

STATE OF MINNESOTA

Journal of the Senate

EIGHTY-SECOND LEGISLATURE

SIXTY-FOURTH DAY

St. Paul, Minnesota, Monday, February 11, 2002

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. Craig Richter.

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

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

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

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

Senator Terwilliger was excused from the Session of today.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following House File, herewith transmitted: H.F. No. 2642.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted February 11, 2002

FIRST READING OF HOUSE BILLS

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

H.F. No. 2642: A bill for an act relating to mines; modifying a reporting requirement for the inspector of mines; amending Minnesota Statutes 2000, section 180.11.

Referred to the Committee on State and Local Government Operations.

REPORTS OF COMMITTEES

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

Senator Scheid from the Committee on Commerce, to which was referred

H.F. No. 58: A bill for an act relating to alcoholic beverages; prescribing standards for identification of beer kegs; requiring retailers of beer to maintain records of sale of beer kegs and to record the identification number of each beer keg sold; prescribing penalties; proposing coding for new law in Minnesota Statutes, chapter 340A.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Senator Scheid from the Committee on Commerce, to which was referred

S.F. No. 2592: A bill for an act relating to insurance; authorizing the reorganization of a mutual insurance holding company into a stock company; modifying accounting provisions for certain ceding transactions; modifying workers' compensation rating plan threshold calculations; amending Minnesota Statutes 2000, sections 60A.075; 60A.09, subdivision 5; Minnesota Statutes 2001 Supplement, section 79.56, subdivision 3.

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

Page 2, line 4, strike everything after "date"

Page 2, strike lines 5 and 6

Page 2, line 7, strike everything before the period

Page 3, line 35, delete "approved" and insert "approve"

Page 4, line 23, delete "(a)"

Page 4, line 25, delete the comma and insert ": (1)"

Page 4, line 27, strike the period and insert "; and"

Page 4, delete line 28

Page 4, line 29, delete everything before "a" and insert "(2)"

Page 4, line 30, delete "(1)" and insert "(i)"

Page 4, line 31, delete "(2)" and insert "(ii)"

Page 4, line 35, delete "(3)" and insert "(iii)"

Page 4, line 36, delete "(4)" and insert "(iv)"

Page 5, after line 13, insert:

"(c) The duties of the board of directors of a converting mutual company, in considering or acting upon a proposed plan of conversion or related transaction, shall be as set forth in section 302A.251 and, to the extent not inconsistent with that section, the converting mutual company's articles of incorporation and bylaws."

Page 8, line 29, strike everything after the period

Page 8, strike lines 30 to 32

Page 8, line 33, strike everything before "If"

Page 16, line 10, delete the new language and reinstate the stricken language

Page 21, delete lines 31 to 36

Page 22, delete lines 1 to 10

Pages 23 and 24, delete section 3

Amend the title as follows:

Page 1, line 5, delete everything after the semicolon

Page 1, line 6, delete everything before "amending"

Page 1, line 8, delete everything after "5" and insert a period

Page 1, delete line 9

And when so amended the bill do pass and be placed on the Consent Calendar. Amendments adopted. Report adopted.

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

S.F. No. 2611: A bill for an act relating to crime prevention; adopting a new compact for interstate adult offender supervision and repealing the existing compact; creating an advisory council on interstate adult offender supervision; requiring the appointment of a compact administrator; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 243; repealing Minnesota Statutes 2000, sections 243.16; 243.161.

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

Page 22, line 26, after "any" insert "state or local"

Page 22, line 33, after "where" insert "the first meeting of the interstate commission created under section 243.1605 has occurred and"

Page 22, after line 36, insert:

"Sec. 5. Minnesota Statutes 2000, section 243.161, is amended to read:

243.161 [RESIDING IN MINNESOTA WITHOUT PERMISSION UNDER INTERSTATE COMPACT; PENALTY.]

Subdivision 1. [VIOLATION OF COMPACT FOR PAROLEE AND PROBATIONER SUPERVISION.] Any person who is on parole or probation in another state who resides in this state in violation of section 243.16 may be sentenced to imprisonment for not more than five years or to payment of a fine of not more than \$10,000, or both.

Subd. 2. [VIOLATION OF COMPACT FOR ADULT OFFENDER SUPERVISION.] Any person who is on parole, probation, or other form of correctional supervision in another state who resides in this state in violation of the terms or rules of the interstate compact for adult offender supervision described in section 243.1605 may be sentenced to imprisonment for not more than five years or to payment of a fine of not more than \$10,000, or both.

Page 23, line 8, delete "sections 243.16 and 243.161" and insert "section 243.16; and sections 4; and 5, subdivision 1"

Page 23, line 11, delete "5" and insert "4 and 6"

Page 23, after line 13, insert:

"(b) Section 5 is effective August 1, 2002, and applies to crimes committed on or after that date."

Page 23, line 14, delete "(b)" and insert "(c)" and delete "6" and insert "7"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 6, after the semicolon, insert "imposing criminal penalties for a violation of the new compact;"

Page 1, line 7, after the semicolon, insert "amending Minnesota Statutes 2000, section 243.161;"

Page 1, line 9, delete "sections" and insert "section" and delete "; 243.161"

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

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

S.F. No. 2580: A bill for an act relating to crimes; providing that certain license revocation hearings do not give rise to an estoppel on any issues in criminal prosecutions; providing for jurisdiction over persons found to have caused a delinquent act or charged by a juvenile petition; making it child endangerment to permit a child to be present when a person possesses certain chemical substances used to manufacture controlled substances; prescribing penalties for persons who escape from electronic monitoring; amending Minnesota Statutes 2000, sections 169A.53, subdivision 3; 260B.193, subdivision 5; 609.378, subdivision 1; 609.485, subdivisions 3, 4; 634.20.

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

Page 1, line 20, delete the new language and reinstate the stricken language

Page 3, delete lines 22 and 23 and insert "circumstances in any criminal prosecution."

Page 8, line 32, delete the new language and strike "PRIOR"

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

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

S.F. No. 2464: A bill for an act relating to local government; clarifying Cook county's powers and authority in relation to the Cook county hospital district; providing for a maximum tax levy; amending Laws 1989, chapter 211, section 8, as amended.

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

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

S.F. No. 1471: A bill for an act relating to statutes; conforming the statutes to reflect the transfer of authority from the municipal board to the office of strategic and long-range planning; explicitly authorizing delegation by the director; amending Minnesota Statutes 2000, sections 414.01; 414.011, subdivision 7, and by adding a subdivision; 414.012; 414.02; 414.031; 414.0325; 414.033, subdivisions 3, 5, 6, 7, and 10; 414.0335; 414.035; 414.036; 414.041; 414.051; 414.06; 414.061; 414.063; 414.067, subdivisions 1 and 3; 414.07; 414.08; 414.09; 414.12, subdivisions 1 and 2; repealing Minnesota Statutes 2000, sections 414.01, subdivisions 2 and 6a; 414.011, subdivision 8; and 414.11.

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

Page 35, lines 18 and 23, reinstate the stricken "final"

Page 35, line 28, delete "under Laws 2000,"

Page 35, line 29, delete "chapter 446, section 2, or other law" and insert "in this section"

Page 35, line 33, after the period, insert "Notwithstanding Laws 2000, chapter 446, section 2, the office of strategic and long-range planning is exempt from any requirement to adopt or amend rules governing boundary adjustment procedures until after May 1, 2004."

And when so amended the bill do pass and be placed on the Consent Calendar. Amendments adopted. Report adopted.

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

S.F. No. 2457: A bill for an act relating to civil commitment; conforming certain standards; authorizing the court to commit certain persons with mental illnesses to community hospitals; amending Minnesota Statutes 2000, sections 253B.05, subdivision 2; 253B.07, subdivision 2b; Minnesota Statutes 2001 Supplement, section 253B.09, subdivision 1.

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

Page 4, line 8, after "inpatient" insert "mental health"

Page 4, after line 8, insert:

"Sec. 4. [MENTAL HEALTH SYSTEM REPORT.]

The commissioner of human services shall, in consultation with consumers of mental health services and their families, counties, and advocates for and providers of mental health services, provide a report to the legislature, which includes an analysis and evaluation of:

- (1) the unmet mental health needs of children, adults, and their families;
- (2) the barriers to meeting the needs identified in clause (1); and
- (3) long-term strategies to overcome the barriers under clause (2).

The report on the mental health system is due to the chairs of the house of representatives and senate committees having jurisdiction over human services issues by January 15, 2003."

Amend the title as follows:

Page 1, line 4, after the semicolon, insert "requiring the commissioner of human services to provide a report to the legislature on the mental health system;"

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

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

S.F. No. 2622: A bill for an act relating to health; providing for the establishment of a volunteer health care provider program; specifying that health care providers providing volunteer services under the program are state employees for purposes of tort claims; requiring rules; proposing coding for new law in Minnesota Statutes, chapter 144.

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

Page 2, lines 5, 12, and 16, delete "free" and insert "unpaid"

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

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

S.F. No. 2491: A bill for an act relating to human services; eliminating the four-month insurance barrier for MinnesotaCare eligibility for certain laid-off workers.

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

Page 1, lines 6 and 7, delete "TO AIRLINE AND RELATED INDUSTRY WORKERS"

Page 1, line 10, delete everything after "individual" and insert "was employed in Minnesota and the individual was laid off from that employment between September 12, 2001, and September 12, 2002."

Page 1, delete lines 11 to 15

Page 1, after line 23, insert:

"(d) Minnesota Statutes, section 256L.07, subdivision 1, paragraph (c), shall not apply to an individual or family who enrolls in MinnesotaCare under this section."

Page 1, line 24, delete "(d)" and insert "(e)"

Page 1, line 25, delete "airline industry" and insert "employer"

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

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

S.F. No. 2655: A bill for an act relating to rulemaking; extending the authority of the board of physical therapy to adopt rules on licensee ethics.

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

Senator Pogemiller from the Committee on Taxes, to which was referred

H.F. No. 351: A bill for an act relating to the operation of state government; crime prevention and judiciary finance; appropriating money for the judicial branch, public defense, human rights, corrections, public safety, crime victims, and related purposes; establishing and expanding grant programs, task forces, and pilot projects; requiring reports and studies; transferring, modifying, and expanding responsibility for various governmental responsibilities; providing procedures and policies for integrated criminal justice information systems; adopting various provisions relating to

corrections; imposing, clarifying, and expanding certain criminal and civil provisions and penalties; regulating dangerous dogs; providing for protection of public safety in bail determinations; making certain changes related to sex offenders and sex offender registration; providing for state funding of certain programs and personnel; abolishing the office of the ombudsman for corrections; eliminating the Camp Ripley weekend camp program; increasing certain fees and modifying the allocation of certain fees; establishing a theft prevention advisory board; establishing a felony-level penalty for driving while impaired; modifying certain policies and procedures relating to domestic violence; making technical changes to the driving while impaired laws; reforming and recodifying the law relating to marriage dissolution, child custody, child support, maintenance, and property division; clarifying certain medical support bonus incentive provisions; making style and form changes; amending Minnesota Statutes 2000, sections 2.724, subdivision 3; 8.16, subdivision 1; 13.87, by adding a subdivision; 15A.083, subdivision 4; 169A.03, subdivision 12, by adding subdivisions; 169A.20, subdivision 3; 169A.25; 169A.26; 169A.27; 169A.275, subdivisions 3, 5; 169A.277, subdivision 2; 169A.28, subdivision 2; 169A.283, subdivision 1; 169A.37, subdivision 1; 169A.40, subdivision 3; 169A.41, subdivision 2; 169A.51, subdivision 7; 169A.54, subdivision 6; 169A.60, subdivisions 1, 13, 14; 169A.63, subdivision 1; 171.09; 171.186, by adding a subdivision; 171.29, subdivision 2; 171.30, subdivision 1; 241.272, subdivision 6; 242.192; 243.166, subdivisions 1, 3, 4a, 6; 243.167, subdivision 1; 243.51, subdivisions 1, 3; 256.9791; 299A.75, subdivision 1, by adding subdivisions; 299C.10, subdivision 1; 299C.11; 299C.147, subdivision 2; 299C.65, subdivisions 1, 2; 299F.058, subdivision 2; 343.20, by adding subdivisions; 343.21, subdivisions 9, 10; 518.002; 518.003, subdivisions 1, 3; 518.005; 518.01; 518.02; 518.03; 518.04; 518.05; 518.055; 518.06; 518.07; 518.09; 518.10; 518.11; 518.12; 518.13; 518.131; 518.14, subdivision 1; 518.148; 518.155; 518.156; 518.157, subdivisions 1, 2, 3, 5, 6; 518.158, subdivisions 2, 4; 518.165; 518.166; 518.167, subdivisions 3, 4, 5; 518.168; 518.1705, subdivision 6; 518.175, subdivisions 1, 1a, 2, 3, 5, 6, 7, 8; 518.1751, subdivisions 1b, 2, 2a, 2b, 2c, 3; 518.176; 518.177; 518.178; 518.179, subdivision 1; 518.18; 518.24; 518.25; 518.54, subdivisions 1, 5, 6, 7, 8; 518.55; 518.552; 518.58; 518.581; 518.582; 518.612; 518.619; 518.62; 518.64, subdivisions 1, 2; 518.641; 518.642; 518.646; 518.65; 518B.01, subdivisions 2, 3, 6, 14; 609.02, by adding a subdivision; 609.035, subdivision 2; 609.117; 609.224, subdivisions 2, 4; 609.2242, subdivisions 2, 4; 609.343, subdivision 2; 609.487, subdivision 4; 609.495, subdivisions 1, 3; 609.521; 609.748, subdivisions 6, 8; 609.749, subdivisions 4, 5; 611.23; 611.272; 611A.201, subdivision 2; 611A.32, by adding a subdivision; 611A.74, subdivisions 1, 1a; 617.247, subdivisions 3, 4; 626.55, subdivision 1; 629.471, subdivision 2; 629.72; Laws 1996, chapter 408, article 2, section 16; proposing coding for new law in Minnesota Statutes, chapters 8; 169A; 299A; 299C; 347; 518; 518B; 609; 626; proposing coding for new law as Minnesota Statutes, chapters 517A; 517B; 517C; repealing Minnesota Statutes 2000, sections 169A.275, subdivision 4; 241.41; 241.42; 241.43; 241.44; 241.441; 241.45; 243.166, subdivision 10; 518.111; 518.17; 518.171; 518.185; 518.255; 518.54, subdivisions 2, 4a, 13, 14; 518.551; 518.5513; 518.553; 518.57; 518.575; 518.585; 518.5851; 518.5852; 518.5853; 518.61; 518.6111; 518.614; 518.615; 518.616; 518.617; 518.618; 518.6195; 518.64, subdivisions 4, 4a, 5; 518.66; 609.2244, subdivision 4; 626.55, subdivision 2.

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

Delete everything after the enacting clause and insert:

"ARTICLE 1

SUMMARY

(General Fund Only, After Forecast Adjustments)

	2002	2003	BIENNIAL TOTAL
APPROPRIATIONS			
E-12 Education	\$ (6,455,000)	\$ (8,456,000)	(14,911,000)
Higher Education		(50,000,000)	(50,000,000)
Health and Human Services	(464,000)	(32,149,000)	(32,613,000)

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Corrections	(5,200,000)	(9,778,000)	(14,978,000)
Transportation and Public Safety	(2,534,000)	(2,818,000)	(5,352,000)
Environment and Agriculture	(1,198,000)	(8,197,000)	(9,395,000)
State Government	14,945,000	(23,520,000)	(8,575,000)
Revenue Department (7,500,000)		(7,500,000)	(15,000,000)
SUBTOTAL	\$ (8,406,000)	\$ (142,418,000)	\$ (150,424,000)
CANCELLATIONS	\$(1,574,982,000)	-0-	\$(1,574,982,000)
TRANSFERS IN \$	(96,288,000)	\$(283,391,000)	\$(379,679,000)
TOTAL	\$(1,679,676,000)	\$(425,809,000)	\$(2,105,485,000)

ARTICLE 2

E-12 EDUCATION FORECAST CHANGES

Section 1. Laws 2001, First Special Session chapter 3, article 1, section 17, subdivision 3, is amended to read:

Subd. 3. [EARLY CHILDHOOD FAMILY EDUCATION AID.] For early childhood family education aid according to Minnesota Statutes, section 124D.135:

\$20,758,000	<u>\$20,725,000</u>	.....	2002
\$20,663,000	<u>\$20,624,000</u>	.....	2003

The 2002 appropriation includes \$2,036,000 for 2001 and ~~\$18,722,000~~ \$18,689,000 for 2002.

The 2003 appropriation includes ~~\$2,081,000~~ \$2,077,000 for 2002 and ~~\$18,582,000~~ \$18,547,000 for 2003.

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

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

Sec. 2. Laws 2001, First Special Session chapter 3, article 1, section 17, subdivision 7, is amended to read:

Subd. 7. [SCHOOL AGE CARE AID.] For school age care aid according to Minnesota Statutes, section 124D.22:

\$221,000	.....	2002
\$133,000	<u>\$100,000</u>	..... 2003

The 2002 appropriation includes \$30,000 for 2001 and \$191,000 for 2002.

The 2003 appropriation includes \$21,000 for 2002 and ~~\$112,000~~ \$79,000 for 2003.

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

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

Sec. 3. Laws 2001, First Special Session chapter 3, article 1, section 17, subdivision 9, is amended to read:

Subd. 9. [MFIP CHILD CARE.] For child care assistance according to Minnesota Statutes, section 119B.05:

\$82,253,000	<u>\$69,201,000</u>	2002
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~~\$78,606,000~~ \$77,122,000 2003

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

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

Sec. 4. Laws 2001, First Special Session chapter 3, article 2, section 15, subdivision 3, is amended to read:

Subd. 3. [COMMUNITY EDUCATION AID.] For community education aid according to Minnesota Statutes, section 124D.20:

~~\$14,209,000~~ \$14,190,000 2002
~~\$13,111,000~~ \$ 8,186,000 2003

The 2002 appropriation includes \$1,528,000 for 2001 and ~~\$12,681,000~~ \$12,662,000 for 2002.

The 2003 appropriation includes ~~\$1,409,000~~ \$1,407,000 for 2002 and ~~\$11,702,000~~ \$6,779,000 for 2003.

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

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

Sec. 5. Laws 2001, First Special Session chapter 5, article 2, section 29, subdivision 2, is amended to read:

Subd. 2. [REFERENDUM TAX BASE REPLACEMENT AID.] For referendum tax base replacement aid according to Minnesota Statutes, section 126C.17, subdivision 7a:

~~\$7,851,000~~ \$7,616,000 2003

The 2003 appropriation includes \$0 for 2002 and ~~\$7,851,000~~ \$7,616,000 for 2003.

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

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

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

~~\$3,364,596,000~~ \$3,404,787,000 2002
~~\$3,506,910,000~~ \$4,982,334,000 2003

The 2002 appropriation includes \$318,932,000 for 2001 and ~~\$3,045,664,000~~ \$3,085,855,000 for 2002.

The 2003 appropriation includes ~~\$338,407,000~~ \$342,873,000 for 2002 and ~~\$3,168,503,000~~ \$4,639,461,000 for 2003.

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

Sec. 7. Laws 2001, First Special Session chapter 6, article 1, section 54, subdivision 4, is amended to read:

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

~~\$7,098,000~~ \$5,698,000 2002
~~\$7,692,000~~ \$2,990,000 2003

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

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

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

Sec. 8. Laws 2001, First Special Session chapter 6, article 1, section 54, subdivision 5, is amended to read:

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

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

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

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

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

Sec. 9. Laws 2001, First Special Session chapter 6, article 1, section 54, subdivision 6, is amended to read:

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

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

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

The 2003 appropriation includes ~~\$2,054,000~~ \$2,071,000 for 2002 and ~~\$22,748,000~~ \$23,276,000 for 2003.

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

Sec. 10. Laws 2001, First Special Session chapter 6, article 1, section 54, subdivision 7, is amended to read:

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

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

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

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

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

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

Sec. 11. Laws 2001, First Special Session chapter 6, article 2, section 77, subdivision 4, is amended to read:

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

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

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

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

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

Sec. 12. Laws 2001, First Special Session chapter 6, article 2, section 77, subdivision 5, is amended to read:

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

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

The 2002 appropriation includes \$273,000 for 2001 and ~~\$2,465,000~~ \$1,817,000 for 2002.

The 2003 appropriation includes ~~\$274,000~~ \$202,000 for 2002 and ~~\$2,869,000~~ \$1,347,000 for 2003.

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

Sec. 13. Laws 2001, First Special Session chapter 6, article 2, section 77, subdivision 8, is amended to read:

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

\$65,478,000 <u>\$63,421,000</u>	.....	2002
\$51,996,000 <u>\$53,890,000</u>	.....	2003

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

The 2003 appropriation includes ~~\$6,639,000~~ \$6,410,000 for 2002 and ~~\$45,357,000~~ \$47,480,000 for 2003.

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

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

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

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

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

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

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

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

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

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

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

The 2003 appropriation includes ~~\$255,000~~ \$214,000 for 2002 and ~~\$2,132,000~~ \$1,923,000 for 2003.

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

Sec. 16. Laws 2001, First Special Session chapter 6, article 2, section 77, subdivision 18, is amended to read:

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

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

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

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

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

Sec. 17. Laws 2001, First Special Session chapter 6, article 3, section 21, subdivision 2, is amended to read:

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

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

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

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

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

Sec. 18. Laws 2001, First Special Session chapter 6, article 3, section 21, subdivision 3, is amended to read:

Subd. 3. [AID FOR CHILDREN WITH A DISABILITY.] For aid according to Minnesota Statutes, section 125A.75, subdivision 3, for children with a disability placed in residential facilities within the district boundaries for whom no district of residence can be determined:

\$1,877,000 <u>\$1,358,000</u>	.....	2002
\$2,033,000 <u>\$3,161,000</u>	.....	2003

If the appropriation for either year is insufficient, the appropriation for the other year is available.

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

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

Sec. 19. Laws 2001, First Special Session chapter 6, article 3, section 21, subdivision 4, is amended to read:

Subd. 4. [TRAVEL FOR HOME-BASED SERVICES.] For aid for teacher travel for home-based services according to Minnesota Statutes, section 125A.75, subdivision 1:

\$135,000 <u>\$143,000</u>	.....	2002
\$138,000 <u>\$148,000</u>	.....	2003

The 2002 appropriation includes \$13,000 for 2001 and ~~\$122,000~~ \$130,000 for 2002.

The 2003 appropriation includes ~~\$13,000~~ \$14,000 for 2002 and ~~\$125,000~~ \$134,000 for 2003.

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

Sec. 20. Laws 2001, First Special Session chapter 6, article 3, section 21, subdivision 5, is amended to read:

Subd. 5. [SPECIAL EDUCATION EXCESS COST AID.] For excess cost aid:

\$102,665,000 <u>\$103,061,000</u>	.....	2002
\$104,773,000 <u>\$105,289,000</u>	.....	2003

The 2002 appropriation includes \$9,889,000 for 2001 and ~~\$92,776,000~~ \$93,172,000 for 2002.

The 2003 appropriation includes ~~\$10,308,000~~ \$10,352,000 for 2002 and ~~\$94,465,000~~ \$94,937,000 for 2003.

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

Sec. 21. Laws 2001, First Special Session chapter 6, article 3, section 21, subdivision 7, is amended to read:

Subd. 7. [TRANSITION PROGRAMS; STUDENTS WITH DISABILITIES.] For aid for transition programs for pupils with disabilities according to Minnesota Statutes, section 124D.454:

\$8,954,000 <u>\$8,960,000</u>	.....	2002
\$8,939,000 <u>\$8,952,000</u>	.....	2003

The 2002 appropriation includes \$896,000 for 2001 and ~~\$8,058,000~~ \$8,064,000 for 2002.

The 2003 appropriation includes ~~\$895,000~~ \$896,000 for 2002 and ~~\$8,044,000~~ \$8,056,000 for 2003.

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

Sec. 22. Laws 2001, First Special Session chapter 6, article 4, section 27, subdivision 2, is amended to read:

Subd. 2. [HEALTH AND SAFETY AID.] For health and safety aid according to Minnesota Statutes, section 123B.57, subdivision 5:

\$14,980,000 <u>\$13,630,000</u>	.....	2002
\$14,550,000 <u>\$10,800,000</u>	.....	2003

The 2002 appropriation includes \$1,480,000 for 2001 and ~~\$13,500,000~~ \$12,150,000 for 2002.

The 2003 appropriation includes ~~\$1,500,000~~ \$1,350,000 for 2002 and ~~\$13,050,000~~ \$9,450,000 for 2003.

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

Sec. 23. Laws 2001, First Special Session chapter 6, article 4, section 27, subdivision 3, is amended to read:

Subd. 3. [DEBT SERVICE AID.] For debt service aid according to Minnesota Statutes, section 123B.53, subdivision 6:

\$25,989,000	<u>\$25,987,000</u>	.....	2002
\$35,523,000	<u>\$31,892,000</u>	.....	2003

The 2002 appropriation includes \$2,890,000 for 2001 and ~~\$23,099,000~~ \$23,097,000 for 2002.

The 2003 appropriation includes ~~\$2,567,000~~ \$2,566,000 for 2002 and ~~\$32,956,000~~ \$29,326,000 for 2003.

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

Sec. 24. Laws 2001, First Special Session chapter 6, article 4, section 27, subdivision 5, is amended to read:

Subd. 5. [ALTERNATIVE FACILITIES BONDING AID.] For alternative facilities bonding aid, according to Minnesota Statutes, section 123B.59, subdivision 1:

\$19,279,000	<u>\$19,280,000</u>	.....	2002
\$19,287,000		.....	2003

The 2002 appropriation includes \$1,921,000 for 2001 and ~~\$17,358,000~~ \$17,359,000 for 2002.

The 2003 appropriation includes \$1,929,000 for 2002 and \$17,358,000 for 2003.

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

Sec. 25. Laws 2001, First Special Session chapter 6, article 4, section 27, subdivision 6, is amended to read:

Subd. 6. [TELECOMMUNICATION ACCESS COST REVENUE.] For telecommunication access cost revenue under Minnesota Statutes, section 125B.25:

\$15,387,000	<u>\$14,800,000</u>	.....	2002
\$——1,565,000	<u>\$ 1,500,000</u>	.....	2003

The 2002 appropriation includes \$1,300,000 for 2001 and ~~\$14,087,000~~ \$13,500,000 for 2002.

The 2003 appropriation includes ~~\$1,565,000~~ \$1,500,000 for 2002 and \$0 for 2003.

If the appropriation amount is insufficient, the commissioner shall reduce the reimbursement rate in Minnesota Statutes, section 125B.25, subdivisions 5 and 6, and the revenue for the 2001-2002 school year shall be prorated. The reimbursement rate shall not exceed 100 percent.

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

Sec. 26. Laws 2001, First Special Session chapter 6, article 5, section 13, subdivision 2, is amended to read:

Subd. 2. [SCHOOL LUNCH.] (a) For school lunch aid according to Minnesota Statutes, section 124D.111, and Code of Federal Regulations, title 7, section 210.17, and for school milk aid according to Minnesota Statutes, section 124D.118:

\$8,710,000		.....	2002
\$8,950,000	<u>\$8,500,000</u>	.....	2003

(b) Not more than \$800,000 of the amount appropriated each year may be used for school milk aid.

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

ARTICLE 3

E-12 EDUCATION APPROPRIATIONS

Section 1. [E-12 EDUCATION APPROPRIATIONS.]

The dollar amounts in the columns marked "APPROPRIATIONS" are added to or, if shown in parentheses, are subtracted from the appropriations in Laws 2001, First Special Session chapter 6, articles 2 and 7, or other law to the specified agencies. The appropriations are from the general fund or any other named fund and are available for the fiscal years indicated for each purpose. The figure 2002 or 2003 means that the addition to or subtraction from the appropriations listed under the figure are for the fiscal year ending June 30, 2002, or June 30, 2003, respectively.

SUMMARY

(General Fund Only)

	2002	2003	TOTAL
APPROPRIATIONS	\$(6,455,000)	\$(8,456,000)	\$(14,911,000)
CANCELLATIONS	\$(89,000)	- 0 -	\$(89,000)
TOTAL	\$(6,544,000)	\$(8,456,000)	\$(15,000,000)
		APPROPRIATIONS Available for the Year Ending June 30	
		2002	2003

Sec. 2. CHILDREN, FAMILIES, AND LEARNING

(a) Charter school building lease aid		- 0 -	(4,835,000)
(b) School evaluation services		(2,500,000)	- 0 -
(c) Alternative teacher compensation		(1,000,000)	(1,000,000)
(d) Examination fees; teacher training and support programs; advanced placement and international baccalaureate programs		- 0 -	(1,550,000)
(e) Excess charter school building lease aid		- 0 -	2,500,000
(f) Department of children, families, and learning		(2,955,000)	(3,571,000)

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

Sec. 3. Minnesota Statutes 2000, section 120B.13, subdivision 3, is amended to read:

Subd. 3. [SUBSIDY FOR EXAMINATION FEES.] The state may pay all or part of the fee for advanced placement or international baccalaureate examinations for pupils of low-income families in public and nonpublic schools. The commissioner shall adopt a schedule for fee subsidies that may allow payment of the entire fee for low-income families, as defined by the commissioner. ~~The commissioner may also determine the circumstances under which the fee is subsidized, in whole or in part.~~ The commissioner shall determine procedures for state payments of fees.

Sec. 4. Minnesota Statutes 2001 Supplement, section 124D.11, subdivision 4, is amended to read:

Subd. 4. [BUILDING LEASE AID.] (a) When a charter school finds it economically advantageous to rent or lease a building or land for any instructional purposes and it determines that the total operating capital revenue under section 126C.10, subdivision 13, is insufficient for

this purpose, it may apply to the commissioner for building lease aid for this purpose. The commissioner must review and either approve or deny a lease aid application using the following criteria:

- (1) the reasonableness of the price based on current market values;
- (2) the extent to which the lease conforms to applicable state laws and rules; and
- (3) the appropriateness of the proposed lease in the context of the space needs and financial circumstances of the charter school.

(b) A charter school must not use the building lease aid it receives for custodial, maintenance service, utility, or other operating costs.

(c) For fiscal year 2002, the amount of building lease aid per pupil unit served for a charter school for any year shall not exceed the lesser of (a) (1) 90 percent of the approved cost or (b) (2) the product of the pupil units served for the current school year times \$1,500.

(d) For fiscal year 2003 and later, the amount of building lease aid per pupil unit served for a charter school shall not exceed the lesser of (1) 90 percent of the approved cost or (2) the product of the pupil units served for the current school year times the greater of \$750 or the sum of the state average school district revenue per adjusted pupil unit in the second prior fiscal year for debt service equalization aid according to section 123B.53, alternative facilities aid according to section 123B.59, health and safety revenue according to 123B.57, alternative facilities levies according to 123B.59, capital project referendum levies according to section 123B.63, lease levies according to section 126C.40, subdivision 1, and net debt service levies according to section 123B.53 and chapter 475, excluding net debt service levies for equipment bonds according to section 123B.61, net debt service levies for facilities bonds according to section 123B.62, and debt service abatement levies according to section 126C.46.

Sec. 5. Minnesota Statutes 2000, section 124D.11, is amended by adding a subdivision to read:

Subd. 4a. [EXCESS BUILDING LEASE AID.] Charter schools that received building lease aid in fiscal year 2002 may apply to the commissioner for excess building lease aid in addition to the lease aid determined in subdivision 4. The commissioner may award up to an additional \$750 per pupil unit served in excess building lease aid for charter schools that demonstrate that their lease agreement is relatively high because of certain cost factors that are unique to the charter school or the geographical area in which the charter school is located. The commissioner shall establish procedures and criteria, in addition to the criteria established in subdivision 4, for reviewing and awarding excess building lease aid according to this subdivision. The total amount awarded for all charter schools under this subdivision shall not exceed \$2,500,000 for each fiscal year.

Sec. 6. Minnesota Statutes 2000, section 126C.10, subdivision 5, is amended to read:

Subd. 5. [TRAINING AND EXPERIENCE REVENUE.] (a) For fiscal year 2003, the training and experience revenue for each district equals the greater of zero or the result of the following computation:

- (1) subtract .8 from the training and experience index;
- (2) multiply the result in clause (1) by the product of \$660 times the adjusted marginal cost pupil units for the school year.

(b) For fiscal year 2004, the training and experience revenue for each district equals the product of 50 percent times the district's training and experience revenue for fiscal year 2003 times the ratio of the district's adjusted marginal cost pupil units for fiscal year 2004 to the district's adjusted marginal cost pupil units for fiscal year 2003.

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

Subd. 2. [EXAMINATION FEES; TEACHER TRAINING AND SUPPORT PROGRAMS.]
(a) For students' advanced placement and international baccalaureate examination fees under Minnesota Statutes 2000, section 120B.13, subdivision 3, and the training and related costs for teachers and other interested educators under Minnesota Statutes 2000, section 120B.13, subdivision 1:

\$2,000,000	.....	2002	
\$2,000,000	<u>\$450,000</u>	.....	2003

Any funds unexpended in the first year do not cancel and are available in the second year.

(b) ~~The advanced placement program shall receive 75 percent of the appropriation each year and the international baccalaureate program shall receive 25 percent of the appropriation each year. The department, in consultation with representatives of the advanced placement and international baccalaureate programs selected by the advanced placement advisory council and IBMN, respectively, shall determine the amounts of the expenditures each year for examination fees and training and support programs for each program.~~

(c) ~~Notwithstanding Minnesota Statutes, section 120B.13, subdivision 1, \$375,000 each year is for teachers to attend subject matter summer training programs and follow up support workshops approved by the advanced placement or international baccalaureate programs. The amount of the subsidy for each teacher attending an advanced placement or international baccalaureate summer training program or workshop shall be the same. The commissioner shall determine the payment process and the amount of the subsidy.~~

(d) ~~Notwithstanding Minnesota Statutes, section 120B.13, subdivision 3, in each year to the extent of available appropriations, the commissioner shall pay all examination fees for all students sitting for an advanced placement examination, international baccalaureate examination, or both. If this amount is not adequate, the commissioner may pay less than the full examination fee.~~

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

Sec. 8. [FISCAL YEAR 2004 TRAINING AND EXPERIENCE LEVY.]

For taxes payable in 2003, a district may levy an amount equal to the district's estimated training and experience revenue for fiscal year 2004 under Minnesota Statutes, section 126C.10, subdivision 5. For taxes payable in 2005, the levy shall be adjusted by the difference between the estimated revenue used to determine the levy for taxes payable in 2003 and the actual revenue.

Sec. 9. [BASE LEVEL FUNDING FOR FISCAL YEARS 2004 AND 2005.]

(a) Base level funding for alternative teacher compensation established under Minnesota Statutes, sections 122A.413 to 122A.415, is \$3,000,000 for fiscal year 2004 and \$3,000,000 in fiscal year 2005.

(b) Base level funding for the department of children, families, and learning is \$28,601,000 for fiscal year 2004 and \$28,601,000 in fiscal year 2005.

(c) Base level funding for examination fees; teacher training and support programs for advanced placement and international baccalaureate programs under Minnesota Statutes, section 120B.13, is \$450,000 in fiscal year 2004 and \$450,000 in fiscal year 2005.

(d) The base level funding for excess building lease aid under Minnesota Statutes, section 124D.11, subdivision 4a, is \$2,500,000 in fiscal year 2004 and \$2,500,000 in fiscal year 2005.

Sec. 10. [APPROPRIATION CANCELED TO GENERAL FUND.]

The unobligated balance of the appropriation in Laws 1997, First Special Session chapter 4, article 3, section 25, subdivision 7, estimated to be \$89,000 is canceled to the general fund.

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

ARTICLE 4

HIGHER EDUCATION APPROPRIATIONS

Section 1. [HIGHER EDUCATION APPROPRIATIONS.]

The dollar amounts in the columns marked "APPROPRIATIONS" are added to or, if shown in parentheses, are subtracted from the appropriations in Laws 2001, First Special Session chapter 1, or other law to the specified agencies. The appropriations are from the general fund or any other named fund and are available for the fiscal years indicated for each purpose. The figure 2002 or 2003 means that the addition to or subtraction from the appropriations listed under the figure are for the fiscal year ending June 30, 2002, or June 30, 2003, respectively. If only one figure is shown in the text for a specified purpose, the addition or subtraction is for 2002 unless the context intends another fiscal year.

SUMMARY BY FUND

	2002	2003	TOTAL
General		\$(50,000,000)	\$(50,000,000)

SUMMARY BY AGENCY - ALL FUNDS

	2002	2003	TOTAL
Higher Education Services Office			
Board of Trustees of the Minnesota State Colleges and Universities		\$(24,493,000)	\$(24,493,000)
Board of Regents of the University of Minnesota		\$(25,507,000)	\$(25,507,000)

APPROPRIATIONS
Available for the Year
Ending June 30
2002 2003

Sec. 2. HIGHER EDUCATION SERVICES OFFICE

Subdivision 1. Total Appropriation Changes	-0-	-0-
Subd. 2. State Grants	1,660,000	3,070,000

Notwithstanding Laws 2001, First Special Session chapter 1, article 1, section 2, subdivision 2, savings in the state grant program in fiscal year 2003 resulting from any increase in the maximum federal grant over \$3,750 or from any other source, after use to provide additional decreases in the family responsibility for independent students as provided by law, shall remain in the state grant program.

Notwithstanding Laws 2001, First Special Session chapter 1, article 1, section 2, subdivision 2, the private institution tuition maximum in fiscal year 2003 shall be \$9,163 for four-year institutions and \$7,093 for two-year institutions.

