

STATE OF MINNESOTA

# Journal of the Senate

EIGHTY-THIRD LEGISLATURE

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THIRTY-EIGHTH DAY

St. Paul, Minnesota, Tuesday, April 15, 2003

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. Richard Keene Smith.

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

|           |               |          |            |           |
|-----------|---------------|----------|------------|-----------|
| Anderson  | Frederickson  | Kubly    | Nienow     | Saxhaug   |
| Bachmann  | Gaither       | Langseth | Olson      | Scheid    |
| Bakk      | Hann          | Larson   | Ortman     | Senjem    |
| Belanger  | Higgins       | LeClair  | Pappas     | Skoe      |
| Berglin   | Hottinger     | Limmer   | Pariseau   | Skoglund  |
| Betzold   | Johnson, D.E. | Lourey   | Pogemiller | Solon     |
| Chaudhary | Johnson, D.J. | Marko    | Ranum      | Sparks    |
| Cohen     | Jungbauer     | Marty    | Reiter     | Stumpf    |
| Day       | Kelley        | Metzen   | Rest       | Tomassoni |
| Dibble    | Kiscaden      | Michel   | Robling    | Vickerman |
| Dille     | Kleis         | Moua     | Rosen      | Wergin    |
| Fischbach | Knutson       | Murphy   | Ruud       | Wiger     |
| Foley     | Koering       | Neuville | Sams       |           |

The President declared a quorum present.

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

## EXECUTIVE AND OFFICIAL COMMUNICATIONS

The following communications were received.

April 14, 2003

The Honorable James P. Metzen  
President of the Senate

Dear President Metzen:

On behalf of the people of Minnesota, I am honored to inform you that I have received, approved, signed and deposited in the Office of the Secretary of State, S.F. No. 112.

Sincerely,  
Tim Pawlenty, Governor

April 14, 2003

The Honorable Steve Sviggum  
Speaker of the House of Representatives

The Honorable James P. Metzen  
President of the Senate

I have the honor to inform you that the following enrolled Act of the 2003 Session of the State Legislature has been received from the Office of the Governor and is deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

| S.F.<br>No. | H.F.<br>No. | Session Laws<br>Chapter No. | Time and<br>Date Approved<br>2003 | Date Filed<br>2003 |
|-------------|-------------|-----------------------------|-----------------------------------|--------------------|
| 112         |             | 12                          | 5:45 p.m. April 11                | April 14           |

Sincerely,  
Mary Kiffmeyer  
Secretary of State

April 14, 2003

The Honorable James P. Metzen  
President of the Senate

Dear President Metzen:

On behalf of the people of Minnesota, I am honored to inform you that I have received, approved, signed and deposited in the Office of the Secretary of State, S.F. No. 187.

Sincerely,  
Tim Pawlenty, Governor

April 15, 2003

The Honorable Steve Sviggum  
Speaker of the House of Representatives

The Honorable James P. Metzen  
President of the Senate

I have the honor to inform you that the following enrolled Act of the 2003 Session of the State Legislature has been received from the Office of the Governor and is deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

| S.F.<br>No. | H.F.<br>No. | Session Laws<br>Chapter No. | Time and<br>Date Approved<br>2003 | Date Filed<br>2003 |
|-------------|-------------|-----------------------------|-----------------------------------|--------------------|
| 187         |             | 14                          | 4:45 p.m. April 14                | April 14           |

Sincerely,  
Mary Kiffmeyer  
Secretary of State

**MESSAGES FROM THE HOUSE**

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, herewith returned: S.F. No. 768.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 14, 2003

Mr. President:

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

**S.F. No. 1095:** A bill for an act relating to veterans affairs; clarifying that certain benefits are limited to state residents; amending Minnesota Statutes 2002, section 197.05.

Senate File No. 1095 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 14, 2003

**CONCURRENCE AND REPASSAGE**

Senator Rosen moved that the Senate concur in the amendments by the House to S.F. No. 1095 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1095 was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 58 and nays 0, as follows:

Those who voted in the affirmative were:

|              |               |          |            |           |
|--------------|---------------|----------|------------|-----------|
| Anderson     | Gaither       | Kubly    | Olson      | Senjem    |
| Bachmann     | Hann          | Langseth | Ortman     | Skoe      |
| Bakk         | Higgins       | Larson   | Pappas     | Skoglund  |
| Belanger     | Hottinger     | LeClair  | Pariseau   | Solon     |
| Berglin      | Johnson, D.E. | Limmer   | Pogemiller | Sparks    |
| Betzold      | Johnson, D.J. | Marko    | Ranum      | Stumpf    |
| Day          | Jungbauer     | Marty    | Reiter     | Tomassoni |
| Dibble       | Kelley        | Metzen   | Robling    | Vickerman |
| Dille        | Kiscaden      | Michel   | Rosen      | Wergin    |
| Fischbach    | Kleis         | Moua     | Ruud       | Wiger     |
| Foley        | Knutson       | Neuville | Saxhaug    |           |
| Frederickson | Koering       | Nienow   | Scheid     |           |

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

**MESSAGES FROM THE HOUSE - CONTINUED**

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 351, 547, 768, 850, 859 and 1112.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 14, 2003

**FIRST READING OF HOUSE BILLS**

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

**H.F. No. 351:** A bill for an act relating to education; redefining middle school to include a minimum of two grades instead of three grades; amending Minnesota Statutes 2002, section 120A.05, subdivision 11.

Pursuant to Rule 45, placed on the Comparison Calendar.

**H.F. No. 547:** A bill for an act relating to commerce; regulating payment for certain warranty work by farm implement dealers; changing the definition of heavy and utility equipment; amending Minnesota Statutes 2002, section 325E.068, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 325E.

Pursuant to Rule 45, placed on the Comparison Calendar.

**H.F. No. 768:** A bill for an act relating to veterans; classifying military certificates of discharge as private data on individuals; providing procedures for their release; amending Minnesota Statutes 2002, sections 13.785, subdivision 2; 196.08; 386.20, subdivision 1.

Pursuant to Rule 45, placed on the Comparison Calendar.

**H.F. No. 850:** A bill for an act relating to natural resources; providing for a land conveyance in Sibley county.

Pursuant to Rule 45, referred to the Committee on Rules and Administration for comparison with S.F. No. 841, now on the Consent Calendar.

**H.F. No. 859:** A bill for an act relating to natural resources; modifying provisions for the sale of state timber; providing criminal penalties; amending Minnesota Statutes 2002, sections 90.01, by adding a subdivision; 90.101; 90.121; 90.14; 90.151, subdivisions 1, 2; 90.161, subdivision 1; 90.173; 90.191, subdivisions 3, 4; 90.251, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 90.

Pursuant to Rule 45, placed on the Comparison Calendar.

**H.F. No. 1112:** A bill for an act relating to veterans affairs; providing authority to the Department of Veterans Affairs to access certain state databases to verify eligibility; amending Minnesota Statutes 2002, section 13.461, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 197.

Pursuant to Rule 45, referred to the Committee on Rules and Administration for comparison with S.F. No. 1185, now on the Consent Calendar.

**REPORTS OF COMMITTEES**

Senator Hottinger moved that the Committee Reports at the Desk be now adopted. The motion prevailed.

**Senator Anderson from the Committee on Commerce and Utilities, to which was re-referred**

**S.F. No. 394:** A bill for an act relating to health; modifying prior authorization requirements for health care services; establishing requirements for provider contracting; modifying provisions for payment of claims; regulating the disclosure of profiling data; amending Minnesota Statutes 2002, sections 62M.07; 62Q.74; 62Q.75, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 62Q; repealing Minnesota Statutes 2002, section 62Q.745.

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 2002, section 62M.07, is amended to read:

62M.07 [PRIOR AUTHORIZATION OF SERVICES.]

(a) Utilization review organizations conducting prior authorization of services must have written standards that meet at a minimum the following requirements:

(1) written procedures and criteria used to determine whether care is appropriate, reasonable, or medically necessary;

(2) a system for providing prompt notification of its determinations to enrollees and providers and for notifying the provider, enrollee, or enrollee's designee of appeal procedures under clause (4);

(3) compliance with section 62M.05, subdivisions 3a and 3b, regarding time frames for approving and disapproving prior authorization requests;

(4) written procedures for appeals of denials of prior authorization which specify the responsibilities of the enrollee and provider, and which meet the requirements of sections 62M.06 and 72A.285, regarding release of summary review findings; and

(5) procedures to ensure confidentiality of patient-specific information, consistent with applicable law.

