 and 11; 86B.880, subdivision 2; 168A.01, subdivisions 18 and 19; 168A.05, subdivision 8; 168A.17, subdivision 2; 169A.63, subdivisions 7 and 11; 268.058, subdivision 1; 270.69, subdivisions 2, 9, and 13; 270.7001, subdivision 4; 272.483; 272.484; 272.488, subdivision 3; 277.20, subdivision 8; 300.112, subdivision 1; 325L.16; 336.2-210; 336.9-102; 336.9-201; 336.9-203; 336.9-311; 336.9-317; 336.9-334; 336.9-407; 336.9-509; 336.9-521; 336.9-601; 336.9-607; 336.9-617; 336.9-619; 336A.01, subdivision 4; 514.18, subdivision 2; 514.221, subdivisions 2 and 3; 514.24; 514.63; 514.66; 514.661, subdivisions 3, 4, 5, and 6; 514.92, subdivisions 1a, 3, and 5; 514.945, subdivisions 2, 4, and 6; 514.950, subdivision 11; 514.956, subdivisions 1, 2, and 3; 514.958; 514.960, subdivisions 2, 3, 4, and 5; 515B.3-116; 515B.3-117; 550.13; 557.12, subdivision 5; 583.26, subdivisions 1 and 2; and 583.284; Laws 1986, chapter 398, article 1, section 18, as amended; proposing coding for new law in Minnesota Statutes, chapters 336; 507; 508; and 508A; repealing Minnesota Statutes 2000, sections 168A.17, subdivision 3; 336.11-101; 336.11-102; 336.11-103; 336.11-104; 336.11-105; 336.11-106; 336.11-107; and 336.11-108; Minnesota Rules, parts 8260.0600; 8260.0700; 8260.0800; 8260.0900; 8260.1000; 8260.1100; 8270.0010; 8270.0050; 8270.0100; 8270.0105; 8270.0110; 8270.0115; 8270.0200; 8270.0205; 8270.0210; 8270.0215; 8270.0220; 827.0225; 8270.0230; 8270.0235; 8270.0240; 8270.0245; 8270.0255; 8270.0260; 8270.0265; and 8270.0270.

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

Page 30, after line 26, insert:

"Notwithstanding section 13.49, a filing office may include social security number information in an information request response under section 336.9-523 or a search of other liens in the central filing system. A filing office may also include social security number information on a photocopy or electronic copy of a record whether provided in an information request response or in response to a request made under section 13.03."

Page 37, line 8, after "be" insert "recorded"

Page 40, after line 32, insert:

"Sec. 19. Minnesota Statutes 2000, section 507.24, subdivision 2, is amended to read:

Subd. 2. [ORIGINAL SIGNATURES REQUIRED.] Unless otherwise provided by law, an instrument affecting real estate that is to be recorded as provided in this section or other applicable law must contain the original signatures of the parties who execute it and of the notary public or other officer taking an acknowledgment. However, a financing statement that is recorded as a fixture filing pursuant to section 336.9-502(b) need not contain: (1) the signatures of the debtor or the secured party; or (2) an acknowledgment."

Page 41, after line 21, insert:

"Subd. 4. [FIXTURE FINANCING STATEMENTS.] A financing statement that is filed as a fixture filing pursuant to section 336.9-502(b) need not contain: (1) the signatures of the debtor or the secured party; or (2) an acknowledgment, and must be filed with the registrar, and shown as a memorial on the certificate of title."

Page 42, after line 10, insert:

"Subd. 4. [FIXTURE FINANCING STATEMENTS.] A financing statement that is filed as a fixture filing pursuant to section 336.9-502(b) need not contain: (1) the signatures of the debtor or the secured party; or (2) an acknowledgment, and must be filed with the registrar, and shown as a memorial on the certificate of title."

Page 53, line 33, before the semicolon, insert ", except that the filing fee charged to the district directors of internal revenue for filing a federal tax lien is \$15 for up to two debtor names and \$15 for each additional name"

Pages 58 and 59, delete sections 25 to 27

Pages 61 and 62, delete sections 32 to 34

Pages 63 to 66, delete sections 38 to 46

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 16, after the first semicolon, insert "507.24, subdivision 2;"

Page 1, line 17, delete "514.24; 514.63; 514.66;"

Page 1, line 18, delete everything after the semicolon

Page 1, line 19, delete "3, and 5;" and delete "514.950,"

Page 1, delete lines 20 and 21

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Senator Marty from the Committee on Judiciary, to which was referred

S.F. No. 1797: A bill for an act relating to nonprofit corporations; specifying voting rights and meeting notice requirements for nonprofit corporations that are neighborhood organizations; amending Minnesota Statutes 2000, sections 317A.435, by adding a subdivision; and 317A.441.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2000, section 317A.435, is amended by adding a subdivision to read:

Subd. 4. [NEIGHBORHOOD ORGANIZATIONS.] (a) A neighborhood organization must elect directors annually. Notwithstanding the provisions of subdivisions 1 and 2, notice of a meeting to elect directors and any other meeting at which articles or bylaws are proposed to be amended must be given as provided by this subdivision. The articles or bylaws of a neighborhood organization may provide for electing directors by petition, if notice of the petition process is given as provided by this subdivision.

(b) At least ten but not more than 30 days before a meeting of the members of the neighborhood organization described in paragraph (a) is to be held, notice of the date, time, and place of the meeting or the date and process applicable to petitions and any other information required by this chapter must be:

(1) posted at public buildings located within the geographic boundaries of the neighborhood organization; and

(2)(i) published in the community newspaper having the largest circulation within the geographic boundaries of the neighborhood organization or in a neighborhood organization newsletter that is distributed to all occupied buildings in the neighborhood; or

(ii) provided in a written or electronic notice delivered to all households within the geographic boundaries of the neighborhood organization.

(c) For purposes of this subdivision, "neighborhood organization" means a nonprofit corporation under this chapter that represents a defined geographic area and has been accepted by a political subdivision as the basic planning unit for the area. Neighborhood organization does not include a unit owners' association under chapter 515B or a planned unit development or homeowners' association that consists exclusively of property owners within a defined geographic area.

Sec. 2. Minnesota Statutes 2000, section 317A.437, is amended by adding a subdivision to read:

Subd. 3. [NEIGHBORHOOD ORGANIZATIONS.] This section does not apply to a neighborhood organization, as defined in section 317A.435, subdivision 4.

Sec. 3. Minnesota Statutes 2000, section 317A.439, is amended by adding a subdivision to read:

Subd. 6. [NEIGHBORHOOD ORGANIZATIONS.] A neighborhood organization, as defined in section 317A.435, subdivision 4, is not required to prepare a membership list under this section.

Sec. 4. Minnesota Statutes 2000, section 317A.441, is amended to read:

317A.441 [RIGHT TO VOTE.]

(a) Unless the articles or bylaws provide otherwise, each member with voting rights is entitled to one vote on each matter voted on by the members. If a membership stands of record in the names of two or more persons, their acts with respect to voting have the following effect:

(1) if only one votes, the act binds all; and

(2) if more than one votes, the vote must be divided on a pro rata basis.

(b) In the case of a neighborhood organization, as defined in section 317A.435, subdivision 4, members with voting rights are, at a minimum, individuals who are on a preexisting membership list or who produce the following at a meeting of the neighborhood organization:

(1) a Minnesota driver's license, Minnesota identification card, or some form of residency verification that indicates the individual resides within the geographic boundaries of the neighborhood organization; or

(2) proof of ownership or lease of a business or property or proof of being employed by a nonprofit organization, business, or government entity located within the geographic boundaries of the neighborhood, if these persons are authorized to be members by the bylaws of the neighborhood organization.

(c) An individual who resides within the geographic boundaries of a neighborhood organization or meets membership criteria under paragraph (b), clause (2), but lacks the documentation required by paragraph (b), clause (1), may vote at a meeting of the neighborhood organization if a member who has the required documentation vouches for the individual.

(d) The articles or bylaws of a neighborhood organization may permit voting at its meetings by individuals in addition to those described in paragraph (b) or (c).

Sec. 5. [APPLICATION.]

By August 1, 2002, neighborhood organizations must amend their bylaws to conform to the provisions of this act. On and after August 1, 2002, provisions of bylaws that are inconsistent with this act are not effective."

Delete the title and insert:

"A bill for an act relating to nonprofit corporations; regulating neighborhood organizations; providing for the election of directors, and specifying voting rights and meeting notice requirements; amending Minnesota Statutes 2000, sections 317A.435, by adding a subdivision; 317A.437, by adding a subdivision; 317A.439, by adding a subdivision; 317A.441."

And when so amended the bill do pass. Amendments adopted. Report adopted.

Senator Solon from the Committee on Commerce, to which was re-referred

S.F. No. 2150: A bill for an act relating to technology business; identifying and defining technology business; providing for the licensing of technology businesses by the state board of electricity; amending Minnesota Statutes 2000, sections 326.01, subdivision 6d, by adding subdivisions; 326.241, subdivision 1; 326.2421, subdivisions 2, 3, 4, 6, by adding subdivisions; 326.243; 326.244, subdivisions 1a, 5; repealing Minnesota Statutes 2000, section 326.2421, subdivision 8.

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

Page 2, line 2, delete "720,"

Page 8, line 35, delete "section" and insert "sections"

Page 8, line 36, before the semicolon, insert ", subdivision 11, and 326.244, subdivision 1a, paragraph (d)"

Page 9, line 21, delete "January" and insert "July"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Senator Solon from the Committee on Commerce, to which was referred

S.F. No. 311: A bill for an act relating to commerce; providing for the procurement of surety bonds; proposing coding for new law in Minnesota Statutes, chapter 60A.

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

Page 1, line 6, delete "60A.071" and insert "574.39" and delete "POLITICAL" and insert "PUBLIC ENTITIES"

Page 1, line 7, delete "SUBDIVISIONS"

Page 1, line 8, before "A" insert "The state or"

Page 1, line 13, after the period, insert "Nothing in this section prohibits a public entity from requiring customized features in its surety bond coverage as considered appropriate and necessary by the public entity or from requiring that the insurer issuing the bond have a minimum financial rating as specified by the public entity."

Amend the title as follows:

Page 1, line 4, delete "60A" and insert "574"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Senator Solon from the Committee on Commerce, to which was referred

S.F. No. 1054: A bill for an act relating to insurance; regulating insurers, agents, coverages and benefits, costs, claims, investments, and notifications and disclosures; prescribing powers and duties of the commissioner; eliminating the regulation of nonprofit legal services plans; amending Minnesota Statutes 2000, sections 60A.06, subdivision 3; 60A.08, subdivision 13; 60A.11, subdivision 10; 60A.129, subdivision 2; 60A.14, subdivision 1; 60A.16, subdivision 1; 60A.23, subdivision 8; 60K.14, subdivision 2; 61A.072, by adding subdivisions; 61A.08; 61A.09, subdivision 1; 62A.021, subdivision 3; 62A.023; 62A.04, subdivision 2; 62A.105, subdivision 2; 62A.17, subdivision 1; 62A.20, subdivision 1; 62A.21, subdivision 2a; 62A.30, subdivision 2; 62A.302; 62A.3093; 62A.31, subdivisions 1a, 1i, and 3; 62A.65, subdivision 8; 62E.04, subdivision 4; 62E.06, subdivision 1; 62J.60, subdivision 3; 62L.05, subdivisions 1 and 2; 62M.01, subdivision 2; 62M.02, subdivisions 6, 12, 21, and by adding a subdivision; 62M.05, subdivision 5; 62Q.01, subdivision 6; 62Q.68, subdivision 1; 62Q.72, subdivision 1; 62Q.73, subdivision 3; 65A.01, subdivision 3b; 65A.29, subdivision 7; 65A.30; 65B.04, subdivision 3; 65B.06, subdivisions 1 and 4; 65B.16; 65B.19, subdivision 2; 65B.44, subdivision 3; 65B.49, subdivision 5a; 67A.20, by adding a subdivision; 70A.07; 72A.125, subdivision 3; 72A.201, subdivision 3; 72C.06, subdivision 2; 79A.02, subdivision 1; 79A.03, subdivision 7; and 471.617, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 62Q; repealing Minnesota Statutes 2000, sections 13.7191, subdivision 11; 60A.111; 62G.01; 62G.02; 62G.03; 62G.04; 62G.05; 62G.06; 62G.07; 62G.08; 62G.09; 62G.10; 62G.11; 62G.12; 62G.13; 62G.14; 62G.15; 62G.16; 62G.17; 62G.18; 62G.19; 62G.20; 62G.21; 62G.22; 62G.23; 62G.24; and 62G.25.

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

Page 2, line 23, strike "greater than" and insert "of at least"

Page 14, line 25, after "fee" insert "from an individual"

Page 14, line 26, before the period, insert "on residential property occupied by the individual"

Pages 15 and 16, delete sections 10 and 11

Page 17, line 29, after the period, insert "Nothing in this subdivision requires an insurer to offer term insurance as a conversion option."

Page 18, delete sections 13 and 14

Page 20, line 18, before "All" insert "In the absence of fraud,"

Page 25, delete section 16

Page 26, lines 15 and 35, delete "forms and"

Page 27, line 30, delete "forms and"

Pages 27 and 28, delete section 20

Page 28 and 29, delete section 22

Page 38, after line 22, insert:

"Sec. 22. Minnesota Statutes 2000, section 62I.07, subdivision 1, is amended to read:

Subdivision 1. [GENERAL ASSESSMENT.] Each member of the association that is authorized to write property and casualty insurance in the state shall participate in its losses and expenses in the proportion that the direct written premiums of the member on the kinds of insurance in that account bears to the total aggregate direct written premiums written in this state by all members on the kinds of insurance in that account. The members' participation in the association shall be determined annually on the direct written premiums written during the preceding calendar year as reported on the annual statements and other reports filed by the member with the commissioner. Direct written premiums mean that amount at page 14 15, column (2), lines ~~5-1~~ 5.2, 8, 9, 17, 21.2, 22, 23, 24, 25, 26, and 27 of the annual statement filed annually with the department of commerce under section 60A.13."

Page 40, after line 24, insert:

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

Pages 41 to 43, delete sections 32 to 34

Page 43, delete section 36 and insert:

"Sec. 27. Minnesota Statutes 2000, section 62M.03, subdivision 2, is amended to read:

Subd. 2. [NONLICENSED UTILIZATION REVIEW ORGANIZATION.] An organization that meets the definition of a utilization review organization under section 62M.02, subdivision 21, that is not licensed in this state that performs utilization review services for Minnesota residents must register with the commissioner of commerce and must certify compliance with sections 62M.01 to 62M.16.

Initial registration must occur no later than January 1, 1993. The registration is effective for two years and may be renewed for another two years by written request. Each utilization review organization registered under this chapter shall notify the commissioner of commerce within 30 days of any change in the name, address, or ownership of the organization. The organization shall pay to the commissioner of commerce a fee of \$1,000 for the initial registration application and \$1,000 for each two-year renewal."

Page 44, line 7, delete "immediately" and insert "promptly"

Pages 44 to 46, delete sections 39 to 41

Page 46, line 16, delete everything before the period

Pages 46 and 47, delete section 43 and insert:

"Sec. 31. [62Q.80] [BOARD FEES LIMITATION.]

No health plan company operated on a nonprofit basis shall pay a salary, fee, or other remuneration to any member of a board of directors in excess of \$66 per meeting."

Page 47, line 12, delete "clearly"

Page 49, line 7, after "insurer" insert "so as"

Page 49, line 8, after the first "to" insert "provide" and after "insured" insert "with" and reinstate the stricken "30" and delete "35" and strike "days" and insert "days' notice"

Page 50, line 6, delete "clearly"

Pages 51 to 55, delete section 52

Page 55, line 24, delete the new language and strike everything before the comma and insert "as the commissioner's review has been completed"

Pages 55 to 58, delete sections 55 to 57

Page 60, after line 2, insert:

"Sec. 44. Minnesota Statutes 2000, section 79A.04, subdivision 16, is amended to read:

Subd. 16. [CERTIFICATE TO SELF-INSURE; REVOCATION.] If, following a private self-insurer's bankruptcy, insolvency, or certificate of default, the commissioner calls its security and proceeds in accordance with this section, the commissioner shall revoke the certificate to self-insure of the private self-insurer as soon as practicable but no later than 30 days after its security has been called. No insolvent self-insurer, as defined in section 79A.01, subdivision 4, shall be eligible to receive another grant of authority to self-insure unless either: (1) the insolvent self-insurer's posted security was sufficient to pay all direct and indirect administrative and professional expenses of the security fund related to the insolvent self-insurer, and all losses, including estimated future liability, allocated loss expense, and unallocated loss expense of the insolvent self-insurer; or (2) the insolvent self-insurer pays the security fund an amount equal to all such losses and expenses the security fund has paid or will be required to pay related to this insolvent self-insurer.

Sec. 45. Minnesota Statutes 2000, section 79A.15, is amended to read:

79A.15 [SURETY BOND FORM.]

The form for the surety bond under this chapter shall be:

STATE OF MINNESOTA
DEPARTMENT OF COMMERCE
SURETY BOND OF SELF-INSURER OF WORKERS' COMPENSATION

IN THE MATTER OF THE CERTIFICATE OF)
)
) SURETY BOND
) NO.....
) PREMIUM:.....
)

Employer, Certificate No:.....)

KNOW ALL PERSONS BY THESE PRESENTS:

That.....
(Employer)

whose address is.....

as Principal, and.....
(Surety)

a corporation organized under the laws of and authorized to transact a general surety

business in the State of Minnesota, as Surety, are held and firmly bound to the State of Minnesota in the penal sum ofdollars (\$.....) for which payment we bind ourselves, our heirs, executors, administrators, successors, and assigns, jointly and severally, firmly by these presents.

WHEREAS in accordance with Minnesota Statutes, chapter 176, the principal elected to self-insure, and made application for, or received from the commissioner of commerce of the state of Minnesota, a certificate to self-insure, upon furnishing of proof satisfactory to the commissioner of commerce of ability to self-insure and to compensate any or all employees of said principal for injury or disability, and their dependents for death incurred or sustained by said employees pursuant to the terms, provisions, and limitations of said statute;

NOW THEREFORE, the conditions of this bond or obligation are such that if principal shall pay and furnish compensation, pursuant to the terms, provisions, and limitations of said statute to its employees for injury or disability, and to the dependents of its employees, then this bond or obligation shall be null and void; otherwise to remain in full force and effect.

FURTHERMORE, it is understood and agreed that:

1. This bond may be amended, by agreement between the parties hereto and the commissioner of commerce as to the identity of the principal herein named; and, by agreement of the parties hereto, as to the premium or rate of premium. Such amendment must be by endorsement upon, or rider to, this bond, executed by the surety and delivered to or filed with the commissioner.

2. The surety does, by these presents, undertake and agree that the obligation of this bond shall cover and extend to all past, present, existing, and potential liability of said principal, as a self-insurer, to the extent of the penal sum herein named without regard to specific injuries, date or dates of injuries, happenings or events.

3. The penal sum of this bond may be increased or decreased, by agreement between the parties hereto and the commissioner of commerce, without impairing the obligation incurred under this bond for the overall coverage of the said principal, for all past, present, existing, and potential liability, as a self-insurer, without regard to specific injuries, date or dates of injuries, happenings or events, to the extent, in the aggregate, of the penal sum as increased or decreased. Such amendment must be by endorsement.

4. The aggregate liability of the surety hereunder on all claims whatsoever shall not exceed the penal sum of this bond in any event.

5. This bond shall be continuous in form and shall remain in full force and effect unless terminated as follows:

(a) The obligation of this bond shall terminate upon written notice of cancellation from the surety, given by registered or certified mail to the commissioner of commerce, state of Minnesota, save and except as to all past, present, existing, and potential liability of the principal incurred, including obligations resulting from claims which are incurred but not yet reported, as a self-insurer prior to effective date of termination. This termination is effective 60 days after receipt of notice of cancellation by the commissioner of commerce, state of Minnesota.

(b) This bond shall also terminate upon the revocation of the certificate to self-insure, save and except as to all past, present, existing, and potential liability of the principal incurred, including obligations resulting from claims which are incurred but not yet reported, as a self-insurer prior to effective date of termination. The principal and the surety, herein named, shall be immediately notified in writing by said commissioner, in the event of such revocation.

6. Where the principal posts with the commissioner of commerce, state of Minnesota, or the state treasurer, state of Minnesota, a replacement security deposit, in the form of a surety bond, irrevocable letter of credit, cash, securities, or any combination thereof, in the full amount as may be required by the commissioner of commerce, state of Minnesota, to secure all incurred liabilities for the payment of compensation of said principal under Minnesota Statutes, chapter 176, the

surety is released from obligations under the surety bond upon the date of acceptance by the commissioner of commerce, state of Minnesota, of said replacement security deposit.

7. If the said principal shall suspend payment of workers' compensation benefits or shall become insolvent or a receiver shall be appointed for its business, or the commissioner of commerce, state of Minnesota, issues a certificate of default, the undersigned surety will become liable for the workers' compensation obligations of the principal on the date benefits are suspended. The surety shall begin payments within 14 days under paragraph 8, or 30 days under paragraph 10, after receipt of written notification by certified mail from the commissioner of commerce, state of Minnesota, to begin payments under the terms of this bond.

8. If the surety exercises its option to administer claims, it shall pay benefits due to the principal's injured workers within 14 days of the receipt of the notification by the commissioner of commerce, state of Minnesota, pursuant to paragraph 7, without a formal award of a compensation judge, the commissioner of labor and industry, any intermediate appellate court, or the Minnesota supreme court and such payment will be a charge against the penal sum of the bond. Administrative and legal costs and payment of assessments incurred by the surety in discharging its obligations and payment of the principal's obligations for administration and legal expenses and payment of assessments under Minnesota Statutes, chapters 79A and 176, shall also be a charge against the penal sum of the bond; however, the total amount of this surety bond set aside for the payment of said administrative and legal expenses and payment of assessments shall be limited to a maximum ten percent of the total penal sum of the bond unless otherwise authorized by the security fund.

9. If any part or provision of this bond shall be declared unenforceable or held to be invalid by a court of proper jurisdiction, such determination shall not affect the validity or enforceability of the other provisions or parts of this bond.

10. If the surety does not give notice to the (self-insurer's security fund) (commercial self-insurance group security fund) and the commissioner of commerce, state of Minnesota, within two business days of receipt of written notification from the commissioner of commerce, state of Minnesota, pursuant to paragraph 7, to exercise its option to administer claims pursuant to paragraph 8, then the (self-insurer's security fund) (commercial self-insurance security fund) will assume the payments of the workers' compensation obligations of the principal pursuant to Minnesota Statutes, chapter 176. Administrative, legal, actuarial, and other direct costs attributed to the principal shall also be a charge against the penal sum of the bond. The surety shall pay, within 30 days of the receipt of the notification by the commissioner of commerce, state of Minnesota, pursuant to paragraph 7, to the (self-insurer's security fund) (commercial self-insurance group security fund) as an initial deposit an amount equal to ten 50 percent of the penal sum of the bond, and shall thereafter, upon notification from the (self-insurer's security fund) (commercial self-insurance group security fund) that the balance of the initial deposit, including interest earned as provided below with respect to the segregated account, had fallen to one ten percent of the penal sum of the bond, remit to the (self-insurer's security fund) (commercial self-insurance group security fund) an amount equal to the payments made by the (self-insurer's security fund) (commercial self-insurance group security fund) in the three calendar months immediately preceding said notification; an additional ten percent of the penal sum of the bond. All such payments will be a charge against the penal sum of the bond. The initial deposit and all subsequent deposits shall be deposited by the (self-insurer's security fund) (commercial self-insurance group security fund) into a segregated, interest-bearing account. These deposits, together with any interest earned thereon, shall be used to satisfy all obligations of the surety hereunder. Upon determination that there are no remaining reserves for any known claims covered under the bond, the balance of the account, including any interest earned thereon, shall be paid to the surety.

Said repayment of the funds to the surety will not discharge the bond, which shall remain in full force and effect as to all past, present, existing, and potential liability of the principal incurred, including obligations resulting from claims which are incurred but not yet reported, as a self-insurer prior to the effective date of termination of the bond.

11. Disputes concerning the posting, renewal, termination, exoneration, or return of all or any portion of the principal's security deposit or any liability arising out of the posting or failure to post security, or the adequacy of the security or the reasonableness of administrative costs, including legal costs, arising between or among a surety, the issuer of an agreement of assumption and guarantee of workers' compensation liabilities, the issuer of a letter of credit, any custodian of the security deposit, the principal, or the (self-insurer's security fund) (commercial self-insurance group security fund) shall be resolved by the commissioner of commerce pursuant to Minnesota Statutes, chapters 79A and 176.

12. Written notification to the surety required by this bond shall be sent to:

.....
Name of Surety
.....
To the attention of Person or
Position
.....
Address
.....
City, State, Zip

Written notification to the principal required by this bond shall be sent to:

.....
Name of Principal
.....
To the attention of Person or
Position
.....
Address
.....
City, State, Zip

13. This bond is executed by the surety to comply with Minnesota Statutes, chapter 176, and said bond shall be subject to all terms and provisions thereof.

.....
Name of Surety
.....
Address
.....
City, State, Zip

THIS bond is executed under an unrevoked appointment or power of attorney.

I certify (or declare) under penalty of perjury under the laws of the state of Minnesota that the foregoing is true and correct.

.....
Date

.....
Signature of Attorney-In-Fact
.....
Printed or Typed Name of
Attorney-In-Fact

A copy of the transcript or record of the unrevoked appointment, power of attorney, bylaws, or other instrument, duly certified by the proper authority and attested by the seal of the insurer entitling or authorizing the person who executed the bond to do so for and in behalf of the insurer, must be filed in the office of the commissioner of commerce or must be included with this bond for such filing.

[EFFECTIVE DATE.] This section is effective for bonds posted on or after January 1, 2002."