Subd. 3. Interstate Tuition Reciprocity	(1,500,000)	(1,000,000)
Subd. 4. Minitex	840,000	(840,000)
Subd. 5. Learning Network of Minnesota		(841,000)
Subd. 6. Minnesota College Savings Plan	(1,000,000)	
Subd. 7. Agency Administration		(389,000)
Sec. 3. BOARD OF TRUSTEES OF THE MINNESOTA STATE COLLEGES AND UNIVERSITIES		
Total Appropriation Changes		(24,493,000)
Sec. 4. BOARD OF REGENTS OF THE UNIVERSITY OF MINNESOTA		
Total Appropriation Changes		(25,507,000)

Sec. 5. Minnesota Statutes 2001 Supplement, section 136A.121, subdivision 6, is amended to read:

Subd. 6. [COST OF ATTENDANCE.] (a) The recognized cost of attendance consists of allowances specified in law for living and miscellaneous expenses, and

(1) ~~for public institutions, the actual tuition and fees charged by the institution; or~~

(2) ~~for private institutions, an allowance for tuition and fees equal to the lesser of the actual tuition and fees charged by the institution, or the private institution tuition and fee maximums established in law.~~

(b) For the purpose of paragraph (a), ~~clause (2),~~ the private institution tuition and fee maximum for two- and four-year, private, residential, liberal arts, degree-granting colleges and universities must be the same.

(c) For a student registering for less than full time, the office shall prorate the living and miscellaneous expense allowance to the actual number of credits for which the student is enrolled.

The recognized cost of attendance for a student who is confined to a Minnesota correctional institution shall consist of the tuition and fee component in paragraph (a), ~~clause (1) or (2),~~ with no allowance for living and miscellaneous expenses.

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

Sec. 6. Minnesota Statutes 2001 Supplement, section 136G.03, subdivision 25, is amended to read:

Subd. 25. [PENALTY.] "Penalty" means the amount established by the office that is applied against the earnings portion of a nonqualified distribution. The amount established by the office must be the minimum required to be a more than de minimis penalty under section 529 of the Internal Revenue Code. The office must impose, collect, and apply penalties consistent with section 529 of the Internal Revenue Code.

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

ARTICLE 5

HEALTH AND HUMAN SERVICES APPROPRIATIONS

Section 1. [HEALTH AND HUMAN SERVICES APPROPRIATIONS.]

The dollar amounts shown in the columns marked "APPROPRIATIONS" are added to or, if

shown in parentheses, are subtracted from the appropriations in Laws 2001, First Special Session chapter 9, or other law, and are appropriated from the general fund, or any other fund named, to the agencies and for the purposes specified in this article, to be available for the fiscal years indicated for each purpose. The figures "2002" and "2003" used in this article mean that the appropriation or appropriations listed under them are available for the fiscal year ending June 30, 2002, or June 30, 2003, respectively.

SUMMARY BY FUND

	2002	2003	TOTAL
General Forecast			
Adjustments	\$13,759,000	\$36,283,000	\$50,042,000
Nonforecast	(464,000)	(32,149,000)	(32,613,000)
Health Care Access	13,881,000	8,410,000	22,291,000
Federal TANF	9,656,000	11,232,000	20,888,000

APPROPRIATIONS
Available for the Year
Ending June 30
2002 2003

Sec. 2. COMMISSIONER OF
HUMAN SERVICES

Subdivision 1. Total Appropriation	\$	43,603,000	\$	30,147,000
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Summary by Fund

General	20,066,000	10,505,000
Health Care Access	13,881,000	8,410,000
Federal TANF	9,656,000	11,232,000
Subd. 2. Agency Management		
General	-0-	(8,401,000)

The amounts that may be spent from the appropriation for each purpose are as follows:

Management Operations

General	-0-	(8,401,000)
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Subd. 3. Basic Health Care
Grants

General	11,992,000	839,000
Health Care Access	13,881,000	8,410,000

The amounts that may be spent from this appropriation for each purpose are as follows:

(a) MinnesotaCare Grants

Health Care Access	13,881,000	8,410,000
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(b) MA Basic Health Care
Grants - Families and Children

General (17,319,000) (19,755,000)

[TRANSFER.] Of the general fund appropriations to the University of Minnesota in the higher education omnibus appropriation bill, \$10,000,000 in fiscal year 2003 and in each fiscal year thereafter is to be transferred to the department of human services for the following purposes: (1) \$5,000,000 is for the capitation payments under Minnesota Statutes, section 256B.69. (2) \$5,000,000 is to be deposited in the general fund. These transfers shall not be made until the federal government approves the medical education payments authorized in Minnesota Statutes, section 62J.692, subdivision 7, paragraph (c). Notwithstanding the provisions of section 4, this provision shall not expire.

[NONMETROPOLITAN COUNTY PREPAID MEDICAL ASSISTANCE PROGRAM RATE REDUCTION.] A demonstration provider must not reduce payment rates to providers to reflect the reduction effective January 1, 2003, in rates paid under Minnesota Statutes, section 256B.69, to nonmetropolitan counties.

(c) MA Basic Health Care
Grants - Elderly and Disabled

General 3,062,000 (22,440,000)

[NOTICE OF CHANGE IN DOCUMENTATION.] The commissioner shall provide to all medical assistance recipients receiving coverage through the employed persons with disabilities program under Minnesota Statutes, section 256B.057, subdivision 9, three months advance notice of the new employment documentation requirement.

(d) General Assistance
Medical Care Grants

General 26,249,000 40,835,000

(e) Health Care Grants -
Other Assistance

General -0- 2,199,000

[PRESCRIPTION DRUG PROGRAM FUNDING.] (1) The commissioner may expend money appropriated for the prescription drug program in either fiscal year of the 2002-2003 biennium. (2) The commissioner shall administer the prescription drug program pursuant to

Minnesota Statutes, section 256.955, subdivision 9, so that the costs total not more than funds appropriated plus the drug rebate proceeds.

Subd. 4. Basic Health Care Management

General	-0-	(1,020,000)
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The amounts that may be spent from this appropriation for each purpose are as follows:

(a) Health Care Policy Administration

General	-0-	445,000
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(b) Health Care Operations

General	-0-	(1,465,000)
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Subd. 5. State-Operated Services

General	-0-	(1,333,000)
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[ADMINISTRATIVE BASE FUNDING REDUCTION.] For fiscal year 2003, base level funding for state-operated services administration is reduced by \$1,333,000. For the biennium beginning July 1, 2003, base level funding for state-operated services administration shall be reduced by an additional \$494,000 each year.

Subd. 6. Continuing Care Grants

General	(8,907,000)	(10,109,000)
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The amounts that may be spent from this appropriation for each purpose are as follows:

(a) Aging Adult Service Grants

General	-0-	(1,160,000)
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[PLANNING AND SERVICE DEVELOPMENT.] The planning and service development grant from Laws 2001, First Special Session chapter 9, article 17, section 2, subdivision 9, is eliminated for fiscal year 2003. Base funding for the 2004-2005 biennium shall be \$550,000 each year. Notwithstanding Laws 2001, First Special Session chapter 9, article 17, section 2, subdivision 9, beginning in fiscal year 2004, the commissioner shall annually distribute \$5,000 to each county. Counties with more than 10,000 persons over age 65 shall receive a distribution of an additional 25 cents for each person over age 65. The amount distributed to each area agency on aging shall be \$2,500.

(b) Medical Assistance
Long-Term Care Waivers and
Home Care Grants

General	18,471,000	17,009,000
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(c) Medical Assistance
Long-Term Care Facilities
Grants

General	(27,382,000)	(26,348,000)
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[MORATORIUM EXCEPTIONS.] During each year of the biennium beginning July 1, 2001, the full annualized costs for the state share of medical assistance that the commissioner of health may approve for moratorium exception projects under Minnesota Statutes, section 144A.073, is reduced by \$495,000.

[APPLICATION OF PRESCRIPTION DRUG SAVINGS.] If the commissioner receives approval to expand the qualified Medicare beneficiary option to include prescription drugs and to increase the qualified Medicare beneficiary income standard to 150 percent of the federal poverty guidelines, the state savings must be used to reduce the nursing facility surcharge under Minnesota Statutes, section 256.9657, subdivision 1, paragraph (c) or (d).

(d) Group Residential
Housing Grants

General	4,000	474,000
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[FEDERAL FUNDING FOR GROUP RESIDENTIAL HOUSING COSTS.] The commissioner shall seek federal funding to offset costs for group residential housing services under Minnesota Statutes, chapter 256I. Any federal funding received shall be distributed to counties on a pro rata basis according to county spending under Minnesota Statutes, section 256B.19, subdivision 1, clause (3), for the costs of nursing facility placements of persons with disabilities under the age of 65 that have exceeded 90 days. The commissioner shall report to the legislature by January 15, 2003, on the status of additional federal funding for group residential housing costs.

(e) Chemical Dependency
Entitlement Grants

General	-0-	(84,000)
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[CONSOLIDATED CHEMICAL
DEPENDENCY TREATMENT FUND
RESERVE TRANSFER.] On July 1, 2003, up to

\$8,544,000 of funds available in the consolidated chemical dependency treatment fund general reserve account is transferred to the general fund.

Subd. 7. Continuing Care Management

General	(1,295,000)	(205,000)
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[DAY TRAINING TASK FORCE.] The general fund appropriation in fiscal year 2003 in Laws 2001, First Special Session chapter 9, article 17, section 2, subdivision 10, for the day training and habilitation restructuring task force is eliminated.

Subd. 8. Economic Support Grants

General	18,276,000	30,734,000
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Federal TANF	9,656,000	11,232,000
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The amounts that may be spent from the appropriation for each purpose are as follows:

(a) Assistance to Families Grants

General	16,988,000	28,391,000
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Federal TANF	9,656,000	11,232,000
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(b) Work Grants

General	-0-	(404,000)
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(c) Economic Support Grants - Other Assistance

General	(650,000)	(100,000)
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(d) General Assistance Grants

General	3,300,000	4,288,000
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(e) Minnesota Supplemental Aid Grants

General	(1,362,000)	(1,441,000)
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Sec. 3. COMMISSIONER OF HEALTH

Subdivision 1. Total Appropriation

Reductions	(6,771,000)	(6,371,000)
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SUMMARY BY FUND

	2002	2003
General	(6,771,000)	(6,371,000)

Subd. 2. Family and Community Health

(1,400,000)	(750,000)
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Summary by Fund

General	(1,400,000)	(750,000)
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[ONETIME GRANT REDUCTIONS.] \$200,000 of the appropriation reduction the first year is from competitive grants to reduce health disparities in infant mortality rates and adult and child immunization rates authorized in Laws 2001, First Special Session chapter 9, article 17, section 3, subdivision 2.

\$300,000 of the appropriation reduction the first year is from competitive grants to reduce health disparities in breast and cervical cancer screening rates, HIV/AIDS and sexually transmitted infection rates, cardiovascular disease rates, diabetes rates, and rates of accidental injuries and violence authorized in Laws 2001, First Special Session chapter 9, article 17, section 3, subdivision 2.

\$150,000 of the appropriation reduction the first year is from community-based programs for suicide prevention authorized in Laws 2001, First Special Session chapter 9, article 17, section 3, subdivision 2.

Subd. 3. Access and Quality Improvement

(4,970,000) (5,020,000)

[HEALTH STATUS IMPROVEMENT GRANTS.] Of this reduction, \$120,000 each year is from money for grants appropriated under Laws 2001, First Special Session chapter 9, article 17, section 3, subdivision 2.

Subd. 4. Health Protection

(151,000) (251,000)

Subd. 5. Management and Support Services

(250,000) (350,000)

Sec. 4. [SUNSET OF UNCODIFIED LANGUAGE.]

All uncodified language contained in this article expires on June 30, 2003, unless a different expiration date is explicit.

Sec. 5. [EFFECTIVE DATE.]

The appropriations and reductions for fiscal year 2002 in this article are effective the day following final enactment.

ARTICLE 6

CONTINUING CARE AND LONG-TERM CARE

Section 1. Minnesota Statutes 2000, section 256.9657, subdivision 1, is amended to read:

Subdivision 1. [NURSING HOME LICENSE SURCHARGE.] (a) Effective July 1, 1993, each non-state-operated nursing home licensed under chapter 144A shall pay to the commissioner an annual surcharge according to the schedule in subdivision 4. The surcharge shall be calculated as \$620 per licensed bed. If the number of licensed beds is reduced, the surcharge shall be based on the number of remaining licensed beds the second month following the receipt of timely notice by the commissioner of human services that beds have been delicensed. The nursing home must notify the commissioner of health in writing when beds are delicensed. The commissioner of

health must notify the commissioner of human services within ten working days after receiving written notification. If the notification is received by the commissioner of human services by the 15th of the month, the invoice for the second following month must be reduced to recognize the delicensing of beds. Beds on layaway status continue to be subject to the surcharge. The commissioner of human services must acknowledge a medical care surcharge appeal within 30 days of receipt of the written appeal from the provider.

(b) Effective July 1, 1994, the surcharge in paragraph (a) shall be increased to \$625.

(c) Effective August 15, 2003, the surcharge under paragraph (b) shall be increased by an amount necessary to ensure a net gain to the general fund of \$10,066,000 during fiscal year 2004 as a result of:

(1) the total transfers anticipated during the fiscal year ending June 30, 2004, under section 256B.19, subdivision 1d, paragraph (c);

(2) the county nursing home payment adjustments under section 256B.431, subdivision 23, paragraph (c);

(3) the surcharges under this paragraph; and

(4) the nursing facility rate increases under section 256B.431, subdivision 37.

The increase under this paragraph shall not exceed \$365 per bed.

(d) Effective August 15, 2004, the surcharge under paragraph (c) shall be equal to an amount necessary to ensure a net gain to the general fund each fiscal year of \$10,666,000 as a result of:

(1) the total transfers anticipated during the fiscal year under section 256B.19, subdivision 1d, paragraph (c);

(2) the county nursing home payment adjustments under section 256B.431, subdivision 23, paragraph (c);

(3) the surcharges under this paragraph; and

(4) the nursing facility rate increases under section 256B.431, subdivision 37.

The surcharge under this paragraph shall not exceed \$365 per bed.

Sec. 2. Minnesota Statutes 2000, section 256B.19, subdivision 1, is amended to read:

Subdivision 1. [DIVISION OF COST.] The state and county share of medical assistance costs not paid by federal funds shall be as follows:

(1) ninety percent state funds and ten percent county funds, unless otherwise provided below;

(2) beginning January 1, 1992, 50 percent state funds and 50 percent county funds for the cost of placement of severely emotionally disturbed children in regional treatment centers; and

(3) beginning January 1, 2004, 80 percent state funds and 20 percent county funds for the costs of nursing facility placements of persons with disabilities under the age of 65 that have exceeded 90 days.

For counties that participate in a Medicaid demonstration project under sections 256B.69 and 256B.71, the division of the nonfederal share of medical assistance expenses for payments made to prepaid health plans or for payments made to health maintenance organizations in the form of prepaid capitation payments, this division of medical assistance expenses shall be 95 percent by the state and five percent by the county of financial responsibility.

In counties where prepaid health plans are under contract to the commissioner to provide services to medical assistance recipients, the cost of court ordered treatment ordered without consulting the prepaid health plan that does not include diagnostic evaluation, recommendation,

and referral for treatment by the prepaid health plan is the responsibility of the county of financial responsibility.

Sec. 3. Minnesota Statutes 2000, section 256B.19, subdivision 1d, is amended to read:

Subd. 1d. [PORTION OF NONFEDERAL SHARE TO BE PAID BY CERTAIN COUNTIES.] (a) In addition to the percentage contribution paid by a county under subdivision 1, the governmental units designated in this subdivision shall be responsible for an additional portion of the nonfederal share of medical assistance cost. For purposes of this subdivision, "designated governmental unit" means the counties of Becker, Beltrami, Clearwater, Cook, Dodge, Hubbard, Itasca, Lake, Pennington, Pipestone, Ramsey, St. Louis, Steele, Todd, Traverse, and Wadena.

(b) Beginning in 1994, each of the governmental units designated in this subdivision shall transfer before noon on May 31 to the state Medicaid agency an amount equal to the number of licensed beds in any nursing home owned and operated by the county, with the county named as licensee, multiplied by \$5,723. If two or more counties own and operate a nursing home, the payment shall be prorated. These sums shall be part of the designated governmental unit's portion of the nonfederal share of medical assistance costs, but shall not be subject to payback provisions of section 256.025.

(c) Beginning in 2002, in addition to any transfer under paragraph (b), each of the governmental units designated in this subdivision shall transfer before noon on May 31 to the state Medicaid agency an amount equal to the number of licensed beds in any nursing home owned and operated by the county on that date, with the county named as licensee, multiplied by \$10,784. The provisions of paragraph (b) apply to transfers under this paragraph.

(d) The commissioner may reduce the intergovernmental transfers under paragraph (c) based on the commissioner's determination of the payment rate in section 256B.431, subdivision 23, paragraphs (c) and (d). Any adjustments must be made on a per-bed basis and must result in an amount equivalent to the total amount resulting from the rate adjustment in section 256B.431, subdivision 23, paragraphs (c) and (d).

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

Sec. 4. Minnesota Statutes 2000, section 256B.431, subdivision 23, is amended to read:

Subd. 23. [COUNTY NURSING HOME PAYMENT ADJUSTMENTS.] (a) Beginning in 1994, the commissioner shall pay a nursing home payment adjustment on May 31 after noon to a county in which is located a nursing home that, as of January 1 of the previous year, was county-owned and operated, with the county named as licensee by the commissioner of health, and had over 40 beds and medical assistance occupancy in excess of 50 percent during the reporting year ending September 30, 1991. The adjustment shall be an amount equal to \$16 per calendar day multiplied by the number of beds licensed in the facility as of September 30, 1991.

(b) Payments under paragraph (a) are excluded from medical assistance per diem rate calculations. These payments are required notwithstanding any rule prohibiting medical assistance payments from exceeding payments from private pay residents. A facility receiving a payment under paragraph (a) may not increase charges to private pay residents by an amount equivalent to the per diem amount payments under paragraph (a) would equal if converted to a per diem.

(c) Beginning in 2002, in addition to any payment under paragraph (a), the commissioner shall pay to a nursing facility described in paragraph (a) an adjustment in an amount equal to \$29.55 per calendar day multiplied by the number of beds licensed in the facility on that date. The provisions of paragraphs (a) and (b) apply to payments under this paragraph.

(d) The commissioner may reduce payments under paragraph (c) based on the commissioner's determination of Medicare upper payment limits. Any adjustments must be proportional to adjustments made under section 256B.19, subdivision 1d, paragraph (d).

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

Sec. 5. Minnesota Statutes 2000, section 256B.431, is amended by adding a subdivision to read:

Subd. 37. [NURSING FACILITY RATE INCREASES EFFECTIVE JULY 1, 2003.] For rate years beginning on or after July 1, 2003, the commissioner shall provide to each nursing facility reimbursed under this section or section 256B.434 an increase in each case mix payment rate equal to the increase in the per-bed surcharge paid under section 256.9657, subdivision 1, paragraph (c) or (d), divided by 365 and further divided by .88. The increase under this subdivision shall be added following the determination of the payment rate for the facility under this chapter. The increase shall not be subject to any annual percentage increase.

Sec. 6. Minnesota Statutes 2001 Supplement, section 256B.437, subdivision 2, is amended to read:

Subd. 2. [PLANNING AND DEVELOPMENT OF COMMUNITY-BASED SERVICES.] (a) The commissioner of human services shall establish a process to adjust the capacity and distribution of long-term care services to equalize the supply and demand for different types of services. This process must include community planning, expansion or establishment of needed services, and analysis of voluntary nursing facility closures.

(b) The purpose of this process is to support the planning and development of community-based services. This process must support early intervention, advocacy, and consumer protection while providing resources and incentives for expanded county planning and for nursing facilities to transition to meet community needs.

(c) The process shall support and facilitate expansion of community-based services under the county-administered alternative care program under section 256B.0913 and waivers for elderly under section 256B.0915, including, but not limited to, the development of supportive services such as housing and transportation. The process shall utilize community assessments and planning developed for the community health services plan and plan update and for the community social services act plan, and other relevant information.

(d) The commissioners of health and human services, as appropriate, shall provide, by July 15, 2001, available data necessary for the county, including, but not limited to, data on nursing facility bed distribution, housing with services options, the closure of nursing facilities that occur outside of the planned closure process, and approval of planned closures in the county and contiguous counties.

(e) Each county shall submit to the commissioner of human services, by October 15, 2001, a gaps analysis that identifies local service needs, pending development of services, and any other issues that would contribute to or impede further development of community-based services. The gaps analysis must also be sent to the local area agency on aging and, if applicable, local SAIL projects, for review and comment. The review and comment must assess needs across county boundaries. The area agencies on aging and SAIL projects must provide the commissioner and the counties with their review and analyses by November 15, 2001.

(f) The addendum to the biennial plan shall be submitted ~~annually~~ biennially, beginning December 31, 2001, and ~~each December 31~~ every other year thereafter in accordance with the Community Social Services Act plan timeline, and shall include recommendations for development of community-based services. Area agencies on aging and SAIL projects must provide the commissioner and the counties with their review and analyses within 60 days following the Community Social Services Act plan submission date. Both planning and implementation shall be implemented within the amount of funding made available to the county board for these purposes.

(g) The plan, within the funding allocated, shall:

(1) include the gaps analysis required by paragraph (e);

(2) involve providers, consumers, cities, townships, businesses, and area agencies on aging in the planning process;

- (3) address the availability of alternative care and elderly waiver services for eligible recipients;
 - (4) address the development of other supportive services, such as transit, housing, and workforce and economic development; and
 - (5) estimate the cost and timelines for development.
- (h) The biennial plan addendum shall be coordinated with the county mental health plan for inclusion in the community health services plan and included as an addendum to the community social services plan.
- (i) The county board having financial responsibility for persons present in another county shall cooperate with that county for planning and development of services.
- (j) The county board shall cooperate in planning and development of community-based services with other counties, as necessary, and coordinate planning for long-term care services that involve more than one county, within the funding allocated for these purposes.
- (k) The commissioners of health and human services, in cooperation with county boards, shall report biennially to the legislature ~~by February 1 of each year~~, beginning February 1, 2002, regarding the development of community-based services, transition or closure of nursing facilities, and specific gaps in services in identified geographic areas that may require additional resources or flexibility, as documented by the process in this subdivision ~~and reported to the commissioners by December 31 of each year~~.

Sec. 7. Minnesota Statutes 2001 Supplement, section 256B.439, subdivision 1, is amended to read:

Subdivision 1. [DEVELOPMENT AND IMPLEMENTATION OF QUALITY PROFILES.]

(a) The commissioner of human services, in cooperation with the commissioner of health, shall develop and implement a quality profile system for nursing facilities and, beginning not later than July 1, 2003 ~~2004~~, other providers of long-term care services, except when the quality profile system would duplicate requirements under section 256B.5011, 256B.5012, or 256B.5013. The system must be developed and implemented to the extent possible without the collection of significant amounts of new data. To the extent possible, the system must incorporate or be coordinated with information on quality maintained by area agencies on aging, long-term care trade associations, and other entities. The system must be designed to provide information on quality to:

- (1) consumers and their families to facilitate informed choices of service providers;
 - (2) providers to enable them to measure the results of their quality improvement efforts and compare quality achievements with other service providers; and
 - (3) public and private purchasers of long-term care services to enable them to purchase high-quality care.
- (b) The system must be developed in consultation with the long-term care task force, area agencies on aging, and representatives of consumers, providers, and labor unions. Within the limits of available appropriations, the commissioners may employ consultants to assist with this project.

Sec. 8. Minnesota Statutes 2001 Supplement, section 256B.439, subdivision 4, is amended to read:

Subd. 4. [DISSEMINATION OF QUALITY PROFILES.] By July 1, ~~2002~~ 2003, the commissioners shall implement a system to disseminate the quality profiles developed from consumer surveys using the quality measurement tool. Profiles may be disseminated to the Senior LinkAge line and to consumers, providers, and purchasers of long-term care services through all feasible printed and electronic outlets. The commissioners may conduct a public awareness campaign to inform potential users regarding profile contents and potential uses.

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

Sec. 9. Laws 2001, First Special Session chapter 9, article 5, section 35, is amended to read:

Sec. 35. [DEVELOPMENT OF NEW NURSING FACILITY REIMBURSEMENT SYSTEM.]

(a) The commissioner of human services shall develop and report to the legislature by January 15, ~~2003~~ 2004, a system to replace the current nursing facility reimbursement system established under Minnesota Statutes, sections 256B.431, 256B.434, and 256B.435.

(b) The system must be developed in consultation with the long-term care task force and with representatives of consumers, providers, and labor unions. Within the limits of available appropriations, the commissioner may employ consultants to assist with this project.

(c) The new reimbursement system must:

- (1) provide incentives to enhance quality of life and quality of care;
- (2) recognize cost differences in the care of different types of populations, including subacute care and dementia care;
- (3) establish rates that are sufficient without being excessive;
- (4) be affordable for the state and for private-pay residents;
- (5) be sensitive to changing conditions in the long-term care environment;
- (6) avoid creating access problems related to insufficient funding;
- (7) allow providers maximum flexibility in their business operations;
- (8) recognize the need for capital investment to improve physical plants; and
- (9) provide incentives for the development and use of private rooms.

(d) Notwithstanding Minnesota Statutes, section 256B.435, the commissioner must not implement a performance-based contracting system for nursing facilities prior to July 1, ~~2003~~ 2004. The commissioner shall continue to reimburse nursing facilities under Minnesota Statutes, section 256B.431 or 256B.434, until otherwise directed by law.

(e) The commissioner of human services, in consultation with the commissioner of health, shall conduct or contract for a time study to determine staff time being spent on various case mix categories; recommend adjustments to the case mix weights based on the time study data; and determine whether current staffing standards are adequate for providing quality care based on professional best practice and consumer experience. If the commissioner determines the current standards are inadequate, the commissioner shall determine an appropriate staffing standard for the various case mix categories and the financial implications of phasing into this standard over the next four years.

Sec. 10. [REPEALER.]

Minnesota Statutes 2000, section 256B.0916, subdivision 1, is repealed.

ARTICLE 7

HEALTH CARE

Section 1. Minnesota Statutes 2001 Supplement, section 62J.692, subdivision 7, is amended to read:

Subd. 7. [TRANSFERS FROM THE COMMISSIONER OF HUMAN SERVICES.] (a) The amount transferred according to section 256B.69, subdivision 5c, paragraph (a), clause (1), shall

be distributed by the commissioner to clinical medical education programs that meet the qualifications of subdivision 3 based on a distribution formula that reflects a summation of two factors:

(1) an education factor, which is determined by the total number of eligible trainee FTEs and the total statewide average costs per trainee, by type of trainee, in each clinical medical education program; and

(2) a public program volume factor, which is determined by the total volume of public program revenue received by each training site as a percentage of all public program revenue received by all training sites in the fund pool created under this subdivision.

In this formula, the education factor shall be weighted at 50 percent and the public program volume factor shall be weighted at 50 percent.

Public program revenue for the distribution formula shall include revenue from medical assistance, prepaid medical assistance, general assistance medical care, and prepaid general assistance medical care. Training sites that receive no public program revenue shall be ineligible for funds available under this paragraph.

(b) Fifty percent of the amount transferred according to section 256B.69, subdivision 5c, paragraph (a), clause (2), shall be distributed by the commissioner to the University of Minnesota board of regents for the purposes described in sections 137.38 to 137.40. Of the remaining amount transferred according to section 256B.69, subdivision 5c, paragraph (a), clause (2), 24 percent of the amount shall be distributed by the commissioner to the Hennepin County Medical Center for clinical medical education. The remaining 26 percent of the amount transferred shall be distributed by the commissioner in accordance with subdivision 7a. If the federal approval is not obtained for the matching funds under section 256B.69, subdivision 5c, paragraph (a), clause (2), 100 percent of the amount transferred under this paragraph shall be distributed by the commissioner to the University of Minnesota board of regents for the purposes described in sections 137.38 to 137.40.

(c) The amount transferred according to section 256B.69, subdivision 5c, paragraph (a), clause (3), shall be distributed by the commissioner upon receipt to the University of Minnesota board of regents for the purposes of clinical graduate medical education.

Sec. 2. Minnesota Statutes 2001 Supplement, section 256.01, subdivision 2, is amended to read:

Subd. 2. [SPECIFIC POWERS.] Subject to the provisions of section 241.021, subdivision 2, the commissioner of human services shall:

(1) Administer and supervise all forms of public assistance provided for by state law and other welfare activities or services as are vested in the commissioner. Administration and supervision of human services activities or services includes, but is not limited to, assuring timely and accurate distribution of benefits, completeness of service, and quality program management. In addition to administering and supervising human services activities vested by law in the department, the commissioner shall have the authority to:

(a) require county agency participation in training and technical assistance programs to promote compliance with statutes, rules, federal laws, regulations, and policies governing human services;

(b) monitor, on an ongoing basis, the performance of county agencies in the operation and administration of human services, enforce compliance with statutes, rules, federal laws, regulations, and policies governing welfare services and promote excellence of administration and program operation;

(c) develop a quality control program or other monitoring program to review county performance and accuracy of benefit determinations;

(d) require county agencies to make an adjustment to the public assistance benefits issued to any individual consistent with federal law and regulation and state law and rule and to issue or recover benefits as appropriate;

(e) delay or deny payment of all or part of the state and federal share of benefits and administrative reimbursement according to the procedures set forth in section 256.017;

(f) make contracts with and grants to public and private agencies and organizations, both profit and nonprofit, and individuals, using appropriated funds; and

(g) enter into contractual agreements with federally recognized Indian tribes with a reservation in Minnesota to the extent necessary for the tribe to operate a federally approved family assistance program or any other program under the supervision of the commissioner. The commissioner shall consult with the affected county or counties in the contractual agreement negotiations, if the county or counties wish to be included, in order to avoid the duplication of county and tribal assistance program services. The commissioner may establish necessary accounts for the purposes of receiving and disbursing funds as necessary for the operation of the programs.

(2) Inform county agencies, on a timely basis, of changes in statute, rule, federal law, regulation, and policy necessary to county agency administration of the programs.

(3) Administer and supervise all child welfare activities; promote the enforcement of laws protecting handicapped, dependent, neglected and delinquent children, and children born to mothers who were not married to the children's fathers at the times of the conception nor at the births of the children; license and supervise child-caring and child-placing agencies and institutions; supervise the care of children in boarding and foster homes or in private institutions; and generally perform all functions relating to the field of child welfare now vested in the state board of control.

(4) Administer and supervise all noninstitutional service to handicapped persons, including those who are visually impaired, hearing impaired, or physically impaired or otherwise handicapped. The commissioner may provide and contract for the care and treatment of qualified indigent children in facilities other than those located and available at state hospitals when it is not feasible to provide the service in state hospitals.

(5) Assist and actively cooperate with other departments, agencies and institutions, local, state, and federal, by performing services in conformity with the purposes of Laws 1939, chapter 431.

(6) Act as the agent of and cooperate with the federal government in matters of mutual concern relative to and in conformity with the provisions of Laws 1939, chapter 431, including the administration of any federal funds granted to the state to aid in the performance of any functions of the commissioner as specified in Laws 1939, chapter 431, and including the promulgation of rules making uniformly available medical care benefits to all recipients of public assistance, at such times as the federal government increases its participation in assistance expenditures for medical care to recipients of public assistance, the cost thereof to be borne in the same proportion as are grants of aid to said recipients.

(7) Establish and maintain any administrative units reasonably necessary for the performance of administrative functions common to all divisions of the department.

(8) Act as designated guardian of both the estate and the person of all the wards of the state of Minnesota, whether by operation of law or by an order of court, without any further act or proceeding whatever, except as to persons committed as mentally retarded. For children under the guardianship of the commissioner whose interests would be best served by adoptive placement, the commissioner may contract with a licensed child-placing agency or a Minnesota tribal social services agency to provide adoption services. A contract with a licensed child-placing agency must be designed to supplement existing county efforts and may not replace existing county programs, unless the replacement is agreed to by the county board and the appropriate exclusive bargaining representative or the commissioner has evidence that child placements of the county continue to be substantially below that of other counties. Funds encumbered and obligated under an agreement for a specific child shall remain available until the terms of the agreement are fulfilled or the agreement is terminated.

(9) Act as coordinating referral and informational center on requests for service for newly arrived immigrants coming to Minnesota.

(10) The specific enumeration of powers and duties as hereinabove set forth shall in no way be construed to be a limitation upon the general transfer of powers herein contained.

(11) Establish county, regional, or statewide schedules of maximum fees and charges which may be paid by county agencies for medical, dental, surgical, hospital, nursing and nursing home care and medicine and medical supplies under all programs of medical care provided by the state and for congregate living care under the income maintenance programs.

(12) Have the authority to conduct and administer experimental projects to test methods and procedures of administering assistance and services to recipients or potential recipients of public welfare. To carry out such experimental projects, it is further provided that the commissioner of human services is authorized to waive the enforcement of existing specific statutory program requirements, rules, and standards in one or more counties. The order establishing the waiver shall provide alternative methods and procedures of administration, shall not be in conflict with the basic purposes, coverage, or benefits provided by law, and in no event shall the duration of a project exceed four years. It is further provided that no order establishing an experimental project as authorized by the provisions of this section shall become effective until the following conditions have been met:

(a) The secretary of health and human services of the United States has agreed, for the same project, to waive state plan requirements relative to statewide uniformity.

(b) A comprehensive plan, including estimated project costs, shall be approved by the legislative advisory commission and filed with the commissioner of administration.

(13) According to federal requirements, establish procedures to be followed by local welfare boards in creating citizen advisory committees, including procedures for selection of committee members.

(14) Allocate federal fiscal disallowances or sanctions which are based on quality control error rates for the aid to families with dependent children program formerly codified in sections 256.72 to 256.87, medical assistance, or food stamp program in the following manner:

(a) One-half of the total amount of the disallowance shall be borne by the county boards responsible for administering the programs. For the medical assistance and the AFDC program formerly codified in sections 256.72 to 256.87, disallowances shall be shared by each county board in the same proportion as that county's expenditures for the sanctioned program are to the total of all counties' expenditures for the AFDC program formerly codified in sections 256.72 to 256.87, and medical assistance programs. For the food stamp program, sanctions shall be shared by each county board, with 50 percent of the sanction being distributed to each county in the same proportion as that county's administrative costs for food stamps are to the total of all food stamp administrative costs for all counties, and 50 percent of the sanctions being distributed to each county in the same proportion as that county's value of food stamp benefits issued are to the total of all benefits issued for all counties. Each county shall pay its share of the disallowance to the state of Minnesota. When a county fails to pay the amount due hereunder, the commissioner may deduct the amount from reimbursement otherwise due the county, or the attorney general, upon the request of the commissioner, may institute civil action to recover the amount due.

(b) Notwithstanding the provisions of paragraph (a), if the disallowance results from knowing noncompliance by one or more counties with a specific program instruction, and that knowing noncompliance is a matter of official county board record, the commissioner may require payment or recover from the county or counties, in the manner prescribed in paragraph (a), an amount equal to the portion of the total disallowance which resulted from the noncompliance, and may distribute the balance of the disallowance according to paragraph (a).

(15) Develop and implement special projects that maximize reimbursements and result in the recovery of money to the state. For the purpose of recovering state money, the commissioner may enter into contracts with third parties. Any recoveries that result from projects or contracts entered into under this paragraph shall be deposited in the state treasury and credited to a special account until the balance in the account reaches \$1,000,000. When the balance in the account exceeds

\$1,000,000, the excess shall be transferred and credited to the general fund. All money in the account is appropriated to the commissioner for the purposes of this paragraph.

(16) Have the authority to make direct payments to facilities providing shelter to women and their children according to section 256D.05, subdivision 3. Upon the written request of a shelter facility that has been denied payments under section 256D.05, subdivision 3, the commissioner shall review all relevant evidence and make a determination within 30 days of the request for review regarding issuance of direct payments to the shelter facility. Failure to act within 30 days shall be considered a determination not to issue direct payments.

(17) Have the authority to establish and enforce the following county reporting requirements:

(a) The commissioner shall establish fiscal and statistical reporting requirements necessary to account for the expenditure of funds allocated to counties for human services programs. When establishing financial and statistical reporting requirements, the commissioner shall evaluate all reports, in consultation with the counties, to determine if the reports can be simplified or the number of reports can be reduced.

(b) The county board shall submit monthly or quarterly reports to the department as required by the commissioner. Monthly reports are due no later than 15 working days after the end of the month. Quarterly reports are due no later than 30 calendar days after the end of the quarter, unless the commissioner determines that the deadline must be shortened to 20 calendar days to avoid jeopardizing compliance with federal deadlines or risking a loss of federal funding. Only reports that are complete, legible, and in the required format shall be accepted by the commissioner.

(c) If the required reports are not received by the deadlines established in clause (b), the commissioner may delay payments and withhold funds from the county board until the next reporting period. When the report is needed to account for the use of federal funds and the late report results in a reduction in federal funding, the commissioner shall withhold from the county boards with late reports an amount equal to the reduction in federal funding until full federal funding is received.

(d) A county board that submits reports that are late, illegible, incomplete, or not in the required format for two out of three consecutive reporting periods is considered noncompliant. When a county board is found to be noncompliant, the commissioner shall notify the county board of the reason the county board is considered noncompliant and request that the county board develop a corrective action plan stating how the county board plans to correct the problem. The corrective action plan must be submitted to the commissioner within 45 days after the date the county board received notice of noncompliance.

(e) The final deadline for fiscal reports or amendments to fiscal reports is one year after the date the report was originally due. If the commissioner does not receive a report by the final deadline, the county board forfeits the funding associated with the report for that reporting period and the county board must repay any funds associated with the report received for that reporting period.