(b) No utilization review organization, health plan company, or claims administrator may conduct or require prior authorization of emergency confinement or emergency treatment. The enrollee or the enrollee's authorized representative may be required to notify the health plan company, claims administrator, or utilization review organization as soon after the beginning of the emergency confinement or emergency treatment as reasonably possible.

(c) If prior authorization for a health care service is required, the utilization review organization, health plan company, or claim administrator must allow providers to submit requests for prior authorization of such health care services without unreasonable delay by telephone, facsimile, voice mail, or through an electronic mechanism 24 hours a day, seven days a week. This paragraph does not apply to dental services covered under MinnesotaCare, general assistance medical care, or medical assistance.

Sec. 2. [62Q.732] [CITATION.]

Sections 62Q.732 to 62Q.752 may be cited as the "Minnesota Health Plan Contracting Act."

Sec. 3. [62Q.733] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] For purposes of sections 62Q.732 to 62Q.752, the following definitions apply.

Subd. 2. [CONTRACT.] "Contract" means a written agreement between a health care provider and a health plan company to provide health care services.

Subd. 3. [HEALTH CARE PROVIDER OR PROVIDER.] "Health care provider" or "provider" means a physician, chiropractor, dentist, podiatrist, or other provider as defined under section 62J.03, other than hospitals, ambulatory surgical centers, or free-standing emergency rooms.

Subd. 4. [HEALTH PLAN COMPANY.] (a) "Health plan company" means:

(1) a health maintenance organization operating under chapter 62D;

(2) a community integrated service network operating under chapter 62N;

(3) a preferred provider organization as defined in section 145.61, subdivision 4c; or

(4) an insurance company licensed under chapter 60A, nonprofit health service corporation operating under chapter 62C, fraternal benefit society operating under chapter 64B, or any other entity that establishes, operates, or maintains a health benefit plan or network of health care providers where the providers have entered into a contract with the entity to provide health care services.

(b) This subdivision does not apply to a health plan company with respect to coverage described in section 62A.011, subdivision 3, clauses (1) to (5) and (7) to (12).

Subd. 5. [FEE SCHEDULE.] "Fee schedule" means the total expected financial compensation paid to a health care provider for providing a health care service as determined by the contract between the health plan company and the provider, inclusive of withhold amounts and any amount for which the patient or other third party may be obligated to pay under the contract.

Sec. 4. [62Q.734] [EXEMPTION.]

Sections 62Q.735 to 62Q.739, 62Q.74, and 62Q.752 do not apply to health plan companies whose annual Minnesota health premium revenues are less than three percent of the total annual Minnesota health premium revenues, as measured by the assessment base of the Minnesota comprehensive health association. For purposes of this percentage calculation, a health plan company's premiums include the Minnesota health premium revenues of its affiliates.

Sec. 5. [62Q.735] [PROVIDER CONTRACTING PROCEDURES.]

Subdivision 1. [CONTRACT DISCLOSURE.] (a) Before requiring a health care provider to sign a contract, a health plan company shall give to the provider a complete copy of the proposed contract, including:

(1) all attachments and exhibits;

(2) operating manuals;

(3) a general description of the health plan company's health service coding guidelines and requirements for procedures and diagnoses with modifiers, and multiple procedures; and

(4) all guidelines and treatment parameters incorporated or referenced in the contract.

(b) The health plan company shall make available to the provider the fee schedule or a method or process that allows the provider to determine the fee schedule for each health care service to be provided under the contract.

(c) Notwithstanding paragraph (b), a health plan company that is a dental plan organization, as defined in section 62Q.76, shall disclose information related to the individual contracted provider's expected reimbursement from the dental plan organization. Nothing in this section requires a dental plan organization to disclose the plan's aggregate maximum allowable fee table used to determine other providers' fees. The contracted provider must not release this information in any way that would violate any state or federal antitrust law.

Subd. 2. [PROPOSED AMENDMENTS.] (a) Any amendment or change in the terms of an existing contract between a health plan company and a provider must be disclosed to the provider at least 45 days prior to the effective date of the proposed change, with the exception of amendments required of the health plan company by law or governmental regulatory authority, when notice shall be given to the provider when the requirement is made known to the health plan company.

(b) Any amendment or change in the contract that alters the fee schedule or materially alters the written contractual policies and procedures governing the relationship between the provider and the health plan company must be disclosed to the provider not less than 45 days before the

effective date of the proposed change and the provider must have the opportunity to terminate the contract before the amendment or change is deemed to be in effect.

(c) By mutual consent, evidenced in writing in amendments separate from the base contract and not contingent on participation, the parties may waive the disclosure requirements under paragraphs (a) and (b).

(d) Notwithstanding paragraphs (a) and (b), the effective date of contract termination shall comply with the terms of the contract when a provider terminates a contract.

Sec. 6. [62Q.736] [PAYMENT RATES.]

A contract between a health plan company and a provider shall comply with section 62A.64.

Sec. 7. [62Q.737] [SERVICE CODE CHANGES.]

(a) For purposes of this section, "service code" means current procedural terminology (CPT), current dental terminology (CDT), ICD-CM, diagnosis-related groups (DRGs), or other coding system.

(b) The health plan company shall determine the manner in which it adjudicates claims. The provider may request a description of the general coding guidelines applicable to the health care services the provider is reasonably expected to render pursuant to the contract. The health plan company or its designee shall provide the coding guidelines not later than 30 days after the date the health plan receives the request. The health plan company shall provide notice of material changes to the coding guidelines not later than 45 days prior to the date the changes take effect and shall not make retroactive revision to the coding guidelines, but may issue new guidelines. A provider who receives information under this section may use or disclose the information only for the purpose of practice management, billing activities, or other business operations and may not disclose the information to third parties without the consent of the health plan company.

(c) The health plan company may correct an error in a submitted claim that prevents the claim from being processed, provided that the health plan company:

(1) notifies the provider of the change and reason for the change according to federal HIPAA transaction standards; and

(2) offers the provider the opportunity to appeal any changes.

(d) Nothing in this section shall be interpreted to require a health plan company to violate copyright or other law by disclosing proprietary licensed software. In addition to the above, the health plan company shall, upon request of a contracted provider, disclose the name, edition, and model version of the software that the health plan company uses to determine bundling and unbundling of claims.

(e) This section does not apply to government programs, including state public programs, Medicare, and Medicare-related coverage.

Sec. 8. [62Q.739] [UNILATERAL TERMS PROHIBITED.]

(a) A contract between a health plan company and a health care provider shall not contain or require unilateral terms regarding indemnification or arbitration. Notwithstanding any prohibitions in this section, a contract between a health plan company and a health care provider may be unilaterally terminated by either party in accordance with the terms of the contract.

(b) A health plan company may not terminate or fail to renew a health care provider's contract without cause unless the company has given the provider a written notice of the termination or nonrenewal 120 days before the effective date.

Sec. 9. Minnesota Statutes 2002, section 62Q.74, is amended to read:

62Q.74 [NETWORK SHADOW CONTRACTING.]

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

(b) "category of coverage" means one of the following types of health-related coverage:

- (1) health;
- (2) no-fault automobile medical benefits; or
- (3) workers' compensation medical benefits.

(c) ~~"Health care provider" or "provider" means an individual licensed, registered, or regulated by the board of medical practice under chapter 147, a chiropractor licensed under sections 148.01 to 148.106, a dentist licensed under chapter 150A, or a hospital licensed under chapter 144.~~

(d) ~~"Network organization" means a preferred provider organization as defined in section 145.61, subdivision 4c; a managed care organization as defined in section 62Q.01, subdivision 5; or other entity that uses or consists of a network of health care providers.~~

Subd. 2. [PROVIDER CONSENT REQUIRED.] (a) No ~~network organization health plan company~~ shall require a health care provider to participate in a network under a category of coverage that differs from the category or categories of coverage to which the existing contract between the ~~network organization health plan company~~ and the provider applies, without the affirmative consent of the provider obtained under subdivision 3.

(b) ~~This section does not apply to situations in which the network organization wishes No health plan company shall require, as a condition of participation in any health plan, product, or other arrangement, the provider to participate in a new or different health plan, product, or other arrangement within a category of coverage that is already provided for in an existing contract between the network organization and the provider results in a different underlying financial reimbursement methodology without the affirmative consent of the provider obtained under subdivision 3. This paragraph does not apply to participation in health plan products or other arrangements that provide health care services to government programs, including state public programs, Medicare, and Medicare-related coverage.~~

(c) Compliance with this section may not be waived in a contract or otherwise.