Renumber the sections in sequence

Delete the title and insert:

"A bill for an act relating to insurance; regulating insurers, agents, coverages and benefits, costs, claims, investments, and notifications and disclosures; prescribing powers and duties of the commissioner; eliminating the regulation of nonprofit legal services plans; amending Minnesota Statutes 2000, sections 60A.06, subdivision 3; 60A.08, subdivision 13; 60A.11, subdivision 10; 60A.129, subdivision 2; 60A.14, subdivision 1; 60A.16, subdivision 1; 60A.23, subdivision 8; 60K.14, subdivision 2; 61A.072, by adding a subdivision; 61A.09, subdivision 1; 62A.04, subdivision 2; 62A.17, subdivision 1; 62A.20, subdivision 1; 62A.21, subdivision 2a; 62A.302; 62A.31, subdivisions 1a, 1i, 3; 62A.65, subdivision 8; 62E.04, subdivision 4; 62E.06, subdivision 1; 62I.07, subdivision 1; 62J.60, subdivision 3; 62L.05, subdivisions 1, 2; 62M.02, by adding a subdivision; 62M.03, subdivision 2; 62M.05, subdivision 5; 62Q.01, subdivision 6; 62Q.73, subdivision 3; 65A.29, subdivision 7; 65A.30; 65B.04, subdivision 3; 65B.06, subdivisions 1, 4; 65B.16; 65B.19, subdivision 2; 65B.44, subdivision 3; 67A.20, by adding a subdivision; 70A.07; 79A.02, subdivision 1; 79A.03, subdivision 7; 79A.04, subdivision 16; 79A.15; 471.617, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 62Q; repealing Minnesota Statutes 2000, sections 13.7191, subdivision 11; 60A.111; 62G.01; 62G.02; 62G.03; 62G.04; 62G.05; 62G.06; 62G.07; 62G.08; 62G.09; 62G.10; 62G.11; 62G.12; 62G.13; 62G.14; 62G.15; 62G.16; 62G.17; 62G.18; 62G.19; 62G.20; 62G.21; 62G.22; 62G.23; 62G.24; 62G.25."

And when so amended the bill do pass. Amendments adopted. Report adopted.

Senator Solon from the Committee on Commerce, to which was referred

S.F. No. 1485: A bill for an act relating to commerce; providing for the licensing of money transmitters; prescribing the powers and duties of the commissioner; proposing coding for new law as Minnesota Statutes, chapter 53B.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2000, section 48.151, is amended to read:

48.151 [ADDITIONAL POWERS.]

Any bank, savings bank, or trust company organized under the laws of this state, or any national banking association doing business in this state, shall have the power to advertise for sale and sell for a fee money orders, traveler's checks, cashier's checks, drafts, registered checks, and certified checks and no other person, firm, or corporation, either directly or through agents, shall advertise for sale or shall sell for a fee any evidence of indebtedness on which there appears the words, "money order," "traveler's check," "cashier's check," "draft," "registered check," "certified check," or other words or symbols whether of the same or different character which tend to lead the purchaser to believe that such evidence of indebtedness is other than a personal check, unless such evidence of indebtedness is issued by a person, firm or corporation which is a savings association, or telegraph company, or, in the case of cashier's checks, is issued by an industrial loan and thrift company with deposit liabilities, provided that these instruments are issued in conformity with the Uniform Commercial Code, or is issued by a person, firm, or corporation that has on file in the office of the secretary of state a surety bond in the principal sum of \$5,000 issued by a bonding or insurance company authorized to do business in this state, which surety bond shall

~~run to the state of Minnesota and shall be for the benefit of any creditor for any liability insured on account of the sale or issuance by it or its agent of any such evidence of indebtedness, or has deposited with the secretary of state securities or cash of the value of \$5,000; provided, however, that the aggregate liability of the surety to all such creditors shall, in no event, exceed the sum of such bond or deposit licensed under chapter 53B.~~ Any person, firm or corporation who shall violate any provision of this section shall be guilty of a misdemeanor.

Sec. 2. [53B.01] [CITATION.]

This chapter may be cited as the "Minnesota Money Transmitters Act."

Sec. 3. [53B.02] [LICENSE REQUIRED.]

On or after January 1, 2002, no person except those exempt pursuant to section 53B.04 shall engage in the business of money transmission without a license as provided in this chapter. A licensee may conduct business in this state at one or more locations, directly or indirectly owned, or through one or more authorized delegates, or both, under a single license granted to the licensee.

Sec. 4. [53B.03] [DEFINITIONS.]

Subdivision 1. [SCOPE.] For purposes of this chapter, the terms in subdivisions 2 to 18 apply unless the context requires otherwise.

Subd. 2. [APPLICANT.] "Applicant" means a person filing an application for a license under this chapter.

Subd. 3. [AUTHORIZED DELEGATE.] "Authorized delegate" means an entity designated by the licensee under this chapter, or by an exempt entity, to sell or issue payment instruments or engage in the business of transmitting money on behalf of a licensee.

Subd. 4. [COMMISSIONER.] "Commissioner" means the commissioner of commerce.

Subd. 5. [CONTROL.] "Control" means ownership of, or the power to vote, ten percent or more of the outstanding voting securities of a licensee or controlling person. For purposes of determining the percentage of a licensee controlled by any person, the person's interest must be aggregated with the interest of any other person controlled by the person or by any spouse, parent, or child of the person.

Subd. 6. [CONTROLLING PERSON.] "Controlling person" means any person in control of a licensee.

Subd. 7. [ELECTRONIC INSTRUMENT.] "Electronic instrument" means a card or other tangible object for the transmission or payment of money that contains a microprocessor chip, magnetic stripe, or other means for the storage of information, that is prefunded and for which the value is decreased upon each use. The term does not include a card or other tangible object that is redeemable by the issuer in the issuer's goods or services.

Subd. 8. [EXECUTIVE OFFICER.] "Executive officer" means the licensee's president, chair of the executive committee, senior officer responsible for the licensee's business, chief financial officer, and any other person who performs similar functions.

Subd. 9. [EXEMPT ENTITY.] "Exempt entity" means a person to which this chapter does not apply under section 53B.04.

Subd. 10. [KEY SHAREHOLDER.] "Key shareholder" means any person, or group of persons acting in concert, who is the owner of ten percent or more of any voting class of an applicant's stock.

Subd. 11. [LICENSEE.] "Licensee" means a person licensed under this chapter.

Subd. 12. [MATERIAL LITIGATION.] "Material litigation" means any litigation in which an

applicant or a licensee has been a defendant or been named in a civil judgment involving claims of fraud, misrepresentation, conversion, mismanagement of funds, breach of fiduciary duty, or breach of contract.

Subd. 13. [MONEY TRANSMISSION.] "Money transmission" means selling or issuing payment instruments or engaging in the business of receiving money for transmission or transmitting money within the United States or to locations abroad by any and all means, including but not limited to payment instrument, wire, facsimile, or electronic transfer.

Subd. 14. [OUTSTANDING PAYMENT INSTRUMENT.] "Outstanding payment instrument" means any payment instrument issued by the licensee that has been sold in the United States directly by the licensee or any payment instrument issued by the licensee that has been sold by an authorized delegate of the licensee in the United States, and that has not yet been paid by or for the licensee.

Subd. 15. [PAYMENT INSTRUMENT.] "Payment instrument" means any electronic or written check, draft, money order, travelers check, or other electronic or written instrument or order for the transmission or payment of money, sold or issued to one or more persons, whether or not the instrument is negotiable. The term does not include any credit card voucher, letter of credit, or instrument that is redeemable by the issuer in goods or services.

Subd. 16. [PERMISSIBLE INVESTMENTS.] "Permissible investments" means:

(1) cash;

(2) certificates of deposit or other debt obligations of a financial institution, either domestic or foreign;

(3) bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers' acceptances, that are eligible for purchase by member banks of the Federal Reserve system;

(4) any investment bearing a rating of one of the three highest grades as defined by a nationally recognized organization that rates these securities;

(5) investment securities that are obligations of the United States, its agencies or instrumentalities, or obligations that are guaranteed fully as to principal and interest of the United States, or any obligations of any state, municipality, or any political subdivision of a state or municipality;

(6) shares in a money market mutual fund, interest-bearing bills or notes or bonds, debentures, or a fund composed of one or more permissible investments;

(7) any demand borrowing agreement or agreements made to a corporation or a subsidiary of a corporation whose capital stock is listed on a national exchange;

(8) receivables that are due to a licensee from its authorized delegates under a contract described in section 53B.18, that are not past due or doubtful of collection; or

(9) any other investments or security device approved by the commissioner.

Subd. 17. [PERSON.] "Person" means any individual, corporation, limited liability company, business trust, general or limited partnership, association, sole proprietorship, or similar organization.

Subd. 18. [REMIT.] "Remit" means either to make direct payment of the funds to the licensee or its representatives authorized to receive those funds or to deposit the funds in a bank, credit union, savings association, or other similar financial institution in an account specified by the licensee.

Sec. 5. [53B.04] [EXEMPTIONS.]

Authorized delegates of a licensee or of an exempt entity, acting within the scope of authority conferred by a written contract as described in section 53B.18 are not required to obtain a license under this chapter. This chapter does not apply to:

- (1) the United States or any department, agency, or instrumentality of the United States;
- (2) the United States Postal Service;
- (3) the state or any political subdivision of the state;

(4) banks, credit unions, savings associations, savings banks, mutual banks organized under the laws of any state or the United States, or bank holding companies which have a banking subsidiary located in Minnesota and whose debt securities have an investment grade rating by a national rating agency, provided that if they issue or sell payment instruments through authorized delegates who are not banks, bank holding companies, credit unions, savings associations, savings banks, or mutual banks, those authorized delegates must comply with all requirements imposed upon authorized delegates under this chapter; and

(5) the provision of electronic transfer of government benefits for any federal, state, or county governmental agency as defined in Federal Reserve Board Regulation E, by a contractor for and on behalf of the United States or any department, agency, or instrumentality of the United States, or any state or any political subdivision of the state.

Sec. 6. [53B.05] [LICENSE QUALIFICATIONS.]

Subdivision 1. [NET WORTH.] Each licensee under this chapter shall at all times have a net worth of not less than \$100,000, calculated in accordance with generally accepted accounting principles. Licensees engaging in money transmission at more than one location or through authorized delegates shall have an additional net worth of \$50,000 per location or authorized delegate located in the state, as applicable, to a maximum of \$500,000.

Subd. 2. [CORPORATE APPLICANT; GOOD STANDING.] Every corporate applicant, at the time of the filing of an application for a license under this chapter and at all times after a license is issued, must be in good standing in the state of its incorporation. All noncorporate applicants shall, at the time of the filing of an application for a license under this chapter and at all times after a license is issued, be registered or qualified to do business in the state.

Sec. 7. [53B.06] [PERMISSIBLE INVESTMENTS AND STATUTORY TRUST.]

(a) Each licensee under this chapter must at all times possess permissible investments having an aggregate market value, calculated in accordance with generally accepted accounting principles, of not less than the aggregate face amount of all outstanding payment instruments sold by the licensee or reported as sold by an authorized delegate in the United States. This requirement may be waived by the commissioner if the dollar volume of a licensee's outstanding payment instruments does not exceed the bond or other security devices posted by the licensee under section 53B.08.

(b) Permissible investments, even if commingled with other assets of the licensee, are considered to be held in trust for the benefit of the purchasers and holders of the licensee's outstanding payment instruments in the event of the bankruptcy of the licensee.

Sec. 8. [53B.07] [LICENSE APPLICATION.]

Subdivision 1. [REQUIREMENTS.] An application for a license under this chapter must be made in writing, under oath, and in a form prescribed by the commissioner.

Subd. 2. [GENERAL CONTENTS.] An application must contain:

(1) the exact name of the applicant, the applicant's principal address, any fictitious or trade name used by the applicant in the conduct of its business, and the location of the applicant's business records;

(2) the history of the applicant's or any controlling person's material litigation during the preceding ten years and criminal convictions;

(3) a description of the activities conducted by the applicant and a history of operations;

(4) a description of the business activities in which the applicant seeks to be engaged in the state;

(5) a list identifying the applicant's proposed authorized delegates in the state, if any, at the time of the filing of the license application;

(6) a sample authorized delegate contract, if applicable;

(7) a sample form of payment instrument, if applicable;

(8) the location or locations at which the applicant and its authorized delegates, if any, propose to conduct the licensed activities in the state; and

(9) the name, address, and account numbers for the clearing bank or banks on which the applicant's payment instruments will be drawn or through which these payment instruments will be payable.

Subd. 3. [ADDITIONAL INFORMATION FROM CORPORATIONS.] If the applicant is a corporation, the applicant must also provide:

(1) the date of the applicant's incorporation and state of incorporation;

(2) a certificate of good standing from the state in which the applicant was incorporated;

(3) a description of the corporate structure of the applicant, including the identity of any parent or subsidiary of the applicant, and the disclosure of whether any parent or subsidiary is publicly traded on any stock exchange;

(4) the name, business and residence address, and employment history for the past five years of the applicant's executive officers and the officers or managers who will be in charge of the applicant's activities to be licensed under this chapter;

(5) the name, business and residence address, and employment history for the period five years prior to the date of the application of any key shareholder of the applicant;

(6) the history of material litigation during the preceding ten years and criminal convictions of every executive officer or key shareholder of the applicant;

(7) a copy of the applicant's most recent audited financial statement, including balance sheet, statement of income or loss, statement of changes in shareholder equity, and statement of changes in financial position, and, if available, the applicant's audited financial statements for the immediately preceding two-year period. However, if the applicant is a wholly owned subsidiary of another corporation, the applicant may submit either the parent corporation's consolidated audited financial statements for the current year and for the immediately preceding two-year period or the parent corporation's Form 10K reports filed with the United States Securities and Exchange Commission for the prior three years in lieu of the applicant's financial statements. If the applicant is a wholly owned subsidiary of a corporation having its principal place of business outside the United States, similar documentation filed with the parent corporation's non-United States regulator may be submitted to satisfy this provision; and

(8) copies of all filings, if any, made by the applicant with the United States Securities and Exchange Commission, or with a similar regulator in a country other than the United States, within the year preceding the date of filing the application.

Subd. 4. [ADDITIONAL INFORMATION FROM NONCORPORATE APPLICANTS.] If the applicant is not a corporation, the applicant must also provide:

(1) the name, business and residence address, personal financial statement, and employment history for the past five years, of each principal of the applicant and the name, business and residence address, and employment history for the past five years of any other person or persons who will be in charge of the applicant's activities to be licensed under this chapter;

(2) the place and date of the applicant's registration or qualification to do business in this state;

(3) the history of material litigation during the preceding ten years and criminal convictions for each individual having any ownership interest in the applicant and each individual who exercises supervisory responsibility with respect to the applicant's activities; and

(4) copies of the applicant's audited financial statements, including balance sheet, statement of income or loss, and statement of changes in financial position, for the current year and, if available, for the immediately preceding two-year period.

Subd. 5. [WAIVER.] The commissioner may, for good cause shown, waive any requirement of this section with respect to any license application or to permit a license applicant to submit substituted information in its license application in lieu of the information required by this subdivision.

Sec. 9. [53B.08] [BOND OR OTHER SECURITY DEVICE.]

Subdivision 1. [REQUIREMENT.] Each application must be accompanied by a surety bond, irrevocable letter of credit, or other similar security device acceptable to the commissioner in the amount of \$50,000. If the applicant proposes to engage in business under this chapter at more than one location, through authorized delegates or otherwise, then the amount of the security device must be increased by \$10,000 per location, up to a maximum of \$250,000. The security device must be in a form satisfactory to the commissioner and must run to the state for the benefit of any claimants against the licensee to secure the faithful performance of the obligations of the licensee with respect to the receipt, handling, transmission, and payment of money in connection with the sale and issuance of payment instruments or transmission of money. In the case of a bond, the aggregate liability of the surety in no event shall exceed the principal sum of the bond. Claimants against the licensee may themselves bring suit directly on the security device or the commissioner may bring suit on behalf of these claimants, either in one action or in successive actions.

Subd. 2. [ACCEPTABLE ALTERNATIVES.] In lieu of a security device under subdivision 1 or of any portion of the principal of the security device, as required by subdivision 1, the licensee may deposit with the commissioner, or with banks in this state that the licensee designates and the commissioner approves, cash, interest-bearing stocks and bonds, notes, debentures, or other obligations of the United States or any agency or instrumentality of the United States, or guaranteed by the United States, or of this state, or of a city, county, town, village, school district, or instrumentality of this state, or guaranteed by this state, to an aggregate amount, based upon principal amount or market value, whichever is lower, of not less than the amount of the security device or portion of the security device. The securities or cash must be deposited and held to secure the same obligations as would the security device. The depositor shall receive all interest and dividends. The depositor may, with the approval of the commissioner, substitute other securities for those deposited, and is required to do so on written order of the commissioner made for good cause shown.

Subd. 3. [CANCELLATION.] The security device remains in effect until cancellation, which may occur only after 30 days' written notice to the commissioner. Cancellation does not affect the rights of any claimant for any liability incurred or accrued during the period for which the bond was in force.

Subd. 4. [DURATION.] The security device must remain in place for no longer than five years after the licensee ceases money transmission operations in the state. However, notwithstanding this provision, the commissioner may permit the security device to be reduced or eliminated before that time to the extent that the amount of the licensee's payment instruments outstanding in this state are reduced. The commissioner may also permit a licensee to substitute a letter of credit or other form of security device acceptable to the commissioner for the security device in place at the time the licensee ceases money transmission operations in the state.

Sec. 10. [53B.09] [APPLICATION FEE.]

Each application must be accompanied by a nonrefundable application fee in the amount of \$4,000.

Sec. 11. [53B.10] [ISSUANCE OF LICENSE.]

Subdivision 1. [INVESTIGATION.] Upon the filing of a complete application, the commissioner shall investigate the financial condition and responsibility, financial and business experience, character, and general fitness of the applicant. The commissioner may conduct an on-site investigation of the applicant, the reasonable cost of which must be borne by the applicant. If the commissioner finds that the requirements imposed by this chapter have been met and that the required license fee has been paid, the commissioner shall issue a license to the applicant authorizing the applicant to engage in the licensed activities in this state for a term of one year. If these requirements have not been met, the commissioner shall deny the application in writing, setting forth the reasons for the denial.

Subd. 2. [DENIAL HEARING.] Any applicant aggrieved by a denial issued by the commissioner under this section may at any time within 30 days from the date of receipt of written notice of the denial contest the denial by serving a response on the commissioner. The commissioner shall set a date for a hearing not later than 60 days after service of the response, unless a later date is set with the consent of the denied applicant.

Sec. 12. [53B.11] [RENEWAL OF LICENSE AND ANNUAL REPORT.]

Subdivision 1. [FEE.] The annual fee for renewal of a license under this chapter is \$2,500.

Subd. 2. [REPORT.] The renewal fee must be accompanied by a report, in a form prescribed by the commissioner. The form must be sent by the commissioner to each licensee no later than three months immediately preceding the date established by the commissioner for license renewal. The licensee must include in this annual renewal report:

(1) a copy of its most recent audited consolidated annual financial statement, including balance sheet, statement of income or loss, statement of changes in shareholder's equity, and statement of changes in financial position, or, in the case of a licensee that is a wholly owned subsidiary of another corporation, the consolidated audited annual financial statement of the parent corporation may be filed in lieu of the licensee's audited annual financial statement;

(2) for the most recent quarter for which data are available prior to the date of the filing of the renewal application, but in no event more than 120 days prior to the renewal date, the licensee must provide the number of payment instruments sold by the licensee in the state, the dollar amount of those instruments, and the dollar amount of those instruments currently outstanding;

(3) any material changes to any of the information submitted by the licensee on its original application that have not previously been reported to the commissioner on any other report required to be filed under this chapter;

(4) a list of the licensee's permissible investments; and

(5) a list of the locations within this state at which business regulated by this chapter is being conducted by either the licensee or its authorized delegate.

Subd. 3. [LICENSE DISPLAY.] A copy of the license issued by the commissioner to the licensee shall be prominently displayed in each location where money transmission services are offered.

Subd. 4. [MONEY RECEIVED FOR TRANSMISSION.] All money received for wire transmission must be transmitted in accordance with the purchaser's instructions within five days.

Sec. 13. [53B.12] [EXTRAORDINARY REPORTING REQUIREMENTS.]

Within 15 days of the occurrence of any one of the events listed below, a licensee shall file a

written report with the commissioner describing the event and its expected impact on the licensee's activities in the state:

- (1) the filing for bankruptcy or reorganization by the licensee;
- (2) the institution of revocation or suspension proceedings against the licensee by any state or governmental authority with regard to the licensee's money transmission activities;
- (3) any felony indictment of the licensee or any of its key officers or directors related to money transmission activities; or
- (4) any felony conviction of the licensee or any of its key officers or directors related to money transmission activities.

Sec. 14. [53B.13] [CHANGES IN CONTROL OF A LICENSEE.]

Any purchaser of ten percent or more of an ownership interest in a licensee must notify the commissioner at least 30 days in advance of the purchase and submit a completed license application form. The commissioner may revoke the license if the new ownership would have resulted in a denial of the initial license under this chapter. The commissioner may waive this notification requirement if, in the commissioner's discretion, the change in control does not pose any risk to the interests of the public.

Sec. 15. [53B.14] [EXAMINATIONS.]

The commissioner has under this chapter the same powers with respect to financial examinations that the commissioner has under section 46.04.

Sec. 16. [53B.15] [MAINTENANCE OF RECORDS.]

Subdivision 1. [REQUIREMENT.] Each licensee shall make, keep, and preserve the following books, accounts, and other records for a period of three years:

- (1) a record or records of each payment instrument sold;
- (2) a general ledger containing all assets, liability, capital, income, and expense accounts, which must be posted at least monthly;
- (3) bank statements and bank reconciliation records;
- (4) records of outstanding payment instruments;
- (5) records of each payment instrument paid within the three-year period; and
- (6) a list of the names and addresses of all of the licensee's authorized delegates.

Subd. 2. [COMPLIANCE.] Any licensee or authorized delegate selling money orders shall maintain a record of the date, amount, serial number, and the location of the sale for each money order sold in this state. Any licensee or authorized delegate engaged in the business of receiving money for transmission or transmitting money shall maintain a record of the identity of the remitter, identity of the recipient, amount of the transmission, date of the transaction, date funds were transmitted, and the location from which the funds were remitted for each transaction initiated in this state. Maintenance of the documents required by this section in a photographic, electronic, or other similar form constitutes compliance with this section.

Subd. 3. [LOCATION.] Records may be maintained at a location other than within this state if they are made accessible to the commissioner on seven days' written notice.

Sec. 17. [53B.16] [CONFIDENTIALITY OF DATA SUBMITTED TO THE COMMISSIONER.]

Data or other information obtained by the commissioner under this chapter, whether as a result of the license application or renewal process or examinations, is subject to chapter 13.

Sec. 18. [53B.17] [SOLVENCY REQUIRED.]

If the commissioner determines that a licensee is insolvent or that its capital is impaired or that its condition is such as to render the continuance of its business hazardous to the public or to those having funds in its custody, the commissioner may apply to the district court for the county in which the main office is located, or for Ramsey county if the licensee does not have a main office in Minnesota, for appointment of a receiver to receive the assets of the licensee for the purpose of liquidating or rehabilitating its business and for such other relief as the interest of the public may require. The reasonable and necessary expenses of the receivership have priority over all other claims on the bond required by this chapter.

Sec. 19. [53B.18] [PROHIBITED PRACTICES.]

No licensee shall:

- (1) fail to comply with chapter 345 as it relates to unclaimed property requirements; or
- (2) refuse to indemnify an instrument holder for any misappropriation of money caused by any of its authorized delegates in conducting activities on behalf of the licensee for whom it acts as an authorized delegate.

Sec. 20. [53B.19] [SUSPENSION OR REVOCATION OF LICENSES.]

After notice and hearing, the commissioner may suspend or revoke a licensee's license if the commissioner finds that:

- (1) any fact or condition exists that, if it had existed at the time when the licensee applied for its license, would have been grounds for denying the application;
- (2) the licensee's net worth becomes inadequate and the licensee, after ten days' written notice from the commissioner, fails to take steps the commissioner considers necessary to remedy the deficiency;
- (3) the licensee violates any material provision of this chapter or any rule or order validly adopted by the commissioner under authority of this chapter;
- (4) the licensee is conducting its business in an unsafe or unsound manner;
- (5) the licensee is insolvent;
- (6) the licensee has suspended payment of its obligations, has made an assignment for the benefit of its creditors, or has admitted in writing its inability to pay its debts as they become due;
- (7) the licensee has applied for an adjudication of bankruptcy, reorganization, arrangement, or other relief under any bankruptcy;
- (8) the licensee refuses to permit the commissioner to make any examination authorized by this chapter; or
- (9) the licensee fails to make any report required by this chapter.

Sec. 21. [53B.20] [AUTHORIZED DELEGATE CONTRACTS.]

Subdivision 1. [CONTENTS OF CONTRACT.] Licensees that conduct licensed activities through authorized delegates shall authorize each delegate to operate under an express written contract that, for contracts entered into after the effective date of this chapter, provide the following:

- (1) that the licensee appoint the person as its delegate with authority to engage in money transmission on behalf of the licensee;
- (2) that neither a licensee nor an authorized delegate authorize subdelegates without the written consent of the commissioner; and

(3) that licensees are subject to supervision and regulation by the commissioner.

Subd. 2. [TERMINATION OF AUTHORIZED DELEGATES.] Upon termination of any authorized delegate contract, the licensee must notify the commissioner within a reasonable amount of time of the termination.

Subd. 3. [EXEMPT ENTITIES.] For purposes of this section, "licensee" includes exempt entities.

Sec. 22. [53B.21] [AUTHORIZED DELEGATE CONDUCT.]

(a) An authorized delegate shall not make any fraudulent or false statement or misrepresentation to a licensee or to the commissioner.

(b) All money transmission or sale or issuance of payment instrument activities conducted by authorized delegates must be strictly in accordance with the licensee's written procedures provided to the authorized delegate.

(c) An authorized delegate shall remit all money owed to the licensee in accordance with the terms of the contract between the licensee and the authorized delegate. An authorized delegate who fails to remit all money owed to a licensee within the time required in the contract is liable to the licensee for three times the licensee's actual damages.

(d) An authorized delegate is considered to consent to the commissioner's inspection, with or without prior notice to the licensee or authorized delegate, of the books and records of the authorized delegate.

(e) An authorized delegate is under a duty to act only as authorized under the contract with the licensee and any authorized delegate who exceeds its authority is subject to cancellation of its contract and further disciplinary action by the commissioner.

(f) All funds, less fees, received by an authorized delegate of a licensee from the sale or delivery of a payment instrument issued by a licensee or received by an authorized delegate for transmission, constitute trust funds owned by and belonging to the licensee from the time the funds are received by the authorized delegate until the time when the funds or an equivalent amount are remitted by the authorized delegate to the licensee. If an authorized delegate commingles any funds with other funds or property owned or controlled by the authorized delegate, all commingled proceeds and other property must be impressed with a trust in favor of the licensee in an amount equal to the amount of the proceeds due the licensee.

(g) An authorized delegate must report to the licensee the theft or loss of payment instruments within 24 hours from the time it knew or should have known of the theft or loss.