(f) The commissioner may not delay payments, withhold funds, or require repayment under paragraph (c) or (e) if the county demonstrates that the commissioner failed to provide appropriate forms, guidelines, and technical assistance to enable the county to comply with the requirements. If the county board disagrees with an action taken by the commissioner under paragraph (c) or (e), the county board may appeal the action according to sections 14.57 to 14.69.

(g) Counties subject to withholding of funds under paragraph (c) or forfeiture or repayment of funds under paragraph (e) shall not reduce or withhold benefits or services to clients to cover costs incurred due to actions taken by the commissioner under paragraph (c) or (e).

(18) Allocate federal fiscal disallowances or sanctions for audit exceptions when federal fiscal disallowances or sanctions are based on a statewide random sample for the foster care program under title IV-E of the Social Security Act, United States Code, title 42, in direct proportion to each county's title IV-E foster care maintenance claim for that period.

(19) Be responsible for ensuring the detection, prevention, investigation, and resolution of fraudulent activities or behavior by applicants, recipients, and other participants in the human services programs administered by the department.

(20) Require county agencies to identify overpayments, establish claims, and utilize all available and cost-beneficial methodologies to collect and recover these overpayments in the human services programs administered by the department.

(21) Have the authority to administer a drug rebate program for drugs purchased pursuant to the prescription drug program established under section 256.955 after the beneficiary's satisfaction of any deductible established in the program. The commissioner shall require a rebate agreement from all manufacturers of covered drugs as defined in section 256B.0625, subdivision 13. Rebate agreements for prescription drugs delivered on or after July 1, 2002, must include rebates for individuals covered under the prescription drug program who are under 65 years of age. For each drug, the amount of the rebate shall be equal to the basic rebate as defined for purposes of the federal rebate program in United States Code, title 42, section 1396r-8(c)(1). This basic rebate shall be applied to single-source and multiple-source drugs. The manufacturers must provide full payment within 30 days of receipt of the state invoice for the rebate within the terms and conditions used for the federal rebate program established pursuant to section 1927 of title XIX of the Social Security Act. The manufacturers must provide the commissioner with any information necessary to verify the rebate determined per drug. The rebate program shall utilize the terms and conditions used for the federal rebate program established pursuant to section 1927 of title XIX of the Social Security Act.

(22) Have the authority to administer the federal drug rebate program for drugs purchased under the medical assistance program as allowed by section 1927 of title XIX of the Social Security Act and according to the terms and conditions of section 1927. Rebates shall be collected for all drugs that have been dispensed or administered in an outpatient setting and that are from manufacturers who have signed a rebate agreement with the United States Department of Health and Human Services.

(23) Have the authority to administer a supplemental drug rebate program for drugs purchased under the medical assistance program and under the prescription drug program established in section 256.955. The commissioner may enter into supplemental rebate contracts with pharmaceutical manufacturers and may require prior authorization for drugs that are from manufacturers that have not signed a supplemental rebate contract. Prior authorization of drugs shall be subject to the provisions of section 256B.0625, subdivision 13, paragraph (b).

(24) Operate the department's communication systems account established in Laws 1993, First Special Session chapter 1, article 1, section 2, subdivision 2, to manage shared communication costs necessary for the operation of the programs the commissioner supervises. A communications account may also be established for each regional treatment center which operates communications systems. Each account must be used to manage shared communication costs necessary for the operations of the programs the commissioner supervises. The commissioner may distribute the costs of operating and maintaining communication systems to participants in a manner that reflects actual usage. Costs may include acquisition, licensing, insurance, maintenance, repair, staff time and other costs as determined by the commissioner. Nonprofit organizations and state, county, and local government agencies involved in the operation of programs the commissioner supervises may participate in the use of the department's communications technology and share in the cost of operation. The commissioner may accept on behalf of the state any gift, bequest, devise or personal property of any kind, or money tendered to the state for any lawful purpose pertaining to the communication activities of the department. Any money received for this purpose must be deposited in the department's communication systems accounts. Money collected by the commissioner for the use of communication systems must be deposited in the state communication systems account and is appropriated to the commissioner for purposes of this section.

(24) (25) Receive any federal matching money that is made available through the medical assistance program for the consumer satisfaction survey. Any federal money received for the

survey is appropriated to the commissioner for this purpose. The commissioner may expend the federal money received for the consumer satisfaction survey in either year of the biennium.

(25) (26) Incorporate cost reimbursement claims from First Call Minnesota and Greater Twin Cities United Way into the federal cost reimbursement claiming processes of the department according to federal law, rule, and regulations. Any reimbursement received is appropriated to the commissioner and shall be disbursed to First Call Minnesota and Greater Twin Cities United Way according to normal department payment schedules.

(26) (27) Develop recommended standards for foster care homes that address the components of specialized therapeutic services to be provided by foster care homes with those services.

Sec. 3. Minnesota Statutes 2001 Supplement, section 256.969, subdivision 3a, is amended to read:

Subd. 3a. [PAYMENTS.] (a) Acute care hospital billings under the medical assistance program must not be submitted until the recipient is discharged. However, the commissioner shall establish monthly interim payments for inpatient hospitals that have individual patient lengths of stay over 30 days regardless of diagnostic category. Except as provided in section 256.9693, medical assistance reimbursement for treatment of mental illness shall be reimbursed based on diagnostic classifications. Individual hospital payments established under this section and sections 256.9685, 256.9686, and 256.9695, in addition to third party and recipient liability, for discharges occurring during the rate year shall not exceed, in aggregate, the charges for the medical assistance covered inpatient services paid for the same period of time to the hospital. This payment limitation shall be calculated separately for medical assistance and general assistance medical care services. The limitation on general assistance medical care shall be effective for admissions occurring on or after July 1, 1991. Services that have rates established under subdivision 11 or 12, must be limited separately from other services. After consulting with the affected hospitals, the commissioner may consider related hospitals one entity and may merge the payment rates while maintaining separate provider numbers. The operating and property base rates per admission or per day shall be derived from the best Medicare and claims data available when rates are established. The commissioner shall determine the best Medicare and claims data, taking into consideration variables of recency of the data, audit disposition, settlement status, and the ability to set rates in a timely manner. The commissioner shall notify hospitals of payment rates by December 1 of the year preceding the rate year. The rate setting data must reflect the admissions data used to establish relative values. Base year changes from 1981 to the base year established for the rate year beginning January 1, 1991, and for subsequent rate years, shall not be limited to the limits ending June 30, 1987, on the maximum rate of increase under subdivision 1. The commissioner may adjust base year cost, relative value, and case mix index data to exclude the costs of services that have been discontinued by the October 1 of the year preceding the rate year or that are paid separately from inpatient services. Inpatient stays that encompass portions of two or more rate years shall have payments established based on payment rates in effect at the time of admission unless the date of admission preceded the rate year in effect by six months or more. In this case, operating payment rates for services rendered during the rate year in effect and established based on the date of admission shall be adjusted to the rate year in effect by the hospital cost index.

(b) For fee-for-service admissions occurring on or after July 1, 2003, the total payment, before third party liability and spenddown, made to hospitals for inpatient services is reduced by .25 percent from the current statutory rates.

Sec. 4. Minnesota Statutes 2001 Supplement, section 256B.056, subdivision 3, is amended to read:

Subd. 3. [ASSET LIMITATIONS FOR ELDERLY AND DISABLED INDIVIDUALS.] To be eligible for medical assistance, a person must not individually own more than \$3,000 in assets, or if a member of a household with two family members, husband and wife, or parent and child, the household must not own more than \$6,000 in assets, plus \$200 for each additional legal dependent. In addition to these maximum amounts, an eligible individual or family may accrue interest on these amounts, but they must be reduced to the maximum at the time of an eligibility redetermination. The accumulation of the clothing and personal needs allowance according to

section 256B.35 must also be reduced to the maximum at the time of the eligibility redetermination. The value of assets that are not considered in determining eligibility for medical assistance is the value of those assets excluded under the supplemental security income program for aged, blind, and disabled persons, with the following exceptions:

- (a) Household goods and personal effects are not considered.
- (b) Capital and operating assets of a trade or business that the local agency determines are necessary to the person's ability to earn an income are not considered.
- (c) Motor vehicles are excluded to the same extent excluded by the supplemental security income program.
- (d) Assets designated as burial expenses are excluded to the same extent excluded by the supplemental security income program. Burial expenses funded by annuity contracts or life insurance policies must irrevocably designate the individual's estate as contingent beneficiary to the extent proceeds are not used for payment of selected burial expenses.
- (e) Effective upon federal approval, for a person who no longer qualifies as an employed person with a disability due to loss of earnings, assets allowed while eligible for medical assistance under section 256B.057, subdivision 9, are not considered for 12 months, beginning with the first month of ineligibility as an employed person with a disability, to the extent that the person's total assets remain within the allowed limits of section 256B.057, subdivision 9, paragraph (b).

Sec. 5. Minnesota Statutes 2001 Supplement, section 256B.057, subdivision 9, is amended to read:

Subd. 9. [EMPLOYED PERSONS WITH DISABILITIES.] (a) Medical assistance may be paid for a person who is employed and who:

- (1) meets the definition of disabled under the supplemental security income program;
- (2) is at least 16 but less than 65 years of age;
- (3) meets the asset limits in paragraph (b); and
- (4) pays a premium, if required, under paragraph (c).

The person must verify earnings from employment by documenting that social security and Medicare taxes are withheld, and, if applicable, state and federal income taxes are also withheld. If the person is self-employed, the person must document payment of self-employment tax and, if applicable, state and federal income taxes.

Any spousal income or assets shall be disregarded for purposes of eligibility and premium determinations.

After the month of enrollment, a person enrolled in medical assistance under this subdivision who is temporarily unable to work and without receipt of earned income due to a medical condition, as verified by a physician, may retain eligibility for up to four calendar months.

(b) For purposes of determining eligibility under this subdivision, a person's assets must not exceed \$20,000, excluding:

- (1) all assets excluded under section 256B.056;
 - (2) retirement accounts, including individual accounts, 401(k) plans, 403(b) plans, Keogh plans, and pension plans; and
 - (3) medical expense accounts set up through the person's employer.
- (c) A person whose earned and unearned income is equal to or greater than 100 percent of

federal poverty guidelines for the applicable family size must pay a premium to be eligible for medical assistance under this subdivision. The premium shall be based on the person's gross earned and unearned income and the applicable family size using a sliding fee scale established by the commissioner, which begins at one percent of income at 100 percent of the federal poverty guidelines and increases to 7.5 percent of income for those with incomes at or above 300 percent of the federal poverty guidelines. Annual adjustments in the premium schedule based upon changes in the federal poverty guidelines shall be effective for premiums due in July of each year.

(d) A person's eligibility and premium shall be determined by the local county agency. Premiums must be paid to the commissioner. All premiums are dedicated to the commissioner.

(e) Any required premium shall be determined at application and redetermined annually at recertification or when a change in income or family size occurs.

(f) Premium payment is due upon notification from the commissioner of the premium amount required. Premiums may be paid in installments at the discretion of the commissioner.

(g) Nonpayment of the premium shall result in denial or termination of medical assistance unless the person demonstrates good cause for nonpayment. Good cause exists if the requirements specified in Minnesota Rules, part 9506.0040, subpart 7, items B to D, are met. Nonpayment shall include payment with a returned, refused, or dishonored instrument. The commissioner may require a guaranteed form of payment as the only means to replace a returned, refused, or dishonored instrument.

Sec. 6. Minnesota Statutes 2000, section 256B.059, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] (a) For purposes of this section and section 256B.0595, the terms defined in this subdivision have the meanings given them.

(b) "Community spouse" means the spouse of an institutionalized spouse.

(c) "Spousal share" means one-half of the total value of all assets, to the extent that either the institutionalized spouse or the community spouse had an ownership interest at the time of institutionalization.

(d) "Assets otherwise available to the community spouse" means assets individually or jointly owned by the community spouse, other than assets excluded by subdivision 5, paragraph (c).

(e) "Community spouse asset allowance" is the value of assets that can be transferred under subdivision 3.

(f) "Institutionalized spouse" means a person who is:

(1) in a hospital, nursing facility, or intermediate care facility for persons with mental retardation, or receiving home and community-based services under section 256B.0915 or 256B.49, and is expected to remain in the facility or institution or receive the home and community-based services for at least 30 consecutive days; and

(2) married to a person who is not in a hospital, nursing facility, or intermediate care facility for persons with mental retardation, and is not receiving home and community-based services under section 256B.0915 or 256B.49.

(g) "For the sole benefit of" means no other individual or entity can benefit in any way from the assets or income at the time of a transfer or at any time in the future.

Sec. 7. Minnesota Statutes 2000, section 256B.059, subdivision 3, is amended to read:

Subd. 3. [COMMUNITY SPOUSE ASSET ALLOWANCE.] An institutionalized spouse may transfer assets to the community spouse ~~solely~~ for the sole benefit of the community spouse. Except for increased amounts allowable under subdivision 4, the maximum amount of assets allowed to be transferred is the amount which, when added to the assets otherwise available to the community spouse, is as follows:

(1) prior to July 1, 1994, the greater of:

(i) \$14,148;

(ii) the lesser of the spousal share or \$70,740; or

(iii) the amount required by court order to be paid to the community spouse; and

(2) for persons whose date of initial determination of eligibility for medical assistance following their first continuous period of institutionalization occurs on or after July 1, 1994, the greater of:

(i) \$20,000;

(ii) the lesser of the spousal share or \$70,740; or

(iii) the amount required by court order to be paid to the community spouse.

If the assets available to the community spouse are already at the limit permissible under this section, or the higher limit attributable to increases under subdivision 4, no assets may be transferred from the institutionalized spouse to the community spouse. The transfer must be made as soon as practicable after the date the institutionalized spouse is determined eligible for medical assistance, or within the amount of time needed for any court order required for the transfer. On January 1, 1994, and every January 1 thereafter, the limits in this subdivision shall be adjusted by the same percentage change in the consumer price index for all urban consumers (all items; United States city average) between the two previous Septembers. These adjustments shall also be applied to the limits in subdivision 5.

Sec. 8. Minnesota Statutes 2000, section 256B.059, subdivision 5, is amended to read:

Subd. 5. [ASSET AVAILABILITY.] (a) At the time of initial determination of eligibility for medical assistance benefits following the first continuous period of institutionalization on or after October 1, 1989, assets considered available to the institutionalized spouse shall be the total value of all assets in which either spouse has an ownership interest, reduced by the following amount for the community spouse:

(1) prior to July 1, 1994, the greater of:

(i) \$14,148;

(ii) the lesser of the spousal share or \$70,740; or

(iii) the amount required by court order to be paid to the community spouse;

(2) for persons whose date of initial determination of eligibility for medical assistance following their first continuous period of institutionalization occurs on or after July 1, 1994, the greater of:

(i) \$20,000;

(ii) the lesser of the spousal share or \$70,740; or

(iii) the amount required by court order to be paid to the community spouse.

The value of assets transferred for the sole benefit of the community spouse under section 256B.0595, subdivision 4, in combination with other assets available to the community spouse under this section, cannot exceed the limit for the community spouse asset allowance determined under subdivision 3 or 4. Assets that exceed this allowance shall be considered available to the institutionalized spouse whether or not converted to income. If the community spouse asset allowance has been increased under subdivision 4, then the assets considered available to the institutionalized spouse under this subdivision shall be further reduced by the value of additional amounts allowed under subdivision 4.

(b) An institutionalized spouse may be found eligible for medical assistance even though assets in excess of the allowable amount are found to be available under paragraph (a) if the assets are owned jointly or individually by the community spouse, and the institutionalized spouse cannot use those assets to pay for the cost of care without the consent of the community spouse, and if: (i) the institutionalized spouse assigns to the commissioner the right to support from the community spouse under section 256B.14, subdivision 3; (ii) the institutionalized spouse lacks the ability to execute an assignment due to a physical or mental impairment; or (iii) the denial of eligibility would cause an imminent threat to the institutionalized spouse's health and well-being.

(c) After the month in which the institutionalized spouse is determined eligible for medical assistance, during the continuous period of institutionalization, no assets of the community spouse are considered available to the institutionalized spouse, unless the institutionalized spouse has been found eligible under paragraph (b).

(d) Assets determined to be available to the institutionalized spouse under this section must be used for the health care or personal needs of the institutionalized spouse.

(e) For purposes of this section, assets do not include assets excluded under the supplemental security income program.

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

Sec. 9. Minnesota Statutes 2001 Supplement, section 256B.0595, subdivision 1, is amended to read:

Subdivision 1. **[PROHIBITED TRANSFERS.]** (a) For transfers of assets made on or before August 10, 1993, if a person or the person's spouse has given away, sold, or disposed of, for less than fair market value, any asset or interest therein, except assets other than the homestead that are excluded under the supplemental security program, within 30 months before or any time after the date of institutionalization if the person has been determined eligible for medical assistance, or within 30 months before or any time after the date of the first approved application for medical assistance if the person has not yet been determined eligible for medical assistance, the person is ineligible for long-term care services for the period of time determined under subdivision 2.

(b) Effective for transfers made after August 10, 1993, a person, a person's spouse, or any person, court, or administrative body with legal authority to act in place of, on behalf of, at the direction of, or upon the request of the person or person's spouse, may not give away, sell, or dispose of, for less than fair market value, any asset or interest therein, except assets other than the homestead that are excluded under the supplemental security income program, for the purpose of establishing or maintaining medical assistance eligibility. For purposes of determining eligibility for long-term care services, any transfer of such assets within 36 months before or any time after an institutionalized person applies for medical assistance, or 36 months before or any time after a medical assistance recipient becomes institutionalized, for less than fair market value may be considered. Any such transfer is presumed to have been made for the purpose of establishing or maintaining medical assistance eligibility and the person is ineligible for long-term care services for the period of time determined under subdivision 2, unless the person furnishes convincing evidence to establish that the transaction was exclusively for another purpose, or unless the transfer is permitted under subdivision 3 or 4. Notwithstanding the provisions of this paragraph, in the case of payments from a trust or portions of a trust that are considered transfers of assets under federal law, any transfers made within 60 months before or any time after an institutionalized person applies for medical assistance and within 60 months before or any time after a medical assistance recipient becomes institutionalized, may be considered.

(c) This section applies to transfers, for less than fair market value, of income or assets, including assets that are considered income in the month received, such as inheritances, court settlements, and retroactive benefit payments or income to which the person or the person's spouse is entitled but does not receive due to action by the person, the person's spouse, or any person, court, or administrative body with legal authority to act in place of, on behalf of, at the direction of, or upon the request of the person or the person's spouse.

(d) This section applies to payments for care or personal services provided by a relative, unless the compensation was stipulated in a notarized, written agreement which was in existence when the service was performed, the care or services directly benefited the person, and the payments made represented reasonable compensation for the care or services provided. A notarized written agreement is not required if payment for the services was made within 60 days after the service was provided.

(e) This section applies to the portion of any asset or interest that a person, a person's spouse, or any person, court, or administrative body with legal authority to act in place of, on behalf of, at the direction of, or upon the request of the person or the person's spouse, transfers to any annuity that exceeds the value of the benefit likely to be returned to the person or spouse while alive, based on estimated life expectancy using the life expectancy tables employed by the supplemental security income program to determine the value of an agreement for services for life. The commissioner may adopt rules reducing life expectancies based on the need for long-term care. This section applies to an annuity described in this paragraph purchased on or after March 1, 2002, that:

(1) is not purchased from an insurance company or financial institution that is subject to licensing or regulation by the Minnesota department of commerce or a similar regulatory agency of another state;

(2) does not pay out principal and interest in equal monthly installments; or

(3) does not begin payment at the earliest possible date after annuitization.

(f) For purposes of this section, long-term care services include services in a nursing facility, services that are eligible for payment according to section 256B.0625, subdivision 2, because they are provided in a swing bed, intermediate care facility for persons with mental retardation, and home and community-based services provided pursuant to sections 256B.0915, 256B.092, and 256B.49. For purposes of this subdivision and subdivisions 2, 3, and 4, "institutionalized person" includes a person who is an inpatient in a nursing facility or in a swing bed, or intermediate care facility for persons with mental retardation or who is receiving home and community-based services under sections 256B.0915, 256B.092, and 256B.49.

Sec. 10. Minnesota Statutes 2001 Supplement, section 256B.0595, subdivision 2, is amended to read:

Subd. 2. [PERIOD OF INELIGIBILITY.] (a) For any uncompensated transfer occurring on or before August 10, 1993, the number of months of ineligibility for long-term care services shall be the lesser of 30 months, or the uncompensated transfer amount divided by the average medical assistance rate for nursing facility services in the state in effect on the date of application. The amount used to calculate the average medical assistance payment rate shall be adjusted each July 1 to reflect payment rates for the previous calendar year. The period of ineligibility begins with the month in which the assets were transferred. If the transfer was not reported to the local agency at the time of application, and the applicant received long-term care services during what would have been the period of ineligibility if the transfer had been reported, a cause of action exists against the transferee for the cost of long-term care services provided during the period of ineligibility, or for the uncompensated amount of the transfer, whichever is less. The action may be brought by the state or the local agency responsible for providing medical assistance under chapter 256G. The uncompensated transfer amount is the fair market value of the asset at the time it was given away, sold, or disposed of, less the amount of compensation received.

(b) For uncompensated transfers made after August 10, 1993, the number of months of ineligibility for long-term care services shall be the total uncompensated value of the resources transferred divided by the average medical assistance rate for nursing facility services in the state in effect on the date of application. The amount used to calculate the average medical assistance payment rate shall be adjusted each July 1 to reflect payment rates for the previous calendar year. The period of ineligibility begins with the month in which the assets were transferred except that if one or more uncompensated transfers are made during a period of ineligibility, the total assets transferred during the ineligibility period shall be combined and a penalty period calculated to

begin in the month the first uncompensated transfer was made. If the transfer was not reported to the local agency at the time of application, and the applicant received medical assistance services during what would have been the period of ineligibility if the transfer had been reported, a cause of action exists against the transferee for the cost of medical assistance services provided during the period of ineligibility, or for the uncompensated amount of the transfer, whichever is less. The action may be brought by the state or the local agency responsible for providing medical assistance under chapter 256G. The uncompensated transfer amount is the fair market value of the asset at the time it was given away, sold, or disposed of, less the amount of compensation received. Effective for transfers made on or after March 1, 1996, involving persons who apply for medical assistance on or after April 13, 1996, no cause of action exists for a transfer unless:

(1) the transferee knew or should have known that the transfer was being made by a person who was a resident of a long-term care facility or was receiving that level of care in the community at the time of the transfer;

(2) the transferee knew or should have known that the transfer was being made to assist the person to qualify for or retain medical assistance eligibility; or

(3) the transferee actively solicited the transfer with intent to assist the person to qualify for or retain eligibility for medical assistance.

(c) If a calculation of a penalty period results in a partial month, payments for long-term care services shall be reduced in an amount equal to the fraction, except that in calculating the value of uncompensated transfers, if the total value of all uncompensated transfers made in a month not included in an existing penalty period does not exceed \$500 \$200, then such transfers shall be disregarded for each month prior to the month of application for or during receipt of medical assistance.

Sec. 11. Minnesota Statutes 2000, section 256B.0595, subdivision 4, is amended to read:

Subd. 4. [OTHER EXCEPTIONS TO TRANSFER PROHIBITION.] An institutionalized person who has made, or whose spouse has made a transfer prohibited by subdivision 1, is not ineligible for long-term care services if one of the following conditions applies:

(1) the assets were transferred to the individual's spouse or to another for the sole benefit of the spouse; or

(2) the institutionalized spouse, prior to being institutionalized, transferred assets to a spouse, provided that the spouse to whom the assets were transferred does not then transfer those assets to another person for less than fair market value. (At the time when one spouse is institutionalized, assets must be allocated between the spouses as provided under section 256B.059); or

(3) the assets were transferred to the individual's child who is blind or permanently and totally disabled as determined in the supplemental security income program; or

(4) a satisfactory showing is made that the individual intended to dispose of the assets either at fair market value or for other valuable consideration; or

(5) the local agency determines that denial of eligibility for long-term care services would work an undue hardship and grants a waiver of a penalty resulting from a transfer for less than fair market value based on an imminent threat to the individual's health and well-being. Whenever an applicant or recipient is denied eligibility because of a transfer for less than fair market value, the local agency shall notify the applicant or recipient that the applicant or recipient may request a waiver of the penalty if the denial of eligibility will cause undue hardship. In evaluating a waiver, the local agency shall take into account whether the individual was the victim of financial exploitation, whether the individual has made reasonable efforts to recover the transferred property or resource, and other factors relevant to a determination of hardship. If the local agency does not approve a hardship waiver, the local agency shall issue a written notice to the individual stating the reasons for the denial and the process for appealing the local agency's decision. When a waiver is granted, a cause of action exists against the person to whom the assets were transferred for that portion of long-term care services granted within:

- (i) 30 months of a transfer made on or before August 10, 1993;
 - (ii) 60 months of a transfer if the assets were transferred after August 30, 1993, to a trust or portion of a trust that is considered a transfer of assets under federal law; or
 - (iii) 36 months of a transfer if transferred in any other manner after August 10, 1993, or the amount of the uncompensated transfer, whichever is less, together with the costs incurred due to the action. The action shall be brought by the state unless the state delegates this responsibility to the local agency responsible for providing medical assistance under this chapter; or
- (6) for transfers occurring after August 10, 1993, the assets were transferred by the person or person's spouse: (i) into a trust established solely for the sole benefit of a son or daughter of any age who is blind or disabled as defined by the Supplemental Security Income program; or (ii) into a trust established solely for the sole benefit of an individual who is under 65 years of age who is disabled as defined by the Supplemental Security Income program.

"For the sole benefit of" has the meaning found in section 256B.059, subdivision 1.

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

Sec. 12. Minnesota Statutes 2001 Supplement, section 256B.0625, subdivision 13, is amended to read:

Subd. 13. [DRUGS.] (a) Medical assistance covers drugs, except for fertility drugs when specifically used to enhance fertility, if prescribed by a licensed practitioner and dispensed by a licensed pharmacist, by a physician enrolled in the medical assistance program as a dispensing physician, or by a physician or a nurse practitioner employed by or under contract with a community health board as defined in section 145A.02, subdivision 5, for the purposes of communicable disease control. The commissioner, after receiving recommendations from professional medical associations and professional pharmacist associations, shall designate a formulary committee to advise the commissioner on the names of drugs for which payment is made, recommend a system for reimbursing providers on a set fee or charge basis rather than the present system, and develop methods encouraging use of generic drugs when they are less expensive and equally effective as trademark drugs. The formulary committee shall consist of nine members, four of whom shall be physicians who are not employed by the department of human services, and a majority of whose practice is for persons paying privately or through health insurance, three of whom shall be pharmacists who are not employed by the department of human services, and a majority of whose practice is for persons paying privately or through health insurance, a consumer representative, and a nursing home representative. Committee members shall serve three-year terms and shall serve without compensation. Members may be reappointed once.

(b) The commissioner shall establish a drug formulary. Its establishment and publication shall not be subject to the requirements of the Administrative Procedure Act, but the formulary committee shall review and comment on the formulary contents. ~~The formulary committee shall review and recommend drugs which require prior authorization. The formulary committee may recommend drugs for prior authorization directly to the commissioner, as long as opportunity for public input is provided. Prior authorization may be requested by the commissioner based on medical and clinical criteria before certain drugs are eligible for payment. Before a drug may be considered for prior authorization at the request of the commissioner:~~

~~(1) the drug formulary committee must develop criteria to be used for identifying drugs; the development of these criteria is not subject to the requirements of chapter 14, but the formulary committee shall provide opportunity for public input in developing criteria;~~

~~(2) the drug formulary committee must hold a public forum and receive public comment for an additional 15 days; and~~

~~(3) the commissioner must provide information to the formulary committee on the impact that~~

~~placing the drug on prior authorization will have on the quality of patient care and information regarding whether the drug is subject to clinical abuse or misuse. Prior authorization may be required by the commissioner before certain formulary drugs are eligible for payment. The formulary shall not include:~~

(i) drugs or products for which there is no federal funding;

(ii) over-the-counter drugs, except for antacids, acetaminophen, family planning products, aspirin, insulin, products for the treatment of lice, vitamins for adults with documented vitamin deficiencies, vitamins for children under the age of seven and pregnant or nursing women, and any other over-the-counter drug identified by the commissioner, in consultation with the drug formulary committee, as necessary, appropriate, and cost-effective for the treatment of certain specified chronic diseases, conditions or disorders, and this determination shall not be subject to the requirements of chapter 14;

(iii) anorectics, except that medically necessary anorectics shall be covered for a recipient previously diagnosed as having pickwickian syndrome and currently diagnosed as having diabetes and being morbidly obese;

(iv) drugs for which medical value has not been established; and

(v) drugs from manufacturers who have not signed a rebate agreement with the Department of Health and Human Services pursuant to section 1927 of title XIX of the Social Security Act.

The commissioner shall publish conditions for prohibiting payment for specific drugs after considering the formulary committee's recommendations. An honorarium of \$100 per meeting and reimbursement for mileage shall be paid to each committee member in attendance.

(c) The basis for determining the amount of payment shall be the lower of the actual acquisition costs of the drugs plus a fixed dispensing fee; the maximum allowable cost set by the federal government or by the commissioner plus the fixed dispensing fee; or the usual and customary price charged to the public. The pharmacy dispensing fee shall be ~~\$3.65~~ \$4.15 for the period from July 1, 2002, to June 30, 2003, and \$4.20 effective July 1, 2003, except that the dispensing fee for intravenous solutions which must be compounded by the pharmacist shall be \$8 per bag, \$14 per bag for cancer chemotherapy products, and \$30 per bag for total parenteral nutritional products dispensed in one liter quantities, or \$44 per bag for total parenteral nutritional products dispensed in quantities greater than one liter. Actual acquisition cost includes quantity and other special discounts except time and cash discounts. The actual acquisition cost of a drug shall be estimated by the commissioner, at average wholesale price minus ~~nine~~ 14 percent, except that where a drug has had its wholesale price reduced as a result of the actions of the National Association of Medicaid Fraud Control Units, the estimated actual acquisition cost shall be the reduced average wholesale price, without the ~~nine~~ 14 percent deduction. The maximum allowable cost of a multisource drug may be set by the commissioner and it shall be comparable to, but no higher than, the maximum amount paid by other third-party payors in this state who have maximum allowable cost programs. ~~The commissioner shall set maximum allowable costs for multisource drugs that are not on the federal upper limit list as described in United States Code, title 42, chapter 7, section 1396r-8(e), the Social Security Act, and Code of Federal Regulations, title 42, part 447, section 447.332.~~ Establishment of the amount of payment for drugs shall not be subject to the requirements of the Administrative Procedure Act. An additional dispensing fee of \$.30 may be added to the dispensing fee paid to pharmacists for legend drug prescriptions dispensed to residents of long-term care facilities when a unit dose blister card system, approved by the department, is used. Under this type of dispensing system, the pharmacist must dispense a 30-day supply of drug. The National Drug Code (NDC) from the drug container used to fill the blister card must be identified on the claim to the department. The unit dose blister card containing the drug must meet the packaging standards set forth in Minnesota Rules, part 6800.2700, that govern the return of unused drugs to the pharmacy for reuse. The pharmacy provider will be required to credit the department for the actual acquisition cost of all unused drugs that are eligible for reuse. Over-the-counter medications must be dispensed in the manufacturer's unopened package. The commissioner may permit the drug clozapine to be dispensed in a quantity that is less than a 30-day supply. Whenever a generically equivalent product is available, payment shall be on the

basis of the actual acquisition cost of the generic drug, unless the prescriber specifically indicates "dispense as written - brand necessary" on the prescription as required by section 151.21, subdivision 2.

~~(d) For purposes of this subdivision, "multisource drugs" means covered outpatient drugs, excluding innovator multisource drugs for which there are two or more drug products, which:~~

~~(1) are related as therapeutically equivalent under the Food and Drug Administration's most recent publication of "Approved Drug Products with Therapeutic Equivalence Evaluations";~~

~~(2) are pharmaceutically equivalent and bioequivalent as determined by the Food and Drug Administration; and~~

~~(3) are sold or marketed in Minnesota.~~

"Innovator multisource drug" means a multisource drug that was originally marketed under an original new drug application approved by the Food and Drug Administration. The formulary committee shall review and recommend drugs which require prior authorization. The formulary committee may recommend drugs for prior authorization directly to the commissioner, as long as opportunity for public input is provided. Prior authorization may be requested by the commissioner based on medical and clinical criteria and on cost before certain drugs are eligible for payment. Before a drug may be considered for prior authorization at the request of the commissioner:

(1) the drug formulary committee must develop criteria to be used for identifying drugs; the development of these criteria is not subject to the requirements of chapter 14, but the formulary committee shall provide opportunity for public input in developing criteria;

(2) the drug formulary committee must hold a public forum and receive public comment for an additional 15 days; and

(3) the commissioner must provide information to the formulary committee on the impact that placing the drug on prior authorization will have on the quality of patient care and on program costs, and information regarding whether the drug is subject to clinical abuse or misuse. Prior authorization may be required by the commissioner before certain formulary drugs are eligible for payment.

(e) The basis for determining the amount of payment for drugs administered in an outpatient setting shall be the lower of the usual and customary cost submitted by the provider; the average wholesale price minus five percent; or the maximum allowable cost set by the federal government under United States Code, title 42, chapter 7, section 1396r-8(e), and Code of Federal Regulations, title 42, section 447.332, or by the commissioner under paragraph (c).

Sec. 13. Minnesota Statutes 2000, section 256B.32, is amended to read:

256B.32 [FACILITY FEE FOR OUTPATIENT HOSPITAL EMERGENCY ROOM AND CLINIC VISITS.]

(a) The commissioner shall establish a facility fee payment mechanism that will pay a facility fee to all enrolled outpatient hospitals for each emergency room or outpatient clinic visit provided on or after July 1, 1989. This payment mechanism may not result in an overall increase in outpatient payment rates. This section does not apply to federally mandated maximum payment limits, department approved program packages, or services billed using a nonoutpatient hospital provider number.

(b) For fee-for-service services provided on or after July 1, 2003, the total payment, before third party liability and spenddown, made to hospitals for outpatient hospital facility services is reduced by .25 percent from the current statutory rates.

Sec. 14. Minnesota Statutes 2000, section 256B.69, subdivision 5a, is amended to read:

Subd. 5a. [MANAGED CARE CONTRACTS.] (a) Managed care contracts under this section and sections 256L.12 and 256D.03, shall be entered into or renewed on a calendar year basis beginning January 1, 1996. Managed care contracts which were in effect on June 30, 1995, and set to renew on July 1, 1995, shall be renewed for the period July 1, 1995 through December 31, 1995 at the same terms that were in effect on June 30, 1995.

(b) A prepaid health plan providing covered health services for eligible persons pursuant to chapters 256B, 256D, and 256L, is responsible for complying with the terms of its contract with the commissioner. Requirements applicable to managed care programs under chapters 256B, 256D, and 256L, established after the effective date of a contract with the commissioner take effect when the contract is next issued or renewed.

(c) Effective for services rendered on or after January 1, 2003, the commissioner shall withhold five percent of managed care plan payments under this section for the prepaid medical assistance and general assistance medical care programs pending completion of performance targets. The withheld funds will be returned no sooner than July of the following year if performance targets in the contract are achieved. The commissioner may exclude special demonstration projects under subdivision 23.

Sec. 15. Minnesota Statutes 2001 Supplement, section 256B.69, subdivision 5b, is amended to read:

Subd. 5b. [PROSPECTIVE REIMBURSEMENT RATES.] (a) For prepaid medical assistance and general assistance medical care program contract rates set by the commissioner under subdivision 5 and effective on or after January 1, 1998 2003, capitation rates for nonmetropolitan counties shall on a weighted average be no less than ~~88~~ 87 percent of the capitation rates for metropolitan counties, excluding Hennepin county. The commissioner shall make a pro rata adjustment in capitation rates paid to counties other than nonmetropolitan counties in order to make this provision budget neutral.

~~(b) For prepaid medical assistance program contract rates set by the commissioner under subdivision 5 and effective on or after January 1, 2001, capitation rates for nonmetropolitan counties shall, on a weighted average, be no less than 89 percent of the capitation rates for metropolitan counties, excluding Hennepin county.~~

(e) This subdivision shall not affect the nongeographically based risk adjusted rates established under section 62Q.03, subdivision 5a.

Sec. 16. Minnesota Statutes 2001 Supplement, section 256B.69, subdivision 5c, is amended to read:

Subd. 5c. [MEDICAL EDUCATION AND RESEARCH FUND.] (a) The commissioner of human services shall transfer each year to the medical education and research fund established under section 62J.692, the following:

(1) an amount equal to the reduction in the prepaid medical assistance and prepaid general assistance medical care payments as specified in this clause. Until January 1, 2002, the county medical assistance and general assistance medical care capitation base rate prior to plan specific adjustments and after the regional rate adjustments under section 256B.69, subdivision 5b, is reduced 6.3 percent for Hennepin county, two percent for the remaining metropolitan counties, and no reduction for nonmetropolitan Minnesota counties; and after January 1, 2002, the county medical assistance and general assistance medical care capitation base rate prior to plan specific adjustments is reduced 6.3 percent for Hennepin county, two percent for the remaining metropolitan counties, and 1.6 percent for nonmetropolitan Minnesota counties. Nursing facility and elderly waiver payments and demonstration project payments operating under subdivision 23 are excluded from this reduction. The amount calculated under this clause shall not be adjusted for periods already paid due to subsequent changes to the capitation payments; ~~and~~

(2) beginning July 1, 2001, \$2,537,000 from the capitation rates paid under this section plus any federal matching funds on this amount; and

(3) beginning July 1, 2002, an additional \$10,000,000 from the capitation rates paid under this section.

(b) This subdivision shall be effective upon approval of a federal waiver which allows federal financial participation in the medical education and research fund.