Subd. 3. [CONSENT PROCEDURE.] (a) The ~~network organization health plan company~~, if it wishes to apply an existing contract with a provider to a different category of coverage or health plan, product, or other arrangement within a category of coverage that results in a different underlying financial reimbursement methodology, shall first notify the provider in writing. The written notice must include at least the following:

(1) the ~~network organization's health plan company's~~ name, address, and telephone number, and the name of the specific network, if it differs from that of the ~~network organization health plan company~~;

(2) a description of the proposed new category of coverage or health plan, product, or other arrangement within a category of coverage;

(3) the names of all payers expected by the ~~network organization health plan company~~ to use the network for the new category of coverage or health plan, product, or other arrangement within a category of coverage;

(4) the approximate number of current enrollees of the ~~network organization health plan company~~ in that category of coverage or health plan, product, or other arrangement within a category of coverage within the provider's geographical area;

(5) a disclosure of all contract terms of the proposed new category of coverage or health plan, product, or other arrangement within a category of coverage, including the discount or reduced fees, care guidelines, utilization review criteria, prior notification process, prior authorization process, and dispute resolution process;



(6) a form for the provider's convenience in accepting or declining participation in the proposed new category of coverage or health plan, product, or other arrangement within a category of coverage, provided that the provider need not use that form in responding; and

(7) a statement informing the provider of the provisions of paragraph (b).

(b) Unless the provider has affirmatively agreed to participate within 60 days after the postmark date of the notice, the provider is deemed to have not accepted the proposed new category of coverage or health plan, product, or other arrangement within a category of coverage that results in a different underlying financial reimbursement methodology.

Subd. 4. [CONTRACT TERMINATION RESTRICTED.] A ~~network-organization health plan company~~ must not terminate an existing contract with a provider, or fail to honor the contract in good faith, based solely on the provider's decision not to accept a proposed new category of coverage or health plan, product, or other arrangement within a category of coverage that results in a different underlying financial reimbursement methodology. The most recent agreed-upon contractual obligations remain in force until the existing contract's renewal or termination date.

Subd. 5. [REMEDY.] If a ~~network-organization health plan company~~ violates this section by reimbursing a provider as if the provider had agreed under this section to participate in the network under a category of coverage or health plan, product, or other arrangement within a category of coverage that results in a different underlying financial reimbursement methodology to which the provider has not agreed, the provider has a cause of action against the ~~network organization health plan company~~ to recover two times the difference between the reasonable charges for claims affected by the violation and the amounts actually paid to the provider. The provider is also entitled to recover costs, disbursements, and reasonable attorney fees.

Sec. 10. Minnesota Statutes 2002, section 62Q.75, subdivision 2, is amended to read:

Subd. 2. [CLAIMS PAYMENTS.] (a) This section applies to clean claims submitted to a health plan company or third-party administrator for services provided by any:

- (1) health care provider, except a provider licensed under chapter 151;
- (2) home health care provider, as defined in section 144A.43, subdivision 4; or
- (3) health care facility.

All health plan companies and third-party administrators must pay or deny claims that are clean claims within 30 calendar days after the date upon which the health plan company or third-party administrator received the claim.

(b) The health plan company or third-party administrator shall, upon request, make available to the provider information about the status of a claim submitted by the provider consistent with section 62J.581.

(c) If a health plan company or third-party administrator does not pay or deny a clean claim within the period provided in paragraph (a), the health plan company or third-party administrator must pay interest on the claim for the period beginning on the day after the required payment date specified in paragraph (a) and ending on the date on which the health plan company or third-party administrator makes the payment or denies the claim. In any payment, the health plan company or third-party administrator must itemize any interest payment being made separately from other payments being made for services provided. The health plan company or third-party administrator may, at its discretion, require the health care provider to bill the health plan company or third-party administrator for the interest required under this section before any interest payment is made. Interest payments must be made to the health care provider no less frequently than quarterly.

(e) (d) The rate of interest paid by a health plan company or third-party administrator under this subdivision shall be 1.5 percent per month or any part of a month.

~~(d) (e) A health plan company or third-party administrator is not required to make an interest payment on a claim for which payment has been delayed for purposes of reviewing potentially fraudulent or abusive billing practices.~~

~~(e) The commissioner may not assess a financial administrative penalty against a health plan company for violation of this subdivision.~~

~~(f) The commissioner may assess a financial administrative penalty against a health plan company for violation of this subdivision when there is a pattern of abuse that demonstrates a lack of good faith effort and a systematic failure of the health plan company to comply with this subdivision.~~

Sec. 11. [62Q.752] [DISCLOSURE OF PROFILING DATA.]

Subdivision 1. [DISCLOSURE.] Before releasing provider identifiable profiling data to consumers or health plan members, health plan companies shall provide a provider with an opportunity to review the provider's identifiable data and a summary describing the underlying analysis and methodology. A provider shall be given 30 days after receipt of the identifiable data and summary to comment. This subdivision does not apply to the release of provider-identifiable data to plan sponsors, group purchasers, or government agencies.

Subd. 2. [RELEASE OF DATA; APPEAL.] Before a health plan company or health plan sponsor may release any data covered by this section, the health plan company or plan sponsor must provide the subject of the data the opportunity to provide the health plan company or plan sponsor with information supporting or critical to the methodology procedure or information utilized in assembling the data to be released. The health plan company or plan sponsor must consider any information provided by the data subject and provide a written response to the data subject before releasing the data. A health plan company or plan sponsor must provide the subject of the data with a timely appeal process if the subject of the data, after receiving the health plan company or plan sponsor's written response, continues to contest the methodology, procedure, or information utilized by the health plan company or plan sponsor.

Subd. 3. [DENTAL PROFILING.] Utilization profiling conducted by a dental plan organization is not affected by this section but is subject to section 62Q.78.

Sec. 12. [REPEALER.]

Minnesota Statutes 2002, section 62Q.745, is repealed.

Sec. 13. [EFFECTIVE DATE.]

Section 1 is effective July 1, 2003. Sections 2, 3, 4, 5, 6, 8, 9, 10, and 12 are effective for provider contracts issued, renewed, or amended on or after January 1, 2004. Sections 7 and 11 are effective for provider contracts issued, renewed, or amended on or after July 1, 2004."

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

**Senator Kelley from the Committee on Education, to which was referred**

**S.F. No. 490:** A bill for an act relating to elections; requiring primaries in certain school district elections; amending Minnesota Statutes 2002, section 205A.03, subdivision 1.

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 2002, section 205A.03, subdivision 1, is amended to read:

Subdivision 1. [RESOLUTION REQUIRED PRIMARY IN CERTAIN CIRCUMSTANCES.] The school board of a school district may, by resolution adopted by June 1 of any year, decide to choose nominees for school district elective offices by a primary as provided in subdivisions 1 to

~~6. The resolution, when adopted, is effective for all ensuing elections of board members in that school district until it is revoked. In a school district election, if there are more than two candidates for a specified school board position or more than twice as many school board candidates as there are at-large school board positions available, a school district must hold a primary.~~

Sec. 2. Minnesota Statutes 2002, section 205A.03, subdivision 3, is amended to read:

Subd. 3. [CANDIDATES, FILING.] The clerk shall place upon the primary ballot without partisan designation the names of individuals whose candidacies have been filed and for whom the proper filing fee has been paid. When not more than twice ~~the number of individuals to be elected to a school district elective office as many school board candidates as there are at-large school board positions available~~ file for nomination for the office or when not more than two candidates for a specified school board position file for nomination for that office, their names must not be placed upon the primary ballot and must be placed on the school district general election ballot as the nominees for that office.

Sec. 3. Minnesota Statutes 2002, section 205A.03, subdivision 4, is amended to read:

Subd. 4. [RESULTS.] The school district primary must be conducted and the returns made in the manner provided for the state primary as far as practicable. Within two days after the primary, the school board of the school district shall canvass the returns, and the two candidates for each ~~office~~ specified school board position who receive the highest number of votes, or a number of candidates equal to twice the number of individuals to be elected to ~~the office~~ at-large school board positions who receive the highest number of votes, are the nominees for the office named. Their names must be certified to the school district clerk who shall place them on the school district general election ballot without partisan designation and without payment of an additional fee.

Sec. 4. Minnesota Statutes 2002, section 205A.06, subdivision 1a, is amended to read:

Subd. 1a. [FILING PERIOD.] ~~In school districts nominating candidates at a school district primary, Affidavits of candidacy may~~ must be filed with the school district clerk no earlier than the 70th day and no later than the 56th day before the first Tuesday after the second Monday in September in the year when the school district general election is held. ~~In all other school districts, affidavits of candidacy must be filed not more than 70 days and not less than 56 days before the school district general election.~~

Sec. 5. [EFFECTIVE DATE.]

(a) Sections 1 to 4 are effective the day following final enactment for independent school district No. 742.