(h) For purposes of this section, "licensee" includes exempt entities.

Sec. 23. [53B.22] [REVOCATION OR SUSPENSION OF AUTHORIZED DELEGATES.]

Subdivision 1. [GENERALLY.] If, after notice and a hearing, the commissioner finds that any authorized delegate of a licensee or any director, officer, employee, or controlling person of the authorized delegate has: (1) violated any provision of this chapter or any rule or order issued under this chapter; (2) engaged in or participated in any unsafe or unsound act with respect to the business of selling or issuing payment instruments of the licensee or the business of money transmission; or (3) made or caused to be made in any application or report filed with the commissioner or in any proceeding before the commissioner any statement which was, at the time and in the circumstances under which it was made, false or misleading with respect to any material fact, or has omitted in any application or report any material fact that is required to be stated, the commissioner may issue an order suspending or barring such authorized delegate from continuing to be or becoming an authorized delegate of any licensee during the period for which the order is in effect. Upon issuance of the order, the licensee shall terminate its relationship with the authorized delegate according to the terms of the order.

Subd. 2. [APPLICATION TO MODIFY OR RESCIND.] Any authorized delegate to whom an order is issued under this section may apply to the commissioner to modify or rescind the order. The commissioner shall not grant the application unless the commissioner finds that it is in the public interest to do so and that it is reasonable to believe that the person will, if and when the person is permitted to resume being an authorized delegate of a licensee, comply with all applicable provisions of this chapter and of any rule or order issued under this chapter.

Subd. 3. [JUDICIAL REVIEW.] The right of any authorized delegate to whom an order is issued under this section to petition for judicial review of the order is not affected by the failure of the person to apply to the commissioner to modify or rescind the order.

Subd. 4. [EXEMPT ENTITIES.] For purposes of this section, "licensee" includes exempt entities.

Sec. 24. [53B.23] [LICENSEE LIABILITY.]

A licensee's responsibility to any person for a money transmission conducted on that person's behalf by the licensee or the licensee's authorized delegate is limited to the amount of money tendered or the face amount of the payment instrument purchased.

Sec. 25. [53B.24] [HEARINGS; PROCEDURES.]

The provisions of the Minnesota Administrative Procedure Act, chapter 14, apply to any hearing under this chapter.

Sec. 26. [53B.25] [ENFORCEMENT.]

Section 45.027 applies to this chapter.

Sec. 27. [53B.26] [RULE NOTICES.]

At the time the commissioner files a notice of proposed adoption, amendment, or repeal of a rule adopted under this chapter, a copy of the notice must be sent by regular United States mail, postage prepaid, to all then-current licensees and applicants for licenses under this chapter.

Sec. 28. [53B.27] [APPOINTMENT OF COMMISSIONER AS AGENT FOR SERVICE OF PROCESS.]

Subdivision 1. [CONSENT AND APPOINTMENT.] Any licensee, authorized delegate, or other person who knowingly engages in business activities that are regulated under this chapter, with or without filing an application, is considered to have done both of the following:

(1) consented to the jurisdiction of the courts of this state for all actions arising under this chapter; and

(2) appointed the commissioner as the lawful agent for the purpose of accepting service of process in any action, suit, or proceeding that may arise under this chapter.

Subd. 2. [SERVICE OF PROCESS.] Service of process must be made in accordance with section 45.028, subdivision 2."

Amend the title as follows:

Page 1, line 4, after the semicolon, insert "amending Minnesota Statutes 2000, section 48.151;"

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

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

H.F. No. 2119 for comparison with companion Senate File, reports the following House File

was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

GENERAL ORDERS

H.F. No. S.F. No.
2119 1915

CONSENT CALENDAR

H.F. No. S.F. No.

CALENDAR

H.F. No. S.F. No.

and that the above Senate File be indefinitely postponed.

Pursuant to Rule 45, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Report adopted.

Senator Metzen from the Committee on Telecommunications, Energy and Utilities, to which was referred

S.F. No. 1303: A bill for an act relating to energy; enacting the Minnesota Energy Security and Reliability Act; modifying provisions for siting and routing large electric power facilities; allowing for establishment of electric generation parks; creating independent reliability administrator; providing tax exemption for certain electric generation facility property; regulating conservation expenditures by public utilities; encouraging regulatory flexibility in supplying and obtaining energy; requiring a state energy plan; regulating interconnection of distributed utility resources; making technical, conforming, and clarifying changes; appropriating money; amending Minnesota Statutes 2000, sections 15A.0815, subdivisions 2 and 3; 116C.52, subdivision 4, and by adding subdivisions; 116C.53, subdivision 3; 116C.57, subdivisions 1, 2, 4, and by adding subdivisions; 116C.58; 116C.60; 116C.61, subdivision 1; 116C.62; 116C.64; 116C.645; 116C.65; 116C.66; 116C.69; 216A.03, subdivision 3a, and by adding a subdivision; 216B.02, subdivisions 1, 7, 8, and by adding subdivisions; 216B.03; 216B.16, subdivisions 1, 6b, 6c, and 7; 216B.162, subdivision 8; 216B.1621, subdivision 2; 216B.164, subdivision 4; 216B.1645; 216B.24, subdivisions 1, 2, and 3; 216B.241, subdivisions 1, 1a, 1b, and by adding subdivisions; 216B.2421, subdivisions 1, 2, and by adding a subdivision; 216B.2423, subdivision 2; 216B.243, subdivisions 2, 3, and 5; 216C.17, subdivision 3; and 272.027, subdivision 1, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 116C; and 216B; proposing coding for new law as Minnesota Statutes, chapter 216E; repealing Minnesota Statutes 2000, sections 116C.55; 116C.57, subdivisions 3, 5, and 5a; 116C.67; 216B.241, subdivisions 1c, 2, and 2a; 216B.2422, subdivisions 1, 2, 2a, 4, 5, and 6; and 216C.18.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2000, section 216C.41, is amended to read:

216C.41 [RENEWABLE ENERGY PRODUCTION INCENTIVE.]

Subdivision 1. [DEFINITIONS.] (a) The definitions in this subdivision apply to this section.

(b) "Qualified hydroelectric facility" means a hydroelectric generating facility in this state that:

(1) is located at the site of a dam, if the dam was in existence as of March 31, 1994; and

(2) either (i) begins generating electricity after July 1, 1994; or (ii) is generating electricity as of June 30, 2001, and undergoes substantial refurbishing after that date, to be completed by December 31, 2005.

(c) "Qualified wind energy conversion facility" means a wind energy conversion system that:

(1) produces two megawatts or less of electricity as measured by nameplate rating and begins generating electricity after June 30, 1997, and before July 1, 1999;

(2) begins generating electricity after June 30, 1999, produces two megawatts or less of electricity as measured by nameplate rating, and is:

(i) located within one county and owned by a natural person who owns the land where the facility is sited;

(ii) owned, in whole or in part, but in no event less than 51 percent by a one or more Minnesota small business businesses as defined in section 645.445;

(iii) owned by a nonprofit organization; or

(iv) owned by a tribal council if the facility is located within the boundaries of the reservation; or

(3) begins generating electricity after June 30, 1999, produces seven megawatts or less of electricity as measured by nameplate rating, and:

(i) is owned by a cooperative organized under chapter 308A; and

(ii) all shares and membership in the cooperative are held by natural persons or estates, at least 51 percent of whom reside in a county or contiguous to a county where the wind energy production facilities of the cooperative are located.

(d) "Qualified on-farm biogas recovery facility" means an anaerobic digester system that:

(1) is located at the site of an agricultural operation;

(2) is owned by a natural person, or an entity that is qualified to own or operate a farm under section 500.24, who or that owns or rents the land where the facility is located; and

(3) begins generating electricity after July 1, 2001.

(e) "Anaerobic digester system" means a system of components that processes animal waste based on the absence of oxygen and produces gas used to generate electricity.

Subd. 2. [INCENTIVE PAYMENT.] (a) Incentive payments shall must be made according to this section to (1) the owner of a qualified on-farm biogas recovery facility; (2) the owner or operator of a qualified hydropower facility or qualified wind energy conversion facility for electric energy generated and sold by the facility; or, for (3) except as provided in paragraph (b), a publicly owned hydropower facility; for electric energy that is generated by the facility and used by the owner of the facility outside the facility.

(b) For a facility that is publicly owned and in need of substantial refurbishment and repair, the incentive payment shall be made to the public owner of the facility to finance structural repairs and replacement of structural components.

(c) Payment may only be made upon receipt by the commissioner of finance of an incentive payment application that establishes that the applicant is eligible to receive an incentive payment and that satisfies other requirements the commissioner deems necessary. The application shall must be in a form and submitted at a time the commissioner establishes.

(d) There is annually appropriated from the general fund sums sufficient to make the payments required under this section.

Subd. 3. [ELIGIBILITY WINDOW.] Payments may be made under this section only for electricity generated:

(1) from a qualified hydroelectric facility that is operational and generating electricity before December 31, 2001 2002, or that undergoes substantial refurbishing after June 30, 2001, to be completed by December 31, 2005; or

(2) from a qualified wind energy conversion facility that is operational and generating electricity before January 1, 2005; or

(3) from a qualified on-farm biogas recovery facility from July 1, 2001, through December 31, 2015.

Subd. 4. [PAYMENT PERIOD.] A facility may receive payments under this section for a ten-year period. No payment under this section may be made for electricity generated:

(1) by a qualified hydroelectric facility after December 31, 2010, or December 31, 2015, if the facility undergoes substantial refurbishing after June 30, 2001; or

(2) by a qualified wind energy conversion facility after December 31, 2015; or

(3) by a qualified on-farm biogas recovery facility after December 31, 2015.

The payment period begins and runs consecutively from the first year in which electricity generated from the facility is eligible for incentive payment.

Subd. 5. [AMOUNT OF PAYMENT.] (a) An incentive payment is based on the number of kilowatt hours of electricity generated. The amount of the payment is 1.5 cents per kilowatt hour. For electricity generated by qualified wind energy conversion facilities, the incentive payment under this section is limited to no more than ~~400~~ 125 megawatts of nameplate capacity. During any period in which qualifying claims for incentive payments exceed ~~400~~ 125 megawatts of nameplate capacity, the payments must be made to producers in the order in which the production capacity was brought into production.

(b) Beginning January 1, 2002, a qualified wind energy conversion facility defined under subdivision 1, paragraph (c), clause (1), (2), or (3), may not be located within five miles of another qualified wind energy conversion facility constructed within the same calendar year and owned by the same person. For the purposes of this paragraph, the department shall determine that the same person owns two qualified wind energy conversion facilities when the underlying ownership structure contains similar persons or entities, other than a person or entity that provides equity financing, even if the ownership shares differ between the facilities.

Subd. 6. [CURE RIGHTS.] If, during the incentive payment period, a qualified facility loses the right to receive incentive payments because of noncompliance with this section, the qualified facility need only file an application to be eligible to again receive the incentive payments upon cure of the noncompliance.

[EFFECTIVE DATE.] This section is effective July 1, 2001.

Sec. 2. Minnesota Statutes 2000, section 272.02, subdivision 9, is amended to read:

Subd. 9. [PERSONAL PROPERTY; EXCEPTIONS.] Except for the taxable personal property enumerated below, all personal property and the property described in section 272.03, subdivision 1, paragraphs (c) and (d), shall be exempt.

The following personal property shall be taxable:

(a) personal property which is part of an electric generating, transmission, or distribution system or a pipeline system transporting or distributing water, gas, crude oil, or petroleum products or mains and pipes used in the distribution of steam or hot or chilled water for heating or cooling buildings and structures, except to the extent exempted under subdivision 45 or section 272.027, or other law;

(b) railroad docks and wharves which are part of the operating property of a railroad company as defined in section 270.80;

(c) personal property defined in section 272.03, subdivision 2, clause (3);

(d) leasehold or other personal property interests which are taxed pursuant to section 272.01, subdivision 2; 273.124, subdivision 7; or 273.19, subdivision 1; or any other law providing the property is taxable as if the lessee or user were the fee owner;

(e) manufactured homes and sectional structures, including storage sheds, decks, and similar removable improvements constructed on the site of a manufactured home, sectional structure, park trailer or travel trailer as provided in section 273.125, subdivision 8, paragraph (f); and

(f) flight property as defined in section 270.071.

Sec. 3. Minnesota Statutes 2000, section 272.02, is amended by adding a subdivision to read:

Subd. 45. [EXEMPTION FOR PERSONAL PROPERTY USED TO GENERATE ELECTRICITY.] For a generation facility or a natural gas peaking facility constructed and placed into service after January 1, 2001, personal property used to generate electricity is exempt from property taxation. This exemption does not apply to transformers, transmission lines, distribution lines, or any other tools, implements, and machinery that is part of an electric substation, wherever located.

Sec. 4. Minnesota Statutes 2000, section 290.06, is amended by adding a subdivision to read:

Subd. 29. [CREDIT FOR PURCHASES OF CERTAIN ENERGY SYSTEMS.] (a) A taxpayer may take a credit against the tax due under this chapter equal to 15 percent of the amount expended by the taxpayer for purchase and installation of eligible energy systems and \$3 for each watt of installed photovoltaic property capacity. The credit may not exceed \$2,000 per year, except that there is no cap on the credit for photovoltaics.

If the credit provided under this subdivision exceeds the tax liability of the taxpayer for the taxable year, the excess amount of the credit may be carried over to each of the ten taxable years succeeding the taxable year. The entire amount of the credit must be carried to the earliest taxable year to which the amount may be carried. The unused portion of the credit must be carried to the following taxable year. No credit may be carried to a taxable year more than ten years after the taxable year in which the credit was earned.

For the purpose of this subdivision, "eligible equipment" means ground source heat pumps, solar water heating property, solar space heating property, fuel cells, and distributed electric generating equipment that uses renewable fuel, natural gas, or a fuel as clean or cleaner than natural gas; and wind energy conversion systems.

(b) In this subdivision, the following words have the meanings indicated:

(1) "photovoltaic property" means solar energy property that uses a solar photovoltaic process to generate electricity and that meets applicable performance and quality standards and certification requirements in effect at the time of acquisition of the property, as specified by the commissioner of commerce;

(2) "solar space heating property" means equipment that uses solar energy:

(i) to heat or cool a structure; or

(ii) to provide solar process heat;

solar space heating property does not include a swimming pool, hot tub, or any energy storage medium that has a function other than storage;

(3) "solar water heating property" means solar energy property that:

(i) when installed in connection with a structure, uses solar energy for the purpose of providing hot water for use within the structure; and

(ii) meets applicable performance and quality standards and certification requirements in effect at the time of acquisition of the property, as specified by the commissioner of commerce; and

(4) "wind energy conversion system" has the meaning given in section 216C.06, subdivision 12.

[EFFECTIVE DATE.] This section is effective for property placed in service after June 30, 2001.

Sec. 5. Minnesota Statutes 2000, section 297A.67, is amended by adding a subdivision to read:

Subd. 26. [ENERGY-EFFICIENT APPLIANCES; HEATING, COOLING, AND ENERGY-GENERATING EQUIPMENT.] The following items are exempt from taxation: clothes washers, clothes dryers, refrigerators, freezers, room air conditioners, central air conditioners, boilers, water heaters, furnaces, electric heat pumps that meet or exceed the applicable energy star efficiency requirements developed by the United States Environmental Protection Agency and the United States Department of Energy and in effect on April 1, 2001. For natural gas water heaters, the commissioner of commerce shall set a comparable requirement.

[EFFECTIVE DATE.] This section is effective for sales after June 30, 2001.

Sec. 6. [PUBLIC INFORMATION REGARDING EXEMPTIONS AND RECYCLING PROGRAMS.]

The commissioner of revenue must provide information to the public and must direct detailed information to appliance retailers concerning the availability of:

- (1) the exemptions provided under Minnesota Statutes, section 297A.67, subdivision 26; and
- (2) programs for recycling of used appliances, including the appliance exchange program.

Sec. 7. [DISTRIBUTED ENERGY GENERATION DEMONSTRATION GRANTS.]

\$10,000,000 is appropriated from the general fund for the biennium ending June 30, 2003, to the commissioner of commerce for demonstration grants to local governments for the purchase and installation in public buildings of distributed electric energy generating equipment and requisite infrastructure that uses renewable source or natural gas or a fuel that is as clean or cleaner than natural gas. Demonstration grants are for capital expenditures that create on-site capacity to generate electric energy in public buildings. Eligible capital expenditures include equipment, installation, construction, planning, engineering, and design costs. The commissioner shall create criteria for the award of demonstration grants and shall award demonstration grants according to a competitive grant process.

Sec. 8. [ENERGY CONSERVATION LOANS.]

(a) \$25,000,000 is appropriated from the general fund for the biennium ending June 30, 2003, to the commissioner of commerce to establish an energy conservation revolving loan program to finance energy conservation capital improvements. Loans under this program may be provided to:

- (1) a state agency or institution of higher education;
- (2) a public school; and
- (3) a political subdivision of the state.

(b) The department shall determine the terms under which a loan may be made under this section and shall set the interest rate for a loan at a low rate that the department determines sufficient to recover the costs of administering the loan program.

(c) Any borrower that receives a loan under this section shall repay the principal and interest on the loan from the value of the energy savings that accrue as a result of the energy conservation measures implemented with the borrowed money.

(d) An institution that receives a loan under this section shall repay the loan from the amount budgeted for the agency's or institution's energy costs. Until the loan is repaid, the legislature may not reduce the amount budgeted for those energy costs to reflect the value of the energy savings that accrue as a result of the energy conservation measures implemented with the money borrowed under this program.

Sec. 9. [UNDERGROUND TRANSMISSION LINES.]

\$...... is appropriated from the general fund to the commissioner of commerce for a grant to a public utility to pilot the burying of transmission lines that are located in close proximity to

residences. The purpose of the grant is to evaluate the public health effect of burying the lines. The commissioner of commerce, staff of the public utilities commission, and the department of health shall cooperate in evaluating the pilot."

Delete the title and insert:

"A bill for an act relating to energy; providing tax benefits for various energy investments; funding various energy conservation programs; exempting certain personal property from taxation; amending Minnesota Statutes 2000, sections 216C.41; 272.02, subdivision 9, by adding a subdivision; 290.06, by adding a subdivision; 297A.67, by adding a subdivision."

And when so amended the bill do pass and be re-referred to the Committee on Taxes. Amendments adopted. Report adopted.

Senator Metzen from the Committee on Telecommunications, Energy and Utilities, to which was referred

S.F. No. 722: A bill for an act relating to energy; establishing a state energy plan and promoting energy conservation; making conforming, technical, and clarifying changes; amending Minnesota Statutes 2000, sections 116C.691, subdivision 2, and by adding a subdivision; 116C.692; 116C.779; 216A.07, by adding a subdivision; 216B.16, subdivision 6b; 216B.1621, subdivision 2; 216B.164, subdivisions 3, 4, and 6; 216B.241, subdivisions 1, 1a, 1b, 1c, 2, and 2b; 216B.2421, subdivision 1; 216B.2423, subdivision 2; 216B.243, subdivision 3; 216C.17, subdivision 3; and 216C.41, subdivisions 1, 3, 4, 5, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 216B; and 272; proposing coding for new law as Minnesota Statutes, chapter 216E; repealing Minnesota Statutes 2000, sections 216B.241, subdivision 2a; 216B.2422, subdivisions 1, 2, 2a, 4, 5, and 6; and 216C.18.

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

Delete everything after the enacting clause and insert:

"ARTICLE 1

PUBLIC BUILDING ENERGY CONSERVATION

Section 1. Minnesota Statutes 2000, section 16B.32, subdivision 2, is amended to read:

Subd. 2. [ENERGY CONSERVATION GOALS; ~~EFFICIENCY PROGRAM.~~] (a) The commissioner of administration in consultation with the department of ~~public service~~ commerce, in cooperation with one or more public utilities or comprehensive energy services providers, may conduct a shared-savings program involving energy conservation expenditures on state-owned and wholly state-leased buildings. The public utility or energy services provider shall contract with appropriate state agencies to implement energy efficiency improvements in the selected buildings. A contract must require the public utility or energy services provider to include all energy efficiency improvements in selected buildings that are calculated to achieve a cost payback within ten years. The contract must require that the public utility or energy services provider be repaid solely from energy cost savings and only to the extent of energy cost savings. Repayments must be interest-free. The goal of the program in this paragraph is to demonstrate that through effective energy conservation the total energy consumption per square foot of state-owned and wholly state-leased buildings could be reduced ~~exceed existing energy code by at least 25~~ 30 percent from consumption in the base year of 1990. ~~All agencies participating in the program must report to the commissioner of administration their monthly energy usage, building schedules, inventory of energy-consuming equipment, and other information as needed by the commissioner to manage and evaluate the program.~~

(b) ~~The commissioner may exclude from the program of paragraph (a) a building in which energy conservation measures are carried out. "Energy conservation measures" means measures that are applied to a state building that improve energy efficiency and have a simple return of investment in ten years or within the remaining period of a lease, whichever time is shorter, and involves energy conservation, conservation facilities, renewable energy sources, improvements in operations and maintenance efficiencies, or retrofit activities.~~

~~(e) This subdivision expires January 1, 2001.~~

Sec. 2. [16B.325] [SUSTAINABLE BUILDING GUIDELINES.]

The department of administration and the department of commerce, with the assistance of other agencies, shall develop sustainable building design standards for all new state buildings by January 15, 2003. The primary objectives of these standards are to ensure that all new state buildings initially exceed existing energy code, as established in Minnesota Rules, chapter 7676, by 30 percent. The standards must focus on achieving the lowest possible lifetime cost for new buildings and allow for changes in the standards that encourage continual energy conservation improvements in new buildings. The design standards must establish sustainability guidelines that include air quality and lighting standards and that create and maintain a healthy environment and facilitate productivity improvements; specify ways to reduce material costs; and must consider the long-term operating costs of the building, including the use of renewable energy sources and distributed electric energy generation that uses renewable source or natural gas or a fuel that is as clean or cleaner than natural gas. The standards established under this section are mandatory for all new buildings receiving funding from the bond proceeds fund after January 1, 2004.

Sec. 3. [BENCHMARKS FOR EXISTING PUBLIC BUILDINGS.]

The department of administration shall maintain information on energy usage in all public buildings for the purpose of establishing energy efficiency benchmarks and energy conservation goals. The department shall report preliminary energy conservation goals to the chairs of the senate telecommunications, energy and utilities committee and the house regulated industries committee by January 15, 2002. The department shall develop a comprehensive plan by January 15, 2003, to maximize electrical and thermal energy efficiency in existing public buildings through conservation measures having a simple payback within ten to 15 years. The plan must detail the steps necessary to implement the conservation measures and include the projected costs of these measures. The owner or operator of a public building subject to this section shall provide information to the department of administration necessary to accomplish the purposes of this section.

ARTICLE 2

JOINT VENTURES

Section 1. [452.25] [JOINT VENTURES BY UTILITIES.]

Subdivision 1. [APPLICABILITY.] This section applies to all home rule charter and statutory cities, except as provided in section 2.

Subd. 2. [DEFINITIONS.] For purposes of this section:

(a) "City" means a statutory or home rule charter city, section 410.015 to the contrary notwithstanding.

(b) "Cooperative association" means a cooperative association organized under chapter 308A.

(c) "Governing body" means (1) the city council in a city that operates a municipal utility, or (2) a board, commission, or body empowered by law, city charter, or ordinance or resolution of the city council to control and operate the municipal utility.

(d) "Investor-owned utility" means an entity that provides utility services to the public under chapter 216B and that is owned by private persons.

(e) "Municipal power agency" means an organization created under sections 453.51 to 453.62.

(f) "Municipal utility" means a utility owned, operated, or controlled by a city to provide utility services.

(g) "Public utility" or "utility" means a provider of electric or water facilities or services or an entity engaged in other similar or related operations authorized by law or charter.

Subd. 3. [AUTHORITY.] (a) Upon the approval of its elected utilities commission or, if there be none, its city council, a municipal utility may enter into a joint venture with other municipal utilities, municipal power agencies, cooperative associations, or investor-owned utilities to provide utility services. Retail electric utility services provided by a joint venture must be within the boundaries of each utility's exclusive electric service territory as shown on the map of service territories maintained by the department of commerce. The terms and conditions of the joint venture are subject to ratification by the governing bodies of the respective utilities and may include the formation of a corporate or other separate legal entity with an administrative and governance structure independent of the respective utilities.

(b) A corporate or other separate legal entity, if formed:

(1) has the authority and legal capacity and, in the exercise of the joint venture, the powers, privileges, responsibilities, and duties authorized by this section;

(2) is subject to the laws and rules applicable to the organization, internal governance, and activities of the entity;

(3) in connection with its property and affairs and in connection with property within its control, may exercise any and all powers that may be exercised by a natural person or a private corporation or other private legal entity in connection with similar property and affairs; and

(4) a joint venture that does not include an investor-owned utility, may elect to be deemed a municipal utility or a cooperative association for purposes of chapter 216B or other federal or state law regulating utility operations; and

(5) a joint venture that includes an investor-owned utility must notify the public utilities commission 30 days in advance of offering services. Upon a finding by the commission, such joint venture will be subject to regulation under chapter 216B.

(c) Any corporation, if formed, must comply with section 465.719, subdivisions 9, 10, 11, 12, 13, and 14. The term "political subdivision," as it is used in section 465.719, shall refer to the city council of a city.

Subd. 4. [RETAIL CUSTOMERS.] Unless the joint venture's retail electric rates, as defined in section 216B.02, subdivision 5, of a joint venture that does not include an investor-owned utility, are approved by the governing body of each municipal utility or municipal power agency and the board of directors of each cooperative association that is party to the joint venture, the retail electric customers of the joint venture, if their number be more than 25, may elect to become subject to electric rate regulation by the public utilities commission as now provided in chapter 216B. The election is subject to and must be carried out according to the procedures in section 216B.026 and, for these purposes, each retail electric customer of the joint venture is deemed a member or stockholder as referred to in section 216B.026.

Subd. 5. [POWERS.] (a) A joint venture under this section has those powers, privileges, responsibilities, and duties of the separate utilities entering into the joint venture as the joint venture agreement may provide, including the powers under paragraph (b), except that:

(1) with respect to retail electric utility services, a joint venture shall not enlarge or extend the service territory served by the joint venture, by virtue of the authority granted in sections 216B.44, 216B.45, and 216B.47;

(2) a joint venture may extend service to an existing connected load of 2,000 kilowatts or more, pursuant to section 216B.42, when the load is outside of the assigned service area of the joint venture, or of the electric utilities party to the joint venture, only if the load is already being served by one of the electric utilities party to the joint venture; and

(3) a privately owned utility, as defined in section 216B.02, may extend service to an existing connected load of 2,000 kilowatts or more, pursuant to section 216B.42, when the load is located within the assigned service territory of the joint venture, or of the electric utilities party to the joint venture, only if the load is already being served by that privately owned utility.