Sec. 17. Minnesota Statutes 2000, section 256B.69, is amended by adding a subdivision to read:

Subd. 5f. [CAPITATION RATES.] Beginning July 1, 2002, the capitation rates paid under this section are increased by \$10,000,000 per year.

Sec. 18. Minnesota Statutes 2000, section 256B.69, is amended by adding a subdivision to read:

Subd. 5g. [PAYMENT FOR COVERED SERVICES.] For services rendered on or after July 1, 2003, the total payment made to managed care plans for providing covered services under the medical assistance and general assistance medical care programs is reduced by .25 percent from their current statutory rates. This provision excludes payments for nursing home services, home and community-based waivers, and payments to demonstration projects for persons with disabilities.

Sec. 19. Minnesota Statutes 2001 Supplement, section 256B.75, is amended to read:

256B.75 [HOSPITAL OUTPATIENT REIMBURSEMENT.]

(a) For outpatient hospital facility fee payments for services rendered on or after October 1, 1992, the commissioner of human services shall pay the lower of (1) submitted charge, or (2) 32 percent above the rate in effect on June 30, 1992, except for those services for which there is a federal maximum allowable payment. Effective for services rendered on or after January 1, 2000, payment rates for nonsurgical outpatient hospital facility fees and emergency room facility fees shall be increased by eight percent over the rates in effect on December 31, 1999, except for those services for which there is a federal maximum allowable payment. Services for which there is a federal maximum allowable payment shall be paid at the lower of (1) submitted charge, or (2) the federal maximum allowable payment. Total aggregate payment for outpatient hospital facility fee services shall not exceed the Medicare upper limit. If it is determined that a provision of this section conflicts with existing or future requirements of the United States government with respect to federal financial participation in medical assistance, the federal requirements prevail. The commissioner may, in the aggregate, prospectively reduce payment rates to avoid reduced federal financial participation resulting from rates that are in excess of the Medicare upper limitations.

(b) Notwithstanding paragraph (a), payment for outpatient, emergency, and ambulatory surgery hospital facility fee services for critical access hospitals designated under section 144.1483, clause (11), shall be paid on a cost-based payment system that is based on the cost-finding methods and allowable costs of the Medicare program.

(c) Effective for services provided on or after July 1, ~~2002~~ 2003, rates that are based on the Medicare outpatient prospective payment system shall be replaced by a budget neutral prospective payment system that is derived using medical assistance data. The commissioner shall provide a proposal to the ~~2002~~ 2003 legislature to define and implement this provision.

(d) For fee-for-service services provided on or after July 1, 2003, the total payment, before third party liability and spenddown, made to hospitals for outpatient hospital facility services is reduced by .25 percent from the current statutory rate.

Sec. 20. Minnesota Statutes 2000, section 256L.07, subdivision 1, is amended to read:

Subdivision 1. [GENERAL REQUIREMENTS.] (a) Children enrolled in the original children's health plan as of September 30, 1992, children who enrolled in the MinnesotaCare program after September 30, 1992, pursuant to Laws 1992, chapter 549, article 4, section 17, and children who have family gross incomes that are equal to or less than ~~150~~ 175 percent of the federal poverty guidelines are eligible without meeting the requirements of subdivision 2, as long as they maintain continuous coverage in the MinnesotaCare program or medical assistance. Children who apply for

MinnesotaCare on or after the implementation date of the employer-subsidized health coverage program as described in Laws 1998, chapter 407, article 5, section 45, who have family gross incomes that are equal to or less than ~~150~~ 175 percent of the federal poverty guidelines, must meet the requirements of subdivision 2 to be eligible for MinnesotaCare.

(b) Families enrolled in MinnesotaCare under section 256L.04, subdivision 1, whose income increases above 275 percent of the federal poverty guidelines, are no longer eligible for the program and shall be disenrolled by the commissioner. Individuals enrolled in MinnesotaCare under section 256L.04, subdivision 7, whose income increases above 175 percent of the federal poverty guidelines are no longer eligible for the program and shall be disenrolled by the commissioner. For persons disenrolled under this subdivision, MinnesotaCare coverage terminates the last day of the calendar month following the month in which the commissioner determines that the income of a family or individual exceeds program income limits.

(c) Notwithstanding paragraph (b), individuals and families may remain enrolled in MinnesotaCare if ten percent of their annual income is less than the annual premium for a policy with a \$500 deductible available through the Minnesota comprehensive health association. Individuals and families who are no longer eligible for MinnesotaCare under this subdivision shall be given an 18-month notice period from the date that ineligibility is determined before disenrollment.

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

Sec. 21. Minnesota Statutes 2000, section 256L.07, subdivision 3, is amended to read:

Subd. 3. [OTHER HEALTH COVERAGE.] (a) Families and individuals enrolled in the MinnesotaCare program must have no health coverage while enrolled or for at least four months prior to application and renewal. Children enrolled in the original children's health plan and children in families with income equal to or less than ~~150~~ 175 percent of the federal poverty guidelines, who have other health insurance, are eligible if the coverage:

(1) lacks two or more of the following:

- (i) basic hospital insurance;
- (ii) medical-surgical insurance;
- (iii) prescription drug coverage;
- (iv) dental coverage; or
- (v) vision coverage;

(2) requires a deductible of \$100 or more per person per year; or

(3) lacks coverage because the child has exceeded the maximum coverage for a particular diagnosis or the policy excludes a particular diagnosis.

The commissioner may change this eligibility criterion for sliding scale premiums in order to remain within the limits of available appropriations. The requirement of no health coverage does not apply to newborns.

(b) Medical assistance, general assistance medical care, and civilian health and medical program of the uniformed service, CHAMPUS, are not considered insurance or health coverage for purposes of the four-month requirement described in this subdivision.

(c) For purposes of this subdivision, Medicare Part A or B coverage under title XVIII of the Social Security Act, United States Code, title 42, sections 1395c to 1395w-4, is considered health coverage. An applicant or enrollee may not refuse Medicare coverage to establish eligibility for MinnesotaCare.

(d) Applicants who were recipients of medical assistance or general assistance medical care within one month of application must meet the provisions of this subdivision and subdivision 2.

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

Sec. 22. Minnesota Statutes 2000, section 256L.12, subdivision 9, is amended to read:

Subd. 9. [RATE SETTING.] (a) Rates will be prospective, per capita, where possible. The commissioner may allow health plans to arrange for inpatient hospital services on a risk or nonrisk basis. The commissioner shall consult with an independent actuary to determine appropriate rates.

(b) For services rendered on or after January 1, 2003, the commissioner shall withhold .5 percent of managed care plan payments under this section pending completion of performance targets. The withheld funds will be returned no sooner than July 1 and no later than July 31 of the following year if performance targets in the contract are achieved.

Sec. 23. Minnesota Statutes 2001 Supplement, section 256L.15, subdivision 1, is amended to read:

Subdivision 1. [PREMIUM DETERMINATION.] (a) Families with children and individuals shall pay a premium determined according to a sliding fee based on a percentage of the family's gross family income.

(b) Pregnant women and children under age two are exempt from the provisions of section 256L.06, subdivision 3, paragraph (b), clause (3), requiring disenrollment for failure to pay premiums. For pregnant women, this exemption continues until the first day of the month following the 60th day postpartum. Women who remain enrolled during pregnancy or the postpartum period, despite nonpayment of premiums, shall be disenrolled on the first of the month following the 60th day postpartum for the penalty period that otherwise applies under section 256L.06, unless they begin paying premiums.

~~(c) Effective July 1, 2002, through June 30, 2006, at their option, children with gross family income at or below 217 percent of the federal poverty guidelines who are eligible for MinnesotaCare in the first month following termination from medical assistance shall not pay a premium for 12 months.~~

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

Sec. 24. Minnesota Statutes 2000, section 256L.15, subdivision 3, is amended to read:

Subd. 3. [EXCEPTIONS TO SLIDING SCALE.] An annual premium of \$48 is required for all children in families with income at or less than ~~450~~ 175 percent of federal poverty guidelines.

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

Sec. 25. [REPEALER.]

Minnesota Statutes 2001 Supplement, sections 256B.0625, subdivision 5a; and 256L.03, subdivision 5a, are repealed.

ARTICLE 8

MISCELLANEOUS

Section 1. Minnesota Statutes 2000, section 145.9266, subdivision 3, is amended to read:

Subd. 3. [PROFESSIONAL TRAINING AND EDUCATION ABOUT FETAL ALCOHOL SYNDROME.] (a) The commissioner of health, in collaboration with the board of medical practice, the board of nursing, and other professional boards and state agencies, shall develop ~~curricula~~ and materials about fetal alcohol syndrome for professional training of health care providers, social service providers, educators, and judicial and corrections systems professionals. The training ~~and curricula~~ shall increase knowledge and develop practical skills of professionals to help them address the needs of at-risk pregnant women and the needs of individuals affected by fetal alcohol syndrome or fetal alcohol effects and their families.

(b) Training for health care providers shall focus on skill building for screening, counseling,

referral, and follow-up for women using or at risk of using alcohol while pregnant. Training for health care professionals shall include methods for diagnosis and evaluation of fetal alcohol syndrome and fetal alcohol effects. Training for education, judicial, and corrections professionals shall involve effective education strategies, methods to identify the behaviors and learning styles of children with alcohol-related birth defects, and methods to identify available referral and community resources.

(c) Training and education for social service providers shall focus on resources for assessing, referring, and treating at-risk pregnant women, changes in the mandatory reporting and commitment laws, and resources for affected children and their families.

Sec. 2. Minnesota Statutes 2000, section 251.013, subdivision 1, is amended to read:

Subdivision 1. [INTENT.] (a) It is the intent of the legislature that the Ah-Gwah-Ching center continue operation in Walker, Minnesota, as a provider of nursing care to geriatric and other residents whose aggressive or difficult to manage behavioral needs cannot be met in their home community.

(b) It is the intent of the legislature that the Fergus Falls regional treatment center and the Willmar regional treatment center continue operation in Fergus Falls and Willmar respectively, as providers of mental health and chemical dependency treatment, and also as operators of community-based programs for persons with developmental disabilities.

Sec. 3. Minnesota Statutes 2001 Supplement, section 256I.05, subdivision 1e, is amended to read:

Subd. 1e. [SUPPLEMENTARY RATE FOR CERTAIN FACILITIES.] Notwithstanding the provisions of subdivisions 1a and 1c, beginning July 1, 2001, a county agency shall negotiate a supplementary rate in addition to the rate specified in subdivision 1, equal to 46 35.5 percent of the amount specified in subdivision 1a, ~~including any legislatively authorized inflationary adjustments~~, for a group residential housing provider that:

(1) is located in Hennepin county and has had a group residential housing contract with the county since June 1996;

(2) operates in three separate locations a 71-bed facility, and two 40-bed facilities; and

(3) serves a chemically dependent clientele, providing 24 hours per day supervision and limiting a resident's maximum length of stay to 13 months out of a consecutive 24-month period.

Sec. 4. Laws 1999, chapter 152, section 2, is amended to read:

Sec. 2. [PAYMENT STRUCTURE.]

The task force shall develop a new payment rate structure for day training and habilitation services that reflects individual consumer needs and demands for services. The payment structure shall be based on individual need, flexibility, and simplicity in administration and a reflection of costs. An equitable distribution of funds based on need shall be ensured with no additional cost to the state.

Sec. 5. Laws 1999, chapter 152, section 4, as amended by Laws 2001, First Special Session chapter 9, article 13, section 18, is amended to read:

Sec. 4. [REPORT.]

The task force shall present a report recommending ~~a new~~ an individual payment rate structure to the legislature by ~~January 15, 2000, and shall make July 1, 2002,~~ with recommendations to the commissioner of human services regarding on the implementation of the pilot project for the individualized payment rate structure, ~~so the pilot project can be implemented as required in section 25 that results in no additional costs to the state.~~ The task force expires on December June 30, 2003 2002.

Sec. 6. Laws 2001, First Special Session chapter 9, article 13, section 25, subdivision 3, is amended to read:

Sec. 25. [DAY TRAINING AND HABILITATION INDIVIDUALIZED PAYMENT RATE STRUCTURE PILOT PROJECT REPORT.]

~~Subd. 3. [TASK FORCE RESPONSIBILITIES.] The day training and habilitation task force established under Laws 1999, chapter 152, section 4, shall evaluate the pilot project authorized under subdivision 1 feasibility of a conversion to an individual rate structure, and shall submit a report to the legislature with an implementation plan, which shall address how and when the pilot project individualized payment rate structure will be implemented statewide, shall ensure that vendors that wish to maintain their current per diem rate may do so within the new payment system, and shall identify criteria that would halt statewide implementation if vendors or clients were adversely affected by the new payment rate structure, and with recommendations for any amendments that should be made before statewide implementation. These recommendations shall be made in a report to the chairs of the house health and human services policy and finance committees and the senate health and family security committee and finance division by July 1, 2002.~~

Sec. 7. [REPEALER.]

(a) Minnesota Statutes 2000, sections 144.6905; and 145.475, are repealed.

(b) Minnesota Statutes 2000, section 256.9731, is repealed.

(c) Minnesota Statutes 2000, sections 256K.01; 256K.015; 256K.02; 256K.03, as amended by Laws 2001, First Special Session chapter 9, article 2, section 58; 256K.04; 256K.05; 256K.06; 256K.08; 256K.09; and Minnesota Statutes 2001 Supplement, section 256K.07, are repealed.

(d) Laws 2001, First Special Session chapter 9, article 13, sections 22; 25, subdivisions 1, 2, 4, 5, 6, and 7; 26; 27; and 28, are repealed.

ARTICLE 9
CORRECTIONS

Section 1. [CORRECTIONS APPROPRIATIONS.]

The dollar amounts in the columns under "APPROPRIATIONS" are added to or, if shown in parentheses, are subtracted from the appropriations in Laws 2001, First Special Session chapter 9, or other law to the specified agencies. The appropriations are from the general fund or other named fund and are available for the fiscal years indicated for each purpose. The figure "2002" or "2003" means that the addition to or subtraction from the appropriations listed under the figure are for the fiscal year ending June 30, 2002, or June 30, 2003, respectively.

SUMMARY BY FUND

	2002	2003	BIENNIAL TOTAL
General	\$(5,200,000)	\$(9,778,000)	\$(14,978,000)
		APPROPRIATIONS Available for the Year Ending June 30	
		2002	2003
Sec. 2. BOARD OF PUBLIC DEFENSE		-0-	(1,041,000)
Sec. 3. CORRECTIONS			
Subdivision 1. Total Appropriation Changes		(5,200,000)	(8,737,000)

Subd. 2. Adult Institutions	(5,200,000)	(1,600,000)
Subd. 3. Juvenile Services	-0-	(115,000)
Subd. 4. Community Services	-0-	(6,722,000)

[JUVENILE RESIDENTIAL TREATMENT GRANTS.] \$5,000,000 the second year is to reduce juvenile residential treatment grants.

[PRETRIAL BAIL EVALUATION REIMBURSEMENT.] \$322,000 the second year is to eliminate pretrial bail evaluation reimbursement.

[COMMUNITY REENTRY PROGRAM.] \$200,000 the second year is to eliminate the community reentry program.

[COMMUNITY CORRECTIONS ACT SUBSIDY.] \$800,000 the second year is to reduce the Community Corrections Act subsidy funding. \$80,000 the second year is to reduce county probation officer reimbursement. \$320,000 the second year is to reduce probation and supervised release services provided by the department. The Community Corrections Act subsidy reduction, county probation officer reimbursement reduction, and probation and supervised release reduction are onetime reductions and shall not affect the 2004-2005 biennial base appropriation.

Subd. 5. Management Services	-0-	(300,000)
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Sec. 4. Minnesota Statutes 2001 Supplement, section 244.054, subdivision 2, is amended to read:

Subd. 2. [CONTENT OF PLAN.] If an offender chooses to have a discharge plan developed, the commissioner of human services shall develop and implement a discharge plan, which must include at least the following:

(1) at least 90 days before the offender is due to be discharged, the commissioner of human services shall designate an agent of the department of human services with mental health training to serve as the primary person responsible for carrying out discharge planning activities;

(2) at least 75 days before the offender is due to be discharged, the offender's designated agent shall:

(i) obtain informed consent and releases of information from the offender that are needed for transition services;

(ii) contact the county human services department in the community where the offender expects to reside following discharge, and inform the department of the offender's impending discharge and the planned date of the offender's return to the community; determine whether the county or a designated contracted provider will provide case management services to the offender; refer the offender to the case management services provider; and confirm that the case management services provider will have opened the offender's case prior to the offender's discharge; and

(iii) refer the offender to appropriate staff in the county human services department in the community where the offender expects to reside following discharge, for enrollment of the

offender if eligible in medical assistance or general assistance medical care, using special procedures established by process and department of human services bulletin;

(3) at least 2-1/2 months before discharge, the offender's designated agent shall secure timely appointments for the offender with a psychiatrist no later than 30 days following discharge, and with other program staff at a community mental health provider that is able to serve former offenders with serious and persistent mental illness;

(4) at least 30 days before discharge, the offender's designated agent shall convene a pre-discharge assessment and planning meeting of key staff from the programs in which the offender has participated while in the correctional facility, the offender, and the supervising agent, and the mental health case management services provider assigned to the offender. At the meeting, attendees shall provide background information and continuing care recommendations for the offender, including information on the offender's risk for relapse; current medications, including dosage and frequency; therapy and behavioral goals; diagnostic and assessment information, including results of a chemical dependency evaluation; confirmation of appointments with a psychiatrist and other program staff in the community; a relapse prevention plan; continuing care needs; needs for housing, employment, and finance support and assistance; and recommendations for successful community integration, including chemical dependency treatment or support if chemical dependency is a risk factor. Immediately following this meeting, the offender's designated agent shall summarize this background information and continuing care recommendations in a written report;

(5) immediately following the pre-discharge assessment and planning meeting, the provider of mental health case management services who will serve the offender following discharge shall offer to make arrangements and referrals for housing, financial support, benefits assistance, employment counseling, and other services required in sections 245.461 to 245.486;

(6) at least ten days before the offender's first scheduled post-discharge appointment with a mental health provider, the offender's designated agent shall transfer the following records to the offender's case management services provider and psychiatrist: the pre-discharge assessment and planning report, medical records, and pharmacy records. These records may be transferred only if the offender provides informed consent for their release;

(7) upon discharge, the offender's designated agent shall ensure that the offender leaves the correctional facility with at least a ten-day supply of all necessary medications; and

(8) upon discharge, the prescribing authority at the offender's correctional facility shall telephone in prescriptions for all necessary medications to a pharmacy in the community where the offender plans to reside. The prescriptions must provide at least a 30-day supply of all necessary medications, and must be able to be refilled once for one additional 30-day supply.

Sec. 5. Minnesota Statutes 2001 Supplement, section 242.192, is amended to read:

242.192 [CHARGES TO COUNTIES.]

~~(a) Until June 30, 2002,~~ The commissioner shall charge counties or other appropriate jurisdictions 65 percent of the per diem cost of confinement, excluding educational costs and nonbillable service, of juveniles at the Minnesota correctional facility-Red Wing and of juvenile females committed to the commissioner of corrections. This charge applies to juveniles committed to the commissioner of corrections and juveniles admitted to the Minnesota correctional facility-Red Wing under established admissions criteria. This charge applies to both counties that participate in the Community Corrections Act and those that do not. The commissioner shall determine the per diem cost of confinement based on projected population, pricing incentives, market conditions, and the requirement that expense and revenue balance out over a period of two years. All money received under this section must be deposited in the state treasury and credited to the general fund.

~~(b) Until June 30, 2002, the department of corrections shall be responsible for 35 percent of the per diem cost of confinement described in this section.~~

Sec. 6. [COLLABORATIVE CASE PLANNING FOR CERTAIN MENTALLY ILL PERSONS UNDER CORRECTIONAL SUPERVISION; POLICIES AND PRACTICES AND REPORTS REQUIRED.]

Subdivision 1. [DEVELOPMENT OF POLICIES AND PRACTICES.] Correctional and social services agencies in each county that deliver direct case management services shall develop policies and practices that maximize collaborative case planning for adult and juvenile offenders under correctional supervision who have been diagnosed with serious and persistent mental illness or severe emotional disturbance. To the degree resources are available, the policies and practices must determine how to:

- (1) ensure that the offender receives the best possible mental health case management expertise;
- (2) determine which case management model best delivers case management services;
- (3) maximize the efficiency of case management services; and
- (4) maximize the recoupment of federal financial participation of medical assistance and other forms of funding.

Subd. 2. [REPORTS REQUIRED.] By December 31, 2002, the agencies described in subdivision 1 shall submit a report on their mental health correctional policies and practices to the department of corrections. By March 1, 2003, the commissioner of corrections shall submit a statewide report on the mental health correctional policies and practices to the chairs and ranking minority members of the senate and house of representatives committees and divisions with jurisdiction over mental health and corrections policy and funding.

Sec. 7. [DATA SHARING ON CERTAIN MENTALLY ILL PERSONS UNDER CORRECTIONAL SUPERVISION.]

Notwithstanding any other law to the contrary, correctional and social services agencies may share data on adult and juvenile offenders under correctional supervision who have been diagnosed with serious and persistent mental illness or severe emotional disturbance for the purpose of engaging in collaborative case planning as described in section 6.

ARTICLE 10

TRANSPORTATION AND OTHER AGENCY APPROPRIATIONS

Section 1. [TRANSPORTATION AND OTHER AGENCY APPROPRIATIONS.]

The dollar amounts in the columns marked "APPROPRIATIONS" are added to or, if shown in parentheses, are subtracted from the appropriations in Laws 2001, First Special Session chapter 8, or other law to the specified agencies. The appropriations are from the general fund or any other named fund and are available for the fiscal years indicated for each purpose. The figure 2002 or 2003 means that the addition to or subtraction from the appropriations listed under the figure are for the fiscal year ending June 30, 2002, or June 30, 2003, respectively. If only one figure is shown in the text for a specified purpose, the addition or subtraction is for 2002 unless the context intends another fiscal year.

SUMMARY BY FUND

	2002	2003	TOTAL
APPROPRIATIONS			
General	\$(2,534,000)	\$(2,818,000)	\$(5,352,000)
Trunk Highway	245,240,000	-0-	245,240,000
CANCELLATIONS	(245,240,000)	-0-	(245,240,000)
TRANSFERS IN	(1,388,000)	(1,391,000)	(2,779,000)

SUMMARY BY FUND

Sec. 2. TRANSPORTATION	245,240,000	-0-
<p>This appropriation is for trunk highway construction. This appropriation is from the bond proceeds account in the trunk highway fund and is available for expenditure beginning the day after final enactment. The commissioner of transportation shall allocate this appropriation so that, taken together with money spent from the appropriation in Laws 2000, chapter 479, article 1, section 2, subdivision 3, total spending is in the amounts and for the purposes specified in the cited subdivision.</p> <p>Of the appropriation in Laws 2000, chapter 479, article 1, section 2, subdivision 3, \$245,240,000 cancels to the general fund. This cancellation is effective the day following final enactment.</p>		
Sec. 3. METROPOLITAN COUNCIL		
Metropolitan Council		
Transit	(400,000)	(700,000)
<p>Of this amount, \$100,000 each year is to reduce administrative costs of metropolitan transportation services. \$300,000 in the first year and \$600,000 in the second year is to reduce administrative costs of metro transit.</p>		
Sec. 4. PUBLIC SAFETY		
Subdivision 1. Total Appropriation		
Changes	(1,677,000)	(1,335,000)
Subd. 2. Crime Victim		
Services Center	(43,000)	(576,000)
Subd. 3. Law Enforcement and		
Community Grants	(1,634,000)	(584,000)
(a) Of these amounts:		
(1) \$1,150,000 in the first year is an accounting adjustment related to the administration of grant programs;		
(2) \$142,000 in each year is to reduce drug policy and violence prevention grants;		
(3) \$75,000 in each year is to reduce violence prevention council grants;		
(4) \$117,000 in each year is to reduce criminal gang strike force grants under Minnesota Statutes, section 299A.66;		
(5) \$250,000 in the second year is to reduce grants for overtime for police officers and financial crimes unit; and		

(6) \$150,000 in the first year is to reduce model policing program pilot projects required under Minnesota Statutes, section 626.8441, subdivision 1.

(b) By June 30, 2002, the commissioner of finance shall transfer the available unencumbered balance from the automobile theft prevention account in the special revenue fund to the general fund. Minnesota Statutes, section 168A.40, subdivision 4, does not apply to money transferred to the general fund under this paragraph.

(c) The commissioner may not reduce the current allocation of federal Byrne grant funds for the youth experiencing alternatives (YEA)/Camp Ripley programs.

Subd. 4. State Patrol -
Capitol Security

-0-

(175,000)

This amount reduces the cost of executive protection.

Sec. 5. DEPARTMENT OF
COMMERCE

(103,000)

(251,000)

Of these amounts:

(1) \$44,000 in the first year and \$104,000 in the second year are for staff reduction in the department of commerce/administration program; and

(2) \$59,000 in the first year and \$147,000 in the second year are for staff reduction in the weights and measures program.

Sec. 6. LABOR AND INDUSTRY

(324,000)

(502,000)

Of these amounts, \$70,000 in the first year and \$141,000 in the second year are for staff reduction. \$100,000 in the second year is a transfer from the workforce development fund for statewide and agency indirect costs associated with the apprenticeship program.

Sec. 7. BUREAU OF MEDIATION
SERVICES

(30,000)

(30,000)

These amounts reduce labor-management cooperation grants.

Sec. 8. Minnesota Statutes 2000, section 168A.40, subdivision 4, is amended to read:

Subd. 4. [AUTOMOBILE THEFT PREVENTION ACCOUNT.] A special revenue account is created in the state treasury to be credited with the proceeds of the surcharge imposed under subdivision 3. Of the revenue in the account, \$1,300,000 each year must be transferred to the general fund. Revenues in excess of \$1,300,000 each year may be used only for the automobile theft prevention program described in section 299A.75.

Sec. 9. Minnesota Statutes 2001 Supplement, section 171.29, subdivision 2, is amended to read:

Subd. 2. [REINSTATEMENT FEES AND SURCHARGES, ALLOCATION.] (a) A person whose driver's license has been revoked as provided in subdivision 1, except under section 169A.52, 169A.54, or 609.21, shall pay a \$30 fee before the driver's license is reinstated.

(b) A person whose driver's license has been revoked as provided in subdivision 1 under section 169A.52, 169A.54, or 609.21, shall pay a \$250 fee plus a \$40 surcharge before the driver's license is reinstated. Beginning July 1, 2002, the surcharge is \$145. Beginning July 1, 2003, the surcharge is \$380. The \$250 fee is to be credited as follows:

(1) Twenty percent must be credited to the trunk highway fund.

(2) ~~Fifty-five~~ Sixty-seven percent must be credited to the general fund.

(3) Eight percent must be credited to a separate account to be known as the bureau of criminal apprehension account. Money in this account may be appropriated to the commissioner of public safety and the appropriated amount must be apportioned 80 percent for laboratory costs and 20 percent for carrying out the provisions of section 299C.065.

(4) ~~Twelve percent must be credited to a separate account to be known as the alcohol-impaired driver education account. Money in the account is appropriated as follows:~~

(i) ~~in fiscal year 2002:~~

(A) ~~the first \$200,000 to the commissioner of children, families, and learning for programs for elementary and secondary school students; and~~

(B) ~~the remainder credited to the commissioner of public safety to be spent as grants through March 31, 2002, to the Minnesota highway safety center at St. Cloud State University for programs relating to alcohol and highway safety education in elementary and secondary schools and then from April 1, 2002, through June 30, 2002, for programs described in item (ii); and~~

(ii) ~~after June 30, 2002, to the commissioner of public safety for grants for programs relating to alcohol and highway safety education in elementary and secondary schools.~~

(5) Five percent must be credited to a separate account to be known as the traumatic brain injury and spinal cord injury account. The money in the account is annually appropriated to the commissioner of health to be used as follows: 35 percent for a contract with a qualified community-based organization to provide information, resources, and support to assist persons with traumatic brain injury and their families to access services, and 65 percent to maintain the traumatic brain injury and spinal cord injury registry created in section 144.662. For the purposes of this clause, a "qualified community-based organization" is a private, not-for-profit organization of consumers of traumatic brain injury services and their family members. The organization must be registered with the United States Internal Revenue Service under section 501(c)(3) as a tax-exempt organization and must have as its purposes:

(i) the promotion of public, family, survivor, and professional awareness of the incidence and consequences of traumatic brain injury;

(ii) the provision of a network of support for persons with traumatic brain injury, their families, and friends;

(iii) the development and support of programs and services to prevent traumatic brain injury;

(iv) the establishment of education programs for persons with traumatic brain injury; and

(v) the empowerment of persons with traumatic brain injury through participation in its governance.

No patient's name, identifying information or identifiable medical data will be disclosed to the organization without the informed voluntary written consent of the patient or patient's guardian, or if the patient is a minor, of the parent or guardian of the patient.

(c) The surcharge must be credited to a separate account to be known as the remote electronic alcohol monitoring program account. The commissioner shall transfer the balance of this account to the commissioner of finance on a monthly basis for deposit in the general fund.

(d) When these fees are collected by a licensing agent, appointed under section 171.061, a handling charge is imposed in the amount specified under section 171.061, subdivision 4. The reinstatement fees and surcharge must be deposited in an approved state depository as directed under section 171.061, subdivision 4.

Sec. 10. Minnesota Statutes 2001 Supplement, section 299A.75, subdivision 1, is amended to read:

Subdivision 1. [PROGRAM DESCRIBED; COMMISSIONER'S DUTIES.] (a) The commissioner of public safety shall:

(1) develop and sponsor the implementation of statewide plans, programs, and strategies to combat automobile theft, improve the administration of the automobile theft laws, and provide a forum for identification of critical problems for those persons dealing with automobile theft;

(2) coordinate the development, adoption, and implementation of plans, programs, and strategies relating to interagency and intergovernmental cooperation with respect to automobile theft enforcement;

(3) annually audit the plans and programs that have been funded in whole or in part to evaluate the effectiveness of the plans and programs and withdraw funding should the commissioner determine that a plan or program is ineffective or is no longer in need of further financial support from the fund;

(4) develop a plan of operation including:

(i) an assessment of the scope of the problem of automobile theft, including areas of the state where the problem is greatest;

(ii) an analysis of various methods of combating the problem of automobile theft;

(iii) a plan for providing financial support to combat automobile theft;

(iv) a plan for eliminating car hijacking; and

(v) an estimate of the funds required to implement the plan; and

(5) distribute money pursuant to subdivision 3 from the automobile theft prevention special revenue account for automobile theft prevention activities, including:

(i) paying the administrative costs of the program;

(ii) providing financial support to the state patrol and local law enforcement agencies for automobile theft enforcement teams;

(iii) providing financial support to state or local law enforcement agencies for programs designed to reduce the incidence of automobile theft and for improved equipment and techniques for responding to automobile thefts;

(iv) providing financial support to local prosecutors for programs designed to reduce the incidence of automobile theft;

(v) providing financial support to judicial agencies for programs designed to reduce the incidence of automobile theft;

(vi) providing financial support for neighborhood or community organizations or business organizations for programs designed to reduce the incidence of automobile theft and to educate people about the common methods of automobile theft, the models of automobiles most likely to be stolen, and the times and places automobile theft is most likely to occur; and

(vii) providing financial support for automobile theft educational and training programs for state and local law enforcement officials, driver and vehicle services exam and inspections staff, and members of the judiciary.

(b) The commissioner may not spend in any fiscal year more than ten percent of the money in the fund for the program's administrative and operating costs. The commissioner is annually appropriated and must distribute the full amount of the proceeds credited to the automobile theft prevention special revenue account each year, less the transfer of \$1,300,000 each year to the general fund described in section 168A.40, subdivision 4.

Sec. 11. Minnesota Statutes 2001 Supplement, section 357.021, subdivision 7, is amended to read:

Subd. 7. [DISBURSEMENT OF SURCHARGES BY STATE TREASURER.] (a) Except as provided in paragraphs ~~paragraph~~ (b) and (e), the state treasurer shall disburse surcharges received under subdivision 6 and section 97A.065, subdivision 2, as follows:

(1) one percent shall be credited to the game and fish fund to provide peace officer training for employees of the department of natural resources who are licensed under sections 626.84 to 626.863, and who possess peace officer authority for the purpose of enforcing game and fish laws;

(2) 39 percent shall be credited to the peace officers training account in the special revenue fund; and

(3) 60 percent shall be credited to the general fund.

~~(b) The state treasurer shall credit \$3 of each surcharge received under subdivision 6 and section 97A.065, subdivision 2, to a criminal justice special projects account in the special revenue fund. This account is available for appropriation to the commissioner of public safety for grants to law enforcement agencies and for other purposes authorized by the legislature.~~

(e) In addition to any amounts credited under paragraph (a), the state treasurer shall credit \$7 ~~\$10~~ of each surcharge received under subdivision 6 and section 97A.065, subdivision 2, to the general fund.

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

Sec. 12. Laws 2001, First Special Session chapter 8, article 4, section 11, is amended to read:

Sec. 11. BOARD OF PEACE OFFICER STANDARDS AND TRAINING

4,692,000	4,724,000
<u>4,604,000</u>	<u>4,633,000</u>

[PEACE OFFICER TRAINING ACCOUNT.]

This appropriation is from the peace officer training account in the special revenue fund. Any receipts credited to the peace officer training account in the special revenue fund in the first year in excess of \$4,692,000 ~~\$4,604,000~~ must be transferred and credited to the general fund. Any receipts credited to the peace officer training account in the special revenue fund in the second year in excess of \$4,724,000 ~~\$4,633,000~~ must be transferred and credited to the general fund.

Sec. 13. [BOND SALE AUTHORIZATION.]

To provide the money appropriated in this act from the trunk highway bond proceeds fund, the commissioner of finance shall sell and issue bonds of the state in an amount up to \$245,240,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 167.50 to 167.52, and by the Minnesota Constitution, article XIV, section 11, at the times and in the

amount requested by the commissioner of transportation. The proceeds of the bonds, except accrued interest and any premium received on the sale of the bonds, must be credited to a bond proceeds account in the trunk highway fund.

Sec. 14. [EFFECTIVE DATE.]

Sections 1 to 10, 12, and 13, are effective the day following final enactment. Section 11 is effective July 1, 2003.

ARTICLE 11

ENVIRONMENT AND AGRICULTURE APPROPRIATIONS

Section 1. [ENVIRONMENT, NATURAL RESOURCES, AND AGRICULTURE APPROPRIATIONS AND REDUCTIONS.]

The dollar amounts in the columns under "APPROPRIATIONS" are added to or, if shown in parentheses, are subtracted from the appropriations in Laws 2001, First Special Session chapter 2, or other law, to the specified agencies. The appropriations are from the general fund or other named fund and are available for the fiscal years indicated for each purpose. The figure "2002" or "2003" means that the addition to or subtraction from the appropriations listed under the figure are for the fiscal year ending June 30, 2002, or June 30, 2003, respectively. The term "the first year" means the year ending June 30, 2002, and the term "the second year" means the year ending June 30, 2003.

SUMMARY BY FUND

	2002	2003	TOTAL
APPROPRIATIONS			
General	\$(1,198,000)	\$(8,197,000)	\$(9,395,000)
Solid Waste	1,030,000	1,041,000	2,071,000
Environmental	-0-	683,000	683,000
TOTAL	\$(168,000)	\$(6,473,000)	\$(6,641,000)
CANCELLATIONS	\$(505,000)	\$ -0-	\$ (505,000)
		APPROPRIATIONS Available for the Year Ending June 30	
		2002	2003

Sec. 2. POLLUTION CONTROL AGENCY

Subdivision 1. Total Appropriation Reductions \$ (137,000)\$ (137,000)

Summary by Fund

General	(1,167,000)	(1,861,000)
Solid Waste	1,030,000	1,041,000
Environmental	-0-	683,000

The amounts reduced from the appropriations in Laws 2001, First Special Session chapter 2, section 2, are specified in the following subdivisions.

Subd. 2. Protection of the Water

-0- -0-

Summary by Fund

General	-0-	(683,000)
Environmental	-0-	683,000

The annual base level funding from the general fund for protection of the water is increased by \$40,000 beginning in fiscal year 2004.

Subd. 3. Protection of the Land

-0-	-0-
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Summary by Fund

General	(1,030,000)	(1,041,000)
Solid Waste	1,030,000	1,041,000

Subd. 4. Administrative Support

(137,000)	(137,000)
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Sec. 3. OFFICE OF ENVIRONMENTAL ASSISTANCE	-0-	(324,000)
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Sec. 4. ZOOLOGICAL BOARD	-0-	(191,000)
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Sec. 5. NATURAL RESOURCES

Subdivision 1. Total Appropriation Reductions	-0-	(3,741,000)
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The amounts reduced from the appropriations in Laws 2001, First Special Session chapter 2, section 5, are specified in the following subdivisions.

Subd. 2. Land and Mineral Resources Management

-0-	(50,000)
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\$17,000 the second year of this reduction is from iron ore cooperative research.

The nonstate match amount required for the second year of the iron ore cooperative research appropriation in Laws 2001, First Special Session chapter 2, section 5, subdivision 2, is reduced by \$10,000.

\$15,000 the second year of this reduction is from minerals diversification.

\$7,000 the second year of this reduction is from minerals cooperative environmental research.

The nonstate match amount required for the second year of the minerals cooperative environmental research appropriation in Laws 2001, First Special Session chapter 2, section 5, subdivision 2, is reduced by \$3,500.

Subd. 3. Forest Management

-0-	(400,000)
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\$150,000 the second year of this reduction is from the programs and practices on state, county, and private lands to regenerate and protect Minnesota's white pine.