(b) Sections 1 to 4 are effective January 1, 2004, for all other school districts and apply to school board elections held in 2004 and thereafter."

Amend the title as follows:

Page 1, delete line 4 and insert "2002, sections 205A.03, subdivisions 1, 3, 4; 205A.06, subdivision 1a."

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

**Senator Anderson from the Committee on Commerce and Utilities, to which was re-referred**

**S.F. No. 679:** A bill for an act relating to cooperatives; authorizing businesses to organize as cooperative associations; providing penalties; amending Minnesota Statutes 2002, sections 80A.14, subdivision 17; 80A.15, subdivision 2; proposing coding for new law as Minnesota Statutes, chapter 308B.

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

Page 4, delete section 4

Page 20, line 30, delete "status" and insert "separate existence"

Page 20, line 31, delete "terminates" and insert "ceases"

Page 26, line 36, before "In" insert "(a)"

Page 27, after line 9, insert:

"(b) This section does not give a cooperative the power or authority to exercise the powers of a credit union under chapter 52, a bank under chapter 48, or a savings association under chapter 51A."

Page 41, delete lines 19 to 35

Page 41, line 36, delete "Subd. 5." and insert "Subd. 4."

Page 44, after line 9, insert:

"(3) for knowing violations of securities laws under section 80A.23 or for illegal distributions;"

Page 44, line 10, delete "(3)" and insert "(4)"

Page 44, line 12, delete "(4)" and insert "(5)"

Page 69, line 33, delete "the statutes of this state" and insert "law"

Page 90, delete line 30 and insert:

"MERGER"

Page 90, line 36, delete "this state or"

Page 91, line 2, after the period, insert "A cooperative may not merge or consolidate with a business entity organized under the laws of this state, other than a cooperative organized under chapter 308A, unless the law governing the business entity expressly authorizes merger or consolidation with a cooperative."

Page 93, line 11, before the period, insert ", provided however, if either the parent or the subsidiary is a business entity organized under the laws of this state, the merger of the subsidiary is not authorized under this section unless the law governing the business entity expressly authorizes merger with a cooperative"

Pages 95 to 122, delete sections 71 to 75

Page 122, line 31, delete everything after "merger"

Page 122, line 33, delete everything after "plan"

Page 122, line 34, delete "308B.831,"

Page 122, line 36, delete "OR EXCHANGE"

Page 123, lines 1, 6, and 17, delete "or exchange"

Page 123, line 19, delete the second "of"

Page 123, line 20, delete "exchange"

Page 123, line 22, delete "or exchange"

Page 123, line 23, delete the second "or"

Page 123, line 24, delete "exchange"

Page 123, line 29, delete "or exchange"

Page 142, lines 3 to 8, reinstate the stricken language

Page 142, line 9, reinstate the stricken language and before "The" insert:

"(v)"

Renumber the sections in sequence

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

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

**S.F. No. 680:** A bill for an act relating to agriculture; prohibiting registration of certain fertilizers; amending Minnesota Statutes 2002, section 18C.401, by adding a subdivision.

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

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

**S.F. No. 197:** A bill for an act relating to municipalities; allowing the prescribing of certain fees by a fee schedule; amending Minnesota Statutes 2002, section 462.353, subdivision 4.

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 2002, section 462.353, subdivision 4, is amended to read:

Subd. 4. [FEES.] A municipality may prescribe fees sufficient to defray the costs incurred by it in reviewing, investigating, and administering an application for an amendment to an official control established pursuant to sections 462.351 to 462.364 or an application for a permit or other approval required under an official control established pursuant to those sections. Except as provided in subdivision 4a, fees as prescribed must be by ordinance and. Fees must be fair, reasonable, and proportionate to the actual cost of the service for which the fee is imposed. A municipality shall adopt management and accounting procedures to ensure that fees are maintained and used only for the purpose for which they are collected.

If a dispute arises over a specific fee imposed by a municipality related to a specific application, the amount of the fee must be deposited and held in escrow, and the person aggrieved by the fee may appeal under section 462.361. An approved application may proceed as if the fee had been paid, pending a decision on the appeal.

Sec. 2. Minnesota Statutes 2002, section 462.353, is amended by adding a subdivision to read:

Subd. 4a. [FEE SCHEDULE ALLOWED.] A municipality that collects an annual cumulative total of \$5,000 or less in fees under this section may prescribe the fees or refer to a fee schedule in the ordinance governing the official control or permit. A municipality may adopt a fee schedule under this subdivision by ordinance or resolution, either annually or more frequently, following publication of notice of proposed action on a fee schedule at least ten days prior to a public hearing held to consider action on or approval of the fee schedule. A municipality that collects a cumulative total in excess of \$5,000 in fees under this section may prescribe a fee schedule by ordinance by following the notice and hearing procedures specified in this subdivision."

Amend the title as follows:

Page 1, line 4, before the period, insert ", by adding a subdivision"

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. 1070:** A bill for an act relating to state government; requiring local government impact notes; requiring a determination of the aggregate cost of complying with proposed rules; proposing coding for new law in Minnesota Statutes, chapter 14.

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

Delete everything after the enacting clause and insert:

"Section 1. [14.112] [LOCAL GOVERNMENT IMPACT.]

Subdivision 1. [REQUEST AND PREPARATION.] The elected governing body of a statutory or home rule city, township, county, school district, soil and water conservation district, or sanitary district may request the commissioner of finance to prepare a local fiscal impact and fiscal benefit note on a rule proposed by a state agency. The request must be made by submitting a resolution of the governing body to the commissioner of finance at least ten days before a public hearing on a proposed rule is held or, if the agency intends to adopt the rule without a public hearing, at least ten days before the deadline for requesting a public hearing. Upon receipt of a request, the commissioner of finance must prepare an estimate of the fiscal impact and fiscal benefit of the rule on each category of political subdivision requesting a local impact note. The commissioner may require any political subdivision or state agency to supply information necessary for the commissioner to determine fiscal impact and fiscal benefit. Relevant information submitted by a political subdivision, whether or not requested by the commissioner, must be considered by the commissioner and commented on in the local fiscal impact and fiscal benefit note. The commissioner must prepare the local fiscal impact and fiscal benefit note before the close of the hearing record or, if there is no public hearing, before the agency submits the record to the administrative law judge.

Subd. 2. [FEE.] The commissioner of finance may bill the political subdivision requesting the local fiscal impact and fiscal benefit note up to \$35 per hour for time spent preparing the note. Upon receiving a request for a note from a political subdivision, the commissioner must give the political subdivision an estimate of the fee that the commissioner will charge. The political subdivision may withdraw the request for the note. Upon completion of the note, the requesting political subdivision must pay the fee in the time and manner requested by the commissioner of finance. Fees collected under this subdivision must be deposited in the general fund.

Sec. 2. [14.127] [LEGISLATIVE APPROVAL REQUIRED.]

An agency must determine if the initial or yearly cost of complying with proposed rules for any one person or entity will exceed \$10,000. An agency must make this determination before the close of the hearing record, or before the agency submits the record to the administrative law judge if there is no hearing. If the agency determines that the initial or yearly cost for any one person or entity will exceed \$10,000, the rules may not take effect until the rules are approved by a law enacted after the agency determination. The administrative law judge must review and approve the agency's determination under this section. If the administrative law judge does not approve the agency's determination, the rules may not take effect until the rules are approved by a law enacted after the agency determination. This section does not apply if:

(1) the administrative law judge approves the agency's determination that the legislature has appropriated money to sufficiently fund the expected cost of the rule upon the public proposed to be regulated by the rule;

(2) the administrative law judge approves the agency's determination that the rule has been proposed pursuant to a specific federal statutory or regulatory mandate; or

(3) the rule is adopted under section 14.388 or under another law specifying that the rulemaking procedures of chapter 14 do not apply.

Sec. 3. [EFFECTIVE DATE.]

Sections 1 and 2 are effective the day following final enactment. These sections apply to any rule for which the hearing record has not closed before that date or, if there is no public hearing, for which the agency has not submitted the record to the administrative law judge before that date."

Delete the title and insert:

"A bill for an act relating to state government; providing for local government impact notes; providing that certain rules take effect only upon legislative approval; proposing coding for new law in Minnesota Statutes, chapter 14."

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

**Senator Anderson from the Committee on Commerce and Utilities, to which was referred**

**S.F. No. 994:** A bill for an act relating to insurance; permitting the comprehensive health association to offer policies with higher annual deductibles; permitting extension of the writing carrier contract; clarifying the effective date of coverage and other matters; amending Minnesota Statutes 2002, sections 62E.08, subdivision 1; 62E.091; 62E.12; 62E.13, subdivision 2, by adding a subdivision; 62E.14; 62E.18.