The limitations of clauses (1) to (3) do not apply if written consent to the action is obtained from the electric utility assigned to and serving the affected service territory or connected load.

(b) Joint venture powers include, but are not limited to, the authority to:

(1) finance, own, acquire, construct, and operate facilities necessary to provide utility services to retail customers of the joint venture, including generation, transmission, and distribution facilities, and like facilities used in other utility services;

(2) combine assigned service territories, in whole or in part, upon notice to, hearing by, and approval of the public utilities commission;

(3) serve customers in the utilities' service territories or in the combined service territory;

(4) combine, share, or employ administrative, managerial, operational, or other staff if combining or sharing will not degrade safety, reliability, or customer service standards;

(5) provide for joint administrative functions, such as meter reading and billings;

(6) purchase or sell utility services at wholesale for resale to customers;

(7) provide conservation programs, other utility programs, and public interest programs, such as cold weather shut-off protection and conservation spending programs, as required by law and rule; and

(8) participate as the parties deem necessary in providing utility services with other municipal utilities, cooperative utilities, investor-owned utilities, or other entities, public or private.

(c) Notwithstanding any contrary provision within this section, a joint venture formed under this section may engage in wholesale utility services unless the municipal utility, municipal power agency, cooperative association, or investor-owned utility party to the joint venture is prohibited under current law from conducting that activity; but, in any case, the joint venture may provide wholesale services to a municipal utility, a cooperative association, or an investor-owned utility that is party to the joint venture.

(d) This subdivision does not limit the authority of a joint venture to exercise rights of eminent domain for other utility purposes to the same extent as is permitted of those utilities party to the joint venture.

Subd. 6. [CONSTRUCTION.] (a) The powers conferred by this section are in addition to the powers conferred by other law or charter. A joint venture under this section, and a municipal utility with respect to any joint venture under this section, has the powers necessary to effect the intent and purpose of this section, including, but not limited to, the expenditure of public funds and the transfer of real or personal property in accordance with the terms and conditions of the joint venture and the joint venture agreement. This section is complete in itself with respect to the formation and operation of a joint venture under this section and with respect to a municipal utility, a cooperative association, or an investor-owned utility party to a joint venture related to their creation of and dealings with the joint venture, without regard to other laws or city charter provisions that do not specifically address or refer to this section or a joint venture created under this section.

(b) This section must not be construed to supersede or modify:

(1) the power of a city council conferred by charter to overrule or override any action of a governing body other than the actions of the joint venture;

(2) chapter 216B;

(3) any referendum requirements applicable to the creation of a new electric utility by a municipality under section 216B.46 or 216B.465; or

(4) any powers, privileges, or authority or any duties or obligations of a municipal utility,

municipal power agency, or cooperative association acting as a separate legal entity without reference to a joint venture created under this section.

Sec. 2. [EXCEPTION.]

Laws 1996, chapter 300, section 1, as amended by Laws 1997, chapter 232, section 1, shall govern joint ventures created under it and those joint ventures are not governed by this section.

Sec. 3. [EFFECTIVE DATE.]

Sections 1 and 2 are effective the day following final enactment.

ARTICLE 3

MISCELLANEOUS

Section 1. [216B.1611] [INTERCONNECTION OF ON-SITE DISTRIBUTED GENERATION.]

Subdivision 1. [PURPOSE.] The purpose of this section is to: (1) establish the terms and conditions that govern the interconnection and parallel operation of on-site distributed generation; (2) to provide cost savings and reliability benefits to customers; (3) to establish technical requirements that will promote the safe and reliable parallel operation of on-site distributed generation resources; (4) to enhance both the reliability of electric service and economic efficiency in the production and consumption of electricity; and (5) to promote the use of distributed resources in order to provide electric system benefits during periods of capacity constraints.

Subd. 2. [DISTRIBUTED GENERATION; GENERIC PROCEEDING.]

(a) The commission shall initiate a proceeding within 30 days of the effective date of this section, to establish, by order, generic standards for utility tariffs for the interconnection and parallel operation of distributed generation of no more than ten megawatts of interconnected capacity. At a minimum, these tariff standards must be consistent with federal requirements and any distributed generation interconnection operational and safety standards adopted by the institute of electrical and electronics engineers, and must:

(1) provide for the low-cost, safe, and standardized interconnection of facilities fueled by natural gas or a renewable fuel, or another similarly clean fuel or combination of fuels. These facilities may include, but are not limited to, fuel cells, microturbines, wind turbines, or solar modules;

(2) take into account differing system requirements and hardware, as well as the overall demand load requirements of individual utilities;

(3) encourage and compensate for the addition of distributed generation power resources while reducing the cost to the utility's customers for energy, capacity, transmission and distribution;

(4) minimize and avoid increases in the rates of other customers on the utility's system;

(5) allow for reasonable terms and conditions, consistent with the cost and operating characteristics of the various technologies, so that a utility can reasonably be assured of the reliable, safe, and efficient operation of the interconnected equipment;

(6) ensure that backup power, supplemental power, and maintenance power are available to all customers and customer classes that desire this service; and

(7) establish: (i) a standard interconnection agreement that sets forth the contractual conditions under which a company and a customer agree that one or more facilities may be interconnected with the company's utility system; and (ii) a standard application for interconnection and parallel operation with the utility system.

(b) The commission may develop financial incentives based on a public utility's performance in encouraging residential and small business customers to participate in on-site generation.

Subd. 3. [DISTRIBUTED GENERATION TARIFF.] Within 90 days of the issuance of an order under subdivision 2:

(1) each public utility providing electric service at retail shall file a distributed generation tariff consistent with that order, for commission approval or approval with modification; and

(2) each municipal utility and cooperative electric association shall adopt a distributed generation tariff that addresses the issues included in the commission's order.

Sec. 2. [ALTERNATIVE AND RENEWABLE ENERGY SOURCE DEVELOPMENT.]

The legislative electric energy task force shall evaluate options and priorities related to energy source development of resources derived from agricultural production and to energy options available in rural parts of the state. These energy sources include, but are not limited to:

(1) alternative diesel engine fuels derived from soybean and other agricultural plant oils or animal fats;

(2) ethanol derived from grains or other agricultural products or by-products;

(3) methane or other combustible gases derived from the processing of plant or animal wastes;

(4) biomass fuels such as short-rotation woody or fibrous agricultural crops produced for conversion to useful energy;

(5) use of corn and corn by-products as a fuel for electric generation, including for cogeneration facilities; and

(6) further development of the solar, wind, and biomass energy potential in the state.

ARTICLE 4

CONSUMER PROTECTION

Section 1. Minnesota Statutes 2000, section 216B.095, is amended to read:

216B.095 [DISCONNECTION DURING COLD WEATHER.]

The commission shall amend its rules governing disconnection of residential utility customers who are unable to pay for utility service during cold weather to include the following:

(1) coverage of customers whose household income is less than 185 percent of the federal poverty level 50 percent of the state median income;

(2) a requirement that a customer who pays the utility at least ten percent of the customer's income or the full amount of the utility bill, whichever is less, in a cold weather month cannot be disconnected during that month. The customer's income means the actual monthly income of the customer or the average monthly income of the customer computed on an annual calendar year, whichever is less, and does not include any amount received for energy assistance;

(3) that the ten percent figure in clause (2) must be prorated between energy providers proportionate to each provider's share of the customer's total energy costs where the customer receives service from more than one provider;

(4) that a customer's household income does not include any amount received for energy assistance;

(5) verification of income by the local energy assistance provider or the utility, unless the customer is automatically eligible for protection against disconnection as a recipient of any form of public assistance, including energy assistance, that uses income eligibility in an amount at or below the income eligibility in clause (1); and

(6) (5) a requirement that the customer receive, from the local energy assistance provider or

~~other entity, budget counseling and referral referrals~~ to weatherization, conservation, or other programs likely to reduce the customer's ~~consumption of energy bills~~; and

(6) a requirement that customers who have demonstrated an inability to pay on forms provided for that purpose by the utility, and who make reasonably timely payments to the utility under a payment plan that considers the financial resources of the household, cannot be disconnected from utility service from October 15 through April 15. A customer who is receiving energy assistance is deemed to have demonstrated an inability to pay.

For the purpose of clause (2), the "customer's income" means the actual monthly income of the customer except for a customer who is normally employed only on a seasonal basis and whose annual income is over 135 percent of the federal poverty level, in which case the customer's income is the average monthly income of the customer computed on an annual calendar year basis.

Sec. 2. Minnesota Statutes 2000, section 216B.097, subdivision 1, is amended to read:

Subdivision 1. [APPLICATION; NOTICE TO RESIDENTIAL CUSTOMER.] (a) A municipal utility or a cooperative electric association must not disconnect the utility service of a residential customer during the period between October 15 and April 15 if the disconnection affects the primary heat source for the residential unit when the following conditions are met:

~~(1) the disconnection would occur during the period between October 15 and April 15;~~

(2) the customer has declared inability to pay on forms provided by the utility. For the purposes of this clause, a customer that is receiving energy assistance is deemed to have demonstrated an inability to pay;

~~(3) (2) the household income of the customer is less than 185 percent of the federal poverty level, as documented by the customer to the utility; and 50 percent of the state median income;~~

(3) verification of income may be conducted by the local energy assistance provider or the utility, unless the customer is automatically eligible for protection against disconnection as a recipient of any form of public assistance, including energy assistance that uses income eligibility in an amount at or below the income eligibility in clause (2);

~~(4) the customer's a customer whose account is current for the billing period immediately prior to October 15 or the customer has entered who, at any time, enters into a payment schedule that considers the financial resources of the household and is reasonably current with payments under the schedule; and~~

(5) the customer receives referrals to energy assistance programs, weatherization, conservation, or other programs likely to reduce the customer's energy bills.

(b) A municipal utility or a cooperative electric association must, between August 15 and October 15 of each year, notify all residential customers of the provisions of this section.

Sec. 3. [216B.098] [RESIDENTIAL CUSTOMER PROTECTIONS.]

Subdivision 1. [APPLICABILITY.] The provisions of this section apply to residential customers of public utilities, municipal utilities, and cooperative electric associations that have elected to be rate-regulated by the public utilities commission.

Subd. 2. [BUDGET BILLING PLANS.] A utility shall offer a customer a budget billing plan for payment of charges for service, including adequate notice to customers prior to changing budget payment amounts. Municipal utilities having 3,000 or fewer customers are exempt from this requirement. Municipal utilities having more than 3,000 customers shall implement this requirement within two years of the effective date of this chapter.

Subd. 3. [PAYMENT AGREEMENTS.] A utility shall offer a payment agreement for the payment of arrears.

Subd. 4. [UNDERCHARGES.] A utility shall offer a payment agreement to customers who have been undercharged if no culpable conduct by the customer or resident of the customer's household caused the undercharge. The agreement must cover a period equal to the time over which the undercharge occurred or a different time period that is mutually agreeable to the customer and the utility. No interest or delinquency fee may be charged under this agreement.

Subd. 5. [MEDICALLY NECESSARY EQUIPMENT.] A utility, including all cooperative electric associations, shall reconnect or continue service to a customer's residence where a medical emergency exists or where medical equipment requiring electricity is necessary to sustain life is in use, provided that the utility receives from a medical doctor written certification, or initial certification by telephone and written certification within five business days, that failure to reconnect or continue service will impair or threaten the health or safety of a resident of the customer's household. The customer must enter into a payment agreement.

Subd. 6. [COMMISSION AUTHORITY.] The commission, or staff designated by the commission, has the authority to order resolutions of disputes involving alleged violations of this chapter or any other disputes involving public utilities coming within its jurisdiction.

Sec. 4. Minnesota Statutes 2000, section 216B.16, subdivision 15, is amended to read:

~~Subd. 15. [LOW-INCOME RATE PROGRAMS; REPORT.] (a) The commission may consider ability to pay as a factor in setting utility rates and may establish programs for low-income residential ratepayers in order to ensure affordable, reliable, and continuous service to low-income utility customers. The commission shall order a pilot program for at least one utility. In ordering pilot programs, the commission shall consider the following:~~

~~(1) the potential for low-income programs to provide savings to the utility for all collection costs including but not limited to: costs of disconnecting and reconnecting residential ratepayers' service, all activities related to the utilities' attempt to collect past due bills, utility working capital costs, and any other administrative costs related to inability to pay programs and initiatives;~~

~~(2) the potential for leveraging federal low-income energy dollars to the state; and~~

~~(3) the impact of energy costs as a percentage of the total income of a low-income residential customer.~~

~~(b) In determining the structure of the pilot utility program, the commission shall:~~

~~(1) consult with advocates for and representatives of low-income utility customers, administrators of energy assistance and conservation programs, and utility representatives;~~

~~(2) coordinate eligibility for the program with the state and federal energy assistance program and low-income residential energy programs, including weatherization programs; and~~

~~(3) evaluate comprehensive low-income programs offered by utilities in other states. The purpose of the low-income programs is to lower the percentage of income that low-income households devote to energy bills, to increase customer payments, and to lower the utility costs associated with customer account collection activities. In ordering low-income programs, the commission may require public utilities to file program evaluations, including the coordination of other available low-income bill payment and conservation resources and the effect of the program on:~~

~~(1) reducing the percentage of income that participating households devote to energy bills;~~

~~(2) service disconnections; and~~

~~(3) customer payment behavior, utility collection costs, arrearages, and bad debt.~~

~~(c) The commission shall implement at least one pilot project by January 1, 1995, and shall allow a utility required to implement a pilot project to recover the net costs of the project in the utility's rates.~~

~~(d) The commission, in conjunction with the commissioner of the department of public service and the commissioner of economic security, shall review low income rate programs and shall report to the legislature by January 1, 1998. The report must include:~~

- ~~(1) the increase in federal energy assistance money leveraged by the state as a result of this program;~~
- ~~(2) the effect of the program on low income customer's ability to pay energy costs;~~
- ~~(3) the effect of the program on utility customer bad debt and arrearages;~~
- ~~(4) the effect of the program on the costs and numbers of utility disconnections and reconnections and other costs incurred by the utility in association with inability to pay programs;~~
- ~~(5) the ability of the utility to recover the costs of the low income program without a general rate change;~~
- ~~(6) how other ratepayers have been affected by this program;~~
- ~~(7) recommendations for continuing, eliminating, or expanding the low income pilot program; and~~
- ~~(8) how general revenue funds may be utilized in conjunction with low income programs.~~

ARTICLE 5

INCENTIVE PAYMENTS

Section 1. Minnesota Statutes 2000, section 216C.41, is amended to read:

216C.41 [RENEWABLE ENERGY PRODUCTION INCENTIVE.]

Subdivision 1. [DEFINITIONS.] (a) The definitions in this subdivision apply to this section.

(b) "Qualified hydroelectric facility" means a hydroelectric generating facility in this state that:

- (1) is located at the site of a dam, if the dam was in existence as of March 31, 1994; and
- (2) either (i) begins generating electricity after July 1, 1994; or (ii) is generating electricity as of June 30, 2001, and undergoes substantial refurbishing after that date, to be completed by December 31, 2005.

(c) "Qualified wind energy conversion facility" means a wind energy conversion system that:

(1) produces two megawatts or less of electricity as measured by nameplate rating and begins generating electricity after June 30, 1997, and before July 1, 1999;

(2) begins generating electricity after June 30, 1999, produces two megawatts or less of electricity as measured by nameplate rating, and is:

(i) located within one county and owned by a natural person who owns the land where the facility is sited;

(ii) owned, in whole or in part, but in no event less than 51 percent by a one or more Minnesota small business businesses as defined in section 645.445;

(iii) owned by a nonprofit organization; or

(iv) owned by a tribal council if the facility is located within the boundaries of the reservation; or

(3) begins generating electricity after June 30, 1999, produces seven megawatts or less of electricity as measured by nameplate rating, and:

(i) is owned by a cooperative organized under chapter 308A; and

(ii) all shares and membership in the cooperative are held by natural persons or estates, at least 51 percent of whom reside in a county or contiguous to a county where the wind energy production facilities of the cooperative are located.

(d) "Qualified on-farm biogas recovery facility" means an anaerobic digester system that:

(1) is located at the site of an agricultural operation;

(2) is owned by a natural person, or an entity that is qualified to own or operate a farm under section 500.24, who or that owns or rents the land where the facility is located; and

(3) begins generating electricity after July 1, 2001.

(e) "Anaerobic digester system" means a system of components that processes animal waste based on the absence of oxygen and produces gas used to generate electricity.

Subd. 2. [INCENTIVE PAYMENT.] (a) Incentive payments shall must be made according to this section to (1) the owner of a qualified on-farm biogas recovery facility; (2) the owner or operator of a qualified hydropower facility or qualified wind energy conversion facility for electric energy generated and sold by the facility; or, for (3) except as provided in paragraph (b), a publicly owned hydropower facility; for electric energy that is generated by the facility and used by the owner of the facility outside the facility.

(b) For a facility that is publicly owned and in need of substantial refurbishment and repair, the incentive payment shall be made to the public owner of the facility to finance structural repairs and replacement of structural components.

(c) Payment may only be made upon receipt by the commissioner of finance of an incentive payment application that establishes that the applicant is eligible to receive an incentive payment and that satisfies other requirements the commissioner deems necessary. The application shall must be in a form and submitted at a time the commissioner establishes.

(d) There is annually appropriated from the general fund sums sufficient to make the payments required under this section.

Subd. 3. [ELIGIBILITY WINDOW.] Payments may be made under this section only for electricity generated:

(1) from a qualified hydroelectric facility that is operational and generating electricity before December 31, 2001 2002, or that undergoes substantial refurbishing after June 30, 2001, to be completed by December 31, 2005; or

(2) from a qualified wind energy conversion facility that is operational and generating electricity before January 1, 2005; or

(3) from a qualified on-farm biogas recovery facility from July 1, 2001, through December 31, 2015.

Subd. 4. [PAYMENT PERIOD.] A facility may receive payments under this section for a ten-year period. No payment under this section may be made for electricity generated:

(1) by a qualified hydroelectric facility after December 31, 2010, or December 31, 2015, if the facility undergoes substantial refurbishing after June 30, 2001; or

(2) by a qualified wind energy conversion facility after December 31, 2015; or

(3) by a qualified on-farm biogas recovery facility after December 31, 2015.

The payment period begins and runs consecutively from the first year in which electricity generated from the facility is eligible for incentive payment.

Subd. 5. [AMOUNT OF PAYMENT.] (a) An incentive payment is based on the number of kilowatt hours of electricity generated. The amount of the payment is 1.5 cents per kilowatt hour. For electricity generated by qualified wind energy conversion facilities, the incentive payment under this section is limited to no more than ~~400~~ 125 megawatts of nameplate capacity. During any period in which qualifying claims for incentive payments exceed ~~400~~ 125 megawatts of nameplate capacity, the payments must be made to producers in the order in which the production capacity was brought into production.

(b) Beginning January 1, 2002, a qualified wind energy conversion facility defined under subdivision 1, paragraph (c), clause (1), (2), or (3), may not be located within five miles of another qualified wind energy conversion facility constructed within the same calendar year and owned by the same person. For the purposes of this paragraph, the department shall determine that the same person owns two qualified wind energy conversion facilities when the underlying ownership structure contains similar persons or entities, other than a person or entity that provides equity financing, even if the ownership shares differ between the facilities.

Subd. 6. [CURE RIGHTS.] If, during the incentive payment period, a qualified facility loses the right to receive incentive payments because of noncompliance with this section, the qualified facility need only file an application to be eligible to again receive the incentive payments upon cure of the noncompliance.

[EFFECTIVE DATE.] This section is effective July 1, 2001.

ARTICLE 6

DISTRIBUTION RELIABILITY

Section 1. [216B.81] [STANDARDS FOR DISTRIBUTION UTILITIES.]

Subdivision 1. [STANDARDS.] (a) The commission and each cooperative electric association and municipal utility shall adopt standards for safety, reliability, and service quality for distribution utilities. Standards for cooperative electric associations and municipal utilities should be as consistent as possible with the commission standards.

(b) Reliability standards must be based on the system average interruption frequency index, system average interruption duration index, and customer average interruption duration index measurement indices. Service quality standards must specify, if technically and administratively feasible:

- (1) average call center response time;
- (2) customer disconnection rate;
- (3) meter-reading frequency;
- (4) complaint resolution response time; and
- (5) service extension request response time.

(c) Minimum performance standards developed under this section must treat similarly situated distribution systems similarly and recognize differing characteristics of system design and hardware.

(d) Electric distribution utilities shall comply with all applicable governmental and industry standards required for the safety, design, construction and operation of electric distribution facilities, including section 326.243.

Subd. 2. [DEFINITIONS.] For the purpose of this section, the terms defined in this subdivision have the meanings given them.

(a) The "system average interruption frequency index" is the average number of interruptions per customer per year. It is determined by dividing the total annual number of customer interruptions by the average number of customers served during the year.

(b) The "system average interruption duration index" is the average customer-minutes of interruption per customer. It is determined by dividing the annual sum of customer-minutes of interruption by the average number of customers served during the year.

(c) The "customer average interruption duration index" is the average customer-minutes of interruption per customer interruption. It approximates the average length of time required to complete service restoration. It is determined by dividing the annual sum of all customer-minutes of interruption durations by the annual number of customer interruptions.

ARTICLE 7

SITING AND ROUTING OF POWER PLANTS AND TRANSMISSION LINES

Section 1. Minnesota Statutes 2000, section 116C.52, subdivision 4, is amended to read:

Subd. 4. [HIGH VOLTAGE TRANSMISSION LINE.] "High voltage transmission line" means a conductor of electric energy and associated facilities designed for and capable of operation at a nominal voltage of 200 100 kilovolts or more, ~~except that the board, by rule, may exempt lines pursuant to section 116C.57, subdivision 5.~~

Sec. 2. Minnesota Statutes 2000, section 116C.52, subdivision 10, is amended to read:

Subd. 10. [UTILITY.] "Utility" shall mean any entity engaged or intending to engage in this state in the generation, transmission or distribution of electric energy including, but not limited to, a private investor owned utility, cooperatively owned utility, and a public or municipally owned utility.

Sec. 3. Minnesota Statutes 2000, section 116C.53, subdivision 2, is amended to read:

Subd. 2. [JURISDICTION.] The board is hereby given the authority to provide for site and route selection for large electric power facilities. The board shall issue permits for large electric power facilities in a timely fashion. When the public utilities commission has determined the need for the project under section 216B.243 or 216B.2425, questions of need, including size, type, and timing; alternative system configurations; and voltage are not within the board's siting and routing authority and must not be included in the scope of environmental review conducted under sections 116C.51 to 116C.69.

Sec. 4. Minnesota Statutes 2000, section 116C.53, subdivision 3, is amended to read:

Subd. 3. [INTERSTATE ROUTES.] If a route is proposed in two or more states, the board shall attempt to reach agreement with affected states on the entry and exit points prior to ~~authorizing the construction of the designating a route.~~ The board, in discharge of its duties pursuant to sections 116C.51 to 116C.69 may make joint investigations, hold joint hearings within or without the state, and issue joint or concurrent orders in conjunction or concurrence with any official or agency of any state or of the United States. The board may negotiate and enter into any agreements or compacts with agencies of other states, pursuant to any consent of Congress, for cooperative efforts in certifying the construction, operation, and maintenance of large electric power facilities in accord with the purposes of sections 116C.51 to 116C.69 and for the enforcement of the respective state laws regarding such facilities.

Sec. 5. Minnesota Statutes 2000, section 116C.57, subdivision 1, is amended to read:

~~Subdivision 1. [DESIGNATION OF SITES SUITABLE FOR SPECIFIC FACILITIES; REPORTS SITE PERMIT.] A utility must apply to the board in a form and manner prescribed by the board for designation of a specific site for a specific size and type of facility. The application shall contain at least two proposed sites. In the event a utility proposes a site not included in the board's inventory of study areas, the utility shall specify the reasons for the proposal and shall make an evaluation of the proposed site based upon the planning policies, criteria and standards specified in the inventory. Pursuant to sections 116C.57 to 116C.60, the board shall study and evaluate any site proposed by a utility and any other site the board deems necessary which was~~

proposed in a manner consistent with rules adopted by the board concerning the form, content, and timeliness of proposals for alternate sites. No site designation shall be made in violation of the site selection standards established in section 116C.55. The board shall indicate the reasons for any refusal and indicate changes in size or type of facility necessary to allow site designation. Within a year after the board's acceptance of a utility's application, the board shall decide in accordance with the criteria specified in section 116C.55, subdivision 2, the responsibilities, procedures and considerations specified in section 116C.57, subdivision 4, and the considerations in chapter 116D which proposed site is to be designated. The board may extend for just cause the time limitation for its decision for a period not to exceed six months. When the board designates a site, it shall issue a certificate of site compatibility to the utility with any appropriate conditions. The board shall publish a notice of its decision in the State Register within 30 days of site designation. No large electric power generating plant shall be constructed except on a site designated by the board. No person may construct a large electric generating plant without a site permit from the board. A large electric generating plant may be constructed only on a site approved by the board. The board must incorporate into one proceeding the route selection for a high voltage transmission line that is directly associated with and necessary to interconnect the large electric generating plant to the transmission system and whose need is certified as part of the generating plant project by the public utilities commission.

Sec. 6. Minnesota Statutes 2000, section 116C.57, subdivision 2, is amended to read:

Subd. 2. [DESIGNATION OF ROUTES; PROCEDURE ROUTE PERMIT.] A utility shall apply to the board in a form and manner prescribed by the board for a permit for the construction of a high voltage transmission line. The application shall contain at least two proposed routes. Pursuant to sections 116C.57 to 116C.60, the board shall study, and evaluate the type, design, routing, right-of-way preparation and facility construction of any route proposed in a utility's application and any other route the board deems necessary which was proposed in a manner consistent with rules adopted by the board concerning the form, content, and timeliness of proposals for alternate routes provided, however, that the board shall identify the alternative routes prior to the commencement of public hearings thereon pursuant to section 116C.58. Within one year after the board's acceptance of a utility's application, the board shall decide in accordance with the criteria and standards specified in section 116C.55, subdivision 2, and the considerations specified in section 116C.57, subdivision 4, which proposed route is to be designated. The board may extend for just cause the time limitation for its decision for a period not to exceed 90 days. When the board designates a route, it shall issue a permit for the construction of a high voltage transmission line specifying the type, design, routing, right-of-way preparation and facility construction it deems necessary and with any other appropriate conditions. The board may order the construction of high voltage transmission line facilities which are capable of expansion in transmission capacity through multiple circuiting or design modifications. The board shall publish a notice of its decision in the state register within 30 days of issuance of the permit. No high voltage transmission line shall be constructed except on a route designated by the board, unless it was exempted pursuant to subdivision 5. No person may construct a high voltage transmission line without a route permit from the board. A high voltage transmission line may be constructed only along a route approved by the board.