The amount available for matching funds in the second year of the appropriation for white pine regeneration and protection in Laws 2001, First Special Session chapter 2, section 5, subdivision 4, is reduced by \$56,000 for nonindustrial private forest lands, and the amount for matching funds for county administered lands is reduced by \$30,000.

\$200,000 the second year of this reduction is from the forest resources council for implementation of the Sustainable Forest Resources Act.

Subd. 4. Parks and Recreation Management

-0- (684,000)

\$400,000 the second year of this reduction is from a grant to the metropolitan council for metropolitan area regional parks maintenance and operations. In fiscal year 2004, the annual base level funding for metropolitan area regional parks maintenance and operations is increased by \$200,000 from the 2003 level.

Subd. 5. Trails and Waterways Management

-0- (89,000)

Subd. 6. Fish Management

-0- (154,000)

\$134,000 the second year of this reduction is from the reinvest in Minnesota programs of game and fish, critical habitat, and wetlands established under Minnesota Statutes, section 84.95, subdivision 2.

\$20,000 the second year of this reduction is from aquatic plant restoration.

Subd. 7. Wildlife Management

-0- (55,000)

Subd. 8. Ecological Services

-0- (22,000)

This reduction is from the reinvest in Minnesota programs of game and fish, critical habitat, and wetlands established under Minnesota Statutes, section 84.95, subdivision 2.

Subd. 9. Enforcement

-0- (349,000)

The appropriation in Laws 2001, First Special Session chapter 2, section 5, subdivision 10, from the snowmobile trails and enforcement account in the natural resources fund for grants to local law enforcement agencies for snowmobile enforcement activities may be used for the enforcement of snowmobile laws.

Subd. 10. Operations Support

-0- (1,938,000)

\$1,052,000 the second year of this reduction is from the operations of youth programs.

Sec. 6. BOARD OF WATER AND SOIL RESOURCES

-0- (900,000)

\$191,000 the second year of this reduction is from natural resources block grants to local governments. The block grants made from the remaining amount of the appropriation may be used to implement comprehensive local water planning, the Wetland Conservation Act, and the Shoreland Management Act.

\$400,000 the second year of this reduction is from grants to soil and water conservation districts for cost-sharing contracts for erosion control and water quality management.

\$49,000 the second year of this reduction is from grants to watershed districts and other local units of government in the southern Minnesota river basin study area 2 for floodplain management. The appropriation for area 2 floodplain management terminates in fiscal year 2004.

Sec. 7. SCIENCE MUSEUM OF MINNESOTA

-0- (32,000)

Sec. 8. AGRICULTURE

Subdivision 1. Total

Appropriation Reductions

-0- (871,000)

The amounts reduced from the appropriations in Laws 2001, First Special Session chapter 2, are specified in the following subdivisions.

Subd. 2. Protection Service

-0- (352,000)

Subd. 3. Agricultural Marketing and Development

-0- (197,000)

\$35,000 the second year of this reduction is from beaver damage control grants under Minnesota Statutes, section 17.110.

Annual base level funding for value-added

agricultural product processing and marketing grants under Minnesota Statutes, section 17.101, subdivision 5, is reduced by \$80,000 beginning in fiscal year 2004.

Subd. 4. Administration and Financial Assistance

-0- (332,000)

\$2,000 the second year of this reduction is from family farm security interest payment adjustments.

\$3,000 the second year of this reduction is from the appropriation for the Northern Crops Institute.

\$87,000 the second year of this reduction is from grants to agriculture information centers.

\$5,000 the second year of this reduction is from the appropriation for the Seaway Port Authority of Duluth.

\$1,000 the second year of this reduction is from a grant to the Minnesota Livestock Breeders' Association.

Subd. 5. Cancellations

By June 30, 2002, the commissioner of finance shall cancel \$505,000 of the unencumbered bond proceeds balance in the family farm security program bond account established in Minnesota Statutes, section 41.61, to the debt service fund.

Sec. 9. BOARD OF ANIMAL HEALTH	(31,000)	(77,000)
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Sec. 10. AGRICULTURAL UTILIZATION RESEARCH INSTITUTE	-0-	(200,000)
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\$10,000 each year of the reduction is from the money appropriated for hybrid tree management research and development.

Sec. 11. Minnesota Statutes 2000, section 41A.09, subdivision 3a, is amended to read:

Subd. 3a. [PAYMENTS.] (a) The commissioner of agriculture shall make cash payments to producers of ethanol, anhydrous alcohol, and wet alcohol located in the state. These payments shall apply only to ethanol, anhydrous alcohol, and wet alcohol fermented in the state and produced at plants that have begun production by June 30, 2000. For the purpose of this subdivision, an entity that holds a controlling interest in more than one ethanol plant is considered a single producer. The amount of the payment for each producer's annual production is:

(1) except as provided in paragraph (b), for each gallon of ethanol or anhydrous alcohol produced on or before June 30, 2000, or ten years after the start of production, whichever is later, 20 19 cents per gallon; and

(2) for each gallon produced of wet alcohol on or before June 30, 2000, or ten years after the start of production, whichever is later, a payment in cents per gallon calculated by the formula "alcohol purity in percent divided by five," and rounded to the nearest cent per gallon, but not less than 11 cents per gallon.

The producer payments for anhydrous alcohol and wet alcohol under this section may be paid to either the original producer of anhydrous alcohol or wet alcohol or the secondary processor, at the option of the original producer, but not to both.

No payments shall be made for production that occurs after June 30, 2010.

(b) If the level of production at an ethanol plant increases due to an increase in the production capacity of the plant, the payment under paragraph (a), clause (1), applies to the additional increment of production until ten years after the increased production began. Once a plant's production capacity reaches 15,000,000 gallons per year, no additional increment will qualify for the payment.

(c) The commissioner shall make payments to producers of ethanol or wet alcohol in the amount of 1.5 cents for each kilowatt hour of electricity generated using closed-loop biomass in a cogeneration facility at an ethanol plant located in the state. Payments under this paragraph shall be made only for electricity generated at cogeneration facilities that begin operation by June 30, 2000. The payments apply to electricity generated on or before the date ten years after the producer first qualifies for payment under this paragraph. Total payments under this paragraph in any fiscal year may not exceed \$750,000. For the purposes of this paragraph:

(1) "closed-loop biomass" means any organic material from a plant that is planted for the purpose of being used to generate electricity or for multiple purposes that include being used to generate electricity; and

(2) "cogeneration" means the combined generation of:

(i) electrical or mechanical power; and

(ii) steam or forms of useful energy, such as heat, that are used for industrial, commercial, heating, or cooling purposes.

(d) Payments under paragraphs (a) and (b) to all producers may not exceed \$37,000,000 \$35,150,000 in a fiscal year. Total payments under paragraphs (a) and (b) to a producer in a fiscal year may not exceed \$3,000,000 \$2,850,000.

(e) By the last day of October, January, April, and July, each producer shall file a claim for payment for ethanol, anhydrous alcohol, and wet alcohol production during the preceding three calendar months. A producer with more than one plant shall file a separate claim for each plant. A producer that files a claim under this subdivision shall include a statement of the producer's total ethanol, anhydrous alcohol, and wet alcohol production in Minnesota during the quarter covered by the claim, including anhydrous alcohol and wet alcohol produced or received from an outside source. A producer shall file a separate claim for any amount claimed under paragraph (c). For each claim and statement of total ethanol, anhydrous alcohol, and wet alcohol production filed under this subdivision, the volume of ethanol, anhydrous alcohol, and wet alcohol production or amounts of electricity generated using closed-loop biomass must be examined by an independent certified public accountant in accordance with standards established by the American Institute of Certified Public Accountants.

(f) Payments shall be made November 15, February 15, May 15, and August 15. A separate payment shall be made for each claim filed. Except as provided in paragraph (j), the total quarterly payment to a producer under this paragraph, excluding amounts paid under paragraph (c), may not exceed \$750,000 \$712,500.

(g) If the total amount for which all producers are eligible in a quarter under paragraph (c) exceeds the amount available for payments, the commissioner shall make payments in the order in which the plants covered by the claims began generating electricity using closed-loop biomass.

(h) After July 1, 1997, new production capacity is only eligible for payment under this subdivision if the commissioner receives:

(1) an application for approval of the new production capacity;

(2) an appropriate letter of long-term financial commitment for construction of the new production capacity; and

(3) copies of all necessary permits for construction of the new production capacity.

The commissioner may approve new production capacity based on the order in which the applications are received.

(i) The commissioner may not approve any new production capacity after July 1, 1998, except that a producer with an approved production capacity of at least 12,000,000 gallons per year but less than 15,000,000 gallons per year prior to July 1, 1998, is approved for 15,000,000 gallons of production capacity.

(j) Notwithstanding the quarterly payment limits of paragraph (f), the commissioner shall make an additional payment in the eighth quarter of each fiscal biennium to ethanol producers for the lesser of: (1) 20 19 cents per gallon of production in the eighth quarter of the biennium that is greater than 3,750,000 gallons; or (2) the total amount of payments lost during the first seven quarters of the biennium due to plant outages, repair, or major maintenance. Total payments to an ethanol producer in a fiscal biennium, including any payment under this paragraph, must not exceed the total amount the producer is eligible to receive based on the producer's approved production capacity. The provisions of this paragraph apply only to production losses that occur in quarters beginning after December 31, 1999.

(k) For the purposes of this subdivision "new production capacity" means annual ethanol production capacity that was not allowed under a permit issued by the pollution control agency prior to July 1, 1997, or for which construction did not begin prior to July 1, 1997.

[EFFECTIVE DATE.] This section is effective for payments for ethanol production after July 1, 2003.

Sec. 12. Minnesota Statutes 2000, section 85A.02, subdivision 17, is amended to read:

Subd. 17. **[ADDITIONAL POWERS.]** The board may establish a schedule of charges for admission to or the use of the Minnesota zoological garden or any related facility. Notwithstanding section 16A.1283, legislative approval is not required for the board to establish a schedule of charges for admission or use of the Minnesota zoological garden or related facilities. The board shall have a policy admitting elementary school children at no charge when they are part of an organized school activity. The Minnesota zoological garden will offer free admission throughout the year to economically disadvantaged Minnesota citizens equal to ten percent of the average annual attendance. However, the zoo may charge at any time for parking, special services, and for admission to special facilities for the education, entertainment, or convenience of visitors. The board may provide for the purchase, reproduction, and sale of gifts, souvenirs, publications, informational materials, food and beverages, and grant concessions for the sale of these items.

Sec. 13. Minnesota Statutes 2001 Supplement, section 93.2235, subdivision 1, is amended to read:

Subdivision 1. **[COMMISSIONER.]** The commissioner shall establish a program to award grants to taconite mining companies for:

- (1) taconite pellet product improvements;
- (2) value-added production of taconite iron ore; or
- (3) cost-savings production improvements at Minnesota taconite plants.

An amount equal to the sum of money transferred to the general fund under section 93.223, subdivision 1, reduced by \$100,000, is annually appropriated from the general fund to the commissioner for the purposes of this section.

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

Sec. 14. [INCREASE TO WATER QUALITY PERMIT FEES.]

(a) The pollution control agency shall collect water quality permit application and annual fees that reflect the fees in Minnesota Rules, part 7002.0310, increased to the amounts described in paragraphs (b) to (g).

(b) The application fee for individual permits, general permits, and general industrial stormwater permits is \$150.

(c) The annual fees for individual National Pollutant Discharge Elimination System permits for major municipal facilities are as follows:

<u>Design Flow in Million Gallons Per Day</u>	<u>Annual Fee</u>
<u>50 and over</u>	<u>\$168,750</u>
<u>20 to 49.99</u>	<u>\$38,750</u>
<u>5 to 19.99</u>	<u>\$13,750</u>
<u>Up to 4.99</u>	<u>\$5,625</u>

(d) The annual fees for individual National Pollutant Discharge Elimination System permits for major nonmunicipal facilities are as follows:

<u>Design Flow in Million Gallons Per Day</u>	<u>Annual Fee</u>
<u>20 to 49.99</u>	<u>\$42,500</u>
<u>5 to 19.99</u>	<u>\$17,500</u>
<u>Up to 4.99</u>	<u>\$8,125</u>
<u>Cooling or mine pit dewatering (any flow)</u>	<u>\$16,250</u>

(e) The annual fees for individual National Pollutant Discharge Elimination System and State Disposal System permits for nonmajor municipal facilities with design flows greater than 0.100 million gallons per day are \$1,310.

(f) The annual fees for general industrial stormwater permits are \$280.

(g) The annual fees for general National Pollutant Discharge Elimination System and State Disposal System permits are \$345.

(h) The application and annual fees are not increased for general construction stormwater permits and sanitary sewer extension permits. The annual fees are not increased for National Pollutant Discharge Elimination System and State Disposal System permits regulating municipal nonmajors with facility design flow of 0 to .100, sewage sludge landspreading facilities, and nonmajor nonmunicipal facilities.

(i) The increased permit fees are effective July 1, 2002. The agency shall adopt amended water quality permit fee rules incorporating the permit fee increases in this subdivision under Minnesota Statutes, section 14.389. The pollution control agency shall begin collecting the increased permit fees on July 1, 2002, even if the rule adoption process has not been initiated or completed. Notwithstanding Minnesota Statutes, section 14.18, subdivision 2, the increased permit fees reflecting the permit fee increases in this section and the rule amendments incorporating those permit fee increases do not require further legislative approval.

Sec. 15. [REPEALER.]

(a) Minnesota Statutes 2000, sections 103B.3369, subdivisions 7 and 8; 103B.351; 103F.461; and 103G.2373, are repealed.

(b) Minnesota Rules, parts 8405.0100; 8405.0110; 8405.0120; 8405.0130; 8405.0140; 8405.0150; 8405.0160; 8405.0170; 8405.0180; 8405.0190; 8405.0200; 8405.0210; 8405.0220; and 8405.0230, are repealed.

Sec. 16. [EFFECTIVE DATE.]

Except as otherwise specified, this article is effective the day following final enactment.

ARTICLE 12

STATE GOVERNMENT APPROPRIATIONS

Section 1. [STATE GOVERNMENT APPROPRIATIONS.]

The dollar amounts in the columns under "APPROPRIATIONS" are added to or, if shown in parentheses, are subtracted from the appropriations in Laws 2001, First Special Session chapters 4, 8, and 10, or other law to the specified agencies. The appropriations are from the general fund or other named fund and are available for the fiscal years indicated for each purpose. The figure "2002" or "2003" means that the addition to or subtraction from the appropriations listed under the figure are for the fiscal year ending June 30, 2002, or June 30, 2003, respectively.

SUMMARY BY FUND

	2002	2003	TOTAL
APPROPRIATIONS			
General	\$14,945,000	\$(23,520,000)	\$(8,575,000)
Special Revenue	-0-	2,382,000	2,382,000
CANCELLATIONS	(10,000,000)	-0-	(10,000,000)

APPROPRIATIONS
Available for the Year
Ending June 30
2002 2003

Sec. 2. LEGISLATURE

Subdivision 1. Total
Appropriation

-0- (2,060,000)

Subd. 2. Senate

-0- (688,000)

Subd. 3. House of Representatives

-0- (910,000)

Subd. 4. Legislative Coordinating Commission

-0- (462,000)

\$164,000 is a reduction for the office of the legislative auditor.

Sec. 3. SECRETARY OF
STATE

-0- (149,000)

Budget reductions shall not come from revenue producing programs or elections.

Sec. 4. GOVERNOR'S OFFICE

(141,000) (677,000)

No funding may be used for the operation of the Washington, D.C., office of the state of Minnesota.

Sec. 5. STATE AUDITOR

-0- (515,000)

Sec. 6. STATE TREASURER

-0- (30,000)

Sec. 7. ATTORNEY GENERAL

-0-

(822,000)

The attorney general, in consultation with the affected agencies, shall prepare a plan for ending partnership agreements with agencies and shall submit the plan to the legislature by November 15, 2002.

Sec. 8. BOARD OF GOVERNMENT INNOVATION
COOPERATION

-0-

(26,000)

Sec. 9. DIRECTIVE
TO AGENCIES

Executive agencies covered by this article must impose spending cuts across the board and may make no further cuts to pass-through grants. By November 15, 2002, the commissioner of finance shall report to the legislature on cuts agencies have made.

Sec. 10. OFFICE OF STRATEGIC
AND LONG-RANGE PLANNING

-0-

(260,000)

Sec. 11. ADMINISTRATION

Subdivision 1. Total
Appropriation

(74,000)

368,000

Summary by Fund

General (74,000) (2,014,000)

Special Revenue -0- 2,382,000

Subd. 2. Operations Management

-0- (497,000)

Subd. 3. Office of Technology

-0- (202,000)

Subd. 4. Intertechnologies Group
General Fund

-0- 1,961,000

Summary by Fund

General -0- (421,000)

Special Revenue -0- 2,382,000

In fiscal year 2003 an increase of \$2,382,000 is appropriated to the commissioner of administration from the 911 emergency telephone service account in the special revenue fund for recurring costs of emergency telephone service.

Subd. 5. Management Services

-0- (625,000)

Base funding may not be reduced for the information policy analysis program. Professional and technical contracts are reduced by \$430,000.

Subd. 6. Facilities Management
-0- (202,000)

Subd. 7. Public Broadcasting
-0- (67,000)

The base-level funding for the 2004-2005 biennium is reduced by \$133,000 each fiscal year. This reduction must be applied on a proportional basis.

Subd. 8. Fiscal Agents
(74,000) -0-

Voting equipment grants are reduced by \$74,000 in fiscal year 2002.

Sec. 12. FINANCE

Subdivision 1. Total Appropriation
Reductions (1,236,000) (3,639,000)

Subd. 2. State Financial Management
-0- (1,045,000)

Subd. 3. Information and Management
Services (1,236,000) (2,594,000)

\$660,000 of the reduction for information and management services is a onetime reduction.

Sec. 13. EMPLOYEE
RELATIONS -0- (1,269,000)

Sec. 14. MINNESOTA HUMANITIES
COMMISSION -0- (41,000)

Sec. 15. BOARD OF THE ARTS

Subdivision 1. Total
Appropriation -0- (526,000)

Subd. 2. Operations and Services
-0- (43,000)

Subd. 3. Grants Programs
-0- (342,000)

Subd. 4. Regional Arts Councils
-0- (141,000)

Sec. 16. MILITARY AFFAIRS -0- (697,000)

Sec. 17. VETERANS
AFFAIRS -0- (180,000)

Sec. 18. MINNESOTA
STATE RETIREMENT SYSTEM -0- (2,004,000)

\$2,004,000 of the appropriation reduction the second year is to eliminate the open appropriation for judges not participating in the postretirement fund, effective July 1, 2002.

Sec. 19. CAMPAIGN FINANCE
AND PUBLIC DISCLOSURE BOARD -0- (35,000)

Sec. 20. INVESTMENT BOARD	-0-	(127,000)
Sec. 21. CAPITOL AREA ARCHITECTURAL AREA PLANNING BOARD	-0-	(16,000)
Sec. 22. LAWFUL GAMBLING CONTROL BOARD	-0-	(126,000)
Sec. 23. MINNESOTA RACING COMMISSION	-0-	(21,000)
Sec. 24. TORT CLAIMS	-0-	(114,000)
Sec. 25. CONTINGENT ACCOUNTS	(2,005,000)	(3,000,000)
The base funding for contingent accounts is \$646,000 each year for fiscal years 2004 and 2005.		
Sec. 26. TRADE AND ECONOMIC DEVELOPMENT		
Subdivision 1. Total Appropriation	18,396,000	(2,913,000)
Subd. 2. Business and Community Development	-0-	(685,000)
Subd. 3. Minnesota Trade Office	-0-	(442,000)
All special revenue fund accounts for the World Trade Conference Center in the Trade Office shall cancel and transfer to the general fund.		
Subd. 4. Workforce Development	-0-	(73,000)
This is a onetime appropriation and is not added to the base.		
Subd. 5. Office of Tourism	-0-	(982,000)
Subd. 6. Information and Analysis	-0-	(109,000)
Subd. 7. Administrative Support	-0-	(602,000)
Subd. 8. Film Board Grants Program	-0-	(20,000)
Subd. 9. Dislocated Worker Program	18,396,000	-0-

This appropriation is from the general fund to the

commissioner of finance for transfer to the workforce development fund for the dislocated worker program. This is a onetime appropriation and is not added to the base. This appropriation is available until expended.

Subd. 10. Biomedical Innovation and Commercialization Initiative

The Laws 2001, First Special Session chapter 5, article 19, section 2, appropriation of \$10,000,000 for the biomedical innovation and commercialization initiative is canceled to the general fund.

Sec. 27. MINNESOTA TECHNOLOGY, INC.	-0-	(305,000)
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Sec. 28. ECONOMIC SECURITY

Subdivision 1. Total Appropriation	-0-	(1,116,000)
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Subd. 2. Workforce Services	-0-	(455,000)
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Subd. 3. Workforce Rehabilitation Services	-0-	(408,000)
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State appropriations used to match federal vocational rehabilitation services money and federal money for state services for the blind may not be reduced.

Subd. 4. Workforce Services for the Blind	-0-	(253,000)
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Base funding for the displaced homemakers program may not be reduced.

The commissioner shall use available federal administrative money, on a proportional basis, to fund programs being cut as a result of this act.

Sec. 29. HOUSING FINANCE AGENCY	-0-	(523,000)
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Sec. 30. HUMAN RIGHTS	-0-	(207,000)
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Sec. 31. JUDICIAL STANDARDS BOARD	-0-	(13,000)
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Sec. 32. UNIFORM LAWS COMMISSION	5,000	5,000
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Sec. 33. Minnesota Statutes 2000, section 15.0591, subdivision 2, is amended to read:

Subd. 2. [BODIES AFFECTED.] A member meeting the qualifications in subdivision 1 must be appointed to the following boards, commissions, advisory councils, task forces, or committees:

- (1) advisory council on battered women and domestic abuse;
- (2) advisory task force on the use of state facilities;

- (3) alcohol and other drug abuse advisory council;
- (4) board of examiners for nursing home administrators;
- (5) board on aging;
- (6) chiropractic examiners board;
- (7) consumer advisory council on vocational rehabilitation;
- (8) council on disability;
- (9) council on affairs of Chicano/Latino people;
- (10) council on Black Minnesotans;
- (11) dentistry board;
- (12) department of economic security advisory council;
- (13) higher education services office;
- (14) housing finance agency;
- (15) Indian advisory council on chemical dependency;
- (16) medical practice board;
- (17) medical policy directional task force on mental health;
- (18) Minnesota employment and economic development task force;
- (19) ~~Minnesota office of citizenship and volunteer services advisory committee;~~
- (20) Minnesota state arts board;
- (21) ~~(20)~~ nursing board;
- (22) ~~(21)~~ optometry board;
- (23) ~~(22)~~ pharmacy board;
- (24) ~~(23)~~ board of physical therapy;
- (25) ~~(24)~~ podiatry board;
- (26) ~~(25)~~ psychology board;
- (27) ~~(26)~~ veterans advisory committee.

Sec. 34. Minnesota Statutes 2000, section 16A.40, is amended to read:

16A.40 [WARRANTS AND ELECTRONIC FUND TRANSFERS.]

Money must not be paid out of the state treasury except upon the warrant of the commissioner or an electronic fund transfer approved by the commissioner. Warrants must be drawn on printed blanks that are in numerical order. The commissioner shall enter, in numerical order in a warrant register, the number, amount, date, and payee for every warrant issued.

Payees receiving more than ten payments or \$10,000 per year must supply the commissioner with their bank routing information to enable the payments to be made through an electronic fund transfer.

Sec. 35. Minnesota Statutes 2001 Supplement, section 16B.65, subdivision 1, is amended to read:

Subdivision 1. [DESIGNATION.] By January 1, 2002, each municipality shall designate a building official to administer the code. A municipality may designate no more than one building official responsible for code administration defined by each certification category established in rule. Two or more municipalities may combine in the designation of a building official for the purpose of administering the provisions of the code within their communities. In those municipalities for which no building officials have been designated, the state building official may use whichever state employees are necessary to perform the duties of the building official until the municipality makes a temporary or permanent designation. All costs incurred by virtue of these services rendered by state employees must be borne by the involved municipality and receipts arising from these services must be paid into the state treasury and credited to the general special revenue fund.

Sec. 36. Minnesota Statutes 2001 Supplement, section 16B.65, subdivision 5a, is amended to read:

Subd. 5a. [ADMINISTRATIVE ACTION AND PENALTIES.] The commissioner shall, by rule, establish a graduated schedule of administrative actions for violations of sections 16B.59 to 16B.75 and rules adopted under those sections. The schedule must be based on and reflect the culpability, frequency, and severity of the violator's actions. The commissioner may impose a penalty from the schedule on a certification holder for a violation of sections 16B.59 to 16B.75 and rules adopted under those sections. The penalty is in addition to any criminal penalty imposed for the same violation. Administrative monetary penalties imposed by the commissioner must be paid to the general special revenue fund.

Sec. 37. Minnesota Statutes 2000, section 124D.385, subdivision 2, is amended to read:

Subd. 2. [MEMBERSHIP.] (a) The commission consists of 18 voting members. Voting members shall include the commissioner of children, families, and learning, a representative of the children's cabinet elected by the members of the children's cabinet, and the executive director of the higher education services office.

(b) The governor shall appoint 15 additional voting members. Eight of the voting members appointed by the governor shall include a representative of public or nonprofit organizations experienced in youth employment and training, organizations promoting adult service and volunteerism, community-based service agencies or organizations, local public or private sector labor unions, local governments, business, a national service program, and Indian tribes. The remaining seven voting members appointed by the governor shall include an individual with expertise in the educational, training, and development needs of youth, particularly disadvantaged youth; a youth or young adult who is a participant in a higher education-based service-learning program; a disabled individual representing persons with disabilities; a youth who is out-of-school or disadvantaged; an educator of primary or secondary students; an educator from a higher education institution; and an individual between the ages of 16 and 25 who is a participant or supervisor in a youth service program.

(c) The governor shall appoint up to five ex officio nonvoting members from among the following agencies or organizations: the departments of economic security, natural resources, human services, health, corrections, agriculture, public safety, finance, and labor and industry, the ~~Minnesota office of citizenship and volunteer services~~, the housing finance agency, and Minnesota Technology, Inc. A representative of the corporation for national and community service shall also serve as an ex officio nonvoting member.

(d) Voting and ex officio nonvoting members may appoint designees to act on their behalf. The number of voting members who are state employees shall not exceed 25 percent.

(e) The governor shall ensure that, to the extent possible, the membership of the commission is balanced according to geography, race, ethnicity, age, and gender. The speaker of the house and the majority leader of the senate shall each appoint two legislators to be nonvoting members of the commission.

Sec. 38. Minnesota Statutes 2000, section 256.9753, subdivision 3, is amended to read:

Subd. 3. [EXPENDITURES.] The board shall consult with the ~~office of citizenship and volunteer services~~ commissioner of human services, prior to expending money available for the retired senior volunteer programs. Expenditures shall be made (1) to strengthen and expand existing retired senior volunteer programs, and (2) to encourage the development of new programs in areas in the state where these programs do not exist. Grants shall be made consistent with applicable federal guidelines.

Sec. 39. Minnesota Statutes 2000, section 357.021, subdivision 2, is amended to read:

Subd. 2. [FEE AMOUNTS.] The fees to be charged and collected by the court administrator shall be as follows:

(1) In every civil action or proceeding in said court, including any case arising under the tax laws of the state that could be transferred or appealed to the tax court, the plaintiff, petitioner, or other moving party shall pay, when the first paper is filed for that party in said action, a fee of ~~\$122~~ \$135.

The defendant or other adverse or intervening party, or any one or more of several defendants or other adverse or intervening parties appearing separately from the others, shall pay, when the first paper is filed for that party in said action, a fee of ~~\$122~~ \$135.

The party requesting a trial by jury shall pay \$75.

The fees above stated shall be the full trial fee chargeable to said parties irrespective of whether trial be to the court alone, to the court and jury, or disposed of without trial, and shall include the entry of judgment in the action, but does not include copies or certified copies of any papers so filed or proceedings under chapter 103E, except the provisions therein as to appeals.

(2) Certified copy of any instrument from a civil or criminal proceeding, \$10, and \$5 for an uncertified copy.

(3) Issuing a subpoena, \$3 for each name.

(4) Issuing an execution and filing the return thereof; issuing a writ of attachment, injunction, habeas corpus, mandamus, quo warranto, certiorari, or other writs not specifically mentioned, \$10.

(5) Issuing a transcript of judgment, or for filing and docketing a transcript of judgment from another court, \$7.50.

(6) Filing and entering a satisfaction of judgment, partial satisfaction, or assignment of judgment, \$5.

(7) Certificate as to existence or nonexistence of judgments docketed, \$5 for each name certified to.

(8) Filing and indexing trade name; or recording basic science certificate; or recording certificate of physicians, osteopaths, chiropractors, veterinarians, or optometrists, \$5.

(9) For the filing of each partial, final, or annual account in all trusteeships, \$10.

(10) For the deposit of a will, \$5.

(11) For recording notary commission, \$25, of which, notwithstanding subdivision 1a, paragraph (b), \$20 must be forwarded to the state treasurer to be deposited in the state treasury and credited to the general fund.

(12) Filing a motion or response to a motion for modification of child support, a fee fixed by rule or order of the supreme court.

(13) All other services required by law for which no fee is provided, such fee as compares favorably with those herein provided, or such as may be fixed by rule or order of the court.

(14) In addition to any other filing fees under this chapter, a surcharge in the amount of \$75 must be assessed in accordance with section 259.52, subdivision 14, for each adoption petition filed in district court to fund the fathers' adoption registry under section 259.52.

The fees in clauses (3) and (4) need not be paid by a public authority or the party the public authority represents.

Sec. 40. Minnesota Statutes 2000, section 490.123, is amended by adding a subdivision to read:

Subd. 1e. [PARTICIPATION IN THE POSTRETIREMENT INVESTMENT FUND.] Notwithstanding any laws to the contrary, all judges and survivors receiving a benefit under this chapter shall receive that benefit from the postretirement investment fund. Required reserves for those judges not receiving benefits from the postretirement investment fund as of July 1, 2002, shall be transferred to the postretirement investment fund to pay future benefits by July 31, 2002.

Sec. 41. Laws 1998, chapter 404, section 23, subdivision 6, is amended to read:

Subd. 6. St. Paul RiverCentre
Arena

65,000,000

This appropriation is from the general fund to the commissioner of finance for a loan to the city of St. Paul to demolish the existing St. Paul RiverCentre Arena and to design, construct, furnish, and equip a new arena. This appropriation is not available until the lessee to whom the city has leased the arena has agreed to make rental or other payments to the city under the terms set forth in this subdivision. The loan is repayable solely from and secured by the payments made to the city by the lessee. The loan is not a public debt and the full faith, credit, and taxing powers of the city are not pledged for its repayment.

(a) \$48,000,000 of the loan must be repaid to the commissioner, without interest, within 20 years from the date of substantial completion of the arena in accordance with the following schedule:

- (1) no repayments are due in the first two years from the date of substantial completion;
- (2) in each of the years three to five, the lessee must pay \$1,250,000;
- (3) in each of the years six to ten, the lessee must pay \$1,500,000;
- (4) in each of the years 11 to 13, the lessee must pay \$2,000,000;
- (5) in year 14, the lessee must pay \$3,000,000;
- (6) in year 15, the lessee must pay \$4,000,000; and
- (7) in each of the years 16 to 20, the lessee must pay \$4,750,000.

(b) The commissioner must deposit the repayments in the state treasury and credit them

~~to the youth activities account, which is hereby created in the special revenue fund. Money in the youth activities account is available for expenditure as appropriated by law general fund.~~

(c) The loan may not be made until the commissioner has entered into an agreement with the city of St. Paul identifying the rental or other payments that will be made and establishing the dates on and the amounts in which the payments will be made to the city and by the city to the commissioner. The payments may include operating revenues and additional payments to be made by the lessee under agreements to be negotiated between the commissioner, the city, and the lessee. Those agreements may include, but are not limited to, an agreement whereby the lessee pledges to provide each year a letter of credit sufficient to guarantee the payment of the amount due for the next succeeding year; an agreement whereby the lessee agrees to maintain a net worth, certified each year by a financial institution or accounting firm satisfactory to the commissioner, that is greater than the balance due under the payment schedule in paragraph (a); and any other agreements the commissioner may deem necessary to ensure that the payments are made as scheduled.

(d) The agreements must provide that the failure of the lessee to make a payment due to the city under the agreement is an event of default under the lease between the city and the lessee and that the state is entitled to enforce the remedies of the lessor under the lease in the event of default. Those remedies must include, but need not be limited to, the obligation of the lessee to pay the balance due for the remainder of the payment schedule in the event the lessee ceases to operate a National Hockey League team in the arena.

(e) By January 1, 1999, the commissioner shall report to the chair of the senate committee on state government finance and the chair of the house committee on ways and means the terms of an agreement between the lessee and the amateur sports commission whereby the lessee agrees to make the facilities of the arena available to the commission on terms satisfactory to the commission for amateur sports activities consistent with the purposes of Minnesota Statutes, chapter 240A, each year during the time the loan is outstanding. The amateur sports commission must negotiate in good faith and

may be required to pay no more than actual out-of-pocket expenses for the time it uses the arena. The agreement may not become effective before February 1, 1999. During any calendar year after 1999 that an agreement under this paragraph is not in effect and a payment is due under the schedule, the lessee must pay to the commissioner a penalty of \$750,000 for that year. If the amateur sports commission has not negotiated in good faith, no penalty is due.

Sec. 42. Laws 2001, First Special Session chapter 4, article 3, section 1, is amended to read:

Section 1. [DEPARTMENT OF ECONOMIC SECURITY ABOLISHED.]

The department of economic security is abolished.

[EFFECTIVE DATE.] This section is effective July 1, ~~2002~~ 2003.

Sec. 43. Laws 2001, First Special Session chapter 4, article 3, section 2, subdivision 1, is amended to read:

Subdivision 1. [TO DEPARTMENT OF TRADE AND ECONOMIC DEVELOPMENT.] The responsibilities of the department of economic security performed by its workforce services unit for employment transition services, youth services, welfare-to-work services, and workforce exchange services are transferred to the department of trade and economic development.

[EFFECTIVE DATE.] This subdivision is effective July 1, ~~2002~~ 2003.

Sec. 44. Laws 2001, First Special Session chapter 4, article 3, section 3, is amended to read:

Sec. 3. [ORGANIZATION OF DEPARTMENT OF TRADE AND ECONOMIC DEVELOPMENT.]

The department of trade and economic development shall have a division of economic development consisting of business and community development, the Minnesota trade office, tourism division, information and analysis division, and administrative support. The job skills partnership program shall be housed in the department and shall have a policy, research, and evaluation unit. The job skills partnership board shall provide targeted-worker services to include the dislocated worker program and welfare-to-work services formerly located in the department of economic security. The board shall have a unit providing special programs under a workforce transition services unit.

[EFFECTIVE DATE.] This section is effective July 1, ~~2002~~ 2003.

Sec. 45. [REORGANIZATION POWERS SUSPENDED.]

Notwithstanding Minnesota Statutes, section 16B.37, the commissioner of administration may not issue a reorganization order affecting the department of economic security until July 1, 2003.

Sec. 46. [REPEALER.]

Minnesota Statutes 2001 Supplement, section 4.50, is repealed. Minnesota Statutes 2000, section 490.123, subdivision 1d, is repealed effective June 30, 2002.

Sec. 47. [EFFECTIVE DATE.]

Except as otherwise provided in section 46, this article is effective the day following final enactment.

CANCELLATIONS; TRANSFERS; SALES TAX COLLECTIONS

Section 1. Minnesota Statutes 2000, section 16A.152, subdivision 1, is amended to read:

Subdivision 1. [CASH FLOW ACCOUNT ESTABLISHED.] (a) A cash flow account is created in the general fund in the state treasury. Beginning July 1, 2003, the commissioner of finance shall restrict part or all of the balance before reserves in the general fund as may be necessary to fund the cash flow account ~~as provided by law~~, up to \$350,000,000.

~~(b) The commissioner of finance shall transfer the amount necessary to bring the total amount of the cash flow account to \$350,000,000 on July 1, 1995. The amounts restricted shall remain in the account until drawn down and used to meet cash flow deficiencies resulting from uneven distribution of revenue collections and required expenditures during a fiscal year.~~

Sec. 2. Minnesota Statutes 2001 Supplement, section 16A.152, subdivision 1a, is amended to read:

Subd. 1a. [BUDGET RESERVE.] A budget reserve account of ~~\$653,000,000~~ is created in the general fund in the state treasury. The commissioner of finance shall transfer to the budget reserve account on July 1 of each odd-numbered year any amounts specifically appropriated by law to the budget reserve.

Sec. 3. Minnesota Statutes 2001 Supplement, section 16A.152, subdivision 2, is amended to read:

Subd. 2. [ADDITIONAL REVENUES; PRIORITY.] If on the basis of a forecast of general fund revenues and expenditures, the commissioner of finance determines that there will be a positive unrestricted budgetary general fund balance at the close of the biennium, the commissioner of finance must allocate money to the budget reserve until the total amount in the account equals ~~the amount set in this section~~ \$653,000,000.

The amounts necessary to meet the requirements of this section are appropriated from the general fund within two weeks after the forecast is released.

Sec. 4. Minnesota Statutes 2001 Supplement, section 62J.694, subdivision 1, is amended to read:

Subdivision 1. [CREATION.] (a) The medical education endowment fund is created in the state treasury. The state board of investment shall invest the fund under section 11A.24. All earnings of the fund must be credited to the fund. The principal of the fund must be maintained inviolate, except that the principal may be used to make expenditures from the fund for the purposes specified in this section when the market value of the fund falls below 105 percent of the cumulative total of the tobacco settlement payments received by the state and credited to the tobacco settlement fund under section 16A.87, subdivision 2. For purposes of this section, "principal" means an amount equal to the cumulative total of the tobacco settlement payments received by the state and credited to the tobacco settlement fund under section 16A.87, subdivision 2.