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

Page 12, line 4, delete "an" and insert "a substantially complete"

Page 12, after line 15, insert:

"(c) A qualifying individual, as defined in Internal Revenue Code of 1986, section 35(e)(2)(B), who is eligible under the Federal Trade Act of 2002 for the credit for health insurance costs under the Internal Revenue Code of 1986, section 35, may enroll in the comprehensive health insurance plan with a waiver of the preexisting condition limitation described in subdivision 3, and without presenting evidence of rejection or similar requirements described in subdivision 1, paragraph (c). The six month durational residency requirement provided in section 62E.02, subdivision 13, does not apply with respect to eligibility for enrollment under this paragraph, but the applicant must be a Minnesota resident as of the date of application. A person's eligibility to enroll under this paragraph does not affect the person's eligibility to enroll under any other provision. This paragraph is intended solely to meet the minimum requirements necessary to qualify the comprehensive health insurance plan as qualified health coverage under the Internal Revenue Code of 1986, section 35(e)(2)."

Page 15, line 7, delete "January 1, 2004," and insert "the day following final enactment"

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. 1153:** A bill for an act relating to lawful gambling; making various clarifying and technical changes; providing and modifying definitions; permitting resale of certain gambling equipment; providing for fees, prices, and prize limits; clarifying requirements for gambling managers and employees, premises, records and reports; clarifying conduct of high school raffles and social dice games; amending Minnesota Statutes 2002, sections 349.12, subdivisions 19, 25,

by adding subdivisions; 349.151, subdivision 4b; 349.161, subdivision 5; 349.166, subdivision 1; 349.167, subdivisions 4, 7; 349.168, subdivisions 1, 2, 6; 349.169, subdivisions 1, 3; 349.18, subdivision 1; 349.19, subdivision 3; 609.761, subdivisions 4, 5; repealing Minnesota Statutes 2002, section 349.168, subdivision 9.

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 2002, section 349.12, is amended by adding a subdivision to read:

Subd. 3b. [BAR OPERATION.] "Bar operation" means a method of selling and redeeming gambling equipment within a leased premises which is licensed for the on-sale of alcoholic beverages where such sales and redemptions are made by an employee of the lessor from a common area where food and beverages are also sold.

Sec. 2. Minnesota Statutes 2002, section 349.12, is amended by adding a subdivision to read:

Subd. 6a. [BOOTH OPERATION.] "Booth operation" means a method of selling and redeeming gambling equipment by an employee of a licensed organization in a premises the organization leases or owns where such sales and redemptions are made within a separate enclosure that is distinct from areas where food and beverages are sold.

Sec. 3. Minnesota Statutes 2002, section 349.12, subdivision 19, is amended to read:

Subd. 19. [GAMBLING MANAGER.] "Gambling manager" means a person who has been designated by the organization to supervise the lawful gambling conducted by it and who:

(1) has been an active member of the organization for at least two years at the time of the organization's initial application for a license; or

(2) has been an active member of the organization for at least the most recent six months prior to the effective date of the organization's renewal license; or

(3) meets other qualifications as prescribed by the board by rule.

Sec. 4. Minnesota Statutes 2002, section 349.12, subdivision 25, is amended to read:

Subd. 25. [LAWFUL PURPOSE.] (a) "Lawful purpose" means one or more of the following:

(1) any expenditure by or contribution to a 501(c)(3) or festival organization, as defined in subdivision 15a, provided that the organization and expenditure or contribution are in conformity with standards prescribed by the board under section 349.154, which standards must apply to both types of organizations in the same manner and to the same extent;

(2) a contribution to an individual or family suffering from poverty, homelessness, or physical or mental disability, which is used to relieve the effects of that poverty, homelessness, or disability;

(3) a contribution to an individual for treatment for delayed posttraumatic stress syndrome or a contribution to a program recognized by the Minnesota department of human services for the education, prevention, or treatment of compulsive gambling;

(4) a contribution to or expenditure on a public or private nonprofit educational institution registered with or accredited by this state or any other state;

(5) a contribution to a scholarship fund for defraying the cost of education to individuals where the funds are awarded through an open and fair selection process;

(6) activities by an organization or a government entity which recognize humanitarian or military service to the United States, the state of Minnesota, or a community, subject to rules of



the board, provided that the rules must not include mileage reimbursements in the computation of the per ~~occasion~~ diem reimbursement limit and must impose no aggregate annual limit on the amount of reasonable and necessary expenditures made to support:

- (i) members of a military marching or color guard unit for activities conducted within the state;
  - (ii) members of an organization solely for services performed by the members at funeral services; or
  - (iii) members of military marching, color guard, or honor guard units may be reimbursed for participating in color guard, honor guard, or marching unit events within the state or states contiguous to Minnesota at a per participant rate of up to \$35 per ~~occasion~~ diem;
- (7) recreational, community, and athletic facilities and activities intended primarily for persons under age 21, provided that such facilities and activities do not discriminate on the basis of gender and the organization complies with section 349.154;
- (8) payment of local taxes authorized under this chapter, taxes imposed by the United States on receipts from lawful gambling, the taxes imposed by section 297E.02, subdivisions 1, 4, 5, and 6, and the tax imposed on unrelated business income by section 290.05, subdivision 3;
- (9) payment of real estate taxes and assessments on permitted gambling premises wholly owned by the licensed organization paying the taxes, or wholly leased by a licensed veterans organization under a national charter recognized under section 501(c)(19) of the Internal Revenue Code, not to exceed:
- (i) for premises used for bingo, the amount that an organization may expend under board rules on rent for bingo; and
  - (ii) \$35,000 per year for premises used for other forms of lawful gambling;
- (10) a contribution to the United States, this state or any of its political subdivisions, or any agency or instrumentality thereof other than a direct contribution to a law enforcement or prosecutorial agency;
- (11) a contribution to or expenditure by a nonprofit organization which is a church or body of communicants gathered in common membership for mutual support and edification in piety, worship, or religious observances;
- (12) payment of the reasonable costs of an audit required in section 297E.06, subdivision 4, provided the annual audit is filed in a timely manner with the department of revenue;
- (13) a contribution to or expenditure on a wildlife management project that benefits the public at-large, provided that the state agency with authority over that wildlife management project approves the project before the contribution or expenditure is made;
- (14) expenditures, approved by the commissioner of natural resources, by an organization for grooming and maintaining snowmobile trails and all-terrain vehicle trails that are (1) grant-in-aid trails established under section 85.019, or (2) other trails open to public use, including purchase or lease of equipment for this purpose; ~~or~~
- (15) conducting nutritional programs, food shelves, and congregate dining programs primarily for persons who are age 62 or older or disabled;
- (16) a contribution to a community arts organization, or an expenditure to sponsor arts programs in the community, including but not limited to visual, literary, performing, or musical arts;
- (17) ~~an expenditure by a licensed veterans organization for payment of heat, water, sanitation, telephone, and other utility bills fuel for heating, electricity, and sewer costs for a building wholly owned or wholly leased by, and used as the primary headquarters of, a~~ the licensed veterans organization; or

(18) expenditure by a licensed veterans organization of up to \$5,000 in a calendar year in net costs to the organization for meals and other membership events, limited to members and spouses, held in recognition of military service. No more than \$5,000 can be expended in total per calendar year under this clause by all licensed veterans organizations sharing the same veterans post home.