Sec. 7. Minnesota Statutes 2000, section 116C.57, is amended by adding a subdivision to read:

Subd. 2a. [APPLICATION.] Any person seeking to construct a large electric power generating plant or a high voltage transmission line must apply to the board for a site or route permit. The application shall contain such information as the board may require. The applicant shall propose at least two sites for a large electric power generating plant and two routes for a high voltage transmission line. The chair of the board shall determine whether an application is complete and advise the applicant of any deficiencies within ten days of receipt. An application is not incomplete if information not in the application can be obtained from the applicant during the first phase of the process and that information is not essential for notice and initial public meetings.

Sec. 8. Minnesota Statutes 2000, section 116C.57, is amended by adding a subdivision to read:

Subd. 2b. [NOTICE OF APPLICATION.] Within 15 days after submission of an application to

the board, the applicant shall publish notice of the application in a legal newspaper of general circulation in each county in which the site or route is proposed and send a copy of the application by certified mail to any regional development commission, county, incorporated municipality, and township in which any part of the site or route is proposed. Within the same 15 days, the applicant shall also send a notice of the submission of the application and description of the proposed project to each owner whose property is on or adjacent to any of the proposed sites for the power plant or along any of the proposed routes for the transmission line. The notice shall identify a location where a copy of the application can be reviewed. For the purpose of giving mailed notice under this subdivision, owners shall be those shown 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; but other appropriate records may be used for this purpose. The failure to give mailed notice to a property owner, or defects in the notice, shall not invalidate the proceedings, provided a bona fide attempt to comply with this subdivision has been made. Within the same 15 days, the applicant shall also send the same notice of the submission of the application and description of the proposed project to those persons who have requested to be placed on a list maintained by the board for receiving notice of proposed large electric generating power plants and high voltage transmission lines.

Sec. 9. Minnesota Statutes 2000, section 116C.57, is amended by adding a subdivision to read:

Subd. 2c. [ENVIRONMENTAL REVIEW.] The board shall prepare an environmental impact statement on each proposed large electric generating plant or high voltage transmission line for which a complete application has been submitted. For any project that has obtained a certificate of need from the public utilities commission, the board shall not consider whether or not the project is needed. No other state environmental review documents shall be required. The board shall study and evaluate any site or route proposed by an applicant and any other site or route the board deems necessary that was proposed in a manner consistent with rules adopted by the board concerning the form, content, and timeliness of proposals for alternate sites or routes.

Sec. 10. Minnesota Statutes 2000, section 116C.57, is amended by adding a subdivision to read:

Subd. 2d. [PUBLIC HEARING.] The board shall hold a public hearing on an application for a site permit for a large electric power generating plant or a route permit for a high voltage transmission line. All hearings held for designating a site or route shall be conducted by an administrative law judge from the office of administrative hearings pursuant to the contested case procedures of chapter 14. Notice of the hearing shall be given by the board at least ten days in advance but no earlier than 45 days prior to the commencement of the hearing. Notice shall be by publication in a legal newspaper of general circulation in the county in which the public hearing is to be held and by certified mail to chief executives of the regional development commissions, counties, organized towns, townships, and the incorporated municipalities in which a site or route is proposed. Any person may appear at the hearings and offer testimony and exhibits without the necessity of intervening as a formal party to the proceedings. The administrative law judge may allow any person to ask questions of other witnesses. The administrative law judge shall hold a portion of the hearing in the area where the power plant or transmission line is proposed to be located.

Sec. 11. Minnesota Statutes 2000, section 116C.57, subdivision 4, is amended to read:

Subd. 4. [CONSIDERATIONS IN DESIGNATING SITES AND ROUTES.] The board's site and route permit determinations must be guided by the state's goals to conserve resources, minimize environmental impacts, minimize human settlement and other land use conflicts, and ensure the state's electric energy security through efficient, cost-effective power supply and electric transmission infrastructure. To facilitate the study, research, evaluation and designation of sites and routes, the board shall be guided by, but not limited to, the following responsibilities, procedures, and considerations:

(1) Evaluation of research and investigations relating to the effects on land, water and air resources of large electric power generating plants and high voltage transmission ~~line routes~~ lines and the effects of water and air discharges and electric and magnetic fields resulting from such facilities on public health and welfare, vegetation, animals, materials and aesthetic values,

including base line studies, predictive modeling, and ~~monitoring of the water and air mass at proposed and operating sites and routes~~, evaluation of new or improved methods for minimizing adverse impacts of water and air discharges and other matters pertaining to the effects of power plants on the water and air environment;

(2) Environmental evaluation of sites and routes proposed for future development and expansion and their relationship to the land, water, air and human resources of the state;

(3) Evaluation of the effects of new electric power generation and transmission technologies and systems related to power plants designed to minimize adverse environmental effects;

(4) Evaluation of the potential for beneficial uses of waste energy from proposed large electric power generating plants;

(5) Analysis of the direct and indirect economic impact of proposed sites and routes including, but not limited to, productive agricultural land lost or impaired;

(6) Evaluation of adverse direct and indirect environmental effects ~~which~~ that cannot be avoided should the proposed site and route be accepted;

(7) Evaluation of alternatives to the applicant's proposed site or route proposed pursuant to subdivisions 1 and 2;

(8) Evaluation of potential routes ~~which~~ that would use or parallel existing railroad and highway rights-of-way;

(9) Evaluation of governmental survey lines and other natural division lines of agricultural land so as to minimize interference with agricultural operations;

(10) Evaluation of the future needs for additional high voltage transmission lines in the same general area as any proposed route, and the advisability of ordering the construction of structures capable of expansion in transmission capacity through multiple circuiting or design modifications;

(11) Evaluation of irreversible and irretrievable commitments of resources should the proposed site or route be approved; and

(12) ~~Where~~ When appropriate, consideration of problems raised by other state and federal agencies and local entities.

(13) If the board's rules are substantially similar to existing ~~rules and~~ regulations of a federal agency to which the utility in the state is subject, the federal ~~rules and~~ regulations ~~shall~~ must be applied by the board.

(14) No site or route shall be designated which violates state agency rules.

Sec. 12. Minnesota Statutes 2000, section 116C.57, is amended by adding a subdivision to read:

Subd. 7. [TIMING.] The board shall make a final decision on an application within 60 days after receipt of the report of the administrative law judge. A final decision on the request for a site permit or route permit shall be made within one year after the chair's determination that an application is complete. The board may extend this time limit for up to three months for just cause or upon agreement of the applicant.

Sec. 13. Minnesota Statutes 2000, section 116C.57, is amended by adding a subdivision to read:

Subd. 8. [FINAL DECISION.] (a) No site permit shall be issued in violation of the site selection standards and criteria established in this section and in rules adopted by the board. When the board designates a site, it shall issue a site permit to the applicant with any appropriate conditions. The board shall publish a notice of its decision in the State Register within 30 days of issuance of the site permit.

(b) No route permit shall be issued in violation of the route selection standards and criteria

established in this section and in rules adopted by the board. When the board designates a route, it shall issue a permit for the construction of a high voltage transmission line specifying the design, routing, right-of-way preparation, and facility construction it deems necessary, and with any other appropriate conditions. The board may order the construction of high voltage transmission line facilities that are capable of expansion in transmission capacity through multiple circuiting or design modifications. The board shall publish a notice of its decision in the state register within 30 days of issuance of the permit.

Sec. 14. [116C.575] [ALTERNATIVE REVIEW OF APPLICATIONS.]

Subdivision 1. [ALTERNATIVE REVIEW.] An applicant who seeks a site permit or route permit for one of the projects identified in this section shall have the option of following the procedures in this section rather than the procedures in section 116C.57. The applicant shall notify the chair at the time the application is submitted which procedure the applicant chooses to follow.

Subd. 2. [APPLICABLE PROJECTS.] The requirements and procedures in this section may apply to the following projects:

- (1) large electric power generating plants with a capacity of less than 80 megawatts;
- (2) large electric power generating plants that are fueled by natural gas;
- (3) high voltage transmission lines of between 100 and 200 kilovolts;
- (4) high voltage transmission lines in excess of 200 kilovolts and less than five miles in length in Minnesota;
- (5) high voltage transmission lines in excess of 200 kilovolts if at least 80 percent of the distance of the line in Minnesota will be located along existing high voltage transmission line right-of-way;
- (6) a high voltage transmission line service extension to a single customer between 200 and 300 kilovolts and less than ten miles in length; and
- (7) a high voltage transmission line rerouting to serve the demand of a single customer when the rerouted line will be located at least 80 percent on property owned or controlled by the customer or the owner of the transmission line.

Subd. 3. [APPLICATION.] The applicant for a site or route permit for any of the projects listed in subdivision 2 who chooses to follow these procedures shall submit information as the board may require, but the applicant shall not be required to propose a second site or route for the project. The applicant shall identify in the application any other sites or routes that were rejected by the applicant and the board may identify additional sites or routes to consider during the processing of the application. The chair of the board shall determine whether an application is complete and advise the applicant of any deficiencies.

Subd. 4. [NOTICE OF APPLICATION.] Upon submission of an application under this section, the applicant shall provide the same notice as required by section 116C.57, subdivision 2b.

Subd. 5. [ENVIRONMENTAL REVIEW.] For the projects identified in subdivision 2 and following these procedures, the board shall prepare an environmental assessment. The environmental assessment shall contain information on the human and environmental impacts of the proposed project and other sites or routes identified by the board and shall address mitigating measures for all of the sites or routes considered. The environmental assessment shall be the only state environmental review document required to be prepared on the project.

Subd. 6. [PUBLIC HEARING.] The board shall hold a public hearing in the area where the facility is proposed to be located. The board shall give notice of the public hearing in the same manner as notice under section 116C.57, subdivision 2d. The board shall conduct the public hearing under procedures established by the board. The applicant shall be present at the hearing to present evidence and to answer questions. The board shall provide opportunity at the public

hearing for any person to present comments and to ask questions of the applicant and board staff. The board shall also afford interested persons an opportunity to submit written comments into the record.

Subd. 7. [TIMING.] The board shall make a final decision on an application within 60 days after completion of the public hearing. A final decision on the request for a site permit or route permit under this section shall be made within six months after the chair's determination that an application is complete. The board may extend this time limit for up to three months for just cause or upon agreement of the applicant.

Subd. 8. [CONSIDERATIONS.] The considerations in section 116C.57, subdivision 4, shall apply to any projects subject to this section.

Subd. 9. [FINAL DECISION.] (a) No site permit shall be issued in violation of the site selection standards and criteria established in this section and in rules adopted by the board. When the board designates a site, it shall issue a site permit to the applicant with any appropriate conditions. The board shall publish a notice of its decision in the State Register within 30 days of issuance of the site permit.

(b) No route designation shall be made in violation of the route selection standards and criteria established in this section and in rules adopted by the board. When the board designates a route, it shall issue a permit for the construction of a high voltage transmission line specifying the design, routing, right-of-way preparation, and facility construction it deems necessary and with any other appropriate conditions. The board may order the construction of high voltage transmission line facilities that are capable of expansion in transmission capacity through multiple circuiting or design modifications. The board shall publish a notice of its decision in the State Register within 30 days of issuance of the permit.

Sec. 15. [116C.576] [LOCAL REVIEW OF APPLICATIONS.]

Subdivision 1. [LOCAL REVIEW.] (a) Notwithstanding the requirements of sections 116C.57 and 116C.575, an applicant who seeks a site or route permit for one of the projects identified in this section shall have the option of applying to those local units of government that have jurisdiction over the site or route for approval to build the project. If local approval is granted, a site or route permit is not required from the board. If the applicant files an application with the board, the applicant shall be deemed to have waived its right to seek local approval of the project.

(b) A local unit of government with jurisdiction over a project identified in this section to whom an applicant has applied for approval to build the project may request the board to assume jurisdiction and make a decision on a site or route permit under the applicable provisions of sections 116C.52 to 116C.69. A local unit of government must file the request with the board within 60 days after an application for the project has been filed with any one local unit of government. If one of the local units of government with jurisdiction over the project requests the board to assume jurisdiction, jurisdiction over the project transfers to the board. If the local units of government maintain jurisdiction over the project, the board shall select the appropriate local unit of government to be the responsible governmental unit to conduct environmental review of the project.

Subd. 2. [APPLICABLE PROJECTS.] Applicants may seek approval from local units of government to construct the following projects:

- (1) large electric power generating plants with a capacity of less than 80 megawatts;
- (2) large electric power generating plants of any size that burn natural gas and are intended to be a peaking plant;
- (3) high voltage transmission lines of between 100 and 200 kilovolts;
- (4) substations with a voltage designed for and capable of operation at a nominal voltage of 100 kilovolts or more;

(5) a high voltage transmission line service extension to a single customer between 200 and 300 kilovolts and less than ten miles in length; and

(6) a high voltage transmission line rerouting to serve the demand of a single customer when the rerouted line will be located at least 80 percent on property owned or controlled by the customer or the owner of the transmission line.

Subd. 3. [NOTICE OF APPLICATION.] Within ten days of submission of an application to a local unit of government for approval of an eligible project, the applicant shall notify the board that the applicant has elected to seek local approval of the proposed project.

Sec. 16. [116C.577] [EMERGENCY PERMIT.]

Any utility whose electric power system requires the immediate construction of a large electric power generating plant or high voltage transmission line may make application to the board for an emergency permit, which permit shall be issued in a timely manner no later than 195 days after the board's acceptance of the application and upon a finding by the board that a demonstrable emergency exists, which requires immediate construction, and that adherence to the procedures and time schedules specified in this section would jeopardize the utility's electric power system or would jeopardize the utility's ability to meet the electric needs of its customers in an orderly and timely manner. A public hearing to determine if an emergency exists shall be held within 90 days of the application. The board shall, after notice and hearing, promulgate rules specifying the criteria for emergency certification.

Sec. 17. Minnesota Statutes 2000, section 116C.58, is amended to read:

116C.58 [PUBLIC HEARINGS; NOTICE ANNUAL HEARING.]

The board shall hold an annual public hearing at a time and place prescribed by rule in order to afford interested persons an opportunity to be heard regarding its inventory of study areas and any other aspects of the board's activities and duties or policies specified in sections 116C.51 to 116C.69. The board shall hold at least one public hearing in each county where a site or route is being considered for designation pursuant to section 116C.57. Notice and agenda of public hearings and public meetings of the board held in each county shall be given by the board at least ten days in advance but no earlier than 45 days prior to such hearings or meetings. Notice shall be by publication in a legal newspaper of general circulation in the county in which the public hearing or public meeting is to be held and by certified mailed notice to chief executives of the regional development commissions, counties, organized towns and the incorporated municipalities in which a site or route is proposed. All hearings held for designating a site or route or for exempting a route shall be conducted by an administrative law judge from the office of administrative hearings pursuant to the contested case procedures of chapter 14. Any person may appear at the hearings and present testimony and exhibits and may question witnesses without the necessity of intervening as a formal party to the proceedings any matters relating to the siting of large electric generating power plants and routing of high voltage transmission lines. At the meeting, the board shall advise the public of the permits issued by the board in the past year. The board shall provide at least ten days but no more than 45 days' notice of the annual meeting by mailing notice to those persons who have requested notice and by publication in the EQB Monitor.

Sec. 18. Minnesota Statutes 2000, section 116C.59, subdivision 1, is amended to read:

Subdivision 1. [ADVISORY TASK FORCE.] The board may appoint one or more advisory task forces to assist it in carrying out its duties. Task forces appointed to evaluate sites or routes considered for designation shall be comprised of as many persons as may be designated by the board, but at least one representative from each of the following: Regional development commissions, counties and municipal corporations and one town board member from each county in which a site or route is proposed to be located. No officer, agent, or employee of a utility shall serve on an advisory task force. Reimbursement for expenses incurred shall be made pursuant to the rules governing state employees. The task forces expire as provided in section 15.059, subdivision 6. At the time the task force is appointed, the board shall specify the charge to the task force. The task force shall expire upon completion of its charge, upon designation by the board of

alternative sites or routes to be included in the environmental impact statement, or upon the specific date identified by the board in the charge, whichever occurs first.

Sec. 19. Minnesota Statutes 2000, section 116C.59, subdivision 4, is amended to read:

Subd. 4. [SCIENTIFIC ADVISORY TASK FORCE.] The board may appoint one or more advisory task forces composed of technical and scientific experts to conduct research and make recommendations concerning generic issues such as health and safety, underground routes, double circuiting and long-range route and site planning. Reimbursement for expenses incurred shall be made pursuant to the rules governing reimbursement of state employees. The task forces expire as provided in section 15.059, subdivision 6. The time allowed for completion of a specific site or route procedure may not be extended to await the outcome of these generic investigations.

Sec. 20. Minnesota Statutes 2000, section 116C.60, is amended to read:

116C.60 [PUBLIC MEETINGS; TRANSCRIPT OF PROCEEDINGS; WRITTEN RECORDS.]

Meetings of the board, including hearings, shall be open to the public. Minutes shall be kept of board meetings and a complete record of public hearings shall be kept. All books, records, files, and correspondence of the board shall be available for public inspection at any reasonable time. ~~The council~~ board shall also be subject to chapter 13D.

Sec. 21. Minnesota Statutes 2000, section 116C.61, subdivision 1, is amended to read:

Subdivision 1. [REGIONAL, COUNTY AND LOCAL ORDINANCES, RULES, REGULATIONS; PRIMARY RESPONSIBILITY AND REGULATION OF SITE DESIGNATION, IMPROVEMENT AND USE.] To assure the paramount and controlling effect of the provisions herein over other state agencies, regional, county and local governments, and special purpose government districts, the issuance of a certificate of site permit compatibility or transmission line construction route permit and subsequent purchase and use of such site or route locations for large electric power generating plant and high voltage transmission line purposes shall be the sole site or route approval required to be obtained by the utility. Such ~~certificate or permit~~ shall supersede and preempt all zoning, building, or land use rules, regulations, or ordinances promulgated by regional, county, local and special purpose government.

Sec. 22. Minnesota Statutes 2000, section 116C.61, subdivision 3, is amended to read:

Subd. 3. [STATE AGENCY PARTICIPATION.] State agencies authorized to issue permits required for construction or operation of large electric power generating plants or high voltage transmission lines shall participate ~~in and present the position of the agency~~ during routing and siting at public hearings and all other activities of the board on specific site or route designations and design considerations of the board, which position and shall clearly state whether the site or route being considered for designation or permit and other design matters under consideration for approval ~~for a certain size and type of facility~~ will be in compliance with state agency standards, rules or policies.

Sec. 23. Minnesota Statutes 2000, section 116C.62, is amended to read:

116C.62 [IMPROVEMENT OF SITES AND ROUTES.]

Utilities ~~which~~ that have acquired a site or route in accordance with sections 116C.51 to 116C.69 may proceed to construct or improve the site or route for the intended purposes at any time, subject to section 116C.61, subdivision 2, provided that if the construction and improvement ~~commences more than~~ has not commenced within four years after a ~~certificate or permit~~ for the site or route has been issued, then the utility must certify to the board that the site or route continues to meet the conditions upon which the ~~certificate of site compatibility or transmission line construction or route~~ permit was issued.

Sec. 24. Minnesota Statutes 2000, section 116C.63, subdivision 2, is amended to read:

Subd. 2. In eminent domain proceedings ~~by a utility~~, receipt of a site permit is the limited granting of eminent domain authority for the sole purpose of implementing the decision of the environmental quality board. For the acquisition of real property proposed for construction of a route or a site, the proceedings shall be conducted in the manner prescribed in chapter 117, except as otherwise specifically provided in this section.

Sec. 25. Minnesota Statutes 2000, section 116C.645, is amended to read:

116C.645 [REVOCATION OR SUSPENSION.]

A site certificate or construction route permit may be revoked or suspended by the board after adequate notice of the alleged grounds for revocation or suspension and a full and fair hearing in which the affected utility has an opportunity to confront any witness and respond to any evidence against it and to present rebuttal or mitigating evidence upon a finding by the board of:

(1) Any false statement knowingly made in the application or in accompanying statements or studies required of the applicant, if a true statement would have warranted a change in the board's findings;

(2) Failure to comply with material conditions of the site certificate or construction permit, or failure to maintain health and safety standards; or

(3) Any material violation of the provisions of sections 116C.51 to 116C.69, any rule promulgated pursuant thereto, or any order of the board.

Sec. 26. Minnesota Statutes 2000, section 116C.65, is amended to read:

116C.65 [JUDICIAL REVIEW.]

Any utility applicant, party or person aggrieved by the issuance of a certificate site or route permit or emergency certificate of site compatibility or transmission line construction permit from the board or a certification of continuing suitability filed by a utility with the board or by a final order in accordance with any rules promulgated by the board, may appeal to the court of appeals in accordance with chapter 14. The appeal shall be filed within ~~60~~ 30 days after the publication in the State Register of notice of the issuance of the certificate or permit by the board or certification filed with the board or the filing of any final order by the board.

Sec. 27. Minnesota Statutes 2000, section 116C.66, is amended to read:

116C.66 [RULES.]

The board, in order to give effect to the purposes of sections 116C.51 to 116C.69, ~~shall prior to July 1, 1978, may~~ adopt rules consistent with sections 116C.51 to 116C.69, including promulgation of site and route designation criteria, the description of the information to be furnished by the utilities, establishment of minimum guidelines for public participation in the development, revision, and enforcement of any rule, plan or program established by the board, procedures for the revocation or suspension of a construction site or route permit or a certificate of site compatibility, and the procedure and timeliness for proposing alternative routes and sites, and route exemption criteria and procedures. No rule adopted by the board shall grant priority to state-owned wildlife management areas over agricultural lands in the designation of route avoidance areas. The provisions of chapter 14 shall apply to the appeal of rules adopted by the board to the same extent as it applies to review of rules adopted by any other agency of state government.

The chief administrative law judge shall, ~~prior to January 1, 1978,~~ adopt procedural rules for public hearings relating to the site and route designation permit process and to the route exemption process. The rules shall attempt to maximize citizen participation in these processes consistent with the time limits for board decision established in sections 116C.57, subdivision 8, and 116C.575, subdivision 7.

Sec. 28. Minnesota Statutes 2000, section 116C.69, is amended to read:

116C.69 [BIENNIAL REPORT; APPLICATION FEES; APPROPRIATION; FUNDING.]

Subdivision 1. [BIENNIAL REPORT.] Before November 15 of each even-numbered year the board shall prepare and submit to the legislature a report of its operations, activities, findings and recommendations concerning sections 116C.51 to 116C.69. The report shall also contain information on the board's biennial expenditures, its proposed budget for the following biennium, and the amounts paid in certificate and permit application fees pursuant to subdivisions 2 and 2a and in assessments pursuant to subdivision 3 this section. The proposed budget for the following biennium shall be subject to legislative review.

Subd. 2. [SITE APPLICATION FEE.] Every applicant for a site ~~certificate~~ permit shall pay to the board a fee in an amount equal to \$500 for each \$1,000,000 of production plant investment in the proposed installation as defined in the Federal Power Commission Uniform System of Accounts. The board shall specify the time and manner of payment of the fee. If any single payment requested by the board is in excess of 25 percent of the total estimated fee, the board shall show that the excess is reasonably necessary. The applicant shall pay within 30 days of notification any additional fees reasonably necessary for completion of the site evaluation and designation process by the board. In no event shall the total fees required of the applicant under this subdivision exceed an amount equal to 0.001 of said production plant investment (\$1,000 for each \$1,000,000). All money received pursuant to this subdivision shall be deposited in a special account. Money in the account is appropriated to the board to pay expenses incurred in processing applications for ~~certificates~~ site permits in accordance with sections 116C.51 to 116C.69 and in the event the expenses are less than the fee paid, to refund the excess to the applicant.

Subd. 2a. [ROUTE APPLICATION FEE.] Every applicant for a transmission line ~~construction~~ route permit shall pay to the board a base fee of \$35,000 plus a fee in an amount equal to \$1,000 per mile length of the longest proposed route. The board shall specify the time and manner of payment of the fee. If any single payment requested by the board is in excess of 25 percent of the total estimated fee, the board shall show that the excess is reasonably necessary. In the event the actual cost of processing an application up to the board's final decision to designate a route exceeds the above fee schedule, the board may assess the applicant any additional fees necessary to cover the actual costs, not to exceed an amount equal to \$500 per mile length of the longest proposed route. All money received pursuant to this subdivision shall be deposited in a special account. Money in the account is appropriated to the board to pay expenses incurred in processing applications for ~~construction~~ route permits in accordance with sections 116C.51 to 116C.69 and in the event the expenses are less than the fee paid, to refund the excess to the applicant.

Subd. 3. [FUNDING; ASSESSMENT.] The board shall finance its base line studies, general environmental studies, development of criteria, inventory preparation, monitoring of conditions placed on site ~~certificates~~ and ~~construction~~ route permits, and all other work, other than specific site and route designation, from an assessment made quarterly, at least 30 days before the start of each quarter, by the board against all utilities with annual retail kilowatt-hour sales greater than 4,000,000 kilowatt-hours in the previous calendar year.

Each share shall be determined as follows: (1) the ratio that the annual retail kilowatt-hour sales in the state of each utility bears to the annual total retail kilowatt-hour sales in the state of all these utilities, multiplied by 0.667, plus (2) the ratio that the annual gross revenue from retail kilowatt-hour sales in the state of each utility bears to the annual total gross revenues from retail kilowatt-hour sales in the state of all these utilities, multiplied by 0.333, as determined by the board. The assessment shall be credited to the special revenue fund and shall be paid to the state treasury within 30 days after receipt of the bill, which shall constitute notice of said assessment and demand of payment thereof. The total amount which may be assessed to the several utilities under authority of this subdivision shall not exceed the sum of the annual budget of the board for carrying out the purposes of this subdivision. The assessment for the second quarter of each fiscal year shall be adjusted to compensate for the amount by which actual expenditures by the board for the preceding fiscal year were more or less than the estimated expenditures previously assessed.