(b) If the commissioner of finance determines that probable receipts to the general fund will be sufficient to meet the need for expenditures from the general fund for a fiscal biennium, the commissioner may use cash reserves of the medical education endowment fund to pay expenses of the general fund. If cash reserves are transferred to the general fund to meet cash flow needs, the cash flow transfers must be returned to the endowment fund as soon as sufficient cash balances are available in the general fund, but in any event before the end of the fiscal biennium. Any interest earned on cash flow transfers from the endowment fund accrues to the endowment fund and not to the general fund.

(c) The academic health center account is created as a separate account in the medical education endowment fund. The account is invested under paragraph (a). All earnings of the account must be credited to the account. The principal of the account must be maintained inviolate, except that the principal may be used to make expenditures from the account for the

purposes specified in subdivision 2a when the value of the account falls below an amount equal to deposits made to the account under section 16A.87, subdivision 3, paragraph (b).

Sec. 5. Minnesota Statutes 2000, section 144.395, subdivision 1, is amended to read:

Subdivision 1. [CREATION.] (a) The tobacco use prevention and local public health endowment fund is created in the state treasury. The state board of investment shall invest the fund under section 11A.24. All earnings of the fund must be credited to the fund. The principal of the fund must be maintained inviolate, except that the principal may be used to make expenditures from the fund for the purposes specified in this section when the market value of the fund falls below 105 percent of the cumulative total of the tobacco settlement payments received by the state and credited to the tobacco settlement fund under section 16A.87, subdivision 2. For purposes of this section, "principal" means an amount equal to the cumulative total of the tobacco settlement payments received by the state and credited to the tobacco settlement fund under section 16A.87, subdivision 2.

(b) If the commissioner of finance determines that probable receipts to the general fund will be sufficient to meet the need for expenditures from the general fund for a fiscal biennium, the commissioner may use cash reserves of the tobacco use prevention and local public health endowment fund to pay expenses of the general fund. If cash reserves are transferred to the general fund to meet cash flow needs, the cash flow transfers must be returned to the endowment fund as soon as sufficient cash balances are available in the general fund, but in any event before the end of the fiscal biennium. Any interest earned on cash flow transfers from the endowment fund accrues to the endowment fund and not to the general fund.

Sec. 6. Minnesota Statutes 2001 Supplement, section 289A.20, subdivision 4, is amended to read:

Subd. 4. [SALES AND USE TAX.] (a) The taxes imposed by chapter 297A are due and payable to the commissioner monthly on or before the 20th day of the month following the month in which the taxable event occurred, or following another reporting period as the commissioner prescribes or as allowed under section 289A.18, subdivision 4, paragraph (f), except that use taxes due on an annual use tax return as provided under section 289A.11, subdivision 1, are payable by April 15 following the close of the calendar year.

(b) For a fiscal year ending before July 1, 2002 2006, A vendor having a liability of \$120,000 or more during a fiscal year ending June 30 must remit the June liability for the next year in the following manner:

(1) Two business days before June 30 of the year, the vendor must remit 62 percent of the estimated June liability to the commissioner.

(2) On or before August 20 of the year, the vendor must pay any additional amount of tax not remitted in June.

(c) A vendor having a liability of \$120,000 or more during a fiscal year ending June 30 must remit all liabilities on returns due for periods beginning in the subsequent calendar year by electronic means on or before the 20th day of the month following the month in which the taxable event occurred, or on or before the 20th day of the month following the month in which the sale is reported under section 289A.18, subdivision 4, except for 62 percent of the estimated June liability, which is due two business days before June 30. The remaining amount of the June liability is due on August 20.

Sec. 7. [BALANCES CANCELED TO GENERAL FUND.]

The unobligated balances in the following general fund accounts created in the sections of Minnesota Statutes indicated are canceled to the general fund:

(1) the cash flow account, Minnesota Statutes, section 16A.152, subdivision 1, estimated to be \$350,000,000;

(2) the budget reserve account, Minnesota Statutes, section 16A.152, subdivision 1a, estimated to be \$653,000,000;

(3) the tax relief account, Minnesota Statutes, section 16A.1522, subdivision 4, estimated to be \$158,148,000;

(4) the local government aid reform account, Minnesota Statutes, section 16A.1523, estimated to be \$14,000,000; and

(5) the TIF grant account, Minnesota Statutes, section 469.1799, subdivision 3, estimated to be \$129,000,000.

Sec. 8. [TRANSFERS TO GENERAL FUND.]

Subdivision 1. [ASSIGNED RISK PLAN.] By June 30, 2002, the commissioner of finance shall transfer \$94,900,000 in assets of the assigned risk plan created under Minnesota Statutes, section 79.252, to the general fund.

Subd. 2. [SPECIAL COMPENSATION FUND.] After June 1, 2003, but no later than June 30, 2003, the commissioner of finance shall transfer \$282,000,000 in assets of the excess surplus account of the special compensation fund created under Minnesota Statutes, section 176.129, to the general fund.

Subd. 3. [REPEALER.] Laws 2000, chapter 447, section 25, is repealed.

Sec. 9. [BUSWAY APPROPRIATION CANCELED.]

The unobligated balance of the appropriation in Laws 2000, chapter 492, article 2, section 1, estimated to be \$15,000,000, is canceled to the general fund.

Sec. 10. [APPROPRIATION TO BUDGET RESERVE.]

On July 1, 2003, \$160,000,000 is appropriated from the general fund to the commissioner of finance for transfer to the budget reserve account under Minnesota Statutes, section 16A.152, subdivision 1a.

Sec. 11. [REPEALER.]

(a) Minnesota Statutes 2001 Supplement, sections 16A.1523; and 469.1799, subdivisions 1 and 3, are repealed.

(b) Laws 2001, First Special Session chapter 5, article 20, section 22, is repealed.

Sec. 12. [EFFECTIVE DATE.]

This article is effective the day following final enactment, except that sections 4 and 5 are effective July 1, 2003.

ARTICLE 14

INFLATION ADJUSTMENTS

Section 1. Minnesota Statutes 2000, section 16A.103, subdivision 1a, is amended to read:

Subd. 1a. [FORECAST PARAMETERS.] The forecast must assume the continuation of current laws and reasonable estimates of projected growth in the national and state economies and affected populations. Revenue must be estimated for all sources provided for in current law. Expenditures must be estimated for all obligations imposed by law and those projected to occur as a result of inflation and variables outside the control of the legislature. Expenditure estimates must not include an allowance for inflation.

Sec. 2. Minnesota Statutes 2000, section 16A.103, subdivision 1b, is amended to read:

Subd. 1b. [FORECAST VARIABLE.] In determining ~~the rate of inflation, the application of inflation,~~ the amount of state bonding as it affects debt service, the calculation of investment income, and the other variables to be included in the expenditure part of the forecast, the commissioner must consult with the chairs and lead minority members of the senate state government finance committee and the house ways and means committee, and legislative fiscal staff. This consultation must occur at least three weeks before the forecast is to be released. No later than two weeks prior to the release of the forecast, the commissioner must inform the chairs and lead minority members of the senate state government finance committee and the house ways and means committee, and legislative fiscal staff of any changes in these variables from the previous forecast.

ARTICLE 15

TAXES; REVENUE DEPARTMENT

Section 1. Minnesota Statutes 2000, section 136A.08, subdivision 3, is amended to read:

Subd. 3. [WISCONSIN.] A higher education reciprocity agreement with the state of Wisconsin may include provision for the transfer of funds between Minnesota and Wisconsin ~~provided that an income tax reciprocity agreement between Minnesota and Wisconsin is in effect for the period of time included under the higher education reciprocity agreement.~~ If this provision is included, the amount of funds to be transferred shall be determined according to a formula which is mutually acceptable to the office and a duly designated agency representing Wisconsin. The formula shall recognize differences in tuition rates between the two states and the number of students attending institutions in each state under the agreement. Any payments to Minnesota by Wisconsin shall be deposited by the office in the general fund of the state treasury. The amount required for the payments shall be certified by the director of the office to the commissioner of finance annually.

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

Sec. 2. Minnesota Statutes 2000, section 290.081, is amended to read:

290.081 [INCOME OF NONRESIDENTS, RECIPROcity.]

(a) The compensation received for the performance of personal or professional services within this state by an individual whose residence, place of abode, and place customarily returned to at least once a month is in another state, shall be excluded from gross income to the extent such compensation is subject to an income tax imposed by the state of residence; provided that such state allows a similar exclusion of compensation received by residents of Minnesota for services performed therein.

(b) When it is deemed to be in the best interests of the people of this state, the commissioner may determine that the provisions of ~~clause paragraph~~ (a) shall not apply. ~~As long as the provisions of clause (a) apply between Minnesota and Wisconsin, the provisions of clause (a) shall apply to any individual who is domiciled in Wisconsin.~~

(c) ~~For the purposes of clause (a), whenever the Wisconsin tax on Minnesota residents which would have been paid Wisconsin without clause (a) exceeds the Minnesota tax on Wisconsin residents which would have been paid Minnesota without clause (a), or vice versa, then the state with the net revenue loss resulting from clause (a) shall receive from the other state the amount of such loss. This provision shall be effective for all years beginning after December 31, 1972. The data used for computing the loss to either state shall be determined on or before September 30 of the year following the close of the previous calendar year.~~

~~Interest shall be payable on all delinquent balances relating to taxable years beginning after December 31, 1977. The commissioner of revenue is authorized to enter into agreements with the state of Wisconsin specifying the reciprocity payment due date, conditions constituting delinquency, interest rates, and a method for computing interest due on any delinquent amounts.~~

~~If an agreement cannot be reached as to the amount of the loss, the commissioner of revenue~~

~~and the taxing official of the state of Wisconsin shall each appoint a member of a board of arbitration and these members shall appoint the third member of the board. The board shall select one of its members as chair. Such board may administer oaths, take testimony, subpoena witnesses, and require their attendance, require the production of books, papers and documents, and hold hearings at such places as are deemed necessary. The board shall then make a determination as to the amount to be paid the other state which determination shall be final and conclusive.~~

~~The commissioner may furnish copies of returns, reports, or other information to the taxing official of the state of Wisconsin, a member of the board of arbitration, or a consultant under joint contract with the states of Minnesota and Wisconsin for the purpose of making a determination as to the amount to be paid the other state under the provisions of this section. Prior to the release of any information under the provisions of this section, the person to whom the information is to be released shall sign an agreement which provides that the person will protect the confidentiality of the returns and information revealed thereby to the extent that it is protected under the laws of the state of Minnesota.~~

[EFFECTIVE DATE.] This section is effective for tax years beginning after December 31, 2002.

Sec. 3. Minnesota Statutes 2000, section 469.175, subdivision 5, is amended to read:

Subd. 5. [ANNUAL DISCLOSURE.] An annual statement showing for each district the information required to be reported under subdivision 6, paragraph (c), clauses (1), (2), (3), (11), (12), (20), and (21); the amounts of tax increment received and expended in the reporting period; and any additional information the authority deems necessary must be published in a newspaper of general circulation in the municipality that approved the tax increment financing plan. The annual statement must inform readers that additional information regarding each district may be obtained from the authority, and must explain how the additional information may be requested. The authority must publish the annual statement for a year no later than August 15 of the next year. The authority must identify the newspaper of general circulation in the municipality to which the annual statement has been or will be submitted for publication and provide a copy of the annual statement to the county board, the county auditor, the school board, the state auditor commissioner of revenue, and, if the authority is other than the municipality, the governing body of the municipality on or before August 1 of the year in which the statement must be published.

The disclosure requirements imposed by this subdivision apply to districts certified before, on, or after August 1, 1979.

Sec. 4. Minnesota Statutes 2000, section 469.175, subdivision 6, is amended to read:

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

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

(b) The authority must annually submit to the state auditor commissioner of revenue a financial report in compliance with paragraph (a) that has been audited by an independent auditor. Copies of the report must also be provided to the county auditor and to the governing body of the municipality, if the authority is not the municipality. To the extent necessary to permit compliance with the requirement of financial reporting, the county and any other appropriate local government

unit or private entity must provide the necessary records or information to the authority or the ~~state auditor~~ commissioner of revenue as provided by the system of accounting and financial reporting developed pursuant to paragraph (a). The authority must submit the annual report for a year on or before August 1 of the next year.

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

(1) the original net tax capacity of the district and any subdistrict under section 469.177, subdivision 1;

(2) the net tax capacity for the reporting period of the district and any subdistrict;

(3) the captured net tax capacity of the district;

(4) any fiscal disparity deduction from the captured net tax capacity under section 469.177, subdivision 3;

(5) the captured net tax capacity retained for tax increment financing under section 469.177, subdivision 2, paragraph (a), clause (1);

(6) any captured net tax capacity distributed among affected taxing districts under section 469.177, subdivision 2, paragraph (a), clause (2);

(7) the type of district;

(8) the date the municipality approved the tax increment financing plan and the date of approval of any modification of the tax increment financing plan, the approval of which requires notice, discussion, a public hearing, and findings under subdivision 4, paragraph (a);

(9) the date the authority first requested certification of the original net tax capacity of the district and the date of the request for certification regarding any parcel added to the district;

(10) the date the county auditor first certified the original net tax capacity of the district and the date of certification of the original net tax capacity of any parcel added to the district;

(11) the month and year in which the authority has received or anticipates it will receive the first increment from the district;

(12) the date the district must be decertified;

(13) for the reporting period and prior years of the district, the actual amount received from, at least, the following categories:

(i) tax increments paid by the captured net tax capacity retained for tax increment financing under section 469.177, subdivision 2, paragraph (a), clause (1), but excluding any excess taxes;

(ii) tax increments that are interest or other investment earnings on or from tax increments;

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

(iv) tax increments that are repayments of loans or other advances made by the authority with tax increments;

(v) bond or loan proceeds;

(vi) special assessments;

(vii) grants; and

(viii) transfers from funds not exclusively associated with the district;

(14) for the reporting period and for the prior years of the district, the amount budgeted under

the tax increment financing plan, and the actual amount expended for, at least, the following categories:

- (i) acquisition of land and buildings through condemnation or purchase;
 - (ii) site improvements or preparation costs;
 - (iii) installation of public utilities, parking facilities, streets, roads, sidewalks, or other similar public improvements;
 - (iv) administrative costs, including the allocated cost of the authority;
 - (v) public park facilities, facilities for social, recreational, or conference purposes, or other similar public improvements; and
 - (vi) transfers to funds not exclusively associated with the district;
- (15) for properties sold to developers, the total cost of the property to the authority and the price paid by the developer;
- (16) the amount of any payments and the value of any in-kind benefits, such as physical improvements and the use of building space, that are paid or financed with tax increments and are provided to another governmental unit other than the municipality during the reporting period;
- (17) the amount of any payments for activities and improvements located outside of the district that are paid for or financed with tax increments;
- (18) the amount of payments of principal and interest that are made during the reporting period on any nondefeased:
- (i) general obligation tax increment financing bonds;
 - (ii) other tax increment financing bonds; and
 - (iii) notes and pay-as-you-go contracts;
- (19) the principal amount, at the end of the reporting period, of any nondefeased:
- (i) general obligation tax increment financing bonds;
 - (ii) other tax increment financing bonds; and
 - (iii) notes and pay-as-you-go contracts;
- (20) the amount of principal and interest payments that are due for the current calendar year on any nondefeased:
- (i) general obligation tax increment financing bonds;
 - (ii) other tax increment financing bonds; and
 - (iii) notes and pay-as-you-go contracts;
- (21) if the fiscal disparities contribution under chapter 276A or 473F for the district is computed under section 469.177, subdivision 3, paragraph (a), the amount of increased property taxes imposed on other properties in the municipality that approved the tax increment financing plan as a result of the fiscal disparities contribution; and
- (22) whether the tax increment financing plan or other governing document permits increment revenues to be expended:
- (i) to pay bonds, the proceeds of which were or may be expended on activities outside of the district;

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

(iii) to otherwise finance activities located outside of the tax increment financing district; and
~~(23) any additional information the state auditor may require.~~

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

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

Sec. 5. Minnesota Statutes 2001 Supplement, section 469.1771, subdivision 1, is amended to read:

Subdivision 1. [ENFORCEMENT.] (a) The owner of taxable property located in the city, town, school district, or county in which the tax increment financing district is located may bring suit for equitable relief or for damages, as provided in subdivisions 2, 3, and 4, arising out of a failure of a municipality or authority to comply with the provisions of sections 469.174 to 469.1798, or related provisions of this chapter. The prevailing party in a suit filed under the preceding sentence is entitled to costs, including reasonable attorney fees.

~~(b) The state auditor may examine and audit political subdivisions' use of tax increment financing. Without previous notice, the state auditor may examine or audit accounts and records on a random basis as the auditor deems to be in the public interest. If the state auditor finds evidence that an authority or municipality has violated a provision of the law for which a remedy is provided under this section, the state auditor shall forward the relevant information to the county attorney. The county attorney may bring an action to enforce the provisions of sections 469.174 to 469.1798 or related provisions of this chapter, for matters referred by the state auditor or on behalf of the county. If the county attorney determines not to bring an action or if the county attorney has not brought an action within 12 months after receipt of the initial notification by the state auditor of the violation, the county attorney shall notify the state auditor in writing.~~

~~(c) If the state auditor finds an authority is not in compliance with sections 469.174 to 469.1798 or related provisions of law, the auditor shall notify the governing body of the municipality that approved the tax increment financing district of its findings. The governing body of the municipality must respond in writing to the state auditor within 60 days after receiving the notification. Its written response must state whether the municipality accepts, in whole or part, the auditor's findings. If the municipality does not accept the findings, the statement must indicate the basis for its disagreement. The state auditor shall annually summarize the responses it receives under this section and send the summary and copies of the responses to the chairs of the committees of the legislature with jurisdiction over tax increment financing.~~

~~(d) The state auditor shall notify the attorney general in writing and provide supporting materials for a violation found by the auditor, if the:~~

~~(1) auditor receives notification from the county attorney under paragraph (b) or receives no notification for a 12-month period after initially notifying the county attorney and the state auditor confirms with the county attorney or the municipality that no action has been brought regarding the matter; and~~

~~(2) municipality or development authority have not eliminated or resolved the violation to the satisfaction of the state auditor.~~

The auditor shall provide the municipality and development authority a copy of the notification sent to the attorney general.

[EFFECTIVE DATE.] This section applies to violations occurring after June 30, 2002.

Sec. 6. Minnesota Statutes 2000, section 469.1771, subdivision 2a, is amended to read:

Subd. 2a. [SUSPENSION OF DISTRIBUTION OF TAX INCREMENT.] (a) If an authority fails to make a disclosure or to submit a report containing the information required by section 469.175, subdivisions 5 and 6, regarding a tax increment financing district within the time provided in section 469.175, subdivisions 5 and 6, the ~~state auditor~~ commissioner of revenue shall mail to the authority a written notice that it or the municipality has failed to make the required disclosure or to submit a required report with respect to a particular district. The ~~state auditor~~ commissioner of revenue shall mail the notice on or before the third Tuesday of August of the year in which the disclosure or report was required to be made or submitted. The notice must describe the consequences of failing to disclose or submit a report as provided in paragraph (b). If the ~~state auditor~~ commissioner of revenue has not received a copy of a disclosure or a report described in this paragraph on or before the third Tuesday of November of the year in which the disclosure or report was required to be made or submitted, the ~~state auditor~~ commissioner of revenue shall mail a written notice to the county auditor to hold the distribution of tax increment from a particular district.

(b) Upon receiving written notice from the ~~state auditor~~ commissioner of revenue to hold the distribution of tax increment, the county auditor shall hold:

(1) 25 percent of the amount of tax increment that otherwise would be distributed, if the distribution is made after the third Friday in November but during the year in which the disclosure or report was required to be made or submitted; or

(2) 100 percent of the amount of tax increment that otherwise would be distributed, if the distribution is made after December 31 of the year in which the disclosure or report was required to be made or submitted.

(c) Upon receiving the copy of the disclosure and all of the reports described in paragraph (a) with respect to a district regarding which the ~~state auditor~~ commissioner of revenue has mailed to the county auditor a written notice to hold distribution of tax increment, the ~~state auditor~~ commissioner of revenue shall mail to the county auditor a written notice lifting the hold and authorizing the county auditor to distribute to the authority or municipality any tax increment that the county auditor had held pursuant to paragraph (b). The ~~state auditor~~ commissioner of revenue shall mail the written notice required by this paragraph within five working days after receiving the last outstanding item. The county auditor shall distribute the tax increment to the authority or municipality within 15 working days after receiving the written notice required by this paragraph.

(d) Notwithstanding any law to the contrary, any interest that accrues on tax increment while it is being held by the county auditor pursuant to paragraph (b) is not tax increment and may be retained by the county.

(e) For purposes of sections 469.176, subdivisions 1a to 1g, and 469.177, subdivision 11, tax increment being held by the county auditor pursuant to paragraph (b) is considered distributed to or received by the authority or municipality as of the time that it would have been distributed or received but for paragraph (b).

Sec. 7. [APPROPRIATION REDUCTION.]

The general fund appropriation to the commissioner of revenue in Laws 2001, First Special Session chapter 10, article 1, section 16, subdivision 1, is reduced by \$7,500,000 for fiscal year 2002 and \$7,500,000 for fiscal year 2003.

Sec. 8. [EARLY RETIREMENT INCENTIVE.]

Subdivision 1. [ELIGIBILITY.] The early retirement incentive provided in this section is available to an employee of the department of revenue who:

(1) on the date of retirement is at least 55 years old and has at least 25 years of allowable service in one or more of the funds listed in Minnesota Statutes, section 356.30, subdivision 3;

(2) upon retirement is immediately eligible for a retirement annuity from one or more of those funds; and

(3) retires on or after the effective date of this section, but before January 1, 2003.

Subd. 2. [INCENTIVE.] For an eligible employee who retires under this section, the employer shall pay the full employer contribution, as specified in the collective bargaining agreement or personnel policy covering the employee, for health and dental insurance for the employee and, if the employee had dependent coverage immediately before retirement, for the employee's dependents. Notwithstanding Minnesota Statutes, section 179A.20, subdivision 2a, the employer contribution under this subdivision must continue until the employee reaches age 65. The postretirement health and dental coverage provided by this section is the coverage the employee was receiving immediately before retirement, subject to any changes in coverage later specified by the collective bargaining agreement or personnel policy that covered the employee immediately before retirement.

Sec. 9. [REPEALER.]

(a) Minnesota Statutes 2000, section 469.1771, subdivision 2b, is repealed.

(b) Minnesota Statutes 2001 Supplement, section 469.177, subdivision 11, is repealed.

Sec. 10. [EFFECTIVE DATE.]

This article is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to the financing of state government; changing appropriations to reflect forecast changes; reducing appropriations for the fiscal years ending June 30, 2002 and 2003; canceling balances and appropriations and transferring balances to the general fund in order to avert a deficit; eliminating certain adjustments for inflation in future fiscal years; refinancing certain trunk highway projects through the sale of trunk highway bonds; continuing the acceleration of June sales tax collections; eliminating income tax reciprocity with Wisconsin; transferring responsibility for auditing tax increment financing districts from the state auditor to independent auditors; providing an early retirement incentive for certain employees; authorizing the sale of state bonds; changing certain fees; appropriating money; amending Minnesota Statutes 2000, sections 15.0591, subdivision 2; 16A.103, subdivisions 1a, 1b; 16A.152, subdivision 1; 16A.40; 41A.09, subdivision 3a; 85A.02, subdivision 17; 120B.13, subdivision 3; 124D.11, by adding a subdivision; 124D.385, subdivision 2; 126C.10, subdivision 5; 136A.08, subdivision 3; 144.395, subdivision 1; 145.9266, subdivision 3; 168A.40, subdivision 4; 251.013, subdivision 1; 256.9657, subdivision 1; 256.9753, subdivision 3; 256B.059, subdivisions 1, 3, 5; 256B.0595, subdivision 4; 256B.19, subdivisions 1, 1d; 256B.32; 256B.431, subdivision 23, by adding a subdivision; 256B.69, subdivision 5a, by adding subdivisions; 256L.07, subdivisions 1, 3; 256L.12, subdivision 9; 256L.15, subdivision 3; 290.081; 357.021, subdivision 2; 469.175, subdivisions 5, 6; 469.1771, subdivision 2a; 490.123, by adding a subdivision; Minnesota Statutes 2001 Supplement, sections 16A.152, subdivisions 1a, 2; 16B.65, subdivisions 1, 5a; 62J.692, subdivision 7; 62J.694, subdivision 1; 93.2235, subdivision 1; 124D.11, subdivision 4; 136A.121, subdivision 6; 136G.03, subdivision 25; 171.29, subdivision 2; 242.192; 244.054, subdivision 2; 256.01, subdivision 2; 256.969, subdivision 3a; 256B.056, subdivision 3; 256B.057, subdivision 9; 256B.0595, subdivisions 1, 2; 256B.0625, subdivision 13; 256B.437, subdivision 2; 256B.439, subdivisions 1, 4; 256B.69, subdivisions 5b, 5c; 256B.75; 256L.05, subdivision 1e; 256L.15, subdivision 1; 289A.20, subdivision 4; 299A.75, subdivision 1; 357.021, subdivision 7; 469.1771, subdivision 1; Laws 1998, chapter 404, section 23, subdivision 6; Laws 1999, chapter 152, section 2; Laws 1999, chapter 152, section 4, as amended; Laws 2001, First Special Session chapter 3, article 1, section 17, subdivisions 3, 7, 9; Laws 2001, First Special Session chapter 3, article 2, section 15, subdivision 3; Laws 2001, First Special Session chapter 4, article 3, section 1; Laws 2001, First Special Session chapter 4, article 3, section 2, subdivision 1; Laws 2001, First Special Session chapter 4, article 3, section 3; Laws 2001, First Special Session chapter 5, article 2, section 29, subdivision 2; Laws 2001, First Special Session chapter 6, article 1, section 54, subdivisions 2,

4, 5, 6, 7; Laws 2001, First Special Session chapter 6, article 2, section 77, subdivisions 2, 4, 5, 8, 11, 15, 18; Laws 2001, First Special Session chapter 6, article 3, section 21, subdivisions 2, 3, 4, 5, 7; Laws 2001, First Special Session chapter 6, article 4, section 27, subdivisions 2, 3, 5, 6; Laws 2001, First Special Session chapter 6, article 5, section 13, subdivision 2; Laws 2001, First Special Session chapter 8, article 4, section 11; Laws 2001, First Special Session chapter 9, article 5, section 35; Laws 2001, First Special Session chapter 9, article 13, section 25, subdivision 3; repealing Minnesota Statutes 2000, sections 103B.3369, subdivisions 7, 8; 103B.351; 103F.461; 103G.2373; 144.6905; 145.475; 256.9731; 256B.0916, subdivision 1; 256K.01; 256K.015; 256K.02; 256K.03, as amended; 256K.04; 256K.05; 256K.06; 256K.08; 256K.09; 469.1771, subdivision 2b; 490.123, subdivision 1d; Minnesota Statutes 2001 Supplement, sections 4.50; 16A.1523; 256B.0625, subdivision 5a; 256K.07; 256L.03, subdivision 5a; 469.177, subdivision 11; 469.1799, subdivisions 1, 3; Laws 2000, chapter 447, section 25; Laws 2001, First Special Session chapter 5, article 20, section 22; Laws 2001, First Special Session chapter 9, article 13, section 22; Laws 2001, First Special Session chapter 9, article 13, section 25, subdivisions 1, 2, 4, 5, 6, 7; Laws 2001, First Special Session chapter 9, article 13, section 26; Laws 2001, First Special Session chapter 9, article 13, section 27; Laws 2001, First Special Session chapter 9, article 13, section 28; Minnesota Rules, parts 8405.0100; 8405.0110; 8405.0120; 8405.0130; 8405.0140; 8405.0150; 8405.0160; 8405.0170; 8405.0180; 8405.0190; 8405.0200; 8405.0210; 8405.0220; 8405.0230."

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

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

S.F. No. 1792: A bill for an act relating to agriculture; changing provisions of the shared savings loan program and the sustainable agriculture demonstration grant program; amending Minnesota Statutes 2000, sections 17.115; and 17.116.

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 41A.09, subdivision 3a, is amended to read:

Subd. 3a. [PAYMENTS.] (a) The commissioner of agriculture shall make cash payments to producers of ethanol, anhydrous alcohol, and wet alcohol located in the state. These payments shall apply only to ethanol, anhydrous alcohol, and wet alcohol fermented in the state and produced at plants that have begun production by June 30, ~~2000~~ 2005. For the purpose of this subdivision, an entity that holds a controlling interest in more than one ethanol plant is considered a single producer. The amount of the payment for each producer's annual production is:

(1) except as provided in paragraph (b), for each gallon of ethanol or anhydrous alcohol produced on or before June 30, 2000, or ten years after the start of production, whichever is later, 20 cents per gallon; and

(2) for each gallon produced of wet alcohol on or before June 30, 2000, or ten years after the start of production, whichever is later, a payment in cents per gallon calculated by the formula "alcohol purity in percent divided by five," and rounded to the nearest cent per gallon, but not less than 11 cents per gallon.

The producer payments for anhydrous alcohol and wet alcohol under this section may be paid to either the original producer of anhydrous alcohol or wet alcohol or the secondary processor, at the option of the original producer, but not to both.

No payments shall be made for production that occurs after June 30, ~~2010~~ 2015.

(b) If the level of production at an ethanol plant increases due to an increase in the production capacity of the plant, the payment under paragraph (a), clause (1), applies to the additional increment of production until ten years after the increased production began. Once a plant's

production capacity reaches 15,000,000 gallons per year, no additional increment will qualify for the payment.

~~(c) The commissioner shall make payments to producers of ethanol or wet alcohol in the amount of 1.5 cents for each kilowatt hour of electricity generated using closed-loop biomass in a cogeneration facility at an ethanol plant located in the state. Payments under this paragraph shall be made only for electricity generated at cogeneration facilities that begin operation by June 30, 2000. The payments apply to electricity generated on or before the date ten years after the producer first qualifies for payment under this paragraph. Total payments under this paragraph in any fiscal year may not exceed \$750,000. For the purposes of this paragraph:~~

~~(1) "closed-loop biomass" means any organic material from a plant that is planted for the purpose of being used to generate electricity or for multiple purposes that include being used to generate electricity; and~~

~~(2) "cogeneration" means the combined generation of:~~

~~(i) electrical or mechanical power; and~~

~~(ii) steam or forms of useful energy, such as heat, that are used for industrial, commercial, heating, or cooling purposes.~~

~~(d) Payments under paragraphs (a) and (b) to all producers may not exceed \$37,000,000 in a fiscal year. Total payments under paragraphs (a) and (b) to a producer in a fiscal year may not exceed \$3,000,000.~~

~~(e) (d) By the last day of October, January, April, and July, each producer shall file a claim for payment for ethanol, anhydrous alcohol, and wet alcohol production during the preceding three calendar months. A producer with more than one plant shall file a separate claim for each plant. A producer that files a claim under this subdivision shall include a statement of the producer's total ethanol, anhydrous alcohol, and wet alcohol production in Minnesota during the quarter covered by the claim, including anhydrous alcohol and wet alcohol produced or received from an outside source. A producer shall file a separate claim for any amount claimed under paragraph (e). For each claim and statement of total ethanol, anhydrous alcohol, and wet alcohol production or amounts of electricity generated using closed-loop biomass must be examined by an independent certified public accountant in accordance with standards established by the American Institute of Certified Public Accountants.~~

~~(f) (e) Payments shall be made November 15, February 15, May 15, and August 15. A separate payment shall be made for each claim filed. Except as provided in paragraph (j) (i), the total quarterly payment to a producer under this paragraph, excluding amounts paid under paragraph (e), may not exceed \$750,000.~~

~~(g) (f) If the total amount for which all producers are eligible in a quarter under paragraph (e) exceeds the amount available for payments \$9,250,000, the commissioner shall make payments in the order in which the plants covered by the claims began generating electricity using closed-loop biomass on a pro rata basis.~~

~~(h) (g) After July 1, 1997, new production capacity is only eligible for payment under this subdivision if the commissioner receives:~~

~~(1) an application for approval of the new production capacity;~~

~~(2) an appropriate letter of long-term financial commitment for construction of the new production capacity; and~~

~~(3) copies of all necessary permits for construction of the new production capacity.~~

The commissioner may approve new production capacity based on the order in which the applications are received.

(h) The commissioner may not approve any new production capacity after July 1, 1998, except:

(1) that a producer with an approved production capacity of at least 12,000,000 gallons per year but less than 15,000,000 gallons per year prior to July 1, 1998, is approved for 15,000,000 gallons of production capacity; and

(2) the commissioner may approve up to three new ethanol plants by June 30, 2005. One of the new approved ethanol plants must use a feed stock other than corn in the production of ethanol.

(i) Notwithstanding the quarterly payment limits of paragraph (e), the commissioner shall make an additional payment in the eighth quarter of each fiscal biennium to ethanol producers for the lesser of: (1) 20 cents per gallon of production in the eighth quarter of the biennium that is greater than 3,750,000 gallons; or (2) the total amount of payments lost during the first seven quarters of the biennium due to plant outages, repair, or major maintenance. Total payments to an ethanol producer in a fiscal biennium, including any payment under this paragraph, must not exceed the total amount the producer is eligible to receive based on the producer's approved production capacity. The provisions of this paragraph apply only to production losses that occur in quarters beginning after December 31, 1999.

(j) Within the limitations on the appropriations in paragraph (c), the commissioner shall reimburse producers of ethanol for any reduction in the payment for eligible claims due to a reduction in the payment rate below 20 cents per gallon or due to a pro rata distribution under paragraph (f). An ethanol producer is eligible for reimbursement under this paragraph beginning with the fiscal year following the final fiscal year for which an eligible claim is filed by the producer.

(k) For the purposes of this subdivision "new production capacity" means annual ethanol production capacity that was not allowed under a permit issued by the pollution control agency prior to July 1, 1997, or for which construction did not begin prior to July 1, 1997.

Sec. 2. Minnesota Statutes 2000, section 41A.09, subdivision 5a, is amended to read:

Subd. 5a. [EXPIRATION.] This section expires June 30, ~~2010~~ 2016, and the unobligated balance of each appropriation under this section on that date reverts to the general fund.

Sec. 3. [REPEALER.]

Minnesota Statutes 2000, section 41A.09, subdivision 1a, is repealed.

Sec. 4. [EFFECTIVE DATE.]

Sections 1 to 3 are effective on July 1, 2003."

Delete the title and insert:

"A bill for an act relating to agriculture; allowing the commissioner of agriculture to approve up to three new ethanol plants for the ethanol producer payment program; extending the ethanol producer payment program by five years; providing for reimbursement of ethanol producers for reduced ethanol producer payments; repealing the ethanol production goal; appropriating money; amending Minnesota Statutes 2000, section 41A.09, subdivisions 3a, 5a; repealing Minnesota Statutes 2000, section 41A.09, subdivision 1a."

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

SECOND READING OF SENATE BILLS

S.F. Nos. 2592, 2580, 1471 and 2655 were read the second time.

SECOND READING OF HOUSE BILLS

H.F. Nos. 58 and 351 were read the second time.

MOTIONS AND RESOLUTIONS

Senator Marty moved that the name of Senator Kleis be added as a co-author to S.F. No. 2215. The motion prevailed.

Senator Orfield moved that the name of Senator Krentz be added as a co-author to S.F. No. 2635. The motion prevailed.

Senator Marty moved that the name of Senator Krentz be added as a co-author to S.F. No. 2644. The motion prevailed.

Senator Day moved that the name of Senator Limmer be added as a co-author to S.F. No. 2688. The motion prevailed.

Senator Fischbach moved that the name of Senator Kinkel be added as a co-author to S.F. No. 2743. The motion prevailed.

Senator Johnson, Doug moved that the name of Senator Wiger be added as a co-author to S.F. No. 2754. The motion prevailed.

Senator Fischbach moved that the name of Senator Kleis be added as a co-author to S.F. No. 2778. The motion prevailed.

Senator Price moved that the name of Senator Wiger be added as a co-author to S.F. No. 2823. The motion prevailed.

Senator Pogemiller moved that the name of Senator Rest be added as a co-author to S.F. No. 2896. The motion prevailed.

Senator Moe, R.D., for Senator Ranum, moved that S.F. No. 2838 be withdrawn from the Committee on Judiciary and re-referred to the Committee on State and Local Government Operations. The motion prevailed.

Senators Moe, R.D. and Day introduced--

Senate Resolution No. 168: A Senate resolution relating to mileage; setting the miles traveled by members of the Senate in going to and returning from the Capitol.

BE IT RESOLVED, by the Senate of the State of Minnesota:

That Senate Resolution No. 39 relating to mileage, Senate Permanent Journal pages 46-47, be amended as follows:

Page 1, line 33, delete:

KELLY, Randy C. 12

Page 1, after line 48, insert:

MOUA, Mee 12

Page 2, line 5, delete SOLON, Sam G. and insert SOLON, Yvonne P.

Senator Moe, R.D. moved the adoption of the foregoing resolution. The motion prevailed. So the resolution was adopted.

Senator Moe, R.D. moved that S.F. No. 2125 be withdrawn from the Committee on Finance and re-referred to the Committee on Environment and Natural Resources. The motion prevailed.

Remaining on the Order of Business of Motions and Resolutions, Senator Moe, R.D. moved that the Senate take up the Consent Calendar. The motion prevailed.

CONSENT CALENDAR

S.F. No. 2434: A bill for an act relating to Polk county; providing a process for making certain offices appointive in Polk county.