(b) Notwithstanding paragraph (a), "lawful purpose" does not include:

(1) any expenditure made or incurred for the purpose of influencing the nomination or election of a candidate for public office or for the purpose of promoting or defeating a ballot question;

(2) any activity intended to influence an election or a governmental decision-making process;

(3) the erection, acquisition, improvement, expansion, repair, or maintenance of real property or capital assets owned or leased by an organization, unless the board has first specifically authorized the expenditures after finding that (i) the real property or capital assets will be used exclusively for one or more of the purposes in paragraph (a); (ii) with respect to expenditures for repair or maintenance only, that the property is or will be used extensively as a meeting place or event location by other nonprofit organizations or community or service groups and that no rental fee is charged for the use; (iii) with respect to expenditures, including a mortgage payment or other debt service payment, for erection or acquisition only, that the erection or acquisition is necessary to replace with a comparable building, a building owned by the organization and destroyed or made uninhabitable by fire or natural disaster, provided that the expenditure may be only for that part of the replacement cost not reimbursed by insurance; (iv) with respect to expenditures, including a mortgage payment or other debt service payment, for erection or acquisition only, that the erection or acquisition is necessary to replace with a comparable building a building owned by the organization that was acquired from the organization by eminent domain or sold by the organization to a purchaser that the organization reasonably believed would otherwise have acquired the building by eminent domain, provided that the expenditure may be only for that part of the replacement cost that exceeds the compensation received by the organization for the building being replaced; or (v) with respect to an expenditure to bring an existing building into compliance with the Americans with Disabilities Act under item (ii), an organization has the option to apply the amount of the board-approved expenditure to the erection or acquisition of a replacement building that is in compliance with the Americans with Disabilities Act;

(4) an expenditure by an organization which is a contribution to a parent organization, foundation, or affiliate of the contributing organization, if the parent organization, foundation, or affiliate has provided to the contributing organization within one year of the contribution any money, grants, property, or other thing of value;

(5) a contribution by a licensed organization to another licensed organization unless the board has specifically authorized the contribution. The board must authorize such a contribution when requested to do so by the contributing organization unless it makes an affirmative finding that the contribution will not be used by the recipient organization for one or more of the purposes in paragraph (a); or

(6) a contribution to a statutory or home rule charter city, county, or town by a licensed organization with the knowledge that the governmental unit intends to use the contribution for a pension or retirement fund.

Sec. 5. Minnesota Statutes 2002, section 349.12, is amended by adding a subdivision to read:

Subd. 36. [VETERANS POST HOME.] "Veterans post home" means a building, or portion of a building, that is leased or owned by one or more licensed veterans organizations, and that is considered the post home for all licensed veterans organizations at that site.

Sec. 6. Minnesota Statutes 2002, section 349.12, is amended by adding a subdivision to read:

Subd. 37. [WHOLLY LEASED BUILDING.] "Wholly leased building" means a building that is leased in its entirety by a licensed organization, and no part or portion of the building is subleased to any other entity or licensed organization.

Sec. 7. Minnesota Statutes 2002, section 349.12, is amended by adding a subdivision to read:

Subd. 38. [WHOLLY OWNED BUILDING.] "Wholly owned building" means a building that is owned in its entirety by a licensed organization, and no part or portion of the building is subleased to any other entity or licensed organization.

Sec. 8. Minnesota Statutes 2002, section 349.151, subdivision 4b, is amended to read:

Subd. 4b. [PULL-TAB SALES FROM DISPENSING DEVICES.] (a) The board may by rule authorize but not require the use of pull-tab dispensing devices.

(b) Rules adopted under paragraph (a):

(1) must limit the number of pull-tab dispensing devices on any permitted premises to three; and

(2) must limit the use of pull-tab dispensing devices to a permitted premises which is (i) a licensed premises for on-sales of intoxicating liquor or 3.2 percent malt beverages; or (ii) a licensed bingo hall that allows gambling only by persons 18 years or older.

(c) Notwithstanding rules adopted under paragraph (b), pull-tab dispensing devices may be used in establishments licensed for the off-sale of intoxicating liquor, other than drugstores and general food stores licensed under section 340A.405, subdivision 1.

~~(d) The director may charge a manufacturer a fee of up to \$5,000 per pull-tab dispensing device to cover the costs of services provided by an independent testing laboratory to perform testing and analysis of pull-tab dispensing devices. The director shall deposit in a separate account in the state treasury all money the director receives as reimbursement for the costs of services provided by independent testing laboratories that have entered into contracts with the state to perform testing and analysis of pull-tab dispensing devices. Money in the account is appropriated to the director to pay the costs of services under those contracts.~~

Sec. 9. Minnesota Statutes 2002, section 349.161, subdivision 5, is amended to read:

Subd. 5. [PROHIBITION.] (a) No distributor, or employee of a distributor, may also be a wholesale distributor of alcoholic beverages or an employee of a wholesale distributor of alcoholic beverages.

(b) No distributor, or any representative, agent, affiliate, or employee of a distributor, may: (1) be involved in the conduct of lawful gambling by an organization; (2) keep or assist in the keeping of an organization's financial records, accounts, and inventories; or (3) prepare or assist in the preparation of tax forms and other reporting forms required to be submitted to the state by an organization.

(c) No distributor or any representative, agent, affiliate, or employee of a distributor may provide a lessor of gambling premises any compensation, gift, gratuity, premium, or other thing of value.

(d) No distributor or any representative, agent, affiliate, or employee of a distributor may participate in any gambling activity at any gambling site or premises where gambling equipment purchased from that distributor is being used in the conduct of lawful gambling.

(e) No distributor or any representative, agent, affiliate, or employee of a distributor may alter or modify any gambling equipment, except to add a "last ticket sold" prize sticker.

(f) No distributor or any representative, agent, affiliate, or employee of a distributor may: (1) recruit a person to become a gambling manager of an organization or identify to an organization a person as a candidate to become gambling manager for the organization; or (2) identify for an organization a potential gambling location.

(g) No distributor may purchase gambling equipment for resale to a person for use within the state from any person not licensed as a manufacturer under section 349.163, except for gambling

equipment returned from an organization licensed under section 349.16, or exempt or excluded from licensing under section 349.166.

(h) No distributor may sell gambling equipment to any person for use in Minnesota other than (i) a licensed organization or organization excluded or exempt from licensing, or (ii) the governing body of an Indian tribe.

(i) No distributor may sell or otherwise provide a pull-tab or tipboard deal with the symbol required by section 349.163, subdivision 5, paragraph (h), visible on the flare to any person other than in Minnesota to a licensed organization or organization exempt from licensing.

Sec. 10. Minnesota Statutes 2002, section 349.166, subdivision 1, is amended to read:

Subdivision 1. [EXCLUSIONS.] (a) Bingo may be conducted without a license and without complying with sections 349.168, subdivisions 1 and 2; 349.17, subdivisions 1, 4, and 5; 349.18, subdivision 1; and 349.19, if it is conducted:

(1) by an organization in connection with a county fair, the state fair, or a civic celebration and is not conducted for more than 12 consecutive days and is limited to no more than four separate applications for activities applied for and approved in a calendar year; or

(2) by an organization that conducts four or fewer bingo occasions in a calendar year.

An organization that holds a license to conduct lawful gambling under this chapter may not conduct bingo under this subdivision.

(b) Bingo may be conducted within a nursing home or a senior citizen housing project or by a senior citizen organization if the prizes for a single bingo game do not exceed \$10, total prizes awarded at a single bingo occasion do not exceed \$200, no more than two bingo occasions are held by the organization or at the facility each week, only members of the organization or residents of the nursing home or housing project are allowed to play in a bingo game, no compensation is paid for any persons who conduct the bingo, and a manager is appointed to supervise the bingo. Bingo conducted under this paragraph is exempt from sections 349.11 to 349.23, and the board may not require an organization that conducts bingo under this paragraph, or the manager who supervises the bingo, to register or file a report with the board. The gross receipts from bingo conducted under the limitations of this subdivision are exempt from taxation under chapter 297A.

(c) Raffles may be conducted by an organization without a license and without complying with sections 349.154 to 349.165 and 349.167 to 349.213 if the value of all raffle prizes awarded by the organization in a calendar year does not exceed \$750 \$1,500.

(d) Except as provided in paragraph (b), the organization must maintain all required records of excluded gambling activity for 3-1/2 years.

Sec. 11. Minnesota Statutes 2002, section 349.167, subdivision 4, is amended to read:

Subd. 4. [TRAINING OF GAMBLING MANAGERS.] The board shall by rule require all persons licensed as gambling managers to receive periodic training in laws and rules governing lawful gambling. The rules must contain the following requirements:

(1) each gambling manager must receive training before being issued a new license, except that in the case of the death, disability, or termination of a gambling manager, a replacement gambling manager must receive the training within 90 days of being issued a license;

(2) each gambling manager applying for a renewal of a license must have received continuing education training, as required by board rule, each year of the two-year license period, or pass a gambling manager examination as required in subdivision 7; and

(3) the training required by this subdivision may be provided by a person authorized by the board to provide the training. Before authorizing a person to provide training, the board must determine that:

(i) the provider and all of the provider's personnel conducting the training are qualified to do so;

(ii) the curriculum to be used fully and accurately covers all elements of lawful gambling law and rules that the board determines are necessary for a gambling manager to know and understand;

(iii) the fee to be charged for participants in the training sessions is fair and reasonable; and

(iv) the training provider has an adequate system for documenting completion of training.

The rules may provide for differing training requirements for gambling managers based on the class of license held by the gambling manager's organization.

The board or the director may provide the training required by this subdivision using employees of the board.