Sec. 29. Minnesota Statutes 2000, section 216B.2421, subdivision 2, is amended to read:

Subd. 2. [LARGE ENERGY FACILITY.] "Large energy facility" means:

(1) any electric power generating plant or combination of plants at a single site with a combined capacity of 80,000 kilowatts or more, or any facility of 50,000 kilowatts or more which requires oil, natural gas, or natural gas liquids as a fuel and for which an installation permit has not been applied for by May 19, 1977 pursuant to Minn. Reg. APC 3(a) and transmission lines directly associated with the plant that are necessary to interconnect the plant to the transmission system;

(2) any high voltage transmission line with a capacity of 200 kilovolts or more and with more than 50 miles of its length in Minnesota; or,

(3) any high voltage transmission line with a capacity of 300 100 kilovolts or more with more than 25 ten miles of its length in Minnesota or that crosses a state line;

(3) (4) any pipeline greater than six inches in diameter and having more than 50 miles of its length in Minnesota used for the transportation of coal, crude petroleum or petroleum fuels or oil or their derivatives;

(4) (5) any pipeline for transporting natural or synthetic gas at pressures in excess of 200 pounds per square inch with more than 50 miles of its length in Minnesota;

(5) (6) any facility designed for or capable of storing on a single site more than 100,000 gallons of liquefied natural gas or synthetic gas;

(6) (7) any underground gas storage facility requiring permit pursuant to section 103I.681;

(7) (8) any nuclear fuel processing or nuclear waste storage or disposal facility; and

(8) (9) any facility intended to convert any material into any other combustible fuel and having the capacity to process in excess of 75 tons of the material per hour.

Sec. 30. [216B.2425] [ELECTRIC TRANSMISSION; PRIORITY PROJECTS.]

Subdivision 1. [LIST.] The commission shall maintain a list of certified priority electric transmission projects. A project is eligible for the list if it is a high voltage transmission line as defined in section 216B.2421, subdivision 2, and the commission finds that the project is necessary to maintain or enhance the reliability of the electric transmission system and is in the public interest, taking into account electric energy system needs and economic, environmental, and social interests affected by the project.

Subd. 2. [LIST; DEVELOPMENT.] (a) By November 1, 2001, and every two years thereafter, each public utility, municipal utility, and cooperative electric association, or the generation and transmission organization that serves each utility or association, that owns or operates electric transmission lines in Minnesota shall jointly or individually submit a transmission projects report to the commission, the department, and the environmental quality board. The report must:

(1) list specific present and reasonably foreseeable future inadequacies in the transmission system in Minnesota;

(2) identify alternative means of addressing each inadequacy listed;

(3) identify general economic, environmental, and social issues associated with each alternative; and

(4) provide a summary of public input the utilities and associations have gathered related to the list of inadequacies and the role of local government officials and other interested persons in assisting to develop the list and analyze alternatives.

(b) To meet the requirements of this subdivision, entities may rely on available information and analysis developed by a regional transmission organization or any subgroup of a regional transmission organization and may develop and include additional information as necessary.

(c) The department, in coordination with the staff of the environmental quality board, shall:

(1) hold regional public meetings, in coordination with affected local government units, to gather additional public input for projects contained in the report or reports;

(2) provide public notice of the public meetings by publication in a newspaper with local or regional distribution and in other forms reasonably certain to provide actual notice; and

(3) within 90 days of submission of the transmission projects report or reports, recommend to the commission either approval, modification, or denial for certification as a priority transmission project for each project proposed in the report or reports, including analysis and reasons for each recommendation.

(d) The department shall provide a copy of its recommendations to all affected local government units and all other interested parties.

(e) Within 120 days of submission of the department's recommendations, the commission shall certify, certify as modified, or deny certification for each project proposed in a transmission projects report. The commission may extend this time limit for up to 90 days for just cause or upon agreement of the applicant. The commission shall follow its regular procedural rules in making determinations under this section and shall hold at least one public hearing prior to making its final decisions.

Subd. 3. [LIST; EFFECT.] Certification of a project as a priority electric transmission project satisfies section 216B.243. A certified project on which construction has not begun more than four years after being placed on the list, must certify to the commission that the project remains consistent with the commission's order.

Subd. 4. [TRANSMISSION INVENTORY.] The department of commerce shall create, maintain, and update annually an inventory of transmission lines in the state.

Subd. 5. [EXCLUSION.] This section does not apply to any transmission line proposal that has been approved, or was pending before a local unit of government, the environmental quality board, or the public utilities commission on August 1, 2001.

Sec. 31. Minnesota Statutes 2000, section 216B.243, subdivision 3, is amended to read:

Subd. 3. [SHOWING REQUIRED FOR CONSTRUCTION.] No proposed large energy facility shall be certified for construction unless the applicant can show that demand for electricity cannot be met more cost-effectively through energy conservation and load-management measures and unless the applicant has otherwise justified its need. In assessing need, the commission shall evaluate:

(1) the accuracy of the long-range energy demand forecasts on which the necessity for the facility is based;

(2) the effect of existing or possible energy conservation programs under sections 216C.05 to 216C.30 and this section or other federal or state legislation on long-term energy demand;

(3) the relationship of the proposed facility to overall state energy needs, as described in the most recent state energy policy and conservation report prepared under section 216C.18;

~~(4) promotional activities that may have given rise to the demand for this facility;~~

~~(5) socially beneficial uses of the output~~ environmental and socioeconomic benefits of this facility, including its uses to protect or enhance environmental quality, and to increase reliability of energy supply in Minnesota and the region;

~~(6) the effects of the facility in inducing future development;~~

~~(7)~~ (5) possible alternatives for satisfying the energy demand including but not limited to potential for increased efficiency of existing energy generation facilities;

~~(8)~~ (6) the policies, rules, and regulations of other state and federal agencies and local governments; and

(9) (7) any feasible combination of energy conservation improvements, required under section 216B.241, that can (i) replace part or all of the energy to be provided by the proposed facility, and (ii) compete with it economically.

Sec. 32. Minnesota Statutes 2000, section 216B.243, subdivision 4, is amended to read:

Subd. 4. [APPLICATION FOR CERTIFICATE; HEARING.] Any person proposing to construct a large energy facility shall apply for a certificate of need prior to ~~construction of the facility applying for a site or route permit under sections 116C.51 to 116C.69 or construction of the facility.~~ The application shall be on forms and in a manner established by the commission. In reviewing each application the commission shall hold at least one public hearing pursuant to chapter 14. The public hearing shall be held at a location and hour reasonably calculated to be convenient for the public. An objective of the public hearing shall be to obtain public opinion on the necessity of granting a certificate of need. The commission shall designate a commission employee whose duty shall be to facilitate citizen participation in the hearing process.

Sec. 33. Minnesota Statutes 2000, section 216B.243, subdivision 8, is amended to read:

Subd. 8. [EXEMPTIONS.] This section does not apply to:

(1) cogeneration or small power production facilities as defined in the Federal Power Act, United States Code, title 16, sections 796(18)(A) and 796(17)(A), and having a combined capacity at a single site of less than 80,000 kilowatts or to plants or facilities for the production of ethanol or fuel alcohol nor in any case where the commission shall determine after being advised by the attorney general that its application has been preempted by federal law;

(2) a high voltage transmission line proposed primarily to distribute electricity to serve the demand of a single customer at a single location primarily within existing rights-of-way, unless the applicant opts to request that the commission determine need under this section or section 216B.2425;

(3) the upgrade to a higher voltage of an existing transmission line that serves the demand of a single customer that primarily uses existing rights-of-way, unless the applicant opts to request that the commission determine need under this section or section 216B.2425;

(4) conversion of the fuel source of an existing electric generating plant to using natural gas; or

(5) modification of an existing electric generating plant to increase efficiency, as long as the capacity of the plant is not increased more than ten percent or more than 100 megawatts, whichever is greater.

Sec. 34. Minnesota Statutes 2000, section 216B.62, subdivision 5, is amended to read:

Subd. 5. [ASSESSING COOPERATIVES AND MUNICIPALS.] The commission and department may charge cooperative electric associations and municipal electric utilities their proportionate share of the expenses incurred in the review and disposition of resource plans, adjudication of service area disputes, proceedings under section 216B.2425, and the costs incurred in the adjudication of complaints over service standards, practices, and rates. Cooperative electric associations electing to become subject to rate regulation by the commission pursuant to section 216B.026, subdivision 4, are also subject to this section. Neither a cooperative electric association nor a municipal electric utility is liable for costs and expenses in a calendar year in excess of the limitation on costs that may be assessed against public utilities under subdivision 2. A cooperative electric association or municipal electric utility may object to and appeal bills of the commission and department as provided in subdivision 4.

The department shall assess cooperatives and municipalities for the costs of alternative energy engineering activities under section 216C.261. Each cooperative and municipality shall be assessed in proportion that its gross operating revenues for the sale of gas and electric service within the state for the last calendar year bears to the total of those revenues for all public utilities, cooperatives, and municipalities.

Sec. 35. [STATE ENERGY PLANNING REPORT.]

(a) The commissioner of the department of commerce shall prepare a state energy planning report and submit it to the legislature by December 15, 2001. The report must identify important trends and issues in energy consumption, supply, technologies, conservation, environmental effects, and economics, and must recommend energy goals relating to the energy needs of the state. The report must recommend goals for the role of energy conservation, utilization of renewable energy resources, deployment of distributed generation resources, other modern energy technologies, and traditional energy technologies, and affordability of energy services for all Minnesotans. The report must recommend strategies to reach the recommended goals, including recommendations for amendments to state law.

(b) The report must analyze:

- (1) projected energy consumption over the next ten years;
- (2) the need for new energy production and transportation facilities;
- (3) options for streamlining of the procedures for certification of need, routing and siting, environmental review, and permitting of energy facilities;
- (4) the potential role of energy conservation, modern and emerging energy technologies, and renewable generation;
- (5) the role for traditional energy technologies;
- (6) the environmental effects of energy consumption, including an analysis of the costs associated with reducing those effects; and
- (7) projected energy costs over the next ten years.

(c) In preparing the report, the commissioner shall invite public participation and shall consult with other state agencies, including the environmental quality board staff, the public utilities commission staff, the pollution control agency, the department of health and other relevant agencies, local government units, regional energy planning groups, energy utilities, and other interested persons. Not later than October 1, 2001, the commissioner shall issue a draft report. The commissioner shall accept written comments and hold at least one public meeting to gather additional public input on the draft report.

Sec. 36. [REPEALER.]

Minnesota Statutes 2000, sections 116C.55, subdivisions 2 and 3; 116C.57, subdivisions 3, 5, and 5a; 116C.67; and 216B.2421, subdivision 3, are repealed.

Sec. 37. [EFFECTIVE DATE.]

This article is effective for certificates of need and route and site permits applied for on or after August 1, 2001.

ARTICLE 8

RENEWABLE ENERGY DEVELOPMENT

Section 1. [216B.169] [RENEWABLE ENERGY.]

Subdivision 1. [RENEWABLE ENERGY TECHNOLOGY.] "Renewable energy technology" means a technology that exclusively relies on an energy source that is naturally and sustainably regenerated over a short time and derived directly from the sun, indirectly from the sun, or from moving water or other natural movements and mechanisms of the environment. Renewable energy technologies include solar, wind, hydroelectric with a capacity of less than 60 megawatts, or biomass. For the purpose of this section, "biomass" does not include municipal solid waste. A renewable energy technology may not rely on energy resources derived from fossil fuels or waste products from fossil fuels.

Subd. 2. [RENEWABLE ENERGY REQUIREMENTS.] (a) Unless the commission or governing body of a municipal utility or cooperative electric association acts under paragraph (b), each public utility, municipal utility, or cooperative electric association providing electric service to retail consumers in the state must comply with clauses (1) and (2):

(1) commencing in 2005, at least one percent of the electric energy the entity provides to its retail customers in Minnesota must be generated by renewable energy technologies and that amount must be increased by one percent each year until 2015 so that in 2015 at least ten percent of the energy it provides to its retail customers in Minnesota is generated by renewable energy technologies; and

(2) of the renewable energy technology generation required under clause (1), at least 0.5 percent of the energy must be generated by biomass energy technologies by 2010 and one percent by 2015.

Fifty percent of the renewable energy generated by wind energy facilities operational on or before December 31, 2000, and by biomass energy facilities operational on or before December 31, 2002, may be counted as renewable energy for purposes of determining compliance with this paragraph.

(b) The commission or governing body shall review the requirement established in paragraph (a) annually and may decrease the requirement in any year if the commission or governing body finds the requirement will:

(1) cause rate increases to retail customers that exceed the benefits of utilizing renewable energy technology; or

(2) jeopardize electric supply reliability.

An action to decrease the requirements of this section by a governing body of a municipal utility or cooperative electric association may be appealed to the commission based on a petition signed by five percent or more of an association's membership or municipal utility's customers. The commission may approve, modify, or disapprove the action of the municipal utility or cooperative electric association.

Subd. 3. [TRADEABLE CREDITS.] To facilitate compliance with this section, the commission shall, by order, establish a program for tradeable credits for renewable energy under this section. For renewable energy other than biomass energy, the renewable credit program must allow for trading of credits for energy generated from renewable energy generation facilities operational after January 1, 2000. For biomass energy, the credit program shall allow for trading of credits for energy generated by renewable energy generation facilities operational on or after January 1, 2002. The commission shall establish separate prices for biomass renewable energy credits and nonbiomass renewable energy credits.

Upon passage of a renewables portfolio standard in another state that includes the same definition of renewable energy technology and begins at a level commensurate to the existing level of renewables in that state, the department may facilitate the trading of renewable energy credits between parties located in this and that state.

ARTICLE 9

CONSERVATION INVESTMENT PROGRAM

Section 1. Minnesota Statutes 2000, section 216B.241, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For purposes of this section and section 216B.16, subdivision 6b, the terms defined in this subdivision have the meanings given them.

(a) "Commission" means the public utilities commission.

(b) "Commissioner" means the commissioner of ~~public service~~ commerce.

(c) "Customer facility" means all buildings, structures, equipment, and installations at a single site.

(d) "Department" means the department of ~~public service~~ commerce.

(e) "Energy conservation" means demand-side management of energy supplies resulting in a net reduction in energy use. Load management that reduces overall energy use is energy conservation.

(f) ~~"Energy conservation improvement" means the purchase or installation of a device, method, material, or project that:~~

~~(1) reduces consumption of or increases efficiency in the use of electricity or natural gas, including but not limited to insulation and ventilation, storm or thermal doors or windows, caulking and weatherstripping, furnace efficiency modifications, thermostat or lighting controls, awnings, or systems to turn off or vary the delivery of energy;~~

~~(2) creates, converts, or actively uses energy from renewable sources such as solar, wind, and biomass, provided that the device or method conforms with national or state performance and quality standards whenever applicable;~~

~~(3) seeks to provide energy savings through reclamation or recycling and that is used as part of the infrastructure of an electric generation, transmission, or distribution system within the state or a natural gas distribution system within the state; or~~

~~(4) provides research or development of new means of increasing energy efficiency or conserving energy or research or development of improvement of existing means of increasing energy efficiency or conserving energy a project that results in energy conservation.~~

~~(f)~~ (g) "Investments and expenses of a public utility" includes the investments and expenses incurred by a public utility in connection with an energy conservation improvement, including but not limited to:

(1) the differential in interest cost between the market rate and the rate charged on a no-interest or below-market interest loan made by a public utility to a customer for the purchase or installation of an energy conservation improvement;

(2) the difference between the utility's cost of purchase or installation of energy conservation improvements and any price charged by a public utility to a customer for such improvements.

~~(g)~~ (h) "Large electric customer facility" means a customer facility that imposes a peak electrical demand on an electric utility's system of not less than 20,000 kilowatts, measured in the same way as the utility that serves the customer facility measures electrical demand for billing purposes, and for which electric services are provided at retail on a single bill by a utility operating in the state.

Sec. 2. Minnesota Statutes 2000, section 216B.241, subdivision 1a, is amended to read:

Subd. 1a. [INVESTMENT, EXPENDITURE, AND CONTRIBUTION; PUBLIC UTILITY.]

(a) For purposes of this subdivision and subdivision 2, "public utility" has the meaning given it in section 216B.02, subdivision 4. Each public utility shall spend and invest for energy conservation improvements under this subdivision and subdivision 2 the following amounts:

(1) for a utility that furnishes gas service, 0.5 percent of its gross operating revenues from service provided in the state;

(2) for a utility that furnishes electric service, 1.5 percent of its gross operating revenues from service provided in the state; and

(3) for a utility that furnishes electric service and that operates a nuclear-powered electric generating plant within the state, two percent of its gross operating revenues from service provided in the state.

For purposes of this paragraph (a), "gross operating revenues" do not include revenues from large electric customer facilities exempted by the commissioner of the department of public service pursuant to under paragraph (b).

(b) The owner of a large electric customer facility may petition the commissioner of the department of public service to exempt both electric and gas utilities serving the large energy customer facility from the investment and expenditure requirements of paragraph (a) with respect to retail revenues attributable to the facility. At a minimum, the petition must be supported by evidence relating to competitive or economic pressures on the customer and a showing by the customer of reasonable efforts to identify, evaluate, and implement cost-effective conservation improvements at the facility. If a petition is filed on or before October 1 of any year, the order of the commissioner to exempt revenues attributable to the facility can be effective no earlier than January 1 of the following year. The commissioner shall not grant an exemption if the commissioner determines that granting the exemption is contrary to the public interest. The commissioner may, after investigation, rescind any exemption granted under this paragraph upon a determination that cost-effective energy conservation improvements are available at the large electric customer facility. For the purposes of this paragraph, "cost-effective" means that the projected total cost of the energy conservation improvement at the large electric customer facility is less than the projected present value of the energy and demand savings resulting from the energy conservation improvement. For the purposes of investigations by the commissioner under this paragraph, the owner of any large electric customer facility shall, upon request, provide the commissioner with updated information comparable to that originally supplied in or with the owner's original petition under this paragraph.

(c) The commissioner may require investments or spending greater than the amounts required under this subdivision for a public utility whose most recent advance forecast required under section 216B.2422 or 216C.17 projects a peak demand deficit of 100 megawatts or greater within five years under mid-range forecast assumptions.

(d) A public utility or owner of a large electric customer facility may appeal a decision of the commissioner under paragraph (b) or (c) to the commission under subdivision 2. In reviewing a decision of the commissioner under paragraph (b) or (c), the commission shall rescind the decision if it finds that the required investments or spending will:

- (1) not result in cost-effective energy conservation improvements; or
- (2) otherwise not be in the public interest.

(e) Each utility shall determine what portion of the amount it sets aside for conservation improvement will be used for conservation improvements under subdivision 2 and what portion it will contribute to the energy and conservation account established in subdivision 2a. A public utility may propose to the commissioner to designate that all or a portion of funds contributed to the account established in subdivision 2a be used for research and development projects that can best be implemented on a statewide basis. Contributions must be remitted to the commissioner of public service by February 1 of each year. Nothing in this subdivision prohibits a public utility from spending or investing for energy conservation improvement more than required in this subdivision.

Sec. 3. Minnesota Statutes 2000, section 216B.241, subdivision 1b, is amended to read:

Subd. 1b. [CONSERVATION IMPROVEMENT BY COOPERATIVE ASSOCIATION OR MUNICIPALITY.] (a) This subdivision applies to:

(1) a cooperative electric association that ~~generates and transmits electricity to associations that provide electricity at retail including a cooperative electric association not located in this state that serves associations or others in the state~~ provides retail electric service to its members;

(2) a municipality that provides electric service to retail customers; and

(3) a municipality with gross operating revenues in excess of \$5,000,000 from sales of natural gas to retail customers.

(b) Each cooperative electric association and municipality subject to this subdivision shall spend and invest for energy conservation improvements under this subdivision the following amounts:

(1) for a municipality, ~~0.5~~ one percent of its gross operating revenues from the sale of gas and ~~one 1.5~~ percent of its gross operating revenues from the sale of electricity ~~not purchased from a public utility governed by subdivision 1a or a cooperative electric association governed by this subdivision, excluding gross operating revenues from electric and gas service provided in the state to large electric customer facilities; and~~

(2) for a cooperative electric association, 1.5 percent of its gross operating revenues from service provided in the state, ~~excluding gross operating revenues from service provided in the state to large electric customer facilities indirectly through a distribution cooperative electric association.~~

(c) Each municipality and cooperative electric association subject to this subdivision shall identify and implement energy conservation improvement spending and investments that are appropriate for the municipality or association, except that a municipality or association may not spend or invest for energy conservation improvements that directly benefit a large electric customer facility for which the commissioner has issued an exemption under subdivision 1a, paragraph (b). Each municipality and cooperative electric association subject to this subdivision may spend and invest annually up to 15 percent of the total amount required to be spent and invested on energy conservation improvements under this subdivision on research and development projects that meet the definition of energy conservation improvement in subdivision 1 and that are funded directly by the municipality or cooperative electric association. Load management may be used to meet the requirements of this subdivision if it reduces the demand for or increases the efficiency of electric services. A Load management that does not reduce energy use but that increases the efficiency of the electric system may be used to meet the following percentage of the conservation investment and spending requirements of this subdivision:

(1) 2002 - 70 percent;

(2) 2003 - 60 percent;

(3) 2004 - 50 percent; and

(4) 2005 and thereafter - 40 percent.

Generation and transmission cooperative electric association may include as spending and investment required under this subdivision conservation improvement spending and investment by that provides energy services to cooperative electric associations that provide electric service at retail to consumers and that are served by the generation and transmission association may invest in energy conservation improvements on behalf of the associations they serve for funding the investments and may fulfill the conservation, spending, reporting, and energy savings requirements on an aggregate basis. A municipal power agency or other not-for-profit entity that provides energy services to municipal utilities that provide electric service at retail to consumers may invest in energy conservation improvements on behalf of the municipal utilities it serves under an agreement between the municipal power agency or not-for-profit entity and each municipal utility for funding the investments.

(d) By February 1 of each year, each municipality or cooperative shall report to the ~~commissioner~~ department its energy conservation improvement spending and investments ~~with a brief analysis of effectiveness in reducing consumption of electricity or gas. The report must briefly describe each program and specify the actual energy and capacity savings within the service territory of the municipality or association that is the result of each conservation improvement program using the list of uniform baseline energy and capacity savings assumptions developed by the department. The commissioner shall review each report and make recommendations, where appropriate, to the municipality or association to increase the effectiveness of conservation improvement activities. The commissioner shall also review each report for whether a portion of the money spent on residential conservation improvement programs is devoted to programs that directly address the needs of renters and low-income persons unless an insufficient number of appropriate programs are available. For the purposes of this subdivision and subdivision 2, "low-income" means an income of less than 185 at or below 50 percent of the federal poverty level state median income.~~

(e) As part of its spending for conservation improvement, a municipality or association may contribute to the energy and conservation account. A municipality or association may propose to the commissioner to designate that all or a portion of funds contributed to the account be used for research and development projects that can best be implemented on a statewide basis. Any amount contributed must be remitted to the commissioner of public service by February 1 of each year.

Sec. 4. Minnesota Statutes 2000, section 216B.241, subdivision 1c, is amended to read:

Subd. 1c. [ENERGY-SAVING GOALS REQUIREMENTS.] (a) The commissioner shall establish energy-saving goals requirements for all gas and electric energy conservation improvement expenditures and shall ~~evaluate an~~ monitor energy conservation improvement program ~~on how well it meets the goals set~~ programs for success in meeting those requirements.

(b) This paragraph applies to requirements for public utility, cooperative electric association, and municipal providers of electric service. The commissioner shall, commencing with calendar year 2002, establish annual statewide megawatt electric energy capacity savings required from electric energy conservation investment programs.

The minimum required annual capacity savings is 150 megawatts, unless the commissioner finds there is no cost-effective way to achieve that savings, in which case the annual energy saving requirement is the maximum cost-effective savings available as determined by the commissioner.

If the spending required under this section will not result in the required savings, the commissioner may order the level of spending necessary to obtain the savings.

The commissioner shall allocate savings requirements among public utilities, cooperative electric associations, and municipals based on their percentage of total electric service revenue. The commissioner may excuse a public utility, cooperative electric association, or municipal from that part of its savings requirement for which it can be shown that no cost-effective conservation investments are available in the particular service territory.

A public utility, municipal utility, and cooperative electric association must annually notify its customers of its required capacity and energy savings under this subdivision and of its success in meeting those requirements. The notice must, at a minimum, be contained in a prominent bill insert that specifies the amount of the requirement and the annual savings obtained.

Sec. 5. Minnesota Statutes 2000, section 216B.241, subdivision 2, is amended to read:

Subd. 2. [PROGRAMS.] (a) The commissioner may ~~by rule~~ require public utilities to make investments and expenditures in energy conservation improvements, explicitly setting forth the interest rates, prices, and terms under which the improvements must be offered to the customers. The required programs must cover a two-year period. The commissioner shall require at least one public utility to establish a pilot program to make investments in and expenditures for energy from renewable resources such as solar, wind, or biomass and shall give special consideration and encouragement to programs that bring about significant net savings through the use of energy-efficient lighting. The commissioner shall evaluate the program on the basis of cost-effectiveness and the reliability of technologies employed. ~~The rules of the department commissioner's order~~ must provide to the extent practicable for a free choice, by consumers participating in the program, of the device, method, material, or project constituting the energy conservation improvement and for a free choice of the seller, installer, or contractor of the energy conservation improvement, provided that the device, method, material, or project seller, installer, or contractor is duly licensed, certified, approved, or qualified, including under the residential conservation services program, where applicable.

(b) The commissioner may require a utility to make an energy conservation improvement investment or expenditure whenever the commissioner finds that the improvement will result in energy savings at a total cost to the utility less than the cost to the utility to produce or purchase an equivalent amount of new supply of energy. The commissioner shall nevertheless ensure that every public utility operate one or more programs under periodic review by the department. ~~Load management may be used to meet the requirements for energy conservation improvements under~~

~~this section if it results in a demonstrable reduction in consumption of energy. Each public utility subject to subdivision 1a may spend and invest annually up to 15 percent of the total amount required to be spent and invested on energy conservation improvements under this section by the utility on research and development projects that meet the definition of energy conservation improvement in subdivision 1 and that are funded directly by the public utility. A public utility may not spend for or invest in energy conservation improvements that directly benefit a large electric customer facility for which the commissioner has issued an exemption pursuant to subdivision 1a, paragraph (b). The commissioner shall consider and may require a utility to undertake a program suggested by an outside source, including a political subdivision or a nonprofit or community organization.~~

~~(c) No utility may make an energy conservation improvement under this section to a building envelope unless:~~

~~(1) it is the primary supplier of energy used for either space heating or cooling in the building;~~

~~(2) the commissioner determines that special circumstances, that would unduly restrict the availability of conservation programs, warrant otherwise; or~~

~~(3) the utility has been awarded a contract under subdivision 2a~~ The commissioner must establish a list of programs, including, at the outset, rebates for high-efficiency appliances, rebates or subsidies for high-efficiency lamps, small business energy audits, and building recommissioning that may be offered as energy conservation improvements to customers of each municipal utility, cooperative electric association, and public utility. The commissioner may, by order, change this list to add or subtract programs as necessary to achieve the state conservation requirement in subdivision 1c.