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 1, as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Dille

So the bill passed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

SUSPENSION OF RULES

Senator Moe, R.D. moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to H.F. No. 351 and that the rules of the Senate be so far suspended as to give H.F. No. 351, now on General Orders, its third reading and place it on its final passage. The motion prevailed.

H.F. No. 351: A bill for an act relating to the financing of state government; changing appropriations to reflect forecast changes; reducing appropriations for the fiscal years ending June 30, 2002 and 2003; canceling balances and appropriations and transferring balances to the general fund in order to avert a deficit; eliminating certain adjustments for inflation in future fiscal years; refinancing certain trunk highway projects through the sale of trunk highway bonds; continuing the acceleration of June sales tax collections; eliminating income tax reciprocity with Wisconsin; transferring responsibility for auditing tax increment financing districts from the state auditor to independent auditors; providing an early retirement incentive for certain employees; authorizing the sale of state bonds; changing certain fees; appropriating money; amending Minnesota Statutes 2000, sections 15.0591, subdivision 2; 16A.103, subdivisions 1a, 1b; 16A.152, subdivision 1; 16A.40; 41A.09, subdivision 3a; 85A.02, subdivision 17; 120B.13, subdivision 3; 124D.11, by adding a subdivision; 124D.385, subdivision 2; 126C.10, subdivision 5; 136A.08, subdivision 3; 144.395, subdivision 1; 145.9266, subdivision 3; 168A.40, subdivision 4; 251.013, subdivision 1; 256.9657, subdivision 1; 256.9753, subdivision 3; 256B.059, subdivisions 1, 3, 5; 256B.0595, subdivision 4; 256B.19, subdivisions 1, 1d; 256B.32; 256B.431, subdivision 23, by adding a

subdivision; 256B.69, subdivision 5a, by adding subdivisions; 256L.07, subdivisions 1, 3; 256L.12, subdivision 9; 256L.15, subdivision 3; 290.081; 357.021, subdivision 2; 469.175, subdivisions 5, 6; 469.1771, subdivision 2a; 490.123, by adding a subdivision; Minnesota Statutes 2001 Supplement, sections 16A.152, subdivisions 1a, 2; 16B.65, subdivisions 1, 5a; 62J.692, subdivision 7; 62J.694, subdivision 1; 93.2235, subdivision 1; 124D.11, subdivision 4; 136A.121, subdivision 6; 136G.03, subdivision 25; 171.29, subdivision 2; 242.192; 244.054, subdivision 2; 256.01, subdivision 2; 256.969, subdivision 3a; 256B.056, subdivision 3; 256B.057, subdivision 9; 256B.0595, subdivisions 1, 2; 256B.0625, subdivision 13; 256B.437, subdivision 2; 256B.439, subdivisions 1, 4; 256B.69, subdivisions 5b, 5c; 256B.75; 256L.05, subdivision 1e; 256L.15, subdivision 1; 289A.20, subdivision 4; 299A.75, subdivision 1; 357.021, subdivision 7; 469.1771, subdivision 1; Laws 1998, chapter 404, section 23, subdivision 6; Laws 1999, chapter 152, section 2; Laws 1999, chapter 152, section 4, as amended; Laws 2001, First Special Session chapter 3, article 1, section 17, subdivisions 3, 7, 9; Laws 2001, First Special Session chapter 3, article 2, section 15, subdivision 3; Laws 2001, First Special Session chapter 4, article 3, section 1; Laws 2001, First Special Session chapter 4, article 3, section 2, subdivision 1; Laws 2001, First Special Session chapter 4, article 3, section 3; Laws 2001, First Special Session chapter 5, article 2, section 29, subdivision 2; Laws 2001, First Special Session chapter 6, article 1, section 54, subdivisions 2, 4, 5, 6, 7; Laws 2001, First Special Session chapter 6, article 2, section 77, subdivisions 2, 4, 5, 8, 11, 15, 18; Laws 2001, First Special Session chapter 6, article 3, section 21, subdivisions 2, 3, 4, 5, 7; Laws 2001, First Special Session chapter 6, article 4, section 27, subdivisions 2, 3, 5, 6; Laws 2001, First Special Session chapter 6, article 5, section 13, subdivision 2; Laws 2001, First Special Session chapter 8, article 4, section 11; Laws 2001, First Special Session chapter 9, article 5, section 35; Laws 2001, First Special Session chapter 9, article 13, section 25, subdivision 3; repealing Minnesota Statutes 2000, sections 103B.3369, subdivisions 7, 8; 103B.351; 103F.461; 103G.2373; 144.6905; 145.475; 256.9731; 256B.0916, subdivision 1; 256K.01; 256K.015; 256K.02; 256K.03, as amended; 256K.04; 256K.05; 256K.06; 256K.08; 256K.09; 469.1771, subdivision 2b; 490.123, subdivision 1d; Minnesota Statutes 2001 Supplement, sections 4.50; 16A.1523; 256B.0625, subdivision 5a; 256K.07; 256L.03, subdivision 5a; 469.177, subdivision 11; 469.1799, subdivisions 1, 3; Laws 2000, chapter 447, section 25; Laws 2001, First Special Session chapter 5, article 20, section 22; Laws 2001, First Special Session chapter 9, article 13, section 22; Laws 2001, First Special Session chapter 9, article 13, section 25, subdivisions 1, 2, 4, 5, 6, 7; Laws 2001, First Special Session chapter 9, article 13, section 26; Laws 2001, First Special Session chapter 9, article 13, section 27; Laws 2001, First Special Session chapter 9, article 13, section 28; Minnesota Rules, parts 8405.0100; 8405.0110; 8405.0120; 8405.0130; 8405.0140; 8405.0150; 8405.0160; 8405.0170; 8405.0180; 8405.0190; 8405.0200; 8405.0210; 8405.0220; 8405.0230.

Senator Johnson, Doug moved to amend H.F. No. 351, the unofficial engrossment, as follows:

Page 3, line 7, delete "(150,424,000)" and insert "(150,824,000)"

The motion prevailed. So the amendment was adopted.

Senator Stumpf moved to amend H.F. No. 351, the unofficial engrossment, as follows:

Page 16, line 9, delete the new language and reinstate the stricken language

Page 17, after line 10, insert:

"Sec. 9. [FISCAL YEAR 2004 GENERAL EDUCATION AID.]

(a) Notwithstanding Minnesota Statutes, section 126C.13, subdivision 4, a district's general education aid for fiscal year 2004 is the sum of the following amounts:

- (1) general education revenue excluding training and experience revenue;
 - (2) shared time aid according to Minnesota Statutes, section 126C.01, subdivision 7; and
 - (3) referendum aid according to Minnesota Statutes, section 126C.17.
- (b) For fiscal year 2004, training and experience revenue must be included in the calculation of

general education aid for charter schools under Minnesota Statutes, section 124D.11, subdivision 1."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Stumpf then moved to amend H.F. No. 351, the unofficial engrossment, as follows:

Page 17, after line 35, insert:

"Sec. 11. [EARLY RETIREMENT INCENTIVE.]

Subdivision 1. [ELIGIBILITY.] The early retirement incentive provided in this section is available to an employee of the department of children, families, and learning who:

(1) on the date of retirement is at least 55 years old and has at least 25 years of allowable service in one or more of the funds listed in Minnesota Statutes, section 356.30, subdivision 3;

(2) upon retirement is immediately eligible for a retirement annuity from one or more of those funds; and

(3) retires on or after the effective date of this section, but before January 1, 2003.

Subd. 2. [INCENTIVE.] For an eligible employee who retires under this section, the employer shall pay the full employer contribution, as specified in the collective bargaining agreement or personnel policy covering the employee, for health and dental insurance for the employee and, if the employee had dependent coverage immediately before retirement, for the employee's dependents. Notwithstanding Minnesota Statutes, section 179A.20, subdivision 2a, the employer contribution under this subdivision must continue until the employee reaches age 65. The postretirement health and dental coverage provided by this section is the coverage the employee was receiving immediately before retirement, subject to any changes in coverage later specified by the collective bargaining agreement or personnel policy that covered the employee immediately before retirement.

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

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Berglin moved to amend H.F. No. 351, the unofficial engrossment, as follows:

Page 30, line 27, delete "FACILITY" and insert "HOME"

Page 30, lines 29 and 35, delete "facility" and insert "home"

Pages 75 and 76, delete sections 4 to 6

Page 77, line 8, after "(d)" insert "Laws 1999, chapter 152, section 2; Laws 1999, chapter 152, section 4, as amended by Laws 2001, First Special Session chapter 9, article 13, section 18; and"

Page 77, line 9, delete ", subdivisions 1, 2, 4, 5, 6, and 7"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Scheevel moved to amend H.F. No. 351, the unofficial engrossment, as follows:

Page 131, line 32, delete "and"

Page 131, line 34, after "2003" insert "; and

(4) holds a position designated by the department as eligible for the incentive"

Page 132, after line 13, insert:

"Subd. 3. [INCLUSION.] If the department of revenue chooses to offer the retirement incentive under this section, it must designate the positions or group of positions within the department that will qualify for participation in its retirement incentive program and may exclude otherwise eligible employees. After initially designating the qualified positions or group of positions, the department may at any time modify its designation in order to further limit the qualified positions or group of positions. Unilateral implementation of retirement incentives under this section is not an unfair labor practice for purposes of Minnesota Statutes, chapter 179A."

The motion prevailed. So the amendment was adopted.

Senator Day moved to amend H.F. No. 351, the unofficial engrossment, as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2001 Supplement, section 16A.152, subdivision 1a, is amended to read:

Subd. 1a. [BUDGET RESERVE.] A budget reserve account of \$653,000,000 is created in the general fund in the state treasury. The commissioner of finance shall transfer to the budget reserve account on July 1 of each odd-numbered year any amounts specifically appropriated by law to the budget reserve.

Sec. 2. Minnesota Statutes 2001 Supplement, section 16A.152, subdivision 2, is amended to read:

Subd. 2. [ADDITIONAL REVENUES; PRIORITY.] If on the basis of a forecast of general fund revenues and expenditures, the commissioner of finance determines that there will be a positive unrestricted budgetary general fund balance at the close of the biennium, the commissioner of finance must allocate money to the budget reserve until the total amount in the account equals the amount set in this section \$653,000,000.

The amounts necessary to meet the requirements of this section are appropriated from the general fund within two weeks after the forecast is released.

Sec. 3. Minnesota Statutes 2001 Supplement, section 289A.20, subdivision 4, is amended to read:

Subd. 4. [SALES AND USE TAX.] (a) The taxes imposed by chapter 297A are due and payable to the commissioner monthly on or before the 20th day of the month following the month in which the taxable event occurred, or following another reporting period as the commissioner prescribes or as allowed under section 289A.18, subdivision 4, paragraph (f), except that use taxes due on an annual use tax return as provided under section 289A.11, subdivision 1, are payable by April 15 following the close of the calendar year.

(b) For a fiscal year ending before July 1, ~~2002~~ 2006, a vendor having a liability of \$120,000 or more during a fiscal year ending June 30 must remit the June liability for the next year in the following manner:

(1) Two business days before June 30 of the year, the vendor must remit 62 percent of the estimated June liability to the commissioner.

(2) On or before August 20 of the year, the vendor must pay any additional amount of tax not remitted in June.

(c) A vendor having a liability of \$120,000 or more during a fiscal year ending June 30 must remit all liabilities on returns due for periods beginning in the subsequent calendar year by electronic means on or before the 20th day of the month following the month in which the taxable event occurred, or on or before the 20th day of the month following the month in which the sale is reported under section 289A.18, subdivision 4, except for 62 percent of the estimated June liability, which is due two business days before June 30. The remaining amount of the June liability is due on August 20.

Sec. 4. [TOBACCO USE PREVENTION AND LOCAL PUBLIC HEALTH ENDOWMENT FUND TRANSFER.]

Subdivision 1. [GENERAL FUND.] Notwithstanding Minnesota Statutes, section 144.395, or other law to the contrary, \$500,000,000 of the money appropriated under Minnesota Statutes, section 16A.87, subdivision 3, paragraph (a), for the tobacco use prevention and local public health endowment fund is transferred to the general fund.

Subd. 2. [WORKFORCE DEVELOPMENT FUND.] Notwithstanding Minnesota Statutes, section 144.395, or other law to the contrary, \$30,000,000 of the money appropriated under Minnesota Statutes, section 16A.87, subdivision 3, paragraph (a), for the tobacco use prevention and local public health endowment fund is transferred to the workforce development fund for the dislocated worker program. Any part of this appropriation not obligated for expenditure by June 30, 2003, cancels to the tobacco use prevention and local public health endowment fund.

Sec. 5. [MINNESOTA WORKERS' COMPENSATION ASSIGNED RISK PLAN SURPLUS TRANSFER.]

Subdivision 1. [EXCESS SURPLUS.] "Excess surplus" means the amount of the Minnesota workers' compensation assigned risk plan funds that exceeds the amount necessary to pay all current liabilities of this plan, including, but not limited to:

(1) administrative expenses;

(2) benefit claims; and

(3) in the event the Minnesota workers' compensation assigned risk plan is dissolved under Minnesota Statutes, section 79.251, subdivision 8, the amounts which would be due insurers who have paid assessments to this plan.

Subd. 2. [TRANSFER OF EXCESS SURPLUS FUNDS.] (a) On or before July 15, 2002, the commissioner of commerce shall certify to the commissioner of finance the amount of the Minnesota workers' compensation assigned risk plan excess surplus. On or before July 15, 2002, the commissioner of finance and the commissioner of commerce must direct the transfer of \$94,900,000 of assets of the assigned risk plan excess surplus to the general fund.

(b) The transfer of funds authorized by this subdivision is not subject to review under Minnesota Statutes, chapter 14.

Sec. 6. [WORKERS' COMPENSATION SPECIAL COMPENSATION FUND TRANSFER.]

Notwithstanding Minnesota Statutes, section 179.129, or any other law to the contrary, by June 30, 2002, the commissioner of finance shall transfer \$230,000,000 in assets of the excess surplus account of the special compensation fund created under Minnesota Statutes, section 176.129, to the general fund.

Sec. 7. [BALANCES CANCELED TO GENERAL FUND.]

The unobligated balances in the following general fund accounts created in the sections of Minnesota Statutes indicated are canceled to the general fund:

(1) the budget reserve account, Minnesota Statutes, section 16A.152, subdivision 1a, estimated to be \$653,000,000;

(2) the tax relief account, Minnesota Statutes, section 16A.1522, subdivision 4, estimated to be \$158,148,000; and

(3) the local government aid reform account, Minnesota Statutes, section 16A.1523, estimated to be \$14,000,000.

Sec. 8. [HIRING FREEZE.]

A state employer may not hire any permanent or temporary employees before July 1, 2003. This prohibition does not apply to the hiring of state nursing home workers; essential employees, as defined in Minnesota Statutes, section 179A.03, subdivision 7; or University of Minnesota employees.

For purposes of this section, "state employer" means state departments, boards, agencies, commissions, courts, Minnesota state colleges and universities, and offices in the executive, legislative, and judicial branches of the state. State employer does not include a city, town, county, school district, other local governmental body, or the University of Minnesota.

The commissioner of employee relations may transfer positions from one state agency to another state agency if the commissioner finds that the hiring freeze has had a disproportionate adverse impact on a particular state agency. The commissioner of employee relations may grant a waiver of the hiring freeze if the commissioner finds that a vacant position must be filled and cannot be adequately filled by existing staff. If a waiver is requested by a court or office in the judicial branch, the commissioner shall consult with the chief justice of the supreme court on the waiver.

The commissioner of employee relations shall review the results of the hiring freeze by June 1, 2002. The review must include a determination if the hiring freeze will result in savings in compensation and benefits equivalent to the cost of compensation and benefits of 2,200 full-time equivalent positions for a calendar year by December 31, 2002. If the commissioner finds that the hiring freeze will not result in a savings equivalent to the compensation and benefits of 2,200 full-time equivalent positions for calendar year 2002, the commissioner shall develop and implement a plan to do so. If layoffs are required under the plan, each state employer must lay off an equal percentage of its staff to achieve the required savings. The commissioner shall consult with the chief justice of the supreme court on implementation of the plan for the judicial branch.

Sec. 9. [REPEALER.]

(a) Minnesota Statutes 2001 Supplement, section 16A.1523, is repealed.

(b) Laws 2000, chapter 447, section 25, is repealed.

(c) Laws 2001, First Special Session chapter 5, article 20, section 22, is repealed.

Sec. 10. [EFFECTIVE DATE.]

This act is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to state government; continuing the acceleration of June sales tax collections; canceling balances and transferring money to the general fund; appropriating money for workforce development for dislocated workers; instituting a state government hiring freeze with certain exceptions; directing the commissioner of employee relations to review the hiring freeze; amending Minnesota Statutes 2001 Supplement, section 16A.152, subdivisions 1a, 2; 289A.20, subdivision 4; repealing Minnesota Statutes 2001 Supplement, section 16A.1523; Laws 2000, chapter 447, section 25; Laws 2001, First Special Session chapter 5, article 20, section 22."

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 26 and nays 39, as follows:

Those who voted in the affirmative were:

Bachmann	Frederickson	Larson	Ourada	Schwab
Belanger	Johnson, Debbie	Lesewski	Pariseau	Stevens
Berg	Kierlin	Limmer	Reiter	
Day	Kiscaden	Neuville	Robertson	
Dille	Kleis	Oliver	Robling	
Fischbach	Knutson	Olson	Scheevel	

Those who voted in the negative were:

Anderson	Hottinger	Lessard	Pogemiller	Scheid
Berglin	Johnson, Dave	Lourey	Price	Solon, Y.P.
Betzold	Johnson, Dean	Marty	Ranum	Stumpf
Chaudhary	Johnson, Doug	Metzen	Rest	Tomassoni
Cohen	Kelley, S.P.	Moe, R.D.	Ring	Vickerman
Foley	Kinkel	Moua	Sabo	Wiener
Fowler	Krentz	Murphy	Sams	Wiger
Higgins	Langseth	Pappas	Samuelson	

The motion did not prevail. So the amendment was not adopted.

CALL OF THE SENATE

Senator Limmer imposed a call of the Senate for the balance of the proceedings on H.F. No. 351. The Sergeant at Arms was instructed to bring in the absent members.

Senator Pappas moved to amend H.F. No. 351, the unofficial engrossment, as follows:

Page 17, after line 2, insert:

"Sec. 8. Laws 2001, First Special Session chapter 6, article 7, section 13, is amended to read:

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

Subdivision 1. [DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING.] Unless otherwise indicated, the sums indicated in this section are appropriated from the general fund to the department of children, families, and learning for the fiscal years designated.

Subd. 2. [DEPARTMENT.] (a) For the department of children, families, and learning:

\$31,530,000	.....	2002
\$31,748,000	.....	2003

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

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

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

(d) up to \$400,000 in fiscal year 2002 and up to \$400,000 in fiscal year 2003 are for the office of educational accountability under Minnesota Statutes, section 120B.31, subdivision 3.

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

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

(g) The expenditures of federal grants and aids as shown in the biennial budget document and its supplements are approved and appropriated and shall be spent as indicated.

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

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Stevens moved to amend H.F. No. 351, the unofficial engrossment, as follows:

Page 93, delete lines 26 to 34

The motion prevailed. So the amendment was adopted.

H.F. No. 351 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 35 and nays 31, as follows:

Those who voted in the affirmative were:

Anderson	Higgins	Krentz	Pappas	Scheid
Berglin	Hottinger	Langseth	Pogemiller	Solon, Y.P.
Betzold	Johnson, Dave	Lessard	Price	Stumpf
Chaudhary	Johnson, Dean	Metzen	Ranum	Tomassoni
Cohen	Johnson, Doug	Moe, R.D.	Rest	Vickerman
Foley	Kelley, S.P.	Moua	Ring	Wiener
Fowler	Kinkel	Orfield	Sabo	Wiger

Those who voted in the negative were:

Bachmann	Johnson, Debbie	Limmer	Ourada	Scheevel
Belanger	Kierlin	Lourey	Pariseau	Schwab
Berg	Kiscaden	Marty	Reiter	Stevens
Day	Kleis	Murphy	Robertson	
Dille	Knutson	Neuville	Robling	
Fischbach	Larson	Oliver	Sams	
Frederickson	Lesewski	Olson	Samuelson	

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

MOTIONS AND RESOLUTIONS - CONTINUED

Senator Lessard moved that S.F. No. 1481 be taken from the table.

CALL OF THE SENATE

Senator Limmer imposed a call of the Senate for the balance of the proceedings on S.F. No. 1481. The Sergeant at Arms was instructed to bring in the absent members.

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

The roll was called, and there were yeas 33 and nays 33, as follows:

Those who voted in the affirmative were:

Bachmann	Frederickson	Langseth	Ourada	Schwab
Belanger	Johnson, Debbie	Larson	Pariseau	Stevens
Berg	Johnson, Doug	Lesewski	Reiter	Stumpf
Day	Kierlin	Lessard	Robling	Tomassoni
Dille	Kinkel	Limmer	Sams	Vickerman
Fischbach	Kleis	Neuville	Samuelson	
Fowler	Knutson	Olson	Scheevel	

Those who voted in the negative were:

Anderson	Hottinger	Marty	Pappas	Sabo
Berglin	Johnson, Dave	Metzen	Pogemiller	Scheid
Betzold	Johnson, Dean	Moe, R.D.	Price	Solon, Y.P.
Chaudhary	Kelley, S.P.	Moua	Ranum	Wiener
Cohen	Kiscaden	Murphy	Rest	Wiger
Foley	Krentz	Oliver	Ring	
Higgins	Lourey	Orfield	Robertson	

The motion did not prevail.

MOTIONS AND RESOLUTIONS - CONTINUED

Senator Johnson, Doug moved that the name of Senator Moe, R.D. be added as a co-author to S.F. No. 1841. The motion prevailed.

Senator Robertson moved that S.F. No. 2753 be withdrawn from the Committee on Health and Family Security and re-referred to the Committee on Education. The motion prevailed.

INTRODUCTION AND FIRST READING OF SENATE BILLS

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

Senators Tomassoni, Fischbach, Sams, Kleis and Samuelson introduced--

S.F. No. 2898: A bill for an act relating to natural resources; permitting the harvesting of farmed cervidae on licensed shooting preserves; appropriating money; amending Minnesota Statutes 2000, sections 17.451, subdivision 2; 17.452, subdivisions 5, 8; proposing coding for new law in Minnesota Statutes, chapter 84.

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

Senators Kelley, S.P.; Ring and Robertson introduced--

S.F. No. 2899: A bill for an act relating to education; extending interactive Web-based and independent study programs; amending Laws 2001, First Special Session chapter 6, article 4, section 25; section 27, subdivision 9.

Referred to the Committee on Education.

Senator Bachmann introduced--

S.F. No. 2900: A bill for an act relating to local government; allowing a city to establish cartways; amending Minnesota Statutes 2000, section 415.01.

Referred to the Committee on State and Local Government Operations.

Senators Bachmann and Limmer introduced--

S.F. No. 2901: A bill for an act relating to taxation; sales; requiring sales tax on motor vehicles to be deposited in highway user tax distribution fund; amending Minnesota Statutes 2001 Supplement, section 297B.09, subdivision 1.

Referred to the Committee on Taxes.

Senators Bachmann, Vickerman, Sams, Stumpf and Orfield introduced--

S.F. No. 2902: A bill for an act relating to education; enacting the American Heritage

Education in Minnesota Public Schools Act; proposing coding for new law in Minnesota Statutes, chapter 120B.

Referred to the Committee on Education.

Senators Bachmann and Day introduced--

S.F. No. 2903: A bill for an act relating to elections; setting a time for certain political party conventions; amending Minnesota Statutes 2000, section 202A.13.

Referred to the Committee on Rules and Administration.

Senator Vickerman introduced--

S.F. No. 2904: A bill for an act relating to municipalities; adding conversion of overhead electric and communication facilities to underground and related work to the list of authorized improvements that may be paid for by the special assessment procedure; amending Minnesota Statutes 2000, section 429.021, subdivision 1.

Referred to the Committee on State and Local Government Operations.

Senators Chaudhary, Ranum and Betzold introduced--

S.F. No. 2905: A bill for an act relating to firearms; providing that a person who is convicted of a crime of violence is prohibited from possessing, receiving, shipping, or transporting a firearm for the remainder of the person's lifetime; amending Minnesota Statutes 2000, sections 242.31, subdivision 2a; 260B.245, subdivision 1; 609.165, subdivisions 1a, 1b; 624.713, subdivisions 1, 3; 638.02, subdivision 2.

Referred to the Committee on Crime Prevention.

Senators Rest; Moe, R.D.; Belanger; Betzold and Pogemiller introduced--

S.F. No. 2906: A bill for an act relating to taxation; correcting cross-references relating to franchise taxes; amending Minnesota Statutes 2001 Supplement, sections 290.0921, subdivisions 2, 6; 290.21, subdivision 4.

Referred to the Committee on Taxes.

Senators Pogemiller and Johnson, Dean introduced--

S.F. No. 2907: A bill for an act relating to retirement; clarifying persons eligible for optional annuities from the Minneapolis police relief association; amending Minnesota Statutes 2000, section 423B.09, subdivision 6.

Referred to the Committee on State and Local Government Operations.

Senators Kelly, S.P.; Metzen and Limmer introduced--

S.F. No. 2908: A bill for an act relating to data privacy; regulating electronic mail solicitations; protecting privacy of Internet consumers; regulating use of information about Internet users; providing penalties; proposing coding for new law in Minnesota Statutes, chapters 325F; 325M.

Referred to the Committee on Commerce.

Senators Sams; Lourey; Kiscaden; Moe, R.D. and Hottinger introduced--

S.F. No. 2909: A bill for an act relating to health; permitting a health maintenance organization

rural demonstration project; amending Minnesota Statutes 2000, section 62D.30, by adding a subdivision.

Referred to the Committee on Health and Family Security.

Senator Wiger introduced--

S.F. No. 2910: A bill for an act relating to gambling; modifying lawful purpose expenditures; amending Minnesota Statutes 2001 Supplement, section 349.12, subdivision 25.

Referred to the Committee on State and Local Government Operations.

Senators Johnson, Dean; Johnson, Doug; Samuelson and Betzold introduced--

S.F. No. 2911: A bill for an act relating to state government; placing limitations on use of consultants; making changes in provisions governing contracts for professional or technical services; amending Minnesota Statutes 2000, sections 16A.11, subdivision 3; 16C.08, subdivisions 2, 3; 16C.10, subdivision 1.

Referred to the Committee on State and Local Government Operations.

Senators Olson, Rest and Robertson introduced--

S.F. No. 2912: A bill for an act relating to education; allowing charter school students to fully participate in the extracurricular activities of a resident school district on the same basis as other public school students; amending Minnesota Statutes 2000, section 123B.49, subdivision 4.

Referred to the Committee on Education.

Senator Limmer introduced--

S.F. No. 2913: A bill for an act relating to professions; allowing retired individuals licensed by the board of architecture, engineering, land surveying, landscape architecture, geoscience, and interior design to use a retired professional designation; amending Minnesota Statutes 2000, section 326.02, subdivision 1.

Referred to the Committee on Commerce.

Senators Rest; Hottinger; Kelley, S.P.; Belanger and Oliver introduced--

S.F. No. 2914: A bill for an act relating to taxation; exempting certain delivery or distribution charges for printed materials from the sales and use tax; amending Minnesota Statutes 2000, section 297A.68, by adding a subdivision.

Referred to the Committee on Taxes.

Senators Murphy; Vickerman; Johnson, Dean; Metzen and Berg introduced--

S.F. No. 2915: A bill for an act relating to veterans; eliminating the sunset date for the purchase of military service credit; amending Laws 2000, chapter 461, article 4, section 4.

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

Senator Kelley, S.P. introduced--

S.F. No. 2916: A bill for an act relating to capital improvements; authorizing spending to acquire and to better public lands and building for remodeling at the Minneapolis veterans home to provide 80 skilled nursing beds; authorizing issuance of bonds; appropriating money.

Referred to the Committee on Finance.

Senators Rest, Pogemiller, Betzold and Robertson introduced--

S.F. No. 2917: A bill for an act relating to eminent domain; increasing the limit for reimbursement of appraisal fees; amending Minnesota Statutes 2000, section 117.232, subdivision 1.

Referred to the Committee on Judiciary.

Senators Berglin, Hottinger, Foley and Lourey introduced--

S.F. No. 2918: A bill for an act relating to welfare; imposing a moratorium on the 60-month time limit on MFIP assistance; proposing coding for new law in Minnesota Statutes, chapter 256J.

Referred to the Committee on Health and Family Security.

Senator Chaudhary introduced--

S.F. No. 2919: A bill for an act relating to government data practices; requiring the consent of an individual for disclosure by state agencies of the individual's name in order to sell a product or service; amending Minnesota Statutes 2000, section 13.04, subdivision 2.

Referred to the Committee on Judiciary.

Senators Lesewski, Olson and Scheevel introduced--

S.F. No. 2920: A bill for an act relating to education; establishing a task force to make recommendations on reducing the number of state-mandated reports school districts must prepare.

Referred to the Committee on Education.

Senator Betzold introduced--

S.F. No. 2921: A bill for an act relating to taxation; providing that levies to pay health care insurance premiums are not subject to levy limits; amending Minnesota Statutes 2001 Supplement, section 275.70, subdivision 5.

Referred to the Committee on Taxes.

Senators Neuville, Scheevel, Vickerman, Sams and Lesewski introduced--

S.F. No. 2922: A bill for an act relating to family law; establishing provisions for division of a family farm in a marriage dissolution; proposing coding for new law in Minnesota Statutes, chapter 518.

Referred to the Committee on Judiciary.

Senators Wiger and Murphy introduced--

S.F. No. 2923: A bill for an act relating to veterans; creating two new special license plates; amending Minnesota Statutes 2000, section 168.123, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 168.

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

Senator Schwab introduced--

S.F. No. 2924: A bill for an act relating to capital improvements; authorizing a grant to the Albert Lea Port Authority to remodel a building for use as a business incubator; authorizing issuance of bonds; appropriating money.

Referred to the Committee on Finance.

Senators Schwab; Ourada; Johnson, Debbie; Day and Neuville introduced--

S.F. No. 2925: A bill for an act relating to education; modifying equity revenue for school districts; amending Minnesota Statutes 2001 Supplement, section 126C.10, subdivision 24.

Referred to the Committee on Education.

Senators Schwab, Day and Fischbach introduced--

S.F. No. 2926: A bill for an act relating to crimes; requiring law enforcement agencies to return personal property seized under the forfeiture law if criminal charges are not filed within 30 days; proposing coding for new law in Minnesota Statutes, chapter 626.

Referred to the Committee on Crime Prevention.

Senator Day introduced--

S.F. No. 2927: A bill for an act relating to gambling; state lottery; providing for gaming machines; establishing horse racing purse payments; amending Minnesota Statutes 2000, sections 299L.07, subdivision 2a; 349A.01, by adding subdivisions; 541.21; 609.761, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 349A.

Referred to the Committee on State and Local Government Operations.

Senators Rest, Murphy, Belanger and Oliver introduced--

S.F. No. 2928: A bill for an act relating to taxation; corporate franchise; phasing-in apportionment based solely on sales; amending Minnesota Statutes 2000, section 290.191, subdivision 3; Minnesota Statutes 2001 Supplement, section 290.191, subdivision 2; repealing Minnesota Statutes 2000, section 290.191, subdivision 4.

Referred to the Committee on Taxes.

Senators Kleis, Fischbach and Stevens introduced--

S.F. No. 2929: A bill for an act relating to capital improvements; providing for grants to greater Minnesota public regional parks organizations; authorizing issuance of bonds; appropriating money.

Referred to the Committee on Finance.

Senator Pogemiller introduced--

S.F. No. 2930: A bill for an act relating to metropolitan government; providing for the annual financing of metropolitan area transit and paratransit capital expenditures; authorizing the issuance of certain obligations; amending Minnesota Statutes 2000, section 473.39, by adding a subdivision.

Referred to the Committee on State and Local Government Operations.

Senators Scheevel, Kiscaden, Stumpf, Rest and Olson introduced--

S.F. No. 2931: A bill for an act relating to education; delaying use of the Test of Emerging Academic English to identify limited English proficient pupils.

Referred to the Committee on Education.

Senators Krentz, Frederickson, Vickerman, Price and Pariseau introduced--

S.F. No. 2932: A bill for an act relating to the environment; encouraging citizen water quality monitoring; amending Minnesota Statutes 2000, section 115.061.

Referred to the Committee on Environment and Natural Resources.

Senators Kinkel, Price, Krentz and Frederickson introduced--

S.F. No. 2933: A bill for an act relating to pollution; allowing installation of certain individual sewage treatment systems; amending Minnesota Statutes 2000, section 115.55, by adding a subdivision.

Referred to the Committee on Environment and Natural Resources.

Senator Vickerman introduced--

S.F. No. 2934: A bill for an act relating to consumer protection; regulating certain telephonic sales calls; requiring the registration of telephone solicitors; providing remedies; appropriating money; amending Minnesota Statutes 2000, section 13.712, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 325G.

Referred to the Committee on Commerce.

Senator Vickerman introduced--

S.F. No. 2935: A bill for an act relating to education; authorizing a fund transfer for independent school district No. 836, Butterfield.

Referred to the Committee on Education.

Senator Vickerman introduced--

S.F. No. 2936: A bill for an act relating to education finance; including certain residential costs for the Lakeview residential program in the tuition amounts billed to resident school districts; amending Minnesota Statutes 2000, section 125A.15.

Referred to the Committee on Education.

Senators Hottinger, Marty, Ranum, Krentz and Frederickson introduced--

S.F. No. 2937: A bill for an act relating to the environment; further clarifying the statute of limitations for actions to recover response costs under the Minnesota Environmental Response and Liability Act; amending Minnesota Statutes 2000, section 115B.11, by adding subdivisions.

Referred to the Committee on Environment and Natural Resources.

Senators Berglin, Higgins, Lourey, Murphy and Hottinger introduced--

S.F. No. 2938: A bill for an act relating to human services; changing the income eligibility for medical assistance; establishing a modified sliding scale for children in the MinnesotaCare program; amending Minnesota Statutes 2000, section 256L.15, by adding a subdivision; Minnesota Statutes 2001 Supplement, section 256B.056, subdivision 4.

Referred to the Committee on Health and Family Security.

Senators Ranum, Higgins, Berglin, Hottinger and Lourey introduced--

S.F. No. 2939: A bill for an act relating to human services; defining foster care rate; changing the relative custody assistance payment rate and the adoption assistance rate; appropriating money; amending Minnesota Statutes 2000, sections 257.85, subdivision 7; 259.67, subdivision 2; Minnesota Statutes 2001 Supplement, section 257.85, subdivision 3.

Referred to the Committee on Health and Family Security.

Senators Vickerman, Metzen, Day, Stumpf and Stevens introduced--

S.F. No. 2940: A bill for an act relating to gambling; providing for linked bingo games and electronic bingo devices; providing and modifying certain definitions and prize amounts relating to lawful gambling; modifying procedures for pull-tab dispensing devices; amending Minnesota Statutes 2000, sections 349.12, subdivisions 4, 18, by adding subdivisions; 349.151, subdivisions 4, 4b, by adding a subdivision; 349.155, subdivision 3; 349.17, by adding a subdivision; 349.211, subdivisions 1, 2, 2a; Minnesota Statutes 2001 Supplement, section 349.15, subdivision 1a; proposing coding for new law in Minnesota Statutes, chapter 349.

Referred to the Committee on State and Local Government Operations.

Senator Lessard introduced--

S.F. No. 2941: A bill for an act relating to capital improvements; authorizing the issuance of state bonds; appropriating money for diverting the wastewater flow to the Nashwauk stabilization pond facility.

Referred to the Committee on Finance.

Senators Larson and Berg introduced--

S.F. No. 2942: A bill for an act relating to capital improvements; authorizing the issuance of state bonds; appropriating money for a new wing at Minnesota veterans home-Fergus Falls.

Referred to the Committee on Finance.

Senator Ourada introduced--

S.F. No. 2943: A bill for an act relating to transportation; modifying provision for advance funding for interregional transportation corridor development; amending Minnesota Statutes 2001 Supplement, section 161.362, subdivision 2.

Referred to the Committee on Transportation.

Senator Johnson, Doug introduced--

S.F. No. 2944: A bill for an act relating to Cook county; authorizing the county to expend the proceeds of a certain levy for road and bridge purposes.

Referred to the Committee on State and Local Government Operations.

Senator Vickerman introduced--

S.F. No. 2945: A bill for an act relating to Nobles county; permitting the appointment of the auditor-treasurer and recorder.

Referred to the Committee on State and Local Government Operations.

Senator Vickerman introduced--

S.F. No. 2946: A bill for an act relating to education; extending the disabled access levy for independent school district No. 2898, Westbrook-Walnut Grove.

Referred to the Committee on Education.

Senators Johnson, Dean; Langseth; Kierlin and Johnson, Dave introduced--

S.F. No. 2947: A bill for an act proposing an amendment to the Minnesota Constitution, article XIV, section 5, and by adding a section; allocating proceeds from sales tax on motor vehicles; increasing and indexing the motor fuel tax; authorizing trunk highway bonds; appropriating money; amending Minnesota Statutes 2000, sections 296A.07, subdivision 3, by adding a subdivision; 296A.08, subdivision 2, by adding a subdivision; Minnesota Statutes 2001 Supplement, section 297B.09, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 270.

Referred to the Committee on Transportation.

Senator Rest introduced--

S.F. No. 2948: A bill for an act relating to education; providing an early retirement incentive to school district employees.

Referred to the Committee on State and Local Government Operations.