Sec. 12. Minnesota Statutes 2002, section 349.167, subdivision 7, is amended to read:

Subd. 7. [GAMBLING MANAGER EXAMINATION.] Each applicant for a new gambling manager's license, and each renewing applicant that has failed to receive training as required in subdivision 4, must pass an examination prepared and administered by the board that tests the applicant's knowledge of the responsibilities of gambling managers, and of gambling procedures, laws, and rules before being issued the license. In the case of the death, disability, or termination of a gambling manager, a replacement gambling manager must pass the examination within 90 days of being issued a gambling manager's license. The board shall revoke the replacement gambling manager's license if the replacement gambling manager fails to pass the examination as required in this subdivision.

Sec. 13. Minnesota Statutes 2002, section 349.168, subdivision 1, is amended to read:

Subdivision 1. [REGISTRATION OF EMPLOYEES.] A person may not receive compensation for participating in the conduct of lawful gambling as an employee of a licensed organization unless the person has first registered with the board on a form the board prescribes. The form must require each registrant to provide: (1) the person's name, address, and date of birth, and social security number; (2) a current photograph; and (3) the name, address, and license number of the employing organization.

Sec. 14. Minnesota Statutes 2002, section 349.168, subdivision 2, is amended to read:

Subd. 2. [IDENTIFICATION OF EMPLOYEES.] ~~The board shall issue to each person registering under subdivision 1 a registration number and identification card which must include the employee's photograph.~~ Each person receiving compensation for the conduct of lawful gambling must wear the identification card provided by the board publicly display the person's name at all times while conducting the lawful gambling.

Sec. 15. Minnesota Statutes 2002, section 349.168, subdivision 6, is amended to read:

Subd. 6. [COMPENSATION PAID BY CHECK OR ELECTRONIC TRANSFER.] Compensation paid by an organization in connection with lawful gambling must either be: (1) in the form of a check drawn on the organization's gambling account, as specified in section 349.19, and paid directly to the person being compensated; (2) transferred electronically from the organization's gambling account, as specified in section 349.19, subdivision 3, directly to the employee's bank account; ~~or~~ (3) transferred electronically from the organization's gambling account to the account of a payroll processing firm from which payment in the form of a check is paid directly to the person being compensated; or (4) transferred electronically to and from the account of a payroll processing firm for payment to the employee's account and for the payment of local, state, and federal withholding taxes, provided that the payroll processing firm is (i) currently registered with and meets the criteria of the department of revenue as a third-party bulk filer under section 290.92, subdivision 30, (ii) is able to provide proof of a third-party audit and an annual report and statement of financial condition, (iii) is able to provide evidence of a fidelity bond, and (iv) can provide proof of having been in business as a third-party bulk filer for the most recent three years.

Sec. 16. Minnesota Statutes 2002, section 349.168, is amended by adding a subdivision to read:

Subd. 10. [EMPLOYMENT OF CERTAIN PERSONS.] An organization that sells pull-tabs and tip boards on leased premises within a booth operation may not employ, other than as a seller of pull-tabs and tip boards, the lessor of those premises or a person who is employed by the lessor of those premises.

Sec. 17. Minnesota Statutes 2002, section 349.169, subdivision 1, is amended to read:

Subdivision 1. [FILING REQUIRED.] All When required by the board, manufacturers and distributors must file with the director, ~~not later than the first day of each month,~~ the prices at which the manufacturer or distributor will sell all gambling equipment ~~in that month~~ currently offered for sale by that manufacturer or distributor. The filing must be ~~on a form~~ in a format the director prescribes. Prices filed must include all charges the manufacturer or distributor makes for each item of gambling equipment sold, including all volume discounts, exclusive of transportation costs. All filings are effective on the first day of the month for which they are filed, except that a manufacturer or distributor may amend a filed price within five days of filing it and may file a price any time during a month for gambling equipment not previously included on that month's filed pricing report, but may not later amend the price during the month.

Sec. 18. Minnesota Statutes 2002, section 349.169, subdivision 3, is amended to read:

Subd. 3. [SALES AT FILED PRICES.] When required to report under subdivision 1, no manufacturer may sell to a distributor, and no distributor may sell to an organization, any gambling equipment for any price other than a price the manufacturer or distributor has filed with the director under subdivision 1, including volume discounts, and exclusive of transportation costs.

Sec. 19. Minnesota Statutes 2002, section 349.18, subdivision 1, is amended to read:

Subdivision 1. [LEASE OR OWNERSHIP REQUIRED; RENT LIMITATIONS.] (a) An organization may conduct lawful gambling only on premises it owns or leases. Leases must be on a form prescribed by the board. Except for leases entered into before August 1, 1994, the term of the lease may not begin before the effective date of the premises permit and must expire on the same day that the premises permit expires. Copies of all leases must be made available to employees of the board and the division of alcohol and gambling enforcement on request. A lease may not provide for payments determined directly or indirectly by the receipts or profits from lawful gambling. The board may prescribe by rule limits on the amount of rent which an organization may pay to a lessor for premises leased for lawful gambling provided that no rule of the board may prescribe a limit of less than \$1,000 per month on rent paid for premises used for lawful gambling other than bingo. Any rule adopted by the board limiting the amount of rent to be paid may only be effective for leases entered into, or renewed, after the effective date of the rule.

(b) Rent paid by an organization for leased premises is subject to the following limits:

(1) for booth operations, including booth operations where a pull-tab dispensing device is located, booth operations where a bar operation is also conducted, and booth operations where both a pull-tab dispensing device is located and a bar operation is also conducted, the maximum rent is:

(i) in any month where the organization's gross profit at those premises does not exceed \$4,000, up to \$400; and

(ii) in any month where the organization's gross profit at those premises exceeds \$4,000, up to \$400 plus not more than ten percent of the gross profit for that month in excess of \$4,000;

(2) for bar operations, including bar operations where a pull-tab dispensing device is located but not including bar operations subject to clause (1), and for locations where only a pull-tab dispensing device is located:

(i) in any month where the organization's gross profit at those premises does not exceed \$1,000, up to \$200; and

(ii) in any month where the organization's gross profit at those premises exceeds \$1,000, up to \$200 plus not more than 20 percent of the gross profit for that month in excess of \$1,000;

(3) a lease not governed by clauses (1) and (2) must be approved by the board before becoming effective;

(4) total rent paid to a lessor from all organizations from leases governed by clause (1) may not exceed \$1,750 per month. Total rent paid to a lessor from all organizations from leases governed by clause (2) may not exceed \$2,000 per month.

(c) Amounts paid as rent under leases are all-inclusive. No other services provided or contracted by the lessor may be paid by the organization, including, but not limited to, trash removal, janitorial and cleaning services, snow removal, lawn services, electricity, heat, security, security monitoring, storage, other utilities or services, and, in the case of bar operations, compensation for cash shortages. Any other expenditure made by an organization that is related to a leased premises must be approved by the director. An organization may not provide any compensation or thing of value to a lessor or the lessor's employees from any fund source other than its gambling account. Rent payments may not be made to an individual.

(d) Notwithstanding paragraph (b), an organization may pay a lessor for food or beverages or meeting room rental if the charge made is comparable to similar charges made to other individuals or groups.

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

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

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

(e) (h) A gambling employee may purchase pull-tabs at the site of the employee's place of employment provided:

(1) the organization voluntarily posts, or is required to post, the major prizes for pull-tab or tipboard games as specified in section 349.172; and

(2) the employee is not involved in the sale of pull-tabs at that site.

(f) (i) At a leased site where an organization uses a paddlewheel consisting of 30 numbers or less or a tipboard consisting of 30 tickets or less, tickets may be sold throughout the permitted premises, but winning tickets must be redeemed, the paddlewheel must be located, and the tipboard seal must be opened within the leased premises.

[EFFECTIVE DATE.] This section is effective May 31, 2003, and applies to leases entered into or amended on and after that date.

Sec. 20. Minnesota Statutes 2002, section 349.19, subdivision 3, is amended to read:

Subd. 3. [EXPENDITURES.] (a) All expenditures of gross profits from lawful gambling must be itemized as to payee, purpose, amount, and date of payment, and must be in compliance with section 349.154. Authorization of the expenditures must be recorded in the monthly meeting

minutes of the licensed organization. Checks or authorizations for electronic fund transfers for expenditures of gross profits must be signed by at least two persons authorized by board rules to sign the checks. Expenditures of gross profits from lawful gambling for local, state, and federal taxes as identified in section 349.12, subdivision 25, paragraph (a), clause (8), may be: (1) transferred electronically from the organization's gambling account directly to bank accounts identified by local, state, or federal agencies if the organization's gambling account monthly bank statement specifically identifies the payee by name, the amount transferred, ~~the account number of the account into which the funds were transferred,~~ and the date of the transaction; or (2) transferred electronically to and from the account of a payroll processing firm that meets the criteria for such a firm established under section 349.168, subdivision 6. Expenditures of gross profits from lawful gambling as identified in section 349.12, subdivision 3a, and as authorized by section 349.15, subdivision 1, for utility payments for utilities, insurance, and payroll processing charges may be transferred electronically from the organization's gambling account directly to bank accounts identified by the utility vendor if the organization's gambling account monthly bank statement specifically identifies the payee by name, the amount transferred, the account number of the account into which the funds were transferred, and the date of the transaction. Electronic payments of local, state, and federal taxes and utility, payroll processing, or insurance payments are permitted only if they have been authorized by the membership, the organization maintains supporting documentation, and the expenditures can be verified.