~~(d) The commissioner shall ensure that a portion of the money spent on residential conservation improvement programs is devoted to programs that directly address the needs of renters and low-income persons unless an insufficient number of appropriate programs are available.~~

~~(e) A utility, a political subdivision, or a nonprofit or community organization that has suggested a program, the attorney general acting on behalf of consumers and small business interests, or a utility customer that has suggested a program and is not represented by the attorney general under section 8.33 may petition the commission to modify or revoke a department decision under this section, and the commission may do so if it determines that the program is not cost-effective, does not adequately address the residential conservation improvement needs of low-income persons, has a long-range negative effect on one or more classes of customers, or is otherwise not in the public interest. The person petitioning for commission review has the burden of proof. The commission shall reject a petition that, on its face, fails to make a reasonable argument that a program is not in the public interest.~~

Sec. 6. [CONSERVATION INVESTMENT PROGRAM STUDY.]

The commissioner of commerce shall study the conservation investment program created under Minnesota Statutes, section 216B.241, and make recommendations to the legislature on changes in the program that will assist the program to obtain the maximum energy savings possible from spending and investments under the program. The study must include, at a minimum:

(1) a review of administrative burdens imposed by the program with the goal to reduce them to the maximum extent consistent with ensuring that the program will meet its goal of maximum energy savings with program funds;

(2) identification of spending and investments with high potential for saving energy and suggestions for targeting the program at those expenditures and investments; and

(3) appropriate levels of spending and investment under the program.

The commissioner shall solicit written public comment on the study and submit a report and a copy of the written comments to the committees of the legislature having principal jurisdiction on energy matters by November 15, 2001.

Sec. 7. [EFFECTIVE DATE.]

Sections 1 to 5 are effective January 1, 2002. Section 6 is effective the day following final enactment.

Delete the title and insert:

"A bill for an act relating to energy; providing for comprehensive energy conservation, production, and regulatory changes; amending Minnesota Statutes 2000, sections 16B.32, subdivision 2; 116C.52, subdivisions 4, 10; 116C.53, subdivisions 2, 3; 116C.57, subdivisions 1, 2, 4, by adding subdivisions; 116C.58; 116C.59, subdivisions 1, 4; 116C.60; 116C.61, subdivisions 1, 3; 116C.62; 116C.63, subdivision 2; 116C.645; 116C.65; 116C.66; 116C.69; 216B.095; 216B.097, subdivision 1; 216B.16, subdivision 15; 216B.241, subdivisions 1, 1a, 1b, 1c, 2; 216B.2421, subdivision 2; 216B.243, subdivisions 3, 4, 8; 216B.62, subdivision 5; 216C.41; proposing coding for new law in Minnesota Statutes, chapters 16B; 116C; 216B; 452; repealing Minnesota Statutes 2000, sections 116C.55, subdivisions 2, 3; 116C.57, subdivisions 3, 5, 5a; 116C.67; 216B.2421, subdivision 3."

And when so amended the bill do pass and be re-referred to the Committee on Environment and Natural Resources. Amendments adopted. Report adopted.

SECOND READING OF SENATE BILLS

S.F. Nos. 923, 1712, 1244, 1178, 1552, 2225, 1721, 1937, 1208, 2006, 1797, 2150, 311 and 1054 were read the second time.

SECOND READING OF HOUSE BILLS

H.F. Nos. 1391 and 2119 were read the second time.

MOTIONS AND RESOLUTIONS

Senator Pariseau moved that the name of Senator Johnson, Debbie be added as a co-author to S.F. No. 1395. The motion prevailed.

Senator Schwab moved that her name be stricken as a co-author to S.F. No. 1986. The motion prevailed.

Senator Moe, R.D. moved that S.F. No. 319 be taken from the table. The motion prevailed.

S.F. No. 319: A bill for an act relating to judgments; regulating the discharge of judgments against bankrupt debtors; amending Minnesota Statutes 2000, section 548.181, subdivision 2.

CONCURRENCE AND REPASSAGE

Senator Moe, R.D. moved that the Senate concur in the amendments by the House to S.F. No. 319 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 319 was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 57 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson

Bachmann

Berg

Berglin

Betzold

Chaudhary	Johnson, Doug	Lesewski	Ourada	Sams
Day	Kelley, S.P.	Limmer	Pappas	Samuelson
Dille	Kelly, R.C.	Lourey	Pariseau	Scheevel
Fischbach	Kierlin	Marty	Pogemiller	Schwab
Foley	Kinkel	Metzen	Price	Stevens
Fowler	Kiscaden	Moe, R.D.	Ranum	Vickerman
Frederickson	Kleis	Murphy	Reiter	Wiener
Higgins	Knutson	Neuville	Ring	Wiger
Hottinger	Krentz	Oliver	Robertson	
Johnson, Dave	Langseth	Olson	Robling	
Johnson, Debbie	Larson	Orfield	Sabo	

So the bill, as amended, 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 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. 456: A bill for an act relating to human services; allowing mental retardation and related conditions waiver recipients access to respite care in intermediate care facilities for persons with mental retardation and related conditions; amending Minnesota Statutes 2000, section 256B.092, by adding a subdivision.

Senate File No. 456 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 17, 2001

CONCURRENCE AND REPASSAGE

Senator Berglin moved that the Senate concur in the amendments by the House to S.F. No. 456 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 456 was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 62 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Foley	Kierlin	Lourey	Pariseau
Bachmann	Fowler	Kinkel	Marty	Pogemiller
Belanger	Frederickson	Kiscaden	Metzen	Price
Berg	Higgins	Kleis	Moe, R.D.	Ranum
Berglin	Hottinger	Knutson	Murphy	Reiter
Betzold	Johnson, Dave	Krentz	Neuville	Ring
Chaudhary	Johnson, Dean	Langseth	Oliver	Robertson
Cohen	Johnson, Debbie	Larson	Olson	Robling
Day	Johnson, Doug	Lesewski	Orfield	Sabo
Dille	Kelley, S.P.	Lessard	Ourada	Sams
Fischbach	Kelly, R.C.	Limmer	Pappas	Samuelson

Scheevel
Schwab

Stevens
Stumpf

Vickerman

Wiener

Wiger

So the bill, as amended, 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 proceeded to the Order of Business of the Consent Calendar.

CONSENT CALENDAR

S.F. No. 1090: A bill for an act relating to employment; adding an alternative form for minor age certification; amending Minnesota Statutes 2000, section 181A.06, subdivision 1.

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	Knutson	Oliver	Robling
Bachmann	Higgins	Krentz	Olson	Sabo
Belanger	Hottinger	Langseth	Orfield	Sams
Berg	Johnson, Dave	Larson	Ourada	Samuelson
Berglin	Johnson, Dean	Lesewski	Pappas	Scheevel
Betzold	Johnson, Debbie	Lessard	Pariseau	Schwab
Chaudhary	Johnson, Doug	Limmer	Pogemiller	Stevens
Cohen	Kelley, S.P.	Lourey	Price	Stumpf
Day	Kelly, R.C.	Marty	Ranum	Vickerman
Dille	Kierlin	Metzen	Reiter	Wiener
Fischbach	Kinkel	Moe, R.D.	Rest	Wiger
Foley	Kiscaden	Murphy	Ring	
Fowler	Kleis	Neuville	Robertson	

So the bill passed and its title was agreed to.

H.F. No. 707: A bill for an act relating to crime prevention; classifying Carisoprodol as a controlled substance upon the effective date of a final rule adding Carisoprodol to the federal schedules of controlled substances; amending Laws 1997, chapter 239, article 4, section 15, as amended.

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 64 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Knutson	Oliver	Robling
Bachmann	Higgins	Krentz	Olson	Sabo
Belanger	Hottinger	Langseth	Orfield	Sams
Berg	Johnson, Dave	Larson	Ourada	Samuelson
Berglin	Johnson, Dean	Lesewski	Pappas	Scheevel
Betzold	Johnson, Debbie	Lessard	Pariseau	Schwab
Chaudhary	Johnson, Doug	Limmer	Pogemiller	Stevens
Cohen	Kelley, S.P.	Lourey	Price	Stumpf
Day	Kelly, R.C.	Marty	Ranum	Tomassoni
Dille	Kierlin	Metzen	Reiter	Vickerman
Fischbach	Kinkel	Moe, R.D.	Rest	Wiener
Foley	Kiscaden	Murphy	Ring	Wiger
Fowler	Kleis	Neuville	Robertson	

So the bill passed and its title was agreed to.

S.F. No. 1544: A bill for an act relating to transportation; providing for advertising, submitting, receiving, or posting highway construction and maintenance bids, security guarantees, or contract bid records electronically or over the Internet; amending Minnesota Statutes 2000, section 161.32, subdivisions 1, 1a, 1b, and 1e.

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	Higgins	Krentz	Olson	Sabo
Bachmann	Hottinger	Langseth	Orfield	Sams
Belanger	Johnson, Dave	Larson	Ourada	Samuelson
Berg	Johnson, Dean	Lesewski	Pappas	Scheevel
Betzold	Johnson, Debbie	Lessard	Pariseau	Schwab
Chaudhary	Johnson, Doug	Limmer	Pogemiller	Stevens
Cohen	Kelley, S.P.	Lourey	Price	Stumpf
Day	Kelly, R.C.	Marty	Ranum	Tomassoni
Dille	Kierlin	Metzen	Reiter	Vickerman
Fischbach	Kinkel	Moe, R.D.	Rest	Wiener
Foley	Kiscaden	Murphy	Ring	Wiger
Fowler	Kleis	Neuville	Robertson	
Frederickson	Knutson	Oliver	Robling	

So the bill passed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

SPECIAL ORDERS

Pursuant to Rule 26, Senator Moe, R.D., Chair of the Committee on Rules and Administration, designated the following bills a Special Orders Calendar to be heard immediately:

H.F. Nos. 1084, 1159, 149, S.F. Nos. 849, 986, 1674, 1707, 1479, 1212, 1583, 715, 1297, H.F. No. 275, S.F. Nos. 969, 341, H.F. No. 125, S.F. Nos. 1199, 1680, 861, 2033, 824, 197, 1834, H.F. No. 704, S.F. Nos. 1222, 1432, 1706, 1611, 780, 1008 and H.F. No. 949.

SPECIAL ORDER

H.F. No. 1084: A bill for an act relating to financial institutions; modifying investment authority and recordkeeping requirements; regulating certain rates, charges, fees, and disclosures; exempting certain unstaffed after-hour drop boxes from detached facilities regulation; amending Minnesota Statutes 2000, sections 47.10, subdivision 1; 47.51; 48.03, subdivisions 1 and 2; 48.16; 48.61, subdivision 7; 56.04; 58.02, by adding a subdivision; 58.14, subdivision 5; and 58.15, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 58; repealing Minnesota Statutes 2000, section 48.03, subdivision 3; and 58.135.

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	Bachmann	Belanger	Berg	Betzold
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Chaudhary	Johnson, Debbie	Lesewski	Ourada	Sams
Cohen	Johnson, Doug	Lessard	Pappas	Samuelson
Day	Kelley, S.P.	Limmer	Pariseau	Scheevel
Dille	Kelly, R.C.	Lourey	Pogemiller	Schwab
Fischbach	Kierlin	Marty	Price	Stevens
Foley	Kinkel	Metzen	Ranum	Stumpf
Fowler	Kiscaden	Moe, R.D.	Reiter	Tomassoni
Frederickson	Kleis	Murphy	Rest	Vickerman
Higgins	Knutson	Neuville	Ring	Wiener
Hottinger	Krentz	Oliver	Robertson	Wiger
Johnson, Dave	Langseth	Olson	Robling	
Johnson, Dean	Larson	Orfield	Sabo	

So the bill passed and its title was agreed to.

SPECIAL ORDER

H.F. No. 1159: A bill for an act relating to public finance; funding for Gillette Children's Speciality Healthcare; transportation and capital improvements; authorizing spending for public purposes; authorizing spending to acquire and to better land and buildings and other improvements of a capital nature; amending earlier authorizations; authorizing and reauthorizing sale of state bonds; converting certain capital project financing from general obligation bonding to general fund cash; appropriating money; amending Laws 2000, chapter 479, article 1, section 2, subdivision 11; and by adding a section; Laws 2000, chapter 492, article 1, section 18, subdivision 1; and section 26, subdivision 1.

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	Higgins	Krentz	Olson	Sabo
Bachmann	Hottinger	Langseth	Orfield	Sams
Belanger	Johnson, Dave	Larson	Ourada	Samuelson
Berg	Johnson, Dean	Lesewski	Pappas	Scheevel
Betzold	Johnson, Debbie	Lessard	Pariseau	Schwab
Chaudhary	Johnson, Doug	Limmer	Pogemiller	Stevens
Cohen	Kelley, S.P.	Lourey	Price	Stumpf
Day	Kelly, R.C.	Marty	Ranum	Tomassoni
Dille	Kierlin	Metzen	Reiter	Vickerman
Fischbach	Kinkel	Moe, R.D.	Rest	Wiener
Foley	Kiscaden	Murphy	Ring	Wiger
Fowler	Kleis	Neuville	Robertson	
Frederickson	Knutson	Oliver	Robling	

So the bill passed and its title was agreed to.

SPECIAL ORDER

H.F. No. 149: A bill for an act relating to food; regulating the serving, selling, and labeling of certain religion-sanctioned food; amending Minnesota Statutes 2000, section 31.661; proposing coding for new law in Minnesota Statutes, chapter 31.

Senator Higgins moved to amend H.F. No. 149, as amended pursuant to Rule 49, adopted by the Senate February 26, 2001, as follows:

(The text of the amended House File is identical to S.F. No. 505.)

Page 1, after line 6, insert:

"Section 1. Minnesota Statutes 2000, section 31.59, subdivision 4, is amended to read:

Subd. 4. [HUMANE METHODS.] "Humane methods" means:

(1) Any method of slaughtering livestock which normally causes animals to be rendered insensible to pain by a single blow of a mechanical instrument or shot of a firearm or by chemical, or other means that are rapid and effective, before being shackled, hoisted, thrown, cast, or cut; or

(2) The methods of preparation necessary to safe handling of the animals for Halal ritual slaughter, Jewish ritual slaughter and of slaughtering required by the ritual of the Islamic or Jewish faith, whereby the animal suffers loss of consciousness by anemia of the brain caused by the simultaneous and instantaneous severance of the carotid arteries with a sharp instrument."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

H.F. No. 149 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 61 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Hottinger	Larson	Ourada	Samuelson
Bachmann	Johnson, Dave	Lesewski	Pappas	Scheevel
Belanger	Johnson, Dean	Lessard	Pariseau	Schwab
Berg	Johnson, Debbie	Limmer	Pogemiller	Stevens
Betzold	Johnson, Doug	Lourey	Price	Stumpf
Chaudhary	Kelley, S.P.	Marty	Ranum	Tomassoni
Cohen	Kelly, R.C.	Metzen	Reiter	Vickerman
Day	Kierlin	Moe, R.D.	Rest	Wiener
Dille	Kinkel	Murphy	Ring	Wiger
Foley	Kiscaden	Neuville	Robertson	
Fowler	Kleis	Oliver	Robling	
Frederickson	Knutson	Olson	Sabo	
Higgins	Krentz	Orfield	Sams	

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

SPECIAL ORDER

S.F. No. 849: A bill for an act relating to rural economic development; allowing staff of the rural policy and development center to participate in state insurance, retirement, and other plans that apply to state employees; amending Minnesota Statutes 2000, section 116J.421, subdivision 1.

Senator Vickerman moved to amend S.F. No. 849 as follows:

Page 1, line 20, delete the second comma

Page 1, line 21, delete everything before "plans"

Amend the title as follows:

Page 1, line 4, delete everything after "insurance"

The motion prevailed. So the amendment was adopted.

S.F. No. 849 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 61 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Higgins	Langseth	Orfield	Samuelson
Bachmann	Hottinger	Larson	Ourada	Scheevel
Belanger	Johnson, Dave	Lesewski	Pappas	Schwab
Berg	Johnson, Dean	Lessard	Pariseau	Stevens
Betzold	Johnson, Debbie	Limmer	Pogemiller	Stumpf
Chaudhary	Johnson, Doug	Lourey	Price	Tomassoni
Cohen	Kelley, S.P.	Marty	Ranum	Vickerman
Day	Kierlin	Metzen	Reiter	Wiener
Dille	Kinkel	Moe, R.D.	Rest	Wiger
Fischbach	Kiscaden	Murphy	Ring	
Foley	Kleis	Neuville	Robling	
Fowler	Knutson	Oliver	Sabo	
Frederickson	Krentz	Olson	Sams	

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

SPECIAL ORDER

S.F. No. 986: A bill for an act relating to gambling; modifying definition of lawful purpose; amending requirements for illegal gambling enforcement; allowing noon hour bingo; amending Minnesota Statutes 2000, sections 297E.06, subdivision 4; 349.12, subdivision 25; 349.15, subdivision 1, by adding a subdivision; 349.155, subdivision 4a; 349.168, subdivisions 1, 2; 349.17, by adding a subdivision; 349.2127, subdivision 7; 349.213.

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 60 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Higgins	Knutson	Olson	Robling
Belanger	Hottinger	Krentz	Orfield	Sabo
Berg	Johnson, Dave	Langseth	Ourada	Sams
Betzold	Johnson, Dean	Larson	Pappas	Samuelson
Chaudhary	Johnson, Debbie	Lessard	Pariseau	Scheevel
Cohen	Johnson, Doug	Limmer	Pogemiller	Schwab
Day	Kelley, S.P.	Lourey	Price	Stevens
Dille	Kelly, R.C.	Metzen	Ranum	Stumpf
Fischbach	Kierlin	Moe, R.D.	Reiter	Tomassoni
Foley	Kinkel	Murphy	Rest	Vickerman
Fowler	Kiscaden	Neuville	Ring	Wiener
Frederickson	Kleis	Oliver	Robertson	Wiger

So the bill passed and its title was agreed to.

SPECIAL ORDER

S.F. No. 1674: A bill for an act relating to motor vehicles; authorizing use of unmarked motor vehicles by investigators of gambling control board and exempting their vehicles from payment of registration tax; amending Minnesota Statutes 2000, sections 16B.54, subdivision 2; 168.012, subdivision 1.

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 60 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Higgins	Knutson	Olson	Robling
Bachmann	Hottinger	Krentz	Orfield	Sabo
Belanger	Johnson, Dave	Langseth	Ourada	Sams
Berg	Johnson, Dean	Lessard	Pappas	Samuelson
Betzold	Johnson, Debbie	Limmer	Pariseau	Scheevel
Cohen	Johnson, Doug	Lourey	Pogemiller	Schwab
Day	Kelley, S.P.	Marty	Price	Stevens
Dille	Kelly, R.C.	Metzen	Ranum	Stumpf
Fischbach	Kierlin	Moe, R.D.	Reiter	Tomassoni
Foley	Kinkel	Murphy	Rest	Vickerman
Fowler	Kiscaden	Neuville	Ring	Wiener
Frederickson	Kleis	Oliver	Robertson	Wiger

So the bill passed and its title was agreed to.

SPECIAL ORDER

S.F. No. 1707: A bill for an act relating to public safety; defining certain employees of the commissioner of public safety as public safety officers for purposes of public safety officer's survivor benefits; amending Minnesota Statutes 2000, section 299A.41, subdivision 4.

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 59 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Higgins	Krentz	Orfield	Sabo
Bachmann	Hottinger	Larson	Ourada	Sams
Belanger	Johnson, Dave	Lesewski	Pappas	Samuelson
Berg	Johnson, Dean	Lessard	Pariseau	Scheevel
Betzold	Johnson, Debbie	Lourey	Pogemiller	Schwab
Chaudhary	Johnson, Doug	Marty	Price	Stevens
Cohen	Kelley, S.P.	Metzen	Ranum	Stumpf
Day	Kelly, R.C.	Moe, R.D.	Reiter	Tomassoni
Fischbach	Kierlin	Murphy	Rest	Vickerman
Foley	Kinkel	Neuville	Ring	Wiener
Fowler	Kiscaden	Oliver	Robertson	Wiger
Frederickson	Knutson	Olson	Robling	

So the bill passed and its title was agreed to.

SPECIAL ORDER

S.F. No. 1479: A bill for an act relating to economic development; wastewater treatment funding; coordinating drinking water and wastewater funding requests; authorizing rulemaking; amending Minnesota Statutes 2000, section 446A.07, subdivisions 4, 11, by adding a subdivision.

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 62 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Chaudhary	Fowler	Johnson, Dean	Kierlin
Bachmann	Cohen	Frederickson	Johnson, Debbie	Kinkel
Belanger	Day	Higgins	Johnson, Doug	Kiscaden
Berg	Dille	Hottinger	Kelley, S.P.	Kleis
Betzold	Foley	Johnson, Dave	Kelly, R.C.	Knutson

Krentz	Metzen	Pappas	Robertson	Stumpf
Langseth	Moe, R.D.	Pariseau	Robling	Tomassoni
Larson	Murphy	Pogemiller	Sabo	Vickerman
Lesewski	Neuville	Price	Sams	Wiener
Lessard	Oliver	Ranum	Samuelson	Wiger
Limmer	Olson	Reiter	Scheevel	
Lourey	Orfield	Rest	Schwab	
Marty	Ourada	Ring	Stevens	

So the bill passed and its title was agreed to.

SPECIAL ORDER

S.F. No. 1212: A bill for an act relating to family law; clarifying use of certain factors in determining the best interests of a child; clarifying certain language on division of pension plans; amending Minnesota Statutes 2000, sections 518.17, subdivision 1; 518.1705, subdivision 5; and 518.58, subdivision 4.

Senator Foley moved that S.F. No. 1212 be laid on the table. The motion prevailed.

SPECIAL ORDER

S.F. No. 1583: A bill for an act relating to children; amending the definition of child neglect; amending Minnesota Statutes 2000, section 626.556, subdivision 2.

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 55 and nays 7, as follows:

Those who voted in the affirmative were:

Anderson	Higgins	Kleis	Orfield	Sabo
Belanger	Hottinger	Krentz	Ourada	Sams
Berg	Johnson, Dave	Langseth	Pappas	Samuelson
Betzold	Johnson, Dean	Lessard	Pogemiller	Scheevel
Chaudhary	Johnson, Debbie	Limmer	Price	Schwab
Cohen	Johnson, Doug	Lourey	Ranum	Stevens
Day	Kelley, S.P.	Marty	Reiter	Stumpf
Dille	Kelly, R.C.	Metzen	Rest	Tomassoni
Foley	Kierlin	Moe, R.D.	Ring	Vickerman
Fowler	Kinkel	Murphy	Robertson	Wiener
Frederickson	Kiscaden	Oliver	Robling	Wiger

Those who voted in the negative were:

Bachmann	Larson	Neuville	Olson	Pariseau
Knutson	Lesewski			

So the bill passed and its title was agreed to.

SPECIAL ORDER

S.F. No. 715: A bill for an act relating to child support; modifying the penalties for noncompliance with work reporting; requiring payors who hire independent contractors to comply with the work reporting laws; requiring a report from the commissioner of human services; amending Minnesota Statutes 2000, section 256.998, subdivision 9.

Senator Kiscaden moved to amend S.F. No. 715 as follows:

Pages 1 and 2, delete section 2 and insert:

"Sec. 2. [REPORT.]

The report by the commissioner of human services that is required under Laws 1998, chapter 382, article 1, section 23, and due on January 15, 2003, must also address:

(1) the overall effectiveness of the work reporting system under Minnesota Statutes, section 256.998;

(2) the extent to which employers and payors of funds are complying with the work reporting system requirements;

(3) efforts, including sanctions, made by the commissioner of human services to increase compliance;

(4) issues associated with employer and payor of funds compliance with the work reporting system, including costs;

(5) issues associated with enforcing child support owed by independent contractors; and

(6) recommendations for improving the work reporting system, including efforts to increase compliance and improve efficiency for employers or payors of funds.

For purposes of complying with this section, the public authority responsible for child support enforcement may exchange private data with the department of economic security and the department of revenue for the purpose of determining employers' and payors' compliance with the work reporting system."

The motion prevailed. So the amendment was adopted.

S.F. No. 715 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 56 and nays 6, as follows:

Those who voted in the affirmative were:

Anderson	Hottinger	Krentz	Ourada	Scheevel
Belanger	Johnson, Dave	Langseth	Pappas	Schwab
Berg	Johnson, Dean	Larson	Pogemiller	Stevens
Betzold	Johnson, Debbie	Lessard	Price	Stumpf
Chaudhary	Johnson, Doug	Lourey	Ranum	Tomassoni
Cohen	Kelley, S.P.	Marty	Rest	Vickerman
Day	Kelly, R.C.	Metzen	Ring	Wiener
Dille	Kierlin	Moe, R.D.	Robertson	Wiger
Foley	Kinkel	Murphy	Robling	
Fowler	Kiscaden	Neuville	Sabo	
Frederickson	Kleis	Oliver	Sams	
Higgins	Knutson	Orfield	Samuelson	

Those who voted in the negative were:

Bachmann	Limmer	Olson	Pariseau	Reiter
Lesewski				

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

SPECIAL ORDER

S.F. No. 1297: A bill for an act relating to crimes; modifying requirements for reporting gunshot wounds; amending Minnesota Statutes 2000, sections 626.52, subdivision 2; and 626.53.

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 61 and nays 1, as follows:

Those who voted in the affirmative were:

Anderson	Hottinger	Langseth	Orfield	Samuelson
Bachmann	Johnson, Dave	Larson	Ourada	Scheevel
Belanger	Johnson, Dean	Lesewski	Pappas	Schwab
Berg	Johnson, Debbie	Lessard	Pogemiller	Stevens
Betzold	Johnson, Doug	Limmer	Price	Stumpf
Chaudhary	Kelley, S.P.	Lourey	Ranum	Tomassoni
Cohen	Kelly, R.C.	Marty	Reiter	Vickerman
Day	Kierlin	Metzen	Rest	Wiener
Dille	Kinkel	Moe, R.D.	Ring	Wiger
Foley	Kiscaden	Murphy	Robertson	
Fowler	Kleis	Neuville	Robling	
Frederickson	Knutson	Oliver	Sabo	
Higgins	Krentz	Olson	Sams	

Those who voted in the negative were:

Pariseau

So the bill passed and its title was agreed to.