Senator Betzold introduced--

S.F. No. 2949: A bill for an act relating to government data; background checks; modifying procedures for school bus driver background checks; authorizing criminal history checks for certain liquor license applicants; clarifying use of data collected on employees of certain license holders; amending Minnesota Statutes 2000, sections 171.321, subdivision 3; 326.336, subdivision 1; 340A.301, subdivision 2; 340A.402.

Referred to the Committee on Crime Prevention.

Senators Scheid; Kelley, S.P.; Hottinger; Belanger and Cohen introduced--

S.F. No. 2950: A bill for an act relating to elections; authorizing the appointment of election judges who are not affiliated with a major political party; amending Minnesota Statutes 2000, section 204B.21, subdivision 2.

Referred to the Committee on Rules and Administration.

Senator Tomassoni introduced--

S.F. No. 2951: A bill for an act relating to economic development; appropriating money for a grant; authorizing the sale of bonds.

Referred to the Committee on Finance.

Senators Tomassoni and Johnson, Doug introduced--

S.F. No. 2952: A bill for an act relating to recreational vehicles; requiring that new snowmobiles be equipped with auxiliary light power and switches; amending Minnesota Statutes 2000, section 84.821, by adding a subdivision.

Referred to the Committee on Environment and Natural Resources.

Senators Hottinger, Larson, Samuelson, Scheid and Kierlin introduced--

S.F. No. 2953: A bill for an act relating to insurance; prohibiting issuing or requiring excess insurance on property; regulating real estate appraisals; amending Minnesota Statutes 2000, section 65A.09.

Referred to the Committee on Commerce.

Senators Sabo, Terwilliger, Krentz and Kelley, S.P. introduced--

S.F. No. 2954: A bill for an act relating to transportation; imposing an additional tax on gasoline and special fuel; creating a highway mobility account in the trunk highway fund for trunk highway improvement projects and bus transit improvement projects on trunk highways; repealing restrictions on use of trunk highway funds for bus service; amending Minnesota Statutes 2000, sections 160.02, subdivision 7; 296A.08, subdivisions 4, 6; Laws 2001, First Special Session chapter 8, article 1, section 2, subdivision 7; proposing coding for new law in Minnesota Statutes, chapters 161; 296A.

Referred to the Committee on Transportation.

Senator Metzen introduced--

S.F. No. 2955: A bill for an act relating to gambling; authorizing the director of the state lottery to establish a state-run gaming facility; providing a process to allow tribal governments to receive a share of net profits; providing duties and powers to the director of the state lottery; providing for the use of gaming facility revenues; amending Minnesota Statutes 2000, sections 297A.65; 349A.01, by adding a subdivision; 541.20; 541.21; 609.75, subdivision 3; 609.761, subdivision 2; Minnesota Statutes 2001 Supplement, section 297A.94; proposing coding for new law in Minnesota Statutes, chapter 349A.

Referred to the Committee on State and Local Government Operations.

Senators Bachmann, Olson and Limmer introduced--

S.F. No. 2956: A bill for an act relating to state finance; exempting certain bakery products prepared by the seller from sales and use taxes; repealing the biomedical innovation and commercialization initiative; amending Minnesota Statutes 2001 Supplement, section 297A.61, subdivision 31; repealing Minnesota Statutes 2001 Supplement, section 116J.885; Laws 2001, First Special Session chapter 5, article 19, section 2.

Referred to the Committee on Taxes.

Senator Samuelson introduced--

S.F. No. 2957: A bill for an act relating to professions; requiring reporting of practice act violations to the board of dentistry; providing complainant immunity; amending Minnesota Statutes 2000, section 13.383, subdivision 13; proposing coding for new law in Minnesota Statutes, chapter 150A.

Referred to the Committee on Health and Family Security.

Senators Anderson, Moua, Pappas, Belanger and Murphy introduced--

S.F. No. 2958: A bill for an act relating to taxes; providing a tax credit as a qualifying affordable housing contribution; proposing coding for new law in Minnesota Statutes, chapter 290.

Referred to the Committee on Taxes.

Senator Johnson, Debbie introduced--

S.F. No. 2959: A bill for an act relating to the environment; requiring the pollution control agency to amend a rule relating to individual sewage treatment systems.

Referred to the Committee on Environment and Natural Resources.

Senator Johnson, Debbie introduced--

S.F. No. 2960: A bill for an act relating to employment; requiring that employers allow unpaid leave for employees to perform volunteer firefighter duties; proposing coding for new law in Minnesota Statutes, chapter 181.

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

Senator Johnson, Debbie introduced--

S.F. No. 2961: A bill for an act relating to retirement; modifying purchase payment amounts for military service credit purchases in the Minnesota state retirement system; amending Minnesota Statutes 2000, section 352.275, subdivision 1.

Referred to the Committee on State and Local Government Operations.

Senator Langseth introduced--

S.F. No. 2962: A bill for an act relating to taxation; temporarily extending homestead classification to certain property used for nonhomestead purposes; amending Minnesota Statutes 2001 Supplement, section 273.124, subdivision 11.

Referred to the Committee on Taxes.

Senators Rest and Pogemiller introduced--

S.F. No. 2963: A bill for an act relating to state government; transferring duties of the state treasurer to the commissioner of finance; amending Minnesota Statutes 2000, sections 7.26; 16A.27, subdivision 5; 16A.626; 35.08; 49.24, subdivisions 13, 16; 84A.11; 84A.23, subdivision 4; 84A.33, subdivision 4; 84A.40; 85A.05, subdivision 2; 94.53; 115A.58, subdivision 2; 116.16, subdivision 4; 116.17, subdivision 2; 126C.72, subdivision 2; 127A.40; 161.05, subdivision 3; 161.07; 167.50, subdivision 2; 174.51, subdivision 2; 176.181, subdivision 2; 176.581; 190.11; 241.08, subdivision 1; 241.10; 241.13, subdivision 1; 244.19, subdivision 7; 246.15, subdivision 1; 246.18, subdivision 1; 246.21; 280.29; 293.06; 352.05; 352B.03, subdivision 2; 354.06, subdivision 3; 354.52, subdivision 5; 385.05; 475A.04; 475A.06, subdivision 2; 481.01; 490.123, subdivision 2; 525.161; 525.841; Minnesota Statutes 2001 Supplement, sections 35.09, subdivision 3; 122A.21; 276.11, subdivision 1; 299D.03, subdivision 5; repealing Minnesota Statutes 2000, section 7.21.

Referred to the Committee on State and Local Government Operations.

Senator Lesewski introduced--

S.F. No. 2964: A bill for an act relating to capital improvements; authorizing a facility grant; appropriating money.

Referred to the Committee on Education.

Senator Lesewski introduced--

S.F. No. 2965: A bill for an act relating to capital improvements; authorizing the issuance of state bonds; appropriating money for a single school facility for a new consolidated school district.

Referred to the Committee on Education.

Senators Robertson, Vickerman, Orfield, Betzold and Day introduced--

S.F. No. 2966: A bill for an act relating to state government; department of administration; clarifying ethical provisions in state procurement law; authorizing the commissioner of administration to adopt rules relating to state archaeology; repealing obsolete technology authority; repealing statutory authority for the citizens council on Voyageurs National Park; amending Minnesota Statutes 2000, sections 16C.04, subdivisions 1, 2; 138.31, by adding a subdivision; 138.36, by adding a subdivision; 138.38; 138.39; 138.41, subdivision 1; repealing Minnesota Statutes 2000, sections 13.6401, subdivision 3; 16B.415; 84B.11.

Referred to the Committee on State and Local Government Operations.

Senators Reiter, Limmer, Lesewski, Belanger and Vickerman introduced--

S.F. No. 2967: A bill for an act relating to lawful gambling; allowing as lawful purpose expenditures certain expenditures by veterans organizations; amending Minnesota Statutes 2001 Supplement, section 349.12, subdivision 25.

Referred to the Committee on State and Local Government Operations.

Senators Higgins, Anderson, Marty, Robertson and Johnson, Dave introduced--

S.F. No. 2968: A bill for an act relating to manufactured homes; prohibiting discrimination; proposing coding for new law in Minnesota Statutes, chapter 327C.

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

Senator Johnson, Debbie introduced--

S.F. No. 2969: A bill for an act relating to retirement; revising the age for payment of optional accelerated retirement annuities from the teachers retirement association; amending Minnesota Statutes 2000, section 354.35.

Referred to the Committee on State and Local Government Operations.

Senators Foley, Scheid, Samuelson and Larson introduced--

S.F. No. 2970: A bill for an act relating to motor vehicles; requiring motor vehicle collision repair to include air bag repair or replacement; providing penalties; proposing coding for new law in Minnesota Statutes, chapter 325E.

Referred to the Committee on Commerce.

Senators Knutson, Robertson and Day introduced--

S.F. No. 2971: A bill for an act relating to state government; state procurement; codifying references relating to competitive bidding for building and construction contracts; amending Minnesota Statutes 2000, section 16C.25; proposing coding for new law in Minnesota Statutes, chapter 16C.

Referred to the Committee on State and Local Government Operations.

Senators Scheid, Langseth, Betzold, Foley and Krentz introduced--

S.F. No. 2972: A bill for an act relating to education finance; providing school districts additional flexibility for staff development revenue; amending Minnesota Statutes 2001 Supplement, section 122A.61, subdivision 1.

Referred to the Committee on Education.

Senators Higgins, Scheid, Moua, Belanger and Olson introduced--

S.F. No. 2973: A bill for an act relating to taxation; individual income; modifying the education tax credit; amending Minnesota Statutes 2000, section 290.0674, subdivision 2; Minnesota Statutes 2001 Supplement, section 290.0674, subdivision 1.

Referred to the Committee on Taxes.

Senator Berglin introduced--

S.F. No. 2974: A bill for an act relating to health; allowing optional registration as a housing with services establishment under certain circumstances; amending Minnesota Statutes 2000, section 144D.01, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 144D.

Referred to the Committee on Health and Family Security.

Senator Larson introduced--

S.F. No. 2975: A bill for an act relating to local government aids; increasing the city revenue base for certain cities; amending Minnesota Statutes 2001 Supplement, section 477A.011, subdivision 36.

Referred to the Committee on Taxes.

Senators Metzen, Murphy, Pogemiller and Tomassoni introduced--

S.F. No. 2976: A bill for an act relating to energy; requiring prevailing wage to be paid on certain energy projects; proposing coding for new law in Minnesota Statutes, chapter 177.

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

Senators Kelley, S.P. and Solon, Y.P. introduced--

S.F. No. 2977: A bill for an act relating to occupations; modifying definition of practice of psychology; providing for emeritus registration of psychologists and psychological practitioners; providing for mental, physical, or chemical dependency examinations or evaluations for certain individuals regulated by the board of psychology; amending Minnesota Statutes 2000, sections 13.383, subdivision 8; 148.89, subdivision 5; 148.941, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 148.

Referred to the Committee on Health and Family Security.

Senators Kelley, S.P. and Solon, Y.P. introduced--

S.F. No. 2978: A bill for an act relating to occupations; permitting the release of client information without the consent of the client under certain circumstances; proposing coding for new law in Minnesota Statutes, chapter 148.

Referred to the Committee on Health and Family Security.

Senator Rest introduced--

S.F. No. 2979: A bill for an act relating to waste management; providing for product stewardship of waste electronic products; proposing coding for new law in Minnesota Statutes, chapter 115A.

Referred to the Committee on Environment and Natural Resources.

Senators Sams, Higgins, Berglin, Stevens and Pariseau introduced--

S.F. No. 2980: A resolution promoting colorectal cancer awareness in Minnesota.

Referred to the Committee on Health and Family Security.

Senators Hottinger, Ranum and Frederickson introduced--

S.F. No. 2981: A bill for an act relating to statutory limitations; modifying the limitation period for bringing an action for damages based on sexual abuse; amending Minnesota Statutes 2000, section 541.073, subdivisions 2, 3.

Referred to the Committee on Judiciary.

Senators Limmer and Scheid introduced--

S.F. No. 2982: A bill for an act relating to education; decreasing the required length of school year by three days; amending Minnesota Statutes 2000, section 120A.41.

Referred to the Committee on Education.

Senators Pogemiller, Scheid, Olson, Murphy and Krentz introduced--

S.F. No. 2983: A bill for an act relating to education; expanding the use of the building lease levy; amending Minnesota Statutes 2001 Supplement, section 126C.40, subdivision 1.

Referred to the Committee on Education.

Senator Johnson, Dean introduced--

S.F. No. 2984: A bill for an act relating to retirement; authorizing the commissioner of administration to lease pension fund facilities to deferred compensation service providers; amending Minnesota Statutes 2000, section 356.89, subdivision 3.

Referred to the Committee on State and Local Government Operations.

Senator Johnson, Debbie introduced--

S.F. No. 2985: A bill for an act relating to taxation; property tax; providing that certain real property used as a shooting range shall be classified as class 4c property; amending Minnesota Statutes 2001 Supplement, section 273.13, subdivision 25.

Referred to the Committee on Taxes.

Senator Robertson introduced--

S.F. No. 2986: A bill for an act relating to education; requiring school districts to submit timely information about teacher contract settlements; proposing coding for new law in Minnesota Statutes, chapter 123B.

Referred to the Committee on Education.

Senator Metzen introduced--

S.F. No. 2987: A bill for an act relating to telecommunications; changing name of telecommunications access for communication-impaired persons program to telecommunications access Minnesota program; modifying and clarifying provisions for contracting the telecommunication relay system; amending Minnesota Statutes 2000, section 237.52, subdivision 1; Minnesota Statutes 2001 Supplement, sections 237.51, subdivision 1; 237.54, subdivision 2.

Referred to the Committee on Telecommunications, Energy and Utilities.

Senator Metzen introduced--

S.F. No. 2988: A bill for an act relating to financial institutions; regulating detached facilities, certain charges and fees, and mortgage prepayment penalties; amending Minnesota Statutes 2000, sections 47.20, subdivision 5; 47.204, subdivision 1; 47.21; 47.52; 47.54, subdivisions 1, 2; 47.59, subdivision 1; 52.05, subdivision 2; 52.06, subdivision 1; 58.04, subdivision 4; 334.01, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 58; 334; repealing Minnesota Statutes 2000, sections 52.17, subdivision 1; 334.021; Minnesota Rules, part 2675.6400.

Referred to the Committee on Commerce.

Senator Johnson, Dave introduced--

S.F. No. 2989: A bill for an act relating to corrections; clarifying mandatory sentences for driving while impaired offenders; enhancing offender accountability by requiring offender co-payment of certain sex offender treatment fees; providing for staff of programs for intensive supervision; requiring an independent, contracted, board-certified forensic pathologist to sign the record of death on department incarcerated deaths; amending Minnesota Statutes 2000, sections 241.272, by adding a subdivision; 244.13, subdivision 2; Minnesota Statutes 2001 Supplement, sections 169A.276, subdivision 1; 390.23.

Referred to the Committee on Crime Prevention.

Senator Vickerman introduced--

S.F. No. 2990: A bill for an act relating to Southwest Regional Development Commission; authorizing a levy for debt retirement or debt service; authorizing local bonds or other obligations under Minnesota Statutes, chapter 475, for a specific debt service purpose.

Referred to the Committee on Taxes.

Senator Betzold introduced--

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

Referred to the Committee on State and Local Government Operations.

Senator Betzold introduced--

S.F. No. 2992: A bill for an act relating to education finance; authorizing school districts to

levy for the operational costs of swimming pools; amending Minnesota Statutes 2001 Supplement, section 126C.455.

Referred to the Committee on Education.

Senator Betzold introduced--

S.F. No. 2993: A bill for an act relating to education; authorizing a locally controlled inflationary increase in the basic formula allowance in years when the state responsibility is not met; amending Minnesota Statutes 2001 Supplement, section 126C.17, subdivision 8.

Referred to the Committee on Education.

Senators Belanger, Day, Kleis and Neuville introduced--

S.F. No. 2994: A bill for an act relating to redistricting; adopting a legislative redistricting plan for use in 2002 and thereafter; amending Minnesota Statutes 2000, section 2.031, subdivision 2; repealing Minnesota Statutes 2000, sections 2.043; 2.053; 2.063; 2.073; 2.083; 2.093; 2.103; 2.113; 2.123; 2.133; 2.143; 2.153; 2.163; 2.173; 2.183; 2.193; 2.203; 2.213; 2.223; 2.233; 2.243; 2.253; 2.263; 2.273; 2.283; 2.293; 2.303; 2.313; 2.323; 2.333; 2.343; 2.353; 2.363; 2.373; 2.383; 2.393; 2.403; 2.413; 2.423; 2.433; 2.443; 2.453; 2.463; 2.473; 2.483; 2.493; 2.503; 2.513; 2.523; 2.533; 2.543; 2.553; 2.563; 2.573; 2.583; 2.593; 2.603; 2.613; 2.623; 2.633; 2.643; 2.653; 2.663; 2.673; 2.683; 2.693; 2.703.

Referred to the Committee on Rules and Administration.

Senator Knutson introduced--

S.F. No. 2995: A bill for an act relating to capital investment; authorizing the issuance of state revenue bonds backed by tobacco settlement fund annual payments to fund a road improvement and bottleneck reduction fund; appropriating money; proposing coding for new law in Minnesota Statutes, chapters 16A; 174.

Referred to the Committee on Finance.

Senators Krentz, Higgins and Lourey introduced--

S.F. No. 2996: A bill for an act relating to health; establishing an asthma surveillance system; appropriating money; amending Minnesota Statutes 2001 Supplement, section 13.3806, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 144.

Referred to the Committee on Health and Family Security.

Senator Lourey introduced--

S.F. No. 2997: A bill for an act relating to local government aids; increasing the city revenue base for certain cities; amending Minnesota Statutes 2001 Supplement, section 477A.011, subdivision 36.

Referred to the Committee on Taxes.

Senator Lourey introduced--

S.F. No. 2998: A bill for an act relating to occupations and professions; waiving the written case presentation and oral examination component of the licensing requirements for certain alcohol and drug counselors; amending Minnesota Statutes 2001 Supplement, section 148C.11, subdivision 3.

Referred to the Committee on Health and Family Security.

Senators Tomassoni; Johnson, Doug; Wiener and Langseth introduced--

S.F. No. 2999: A bill for an act relating to capital improvements; authorizing the issuance of state bonds; appropriating money for capital improvements at Mesabi Range Community and Technical College.

Referred to the Committee on Education.

Senator Pogemiller introduced--

S.F. No. 3000: A bill for an act relating to taxation; providing for income tax allocation of certain income; eliminating income tax reciprocity with Wisconsin; changing minimum franchise tax fees; repealing the income and franchise tax apportionment formula for certain mail order businesses; changing computation of the estate tax; increasing gasoline and special fuel taxes and providing for annual adjustment of tax rates; imposing the sales and use tax on certain services; changing certain sales and use tax exemptions relating to meals, publications, and school districts; repealing the sales and use tax exemption for certain long-distance telephone services; changing certain aid payment dates; making local government aid and levy adjustments; providing for allocation of motor vehicle sales tax revenues and certain mortgage registration fees; increasing cigarette and tobacco product tax rates; changing certain appropriations for tax increment financing grants; repealing local government aid reform account; providing for transfer of funds into budget reserve account; amending Minnesota Statutes 2000, sections 40A.151, subdivision 1; 40A.152, subdivisions 1, 3; 136A.08, subdivision 3; 273.1398, subdivision 6; 289A.10, subdivision 1; 290.081; 290.0922, subdivision 1; 290.17, subdivision 2; 291.03, subdivision 1; 296A.07, subdivision 3; 296A.08, subdivision 2; 297A.67, subdivisions 4, 5; 297A.68, subdivision 10; 297F.05, subdivisions 1, 3, 4; 297F.08, subdivision 7; 297F.09, subdivision 2; 477A.011, subdivision 27; 477A.0121, subdivision 5; 477A.0122, subdivision 5; 477A.015; Minnesota Statutes 2001 Supplement, sections 275.71, subdivision 4; 275.73, by adding a subdivision; 291.005, subdivision 1; 297A.61, subdivision 3; 297A.70, subdivision 2; 297B.09, subdivision 1; 469.1799, subdivision 3; 477A.03, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 296A; 477A; repealing Minnesota Statutes 2000, sections 290.191, subdivision 4; 291.03, subdivision 2; 297A.68, subdivision 26; Minnesota Statutes 2001 Supplement, section 16A.1523.

Referred to the Committee on Taxes.

Senators Rest and Pogemiller introduced--

S.F. No. 3001: A bill for an act relating to taxation; providing that certain money in the tax increment financing grant fund will be transferred to the Minnesota housing finance agency for use in the economic development and housing challenge program; appropriating money; amending Minnesota Statutes 2001 Supplement, section 469.1799, subdivision 3.

Referred to the Committee on Taxes.

Senators Tomassoni, Foley and Kelley, S.P. introduced--

S.F. No. 3002: A bill for an act relating to telecommunications; prohibiting certain practices and requiring certain training for 911 calls in multiline telephone systems; proposing coding for new law in Minnesota Statutes, chapter 403.

Referred to the Committee on Telecommunications, Energy and Utilities.

Senator Marty introduced--

S.F. No. 3003: A bill for an act relating to elections; city elections; providing for the election of

certain council members elected by ward after reapportionment; amending Minnesota Statutes 2000, section 205.84, subdivisions 1 and 2.

Referred to the Committee on State and Local Government Operations.

Senators Marty, Anderson, Chaudhary and Foley introduced--

S.F. No. 3004: A bill for an act relating to the environment; preventing littering in state parks and other areas; amending Minnesota Statutes 2000, sections 85.20, subdivision 6; 144.414, subdivision 1; 169.42, subdivision 1; 169.421, subdivision 3; 609.68.

Referred to the Committee on Environment and Natural Resources.

Senator Wiener introduced--

S.F. No. 3005: A bill for an act relating to professions; modifying certain protocols for nurses; amending Minnesota Statutes 2000, sections 148.235, by adding subdivisions; 148.281, subdivision 1; 151.37, subdivision 2.

Referred to the Committee on Health and Family Security.

Senator Wiener introduced--

S.F. No. 3006: A bill for an act relating to professions; providing for a clinical nurse specialist waiver; amending Minnesota Statutes 2001 Supplement, section 148.284.

Referred to the Committee on Health and Family Security.

Senators Schwab, Day, Scheevel, Sabo and Neuville introduced--

S.F. No. 3007: A bill for an act relating to taxation; providing for a tax amnesty program; appropriating money.

Referred to the Committee on Taxes.

Senators Johnson, Dean; Frederickson; Vickerman; Dille and Stevens introduced--

S.F. No. 3008: A bill for an act relating to railroads; authorizing issuance of \$7,500,000 in state bonds for a grant to the Minnesota Valley regional rail authority for freight rail improvements to the Minnesota Valley regional rail line; appropriating money.

Referred to the Committee on Finance.

Senator Johnson, Dean introduced--

S.F. No. 3009: A bill for an act relating to transportation; creating a local road improvement fund; providing for standing appropriation of money in the fund to the commissioner of transportation; specifying criteria for expenditures from the fund; authorizing bonds; proposing coding for new law in Minnesota Statutes, chapter 174.

Referred to the Committee on Transportation.

Senators Stumpf, Krentz, Sams and Lessard introduced--

S.F. No. 3010: A bill for an act relating to natural resources; appropriating money for maintenance, monitoring, and enforcement related to recreational motor vehicle use.

Referred to the Committee on Finance.

Senators Stumpf, Samuelson and Langseth introduced--

S.F. No. 3011: A bill for an act relating to taxation; property; changing the class rates on certain property; changing the market value credit maximum and phase-out; amending Minnesota Statutes 2001 Supplement, sections 273.13, subdivisions 23, 24, 31; 273.1384, subdivision 1.

Referred to the Committee on Taxes.

Senator Kleis introduced--

S.F. No. 3012: A bill for an act relating to workforce development; directing the transfer of money from the assigned risk plan to the workforce development fund.

Referred to the Committee on Finance.

Senators Lourey and Krentz introduced--

S.F. No. 3013: A bill for an act relating to the environment; making permanent the prohibition on certain feedlots; amending Laws 1998, chapter 401, section 52, as amended.

Referred to the Committee on Environment and Natural Resources.

Senators Robling, Lesewski, Lourey and Pappas introduced--

S.F. No. 3014: A bill for an act relating to child care; modifying the at-home infant child care program; amending Minnesota Statutes 2000, section 119B.061, subdivision 1; Minnesota Statutes 2001 Supplement, section 119B.061, subdivision 4.

Referred to the Committee on Health and Family Security.

Senator Scheid introduced--

S.F. No. 3015: A bill for an act relating to commerce; establishing a division of insurance fraud prevention within the department of commerce to investigate and prosecute insurance fraud; providing new grounds for revocation of a chiropractic license for the employment of runners, cappers, or steerers; requiring chiropractors to disclose their financial interest before referrals to any health care provider; establishing removal from arbitration for allegations of fraud; appropriating money; prescribing criminal penalties; amending Minnesota Statutes 2000, sections 60A.951, subdivisions 1, 2, by adding subdivisions; 60A.952, subdivisions 1, 2, by adding subdivisions; 60A.953; 65B.525, by adding a subdivision; 168A.40, subdivisions 3, 4; Minnesota Statutes 2001 Supplement, section 148.10, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 45; 60A; 609; repealing Minnesota Statutes 2000, sections 175.16, subdivision 2; 299A.75.

Referred to the Committee on Commerce.

Senators Johnson, Doug and Tomassoni introduced--

S.F. No. 3016: A bill for an act relating to professions; providing a limitation on CPA relationships; amending Minnesota Statutes 2000, section 326.211, by adding a subdivision; Minnesota Statutes 2001 Supplement, section 326A.10.

Referred to the Committee on Commerce.

Senators Krentz and Marty introduced--

S.F. No. 3017: A bill for an act relating to the environment; providing for deposits and refunds on beverage containers and plastic soap containers; prescribing civil remedies; providing criminal

penalties; appropriating money; proposing coding for new law as Minnesota Statutes, chapter 115F.

Referred to the Committee on Environment and Natural Resources.

Senators Moua, Chaudhary, Wiener and Langseth introduced--

S.F. No. 3018: A bill for an act relating to capital improvements; authorizing state bonds; appropriating money for a university community library at Metropolitan State University.

Referred to the Committee on Education.

Senators Ranum, Foley, Betzold, Moua and Limmer introduced--

S.F. No. 3019: A bill for an act relating to public safety; expanding those persons who are required to register as a predatory offender for their lifetime after a second conviction; amending Minnesota Statutes 2001 Supplement, section 243.166, subdivision 6.

Referred to the Committee on Crime Prevention.

Senators Ranum, Lourey, Foley, Krentz and Neuville introduced--

S.F. No. 3020: A bill for an act relating to crimes; requiring presumptive executed sentences for persons convicted of certain criminal sexual conduct offenses in the second degree; amending Minnesota Statutes 2000, section 609.343, subdivision 2.

Referred to the Committee on Crime Prevention.

Senator Wiger introduced--

S.F. No. 3021: A bill for an act relating to capital improvements; authorizing the issuance of state bonds; appropriating money to the metropolitan council for the Snelling bus garage.

Referred to the Committee on Finance.

Senators Metzen; Kelley, S.P.; Stevens and Vickerman introduced--

S.F. No. 3022: A bill for an act relating to public safety; requiring certain utilities to allow access to 911 service and update automatic identification records; allowing discretion to commissioners of administration and finance to set and change 911 fee within range set by law and upon notice to telephone companies and carriers; requiring certification of costs to be timely; appropriating money; amending Minnesota Statutes 2000, sections 403.04, by adding a subdivision; 403.11, subdivision 3; Minnesota Statutes 2001 Supplement, section 403.11, subdivision 1; repealing Minnesota Statutes 2000, section 403.08, subdivisions 1, 2.

Referred to the Committee on Telecommunications, Energy and Utilities.

Senator Scheid introduced--

S.F. No. 3023: A bill for an act relating to insurance; regulating certain licenses, fees, and coverages; amending Minnesota Statutes 2000, sections 62A.25, subdivision 2; 62A.31, subdivision 1h; 62E.14, subdivisions 4, 5, 6; 62L.02, subdivision 13a; 62L.03, subdivisions 1, 5; 62Q.185; 79A.04, subdivision 9; Minnesota Statutes 2001 Supplement, sections 60A.14, subdivision 1; 60K.56, subdivisions 6, 8, 9; 62M.03, subdivision 2; Laws 2001, chapter 117, article 1, section 29.

Referred to the Committee on Commerce.

Senator Scheid introduced--

S.F. No. 3024: A bill for an act relating to commerce; classifying certain data; regulating continuing education and licensing requirements for certain licensees; regulating the contractor's recovery fund; providing for the adoption and amendment of uniform conveyancing forms; repealing certain obsolete, unnecessary, or redundant rules; amending Minnesota Statutes 2000, sections 82.20, subdivision 13; 82.22, subdivision 6; 82B.19, subdivision 1; 155A.07, by adding a subdivision; 326.975, by adding subdivisions; 507.09; Minnesota Statutes 2001 Supplement, section 82.22, subdivision 13; proposing coding for new law in Minnesota Statutes, chapter 13; repealing Minnesota Rules, parts 2705.3000; 2782.0100; 2782.0200; 2782.0300; 2782.0400; 2782.0500; 2782.0600; 2782.0700; 2782.0800; 2800.0100, subparts 6, 10; 2808.2200, subparts 6, 7, 8; 2830.0020; 2830.0030; 2830.0040; 2830.0050; 2830.0060; 2830.0070; 2870.0100; 2870.1100; 2870.1200; 2870.1400; 2870.1500; 2870.1700; 2870.1800; 2870.1900; 2870.2000; 2870.2100; 2870.2200; 2870.2300; 2870.3100; 2870.3200; 2870.3300; 2870.3400; 2870.3500; 2870.3600; 2870.3700; 2870.3800; 2870.3900; 2870.4000; 2870.4100; 2870.5100.

Referred to the Committee on Commerce.

Senators Kelley, S.P. and Higgins introduced--

S.F. No. 3025: A bill for an act relating to health occupations; modifying registration requirements for speech-language pathologists and audiologists whose registrations have lapsed for more than three years; amending Minnesota Statutes 2000, section 148.518, subdivision 2.

Referred to the Committee on Health and Family Security.

Senators Kelley, S.P.; Hottinger and Sams introduced--

S.F. No. 3026: A bill for an act relating to health; regulating the provision of interstate telemedicine services; amending Minnesota Statutes 2000, sections 147.081, subdivision 1; 147.091, subdivision 1; 147.141; Minnesota Statutes 2001 Supplement, section 144.335, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 147.

Referred to the Committee on Health and Family Security.

Senators Pappas, Lourey, Sabo and Moua introduced--

S.F. No. 3027: A bill for an act relating to higher education; allowing undocumented noncitizens to qualify as residents of Minnesota for state higher education purposes; amending Minnesota Statutes 2001 Supplement, sections 135A.031, subdivision 2; 136A.101, subdivision 8.

Referred to the Committee on Education.

Senators Kelley, S.P.; Stumpf; Anderson and Pappas introduced--

S.F. No. 3028: A bill for an act relating to education; authorizing the Minnesota commission on national and community service to create and delegate duties to a private, nonprofit corporation; amending Minnesota Statutes 2000, section 124D.385, subdivision 3, by adding a subdivision.

Referred to the Committee on Education.

Senators Kelley, S.P. and Pogemiller introduced--

S.F. No. 3029: A bill for an act relating to Hennepin county; providing for the continuation of the county's environmental response fund; amending Minnesota Statutes 2000, section 383B.81, by adding subdivisions; repealing Minnesota Statutes 2000, section 383B.80, subdivision 4.

Referred to the Committee on Environment and Natural Resources.

Senators Pappas, Belanger, Higgins and Anderson introduced--

S.F. No. 3030: A bill for an act relating to financial institutions; enacting restrictions on certain home loans; proposing coding for new law as Minnesota Statutes, chapter 58A.

Referred to the Committee on Commerce.

Senators Stumpf, Olson, Langseth, Sams and Samuelson introduced--

S.F. No. 3031: A bill for an act relating to education finance; making the career and technical levy permanent; modifying the career and technical program language; amending Minnesota Statutes 2000, section 124D.453, subdivisions 3, 4, 6, 7; repealing Minnesota Statutes 2000, section 124D.453, subdivisions 1, 2, 5.

Referred to the Committee on Education.

Senators Solon, Y.P.; Scheid; Wiener; Metzen and Belanger introduced--

S.F. No. 3032: A bill for an act relating to liquor; authorizing the city of Proctor to issue additional liquor licenses; amending Laws 1999, chapter 202, section 12.

Referred to the Committee on Commerce.

Senators Sabo and Johnson, Dean introduced--

S.F. No. 3033: A bill for an act relating to transit; appropriating money for greater Minnesota transit operating and capital assistance; authorizing issuance of state bonds.

Referred to the Committee on Finance.

Senators Pogemiller, Betzold, Rest and Robertson introduced--

S.F. No. 3034: A bill for an act relating to Hennepin county; authorizing certain contracting with a public or private cooperative purchasing organization subject to a condition; amending Minnesota Statutes 2000, section 383B.217, subdivision 7.

Referred to the Committee on State and Local Government Operations.

Senators Fowler, Vickerman and Hottinger introduced--

S.F. No. 3035: A bill for an act relating to capital improvements; providing for a grant to the city of Madelia for capital improvements to the business incubator building; authorizing the issuance of state bonds; appropriating money.

Referred to the Committee on Finance.

Senator Pogemiller introduced--

S.F. No. 3036: A bill for an act relating to taxation; making policy and administrative changes to property taxes, liquor taxes, sales and use taxes, production taxes, gross revenues taxes, levy limits, property tax petitions, income tax returns, and tax increment financing; extending the expiration of program authorizing publication of delinquent taxpayers; providing a time limit for claims for offset of federal tax refunds; amending Minnesota Statutes 2000, sections 270.063, subdivision 4; 273.125, subdivision 4; 278.01, subdivision 1; 279.01, subdivision 3; 289A.19, subdivision 1; 295.53, subdivision 1; 295.57, by adding a subdivision; 297G.07, subdivision 1; 298.27; 298.28, subdivision 5; Minnesota Statutes 2001 Supplement, sections 270.691, subdivision 8; 275.71, subdivision 4; 295.60, subdivision 2, by adding a subdivision; 297A.61, subdivision 26; 298.28, subdivisions 6, 10; 469.1763, subdivision 6; repealing Minnesota Statutes 2000, section 278.01, subdivision 4.

Referred to the Committee on Taxes.

Senator Krentz introduced--

S.F. No. 3037: A bill for an act relating to environment; modifying expenditure limits for upgrading feedlots; amending Minnesota Statutes 2000, section 116.07, subdivision 7.

Referred to the Committee on Environment and Natural Resources.

Senator Betzold introduced--

S.F. No. 3038: A bill for an act relating to taxation; making technical and administrative changes and corrections to property, sales and use, income, franchise, occupation, gross revenues, gasoline and special fuels, and insurance tax provisions; making technical and administrative changes and corrections to property tax refunds, local government aid, homestead and agricultural credit aid, referendum tax base replacement aid, and fire state aid; making technical and administrative changes and corrections to tax increment financing, tax court jurisdiction, levy limits, and tax lien provisions; amending Minnesota Statutes 2000, sections 272.02, subdivision 15; 290.067, subdivision 2a; 290.17, subdivisions 2, 3; 290A.03, subdivision 3; 295.53, subdivision 1; 296A.18, subdivision 8; 297I.05, subdivision 11; 477A.011, subdivision 20; Minnesota Statutes 2001 Supplement, sections 69.021, subdivision 5; 126C.17, subdivision 7a; 270.69, subdivision 2; 271.01, subdivision 5; 271.21, subdivision 2; 273.121; 273.13, subdivision 24; 273.1392; 273.1398, subdivision 4c; 275.065, subdivision 3; 275.71, subdivision 3; 275.74, subdivision 2; 289A.20, subdivisions 2, 4; 289A.60, subdivision 2; 290.01, subdivision 19b; 290.0675, subdivisions 1, 3; 290.091, subdivision 2; 290.0921, subdivision 2; 290A.04, subdivision 2h; 295.60, subdivision 7, by adding subdivisions; 297A.70, subdivision 3; 298.01, subdivisions 3b, 4c; 469.174, subdivision 3; 477A.011, subdivision 36; 477A.013, subdivision 9; 477A.07, subdivision 1; Laws 1993, chapter 375, article 5, section 42; Laws 2001, First Special Session chapter 5, article 9, section 3; Laws 2001, First Special Session chapter 5, article 15, section 3, as amended; repealing Minnesota Statutes 2000, sections 272.02, subdivision 40; 290.01, subdivisions 19g, 32; 290.0921, subdivision 5; 295.44.

Referred to the Committee on Taxes.

Senator Betzold introduced--

S.F. No. 3039: A bill for an act relating to retirement; modifying the Hennepin county supplemental retirement plan to allow the county administrator to approve certain participant requests; amending Minnesota Statutes 2000, sections 383B.49; 383B.493.

Referred to the Committee on State and Local Government Operations.

Senators Hottinger and Kleis introduced--

S.F. No. 3040: A bill for an act relating to public employment; ratifying certain labor agreements; ratifying plan amendments; ratifying a salary increase proposal.

Referred to the Committee on State and Local Government Operations.

Senators Scheid; Kelley, S.P. and Orfield introduced--

S.F. No. 3041: A bill for an act relating to public employment; ratifying certain labor agreements; ratifying plan amendments; ratifying a salary increase proposal.

Referred to the Committee on State and Local Government Operations.

MEMBERS EXCUSED

Senator Ranum was excused from the Session of today from 9:00 to 10:00 a.m.

ADJOURNMENT

Senator Moe, R.D. moved that the Senate do now adjourn until 8:30 a.m., Thursday, February 14, 2002. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

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