SPECIAL ORDER

H.F. No. 275: A bill for an act relating to human services; modifying the procedure for counting savings under nursing facility closure plans; amending Minnesota Statutes 2000, section 256B.436, subdivision 6.

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 62 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Hottinger	Langseth	Orfield	Sams
Bachmann	Johnson, Dave	Larson	Ourada	Samuelson
Belanger	Johnson, Dean	Lesewski	Pappas	Scheevel
Berg	Johnson, Debbie	Lessard	Pariseau	Schwab
Betzold	Johnson, Doug	Limmer	Pogemiller	Stevens
Chaudhary	Kelley, S.P.	Lourey	Price	Stumpf
Cohen	Kelly, R.C.	Marty	Ranum	Tomassoni
Day	Kierlin	Metzen	Reiter	Vickerman
Fischbach	Kinkel	Moe, R.D.	Rest	Wiener
Foley	Kiscaden	Murphy	Ring	Wiger
Fowler	Kleis	Neuville	Robertson	
Frederickson	Knutson	Oliver	Robling	
Higgins	Krentz	Olson	Sabo	

So the bill passed and its title was agreed to.

SPECIAL ORDER

S.F. No. 969: A bill for an act relating to crimes; extending the attorney general's and county attorney's authority for administrative subpoenas; enabling peace officers to execute search warrants on foreign corporations doing business in Minnesota to search for electronic evidence; allowing Minnesota corporations engaged in electronic communication services or remote computing services to provide electronic evidence when served with search warrants issued from other jurisdictions; enhancing penalties for dissemination and possession of pornographic work involving minors; amending Minnesota Statutes 2000, sections 8.16, subdivision 1; 388.23, subdivision 1; 617.247, subdivisions 3 and 4; proposing coding for new law in Minnesota Statutes, chapter 626.

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 62 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Higgins	Krentz	Olson	Sams
Bachmann	Hottinger	Langseth	Orfield	Samuelson
Belanger	Johnson, Dave	Larson	Ourada	Scheevel
Berg	Johnson, Dean	Lesewski	Pariseau	Schwab
Betzold	Johnson, Debbie	Lessard	Pogemiller	Stevens
Chaudhary	Johnson, Doug	Limmer	Price	Stumpf
Cohen	Kelley, S.P.	Lourey	Ranum	Tomassoni
Day	Kelly, R.C.	Marty	Reiter	Vickerman
Dille	Kierlin	Metzen	Rest	Wiener
Fischbach	Kinkel	Moe, R.D.	Ring	Wiger
Foley	Kiscaden	Murphy	Robertson	
Fowler	Kleis	Neuville	Robling	
Frederickson	Knutson	Oliver	Sabo	

So the bill passed and its title was agreed to.

SPECIAL ORDER

S.F. No. 341: A bill for an act relating to higher education; requiring credit transfer for certain courses taught within the Minnesota state colleges and universities system.

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 61 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Higgins	Krentz	Orfield	Samuelson
Bachmann	Hottinger	Langseth	Ourada	Scheevel
Belanger	Johnson, Dave	Larson	Pappas	Schwab
Berg	Johnson, Dean	Lesewski	Pariseau	Stevens
Betzold	Johnson, Debbie	Limmer	Price	Stumpf
Chaudhary	Johnson, Doug	Lourey	Ranum	Tomassoni
Cohen	Kelley, S.P.	Marty	Reiter	Vickerman
Day	Kelly, R.C.	Metzen	Rest	Wiener
Dille	Kierlin	Moe, R.D.	Ring	Wiger
Fischbach	Kinkel	Murphy	Robertson	
Foley	Kiscaden	Neuville	Robling	
Fowler	Kleis	Oliver	Sabo	
Frederickson	Knutson	Olson	Sams	

So the bill passed and its title was agreed to.

SPECIAL ORDER

H.F. No. 125: A bill for an act relating to professions; modifying licensure requirements for foreign-trained dentists; amending Minnesota Statutes 2000, section 150A.06, subdivision 1.

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 60 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Kleis	Neuville	Robling
Bachmann	Higgins	Knutson	Oliver	Sabo
Belanger	Hottinger	Krentz	Olson	Sams
Berg	Johnson, Dave	Langseth	Orfield	Samuelson
Berglin	Johnson, Dean	Larson	Ourada	Scheevel
Betzold	Johnson, Debbie	Lesewski	Pappas	Schwab
Chaudhary	Johnson, Doug	Lessard	Pariseau	Stevens
Cohen	Kelley, S.P.	Lourey	Price	Stumpf
Day	Kelly, R.C.	Marty	Ranum	Tomassoni
Fischbach	Kierlin	Metzen	Reiter	Vickerman
Foley	Kinkel	Moe, R.D.	Rest	Wiener
Fowler	Kiscaden	Murphy	Robertson	Wiger

So the bill passed and its title was agreed to.

SPECIAL ORDER

S.F. No. 1199: A bill for an act relating to county hospitals; providing for their borrowing authority; establishing a uniform approach to governmental hospital borrowing; modernizing hospital board membership criteria; amending Minnesota Statutes 2000, sections 376.06, subdivision 1; 376.07; 376.08, subdivisions 1 and 2; and 376.09.

Senator Larson moved to amend S.F. No. 1199 as follows:

Page 4, line 7, strike "only"

Page 4, line 10, delete everything after "from"

Page 4, line 11, delete "447.45," and strike the old language

Page 4, line 12, delete "general obligation" and before the period, insert "authorized pursuant to any other laws"

Amend the title as follows:

Page 1, line 2, delete "providing for their" and insert "amending provisions for approving improvement projects"

Page 1, delete line 3

Page 1, line 4, delete "to governmental hospital borrowing"

The motion prevailed. So the amendment was adopted.

Senator Larson then moved to amend S.F. No. 1199 as follows:

Page 2, line 13, strike "hospital association" and insert "nonprofit or governmental hospital organization"

Page 3, line 7, delete "hospital association" and insert "nonprofit or governmental hospital organization"

Page 3, line 11, delete "However, any"

Page 3, delete line 12

Page 3, lines 13 to 15, delete the new language and strike the old language

Page 3, strike lines 16 and 17

Page 3, line 18, strike "contracts" and delete the new language and insert "Financing for any project under this section is governed by other law, including sections 373.40 and 447.45 and chapter 475"

Page 3, line 27, after "including" insert "public or nonprofit"

Page 4, line 26, after "a" insert "nonprofit or governmental" and delete "association" and insert "organization"

The motion prevailed. So the amendment was adopted.

S.F. No. 1199 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 62 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Krentz	Olson	Sams
Bachmann	Hottinger	Langseth	Orfield	Samuelson
Belanger	Johnson, Dave	Larson	Ourada	Scheevel
Berg	Johnson, Dean	Lesewski	Pappas	Schwab
Berglin	Johnson, Debbie	Lessard	Pariseau	Stevens
Betzold	Johnson, Doug	Limmer	Price	Stumpf
Chaudhary	Kelley, S.P.	Lourey	Ranum	Tomassoni
Cohen	Kelly, R.C.	Marty	Reiter	Vickerman
Day	Kierlin	Metzen	Rest	Wiener
Dille	Kinkel	Moe, R.D.	Ring	Wiger
Fischbach	Kiscaden	Murphy	Robertson	
Foley	Kleis	Neuville	Robling	
Fowler	Knutson	Oliver	Sabo	

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

SPECIAL ORDER

S.F. No. 1680: A bill for an act relating to state government; programs administered by the department of administration; extending the expiration date of certain advisory councils; extending the term of the shared-savings program for energy conservation in state-owned buildings; authorizing Indian tribal governments to be served by the state information infrastructure; adding political subdivisions to the state risk management program; repealing statutory authority for the citizens council on Voyageurs National Park; canceling the conveyance of surplus land to Sauk Centre; amending Minnesota Statutes 2000, sections 16B.055, by adding a subdivision; 16B.27, subdivision 3; 16B.32, subdivision 2; 16B.465, subdivision 1a; 16B.76, subdivision 1; 16B.85, subdivisions 2 and 3; and 16C.17, subdivision 2; repealing Minnesota Statutes 2000, section 84B.11; Laws 2000, chapter 326.

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 62 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Higgins	Krentz	Orfield	Sams
Bachmann	Hottinger	Larson	Ourada	Samuelson
Belanger	Johnson, Dave	Lesewski	Pappas	Scheevel
Berglin	Johnson, Dean	Lessard	Pariseau	Schwab
Betzold	Johnson, Debbie	Limmer	Pogemiller	Stevens
Chaudhary	Johnson, Doug	Lourey	Price	Stumpf
Cohen	Kelley, S.P.	Marty	Ranum	Tomassoni
Day	Kelly, R.C.	Metzen	Reiter	Vickerman
Dille	Kierlin	Moe, R.D.	Rest	Wiener
Fischbach	Kinkel	Murphy	Ring	Wiger
Foley	Kiscaden	Neuville	Robertson	
Fowler	Kleis	Oliver	Robling	
Frederickson	Knutson	Olson	Sabo	

So the bill passed and its title was agreed to.

SPECIAL ORDER

S.F. No. 861: A bill for an act relating to crime prevention; adding the chemical substance known as MDMA to the list of schedule I controlled substances; adding the chemical substances known as MDMA and MDA to certain controlled substance penalty enhancement provisions; amending Minnesota Statutes 2000, sections 152.02, subdivision 2; 152.022, subdivision 1; and 152.023, subdivision 2.

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 64 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Knutson	Oliver	Robling
Bachmann	Higgins	Krentz	Olson	Sabo
Belanger	Hottinger	Langseth	Orfield	Sams
Berg	Johnson, Dave	Larson	Ourada	Samuelson
Berglin	Johnson, Dean	Lesewski	Pappas	Scheevel
Betzold	Johnson, Debbie	Lessard	Pariseau	Schwab
Chaudhary	Johnson, Doug	Limmer	Pogemiller	Stevens
Cohen	Kelley, S.P.	Lourey	Price	Stumpf
Day	Kelly, R.C.	Marty	Ranum	Tomassoni
Dille	Kierlin	Metzen	Reiter	Vickerman
Fischbach	Kinkel	Moe, R.D.	Rest	Wiener
Foley	Kiscaden	Murphy	Ring	Wiger
Fowler	Kleis	Neuville	Robertson	

So the bill passed and its title was agreed to.

SPECIAL ORDER

S.F. No. 2033: A bill for an act relating to insurance; modifying minimum education requirements for insurance agents; amending Minnesota Statutes 2000, section 60K.19, subdivision 8.

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 62 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Higgins	Krentz	Orfield	Sams
Bachmann	Hottinger	Langseth	Ourada	Samuelson
Belanger	Johnson, Dave	Lesewski	Pappas	Scheevel
Berg	Johnson, Dean	Lessard	Pariseau	Schwab
Berglin	Johnson, Debbie	Limmer	Pogemiller	Stevens
Betzold	Johnson, Doug	Lourey	Price	Stumpf
Chaudhary	Kelley, S.P.	Marty	Ranum	Tomassoni
Cohen	Kelly, R.C.	Metzen	Reiter	Vickerman
Day	Kierlin	Moe, R.D.	Rest	Wiener
Dille	Kinkel	Murphy	Ring	Wiger
Fischbach	Kiscaden	Neuville	Robertson	
Fowler	Kleis	Oliver	Robling	
Frederickson	Knutson	Olson	Sabo	

So the bill passed and its title was agreed to.

SPECIAL ORDER

S.F. No. 824: A bill for an act relating to civil actions; clarifying the immunity from liability for persons rendering certain emergency care; amending Minnesota Statutes 2000, section 604A.01, subdivision 2.

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 61 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Langseth	Ourada	Samuelson
Bachmann	Higgins	Larson	Pappas	Scheevel
Belanger	Hottinger	Lesewski	Pariseau	Schwab
Berg	Johnson, Dave	Lessard	Pogemiller	Stevens
Berglin	Johnson, Debbie	Limmer	Price	Stumpf
Betzold	Kelley, S.P.	Lourey	Ranum	Tomassoni
Chaudhary	Kelly, R.C.	Marty	Reiter	Vickerman
Cohen	Kierlin	Metzen	Rest	Wiener
Day	Kinkel	Moe, R.D.	Ring	Wiger
Dille	Kiscaden	Neuville	Robertson	
Fischbach	Kleis	Oliver	Robling	
Foley	Knutson	Olson	Sabo	
Fowler	Krentz	Orfield	Sams	

So the bill passed and its title was agreed to.

SPECIAL ORDER

S.F. No. 197: A bill for an act relating to crime prevention; imposing a felony penalty for aggravated cruelty to pet or companion animals; amending Minnesota Statutes 2000, sections 343.20, by adding subdivisions; and 343.21, subdivisions 9 and 10.

Senator Frederickson moved to amend S.F. No. 197 as follows:

Page 1, lines 14 and 15, delete "located in an area that is not zoned as agricultural"

The motion prevailed. So the amendment was adopted.

S.F. No. 197 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 48 and nays 13, as follows:

Those who voted in the affirmative were:

Anderson	Hottinger	Knutson	Oliver	Sams
Belanger	Johnson, Dave	Krentz	Orfield	Samuelson
Berglin	Johnson, Dean	Langseth	Pappas	Schwab
Betzold	Johnson, Doug	Lesewski	Pogemiller	Stumpf
Chaudhary	Kelley, S.P.	Lessard	Price	Tomassoni
Cohen	Kelly, R.C.	Lourey	Ranum	Vickerman
Dille	Kierlin	Marty	Rest	Wiener
Fowler	Kinkel	Metzen	Ring	Wiger
Frederickson	Kiscaden	Moe, R.D.	Robertson	
Higgins	Kleis	Murphy	Sabo	

Those who voted in the negative were:

Bachmann	Fischbach	Neuville	Pariseau	Stevens
Berg	Johnson, Debbie	Olson	Reiter	
Day	Larson	Ourada	Robling	

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

SPECIAL ORDER

S.F. No. 1834: A bill for an act relating to employment training; establishing a demonstration training project for spoken language interpreters.

Senator Berglin moved to amend S.F. No. 1834 as follows:

Page 2, line 13, delete "\$50,000 each year" and insert "\$150,000 for the biennium ending June 30, 2003,"

The motion prevailed. So the amendment was adopted.

S.F. No. 1834 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 61 and nays 3, as follows:

Those who voted in the affirmative were:

Anderson	Higgins	Krentz	Orfield	Samuelson
Belanger	Hottinger	Langseth	Ourada	Scheevel
Berg	Johnson, Dave	Larson	Pappas	Schwab
Berglin	Johnson, Dean	Lesewski	Pogemiller	Stevens
Betzold	Johnson, Debbie	Lessard	Price	Stumpf
Chaudhary	Johnson, Doug	Lourey	Ranum	Tomassoni
Cohen	Kelley, S.P.	Marty	Reiter	Vickerman
Day	Kelly, R.C.	Metzen	Rest	Wiener
Dille	Kierlin	Moe, R.D.	Ring	Wiger
Fischbach	Kinkel	Murphy	Robertson	
Foley	Kiscaden	Neuville	Robling	
Fowler	Kleis	Oliver	Sabo	
Frederickson	Knutson	Olson	Sams	

Those who voted in the negative were:

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

SPECIAL ORDER

H.F. No. 704: A bill for an act relating to health; creating exception from criminal rehabilitation provisions for emergency medical services personnel; amending Minnesota Statutes 2000, section 364.09.

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 64 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Dille	Johnson, Debbie	Krentz	Moe, R.D.
Bachmann	Fischbach	Johnson, Doug	Langseth	Murphy
Belanger	Foley	Kelley, S.P.	Larson	Neuville
Berg	Fowler	Kelly, R.C.	Lesewski	Oliver
Berglin	Frederickson	Kierlin	Lessard	Olson
Betzold	Higgins	Kinkel	Limmer	Orfield
Chaudhary	Hottinger	Kiscaden	Lourey	Ourada
Cohen	Johnson, Dave	Kleis	Marty	Pappas
Day	Johnson, Dean	Knutson	Metzen	Pariseau

Pogemiller	Rest	Sabo	Schwab	Vickerman
Price	Ring	Sams	Stevens	Wiener
Ranum	Robertson	Samuelson	Stumpf	Wiger
Reiter	Robling	Scheevel	Tomassoni	

So the bill passed and its title was agreed to.

SPECIAL ORDER

S.F. No. 1222: A bill for an act relating to veterans; authorizing the placement of a plaque on the capitol mall recognizing the service of Minnesota's civilians who contributed valiantly to the nation's war efforts during World War II.

Senator Wiger moved that S.F. No. 1222 be laid on the table. The motion prevailed.

SPECIAL ORDER

S.F. No. 1432: A bill for an act relating to police civil service examinations; permitting periodic examinations; clarifying that qualified applicants may be added to eligible registers after inception; amending Minnesota Statutes 2000, section 419.10.

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	Knutson	Olson	Sabo
Bachmann	Higgins	Krentz	Orfield	Sams
Belanger	Hottinger	Langseth	Ourada	Samuelson
Berg	Johnson, Dave	Larson	Pappas	Scheevel
Berglin	Johnson, Dean	Lesewski	Pariseau	Schwab
Betzold	Johnson, Debbie	Lessard	Pogemiller	Stevens
Chaudhary	Johnson, Doug	Limmer	Price	Stumpf
Cohen	Kelley, S.P.	Lourey	Ranum	Tomassoni
Day	Kelly, R.C.	Marty	Reiter	Vickerman
Dille	Kierlin	Metzen	Rest	Wiener
Fischbach	Kinkel	Moe, R.D.	Ring	Wiger
Foley	Kiscaden	Murphy	Robertson	
Fowler	Kleis	Neuville	Robling	

So the bill passed and its title was agreed to.

SPECIAL ORDER

S.F. No. 1706: A bill for an act relating to education; allowing public elementary and secondary school students to possess and use asthma medications; amending Minnesota Statutes 2000, section 121A.22, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 121A.

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 64 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Belanger	Berglin	Chaudhary	Day
Bachmann	Berg	Betzold	Cohen	Dille

Fischbach	Kelly, R.C.	Limmer	Pappas	Sams
Foley	Kierlin	Lourey	Pariseau	Samuelson
Fowler	Kinkel	Marty	Pogemiller	Scheevel
Frederickson	Kiscaden	Metzen	Price	Schwab
Higgins	Kleis	Moe, R.D.	Ranum	Stevens
Hottinger	Knutson	Murphy	Reiter	Stumpf
Johnson, Dave	Krentz	Neuville	Rest	Tomassoni
Johnson, Dean	Langseth	Oliver	Ring	Vickerman
Johnson, Debbie	Larson	Olson	Robertson	Wiener
Johnson, Doug	Lesewski	Orfield	Robling	Wiger
Kelley, S.P.	Lessard	Ourada	Sabo	

So the bill passed and its title was agreed to.

SPECIAL ORDER

S.F. No. 1611: A bill for an act relating to vocational rehabilitation; making technical changes; modifying procedures for grants to rehabilitation facilities; amending Minnesota Statutes 2000, sections 268A.06, subdivision 1; and 268A.08; repealing Minnesota Statutes 2000, section 268A.06, subdivision 3.

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 62 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Krentz	Olson	Sams
Bachmann	Higgins	Langseth	Orfield	Samuelson
Belanger	Hottinger	Larson	Ourada	Scheevel
Berg	Johnson, Dave	Lesewski	Pappas	Schwab
Berglin	Johnson, Dean	Lessard	Pariseau	Stevens
Betzold	Johnson, Debbie	Limmer	Price	Stumpf
Chaudhary	Johnson, Doug	Lourey	Ranum	Tomassoni
Cohen	Kelley, S.P.	Marty	Reiter	Vickerman
Day	Kelly, R.C.	Metzen	Rest	Wiener
Dille	Kierlin	Moe, R.D.	Ring	Wiger
Fischbach	Kinkel	Murphy	Robertson	
Foley	Kleis	Neuville	Robling	
Fowler	Knutson	Oliver	Sabo	

So the bill passed and its title was agreed to.

SPECIAL ORDER

S.F. No. 780: A bill for an act relating to state government; regulating rulemaking by state agencies; making various technical and housekeeping changes; amending Minnesota Statutes 2000, sections 14.05, subdivision 3; 14.07, subdivision 2; 14.08; 14.101, subdivisions 1, 2, and by adding a subdivision; 14.131; 14.14, subdivision 1a; 14.15, subdivision 1; 14.16, subdivision 1; 14.19; 14.22, subdivision 1; 14.23; 14.25; 14.26, subdivisions 1 and 3; 14.365; 14.38, subdivision 2; 14.386; and 14.388.

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 61 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Belanger	Betzold	Cohen	Fischbach
Bachmann	Berg	Chaudhary	Day	Foley

Fowler	Kinkel	Marty	Price	Schwab
Frederickson	Kiscaden	Metzen	Ranum	Stevens
Higgins	Kleis	Moe, R.D.	Reiter	Stumpf
Hottinger	Knutson	Murphy	Rest	Tomassoni
Johnson, Dave	Krentz	Neuville	Ring	Vickerman
Johnson, Dean	Langseth	Oliver	Robertson	Wiener
Johnson, Debbie	Larson	Olson	Robling	Wiger
Johnson, Doug	Lesewski	Orfield	Sabo	
Kelley, S.P.	Lessard	Ourada	Sams	
Kelly, R.C.	Limmer	Pariseau	Samuelson	
Kierlin	Lourey	Pogemiller	Scheevel	

So the bill passed and its title was agreed to.

SPECIAL ORDER

S.F. No. 1008: A bill for an act relating to horse racing; card clubs; authorizing licensee of commission to detain persons suspected of cheating; proposing coding for new law in Minnesota Statutes, chapter 240.

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	Knutson	Oliver	Sabo
Bachmann	Higgins	Krentz	Olson	Sams
Belanger	Hottinger	Langseth	Orfield	Samuelson
Berg	Johnson, Dave	Larson	Ourada	Scheevel
Berglin	Johnson, Dean	Lesewski	Pariseau	Schwab
Betzold	Johnson, Debbie	Lessard	Pogemiller	Stevens
Chaudhary	Johnson, Doug	Limmer	Price	Stumpf
Cohen	Kelley, S.P.	Lourey	Ranum	Tomassoni
Day	Kelly, R.C.	Marty	Reiter	Vickerman
Dille	Kierlin	Metzen	Rest	Wiener
Fischbach	Kinkel	Moe, R.D.	Ring	Wiger
Foley	Kiscaden	Murphy	Robertson	
Fowler	Kleis	Neuville	Robling	

So the bill passed and its title was agreed to.

SPECIAL ORDER

H.F. No. 949: A bill for an act relating to qualified newspapers; modifying requirements for qualified newspapers serving smaller local public corporations; amending Minnesota Statutes 2000, section 331A.02, subdivision 1.

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 62 and nays 0, as follows:

Those who voted in the affirmative were:

Bachmann	Day	Hottinger	Kierlin	Larson
Belanger	Dille	Johnson, Dave	Kinkel	Lesewski
Berg	Fischbach	Johnson, Dean	Kiscaden	Lessard
Berglin	Foley	Johnson, Debbie	Kleis	Limmer
Betzold	Fowler	Johnson, Doug	Knutson	Lourey
Chaudhary	Frederickson	Kelley, S.P.	Krentz	Marty
Cohen	Higgins	Kelly, R.C.	Langseth	Metzen

Moe, R.D.	Ourada	Rest	Samuelson	Vickerman
Murphy	Pariseau	Ring	Scheevel	Wiener
Neuville	Pogemiller	Robertson	Schwab	Wiger
Oliver	Price	Robling	Stevens	
Olson	Ranum	Sabo	Stumpf	
Orfield	Reiter	Sams	Tomassoni	

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 proceeded to the Order of Business of Introduction and First Reading of Senate Bills.

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bills were read the first time and referred to the committees indicated.

Senator Samuelson introduced--

S.F. No. 2332: A bill for an act relating to local government finance; modifying the city local government aid formula and adjusting city homestead and agricultural credit aid; providing for state assumption of certain county costs; converting the general education levy to a state tax; changing property tax class rates; providing special education cross-subsidy aid; appropriating money; amending Minnesota Statutes 2000, sections 97A.065, subdivision 2; 126C.13, subdivision 4; 179A.101, subdivision 1; 179A.102, subdivision 6; 179A.103, subdivision 1; 273.13, subdivisions 24, 25, by adding a subdivision; 273.1382; 273.1398, subdivisions 1, 4a, by adding subdivisions; 275.02; 275.065, subdivisions 1, 3; 276.04, subdivision 2; 276A.06, subdivision 3; 299D.03, subdivision 5; 357.021, subdivision 1a; 473.254, subdivision 5; 473F.08, subdivision 3; 477A.011, subdivisions 20, 27, 34, by adding subdivisions; 477A.013, subdivisions 8, 9; 477A.03, subdivision 2; 480.181, subdivision 1; 487.33, subdivision 5; 574.34, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 125A; 245; 473; repealing Minnesota Statutes 2000, sections 126C.13, subdivisions 1, 2, 3; 477A.011, subdivisions 35, 36, 37; 477A.03, subdivision 4.

Referred to the Committee on Taxes.

Senators Pogemiller, Olson and Moe, R.D. introduced--

S.F. No. 2333: A bill for an act relating to capital improvements; appropriating money to renovate the governor's residence; authorizing the sale of state bonds.

Referred to the Committee on Finance.

RECESS

Senator 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

Senator 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. 174: Senators Moe, R.D.; Langseth and Robling.

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

MOTIONS AND RESOLUTIONS - CONTINUED

Senator Sams moved that S.F. No. 2027, No. 148 on General Orders, be stricken and re-referred to the Committee on Finance. The motion prevailed.

MEMBERS EXCUSED

Senator Stumpf was excused from the Session of today from 9:00 to 9:30 a.m. Senator Rest was excused from the Session of today from 9:00 to 9:40 a.m. Senator Tomassoni was excused from the Session of today from 9:00 to 9:45 a.m. Senator Berglin was excused from the Session of today from 9:40 to 10:45 a.m. Senator Lessard was excused from the Session of today from 10:45 to 11:00 a.m. Senator Anderson was excused from the Session of today at 11:40 a.m.

ADJOURNMENT

Senator Moe, R.D. moved that the Senate do now adjourn until 9:00 a.m., Thursday, April 19, 2001. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

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