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

Sec. 21. Minnesota Statutes 2002, section 609.761, subdivision 5, is amended to read:

Subd. 5. [HIGH SCHOOL RAFFLES.] Sections 609.755 and 609.76 do not prohibit a raffle, as defined in section 349.12, subdivision 33, conducted by a school district or a nonprofit organization organized primarily to support programs of a school district, if the following conditions are complied with:

(1) tickets for the raffle may only be sold and the drawing conducted at a high school event sponsored by a school district. All tickets must be sold for the same price;

(2) tickets may only be sold to persons 18 years of age or older attending the event;

(3) the drawing must be held during or immediately after the conclusion of the event; ~~and~~

(4) one-half of the gross receipts from the sale of tickets must be awarded as prizes for the raffle, and the remaining one-half may only be expended to defray the school district's costs of sending event participants to high school activities held at other locations; and

(5) if a school district's or nonprofit organization's gross receipts from the conduct of raffles exceeds \$12,000 in a calendar year or \$5,000 in a single raffle, the school district or organization must report the following information to the gambling control board annually: the total amount of gross receipts received, the total expenses for the raffles, the total prizes awarded, and an accounting of the expenditures from the gross receipts of the raffles.

Sec. 22. [REPEALER.]

Minnesota Statutes 2002, section 349.168, subdivision 9, is repealed."

Delete the title and insert:

"A bill for an act relating to lawful gambling; making various clarifying and technical changes; providing and modifying definitions; permitting resale of certain gambling equipment; providing for fees, prices, and prize limits; clarifying requirements for gambling managers and employees, premises, records and reports; clarifying conduct of high school raffles; amending Minnesota Statutes 2002, sections 349.12, subdivisions 19, 25, by adding subdivisions; 349.151, subdivision



4b; 349.161, subdivision 5; 349.166, subdivision 1; 349.167, subdivisions 4, 7; 349.168, subdivisions 1, 2, 6, by adding a subdivision; 349.169, subdivisions 1, 3; 349.18, subdivision 1; 349.19, subdivision 3; 609.761, subdivision 5; repealing Minnesota Statutes 2002, section 349.168, subdivision 9."

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. 997:** A bill for an act relating to state government; modifying practices and procedures relating to state finance; transferring state treasurer duties to the commissioner of finance; amending Minnesota Statutes 2002, sections 7.26; 15.62, subdivisions 2, 3; 16A.10, subdivisions 1, 2; 16A.11, subdivision 3; 16A.127, subdivision 4; 16A.1285, subdivision 3; 16A.129, subdivision 3; 16A.133, subdivision 1; 16A.27, subdivision 5; 16A.46; 16A.626; 16A.642, subdivision 1; 16D.09, subdivision 1; 16D.13, subdivisions 1, 2; 35.08; 35.09, subdivision 3; 49.24, subdivisions 13, 16; 84A.11; 84A.23, subdivision 4; 84A.33, subdivision 4; 84A.40; 85A.05, subdivision 2; 94.53; 115A.58, subdivision 2; 116.16, subdivision 4; 116.17, subdivision 2; 122A.21; 126C.72, subdivision 2; 127A.40; 161.05, subdivision 3; 161.07; 167.50, subdivision 2; 174.51, subdivision 2; 176.181, subdivision 2; 176.581; 190.11; 241.08, subdivision 1; 241.10; 241.13, subdivision 1; 244.19, subdivision 7; 245.697, subdivision 2a; 246.15, subdivision 1; 246.18, subdivision 1; 246.21; 276.11, subdivision 1; 280.29; 293.06; 299D.03, subdivision 5; 352.05; 352B.03, subdivision 2; 354.06, subdivision 3; 354.52, subdivision 5; 385.05; 475A.04; 475A.06, subdivision 2; 481.01; 490.123, subdivision 2; 525.161; 525.841; proposing coding for new law in Minnesota Statutes, chapter 16A; repealing Minnesota Statutes 2002, sections 7.21; 16A.06, subdivision 10; 16A.131, subdivision 1; 16D.03, subdivision 3; 16D.09, subdivision 2.

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

Page 2, delete section 3

Page 5, lines 9 to 19, delete the new language and reinstate the stricken language

Page 5, delete line 20 and insert "report to be submitted to the legislature on or before the"

Page 5, line 21, after the stricken "numbered" insert "November 30 in each even-numbered" and reinstate the stricken "year and to"

Page 5, lines 22 to 26, reinstate the stricken language

Page 6, after line 31, insert:

"Sec. 10. Minnesota Statutes 2002, section 16A.14, subdivision 3, is amended to read:

Subd. 3. [SPENDING PLAN.] An appropriation to an agency may not be made available for spending in the next allotment period until the agency has ~~submitted~~ met all the requirements related to the policies and procedures of the Minnesota accounting and procurement system. A spending plan shall be submitted by July 31 to the commissioner on the commissioner's form with. The spending plan must certify that: the amount required for each activity and each is accurate and is consistent with legislative intent; revenue estimates are reasonable; and the plan is structurally balanced, with all legal restrictions on spending having been met for the purpose for which money is to be spent. The spending plan must also be approved or modified by the commissioner and funds allotted for the plan before the money is made available.

Sec. 11. Minnesota Statutes 2002, section 16A.17, is amended by adding a subdivision to read:

Subd. 10. [DIRECT DEPOSIT.] Notwithstanding section 177.23, the commissioner may require direct deposit for all state employees who are being paid by the state payroll system.

Sec. 12. Minnesota Statutes 2002, section 16A.40, is amended to read:

## 16A.40 [WARRANTS AND ELECTRONIC FUND TRANSFERS.]

Money must not be paid out of the state treasury except upon the warrant of the commissioner or an electronic fund transfer approved by the commissioner. Warrants must be drawn on printed blanks that are in numerical order. The commissioner shall enter, in numerical order in a warrant register, the number, amount, date, and payee for every warrant issued.

~~The commissioner may require payees receiving more than ten payments or \$10,000 per year must to supply the commissioner with their bank routing information to enable the payments to be made through an electronic fund transfer."~~

Page 7, after line 16, insert:

"Sec. 14. Minnesota Statutes 2002, section 16A.501, is amended to read:

## 16A.501 [REPORT ON EXPENDITURE OF BOND PROCEEDS.]

The commissioner of finance must report annually to the legislature on the degree to which entities receiving appropriations for capital projects in previous omnibus capital improvement acts have encumbered or expended that money. The report must be submitted to the chairs of the house of representatives ways and means committee and the senate finance committee by ~~February~~ January 1 of each year."

Page 7, line 27, strike "February" and insert "January"

Page 8, line 4, strike "February" and insert "January"

Page 11, after line 5, insert:

"Sec. 20. [CARRYFORWARD.]

Notwithstanding Minnesota Statutes, section 16A.28, or other law to the contrary, funds encumbered by the judicial or executive branch for severance costs, unemployment compensation costs, and health, dental, and life insurance continuation costs resulting from state employee layoffs during the fiscal year ending June 30, 2003, may be carried forward and may be spent until January 1, 2004."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 9, after "1;" insert "16A.14, subdivision 3; 16A.17, by adding a subdivision;" and after "5;" insert "16A.40;" and after "16A.46;" insert "16A.501;"

Page 1, line 26, delete everything after the second semicolon

Page 1, line 27, delete everything before "repealing"

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

**Senator Betzold from the Committee on Judiciary, to which was re-referred**

**S.F. No. 878:** A bill for an act relating to property; modifying provisions relating to certificates of title to manufactured homes; amending Minnesota Statutes 2002, section 168A.141.

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 2002, section 168A.141, is amended to read:

168A.141 [MANUFACTURED HOME AFFIXED TO REAL ESTATE PROPERTY.]

Subdivision 1. [PROCEDURE CERTIFICATES SURRENDERED FOR CANCELLATION.] ~~The owner of~~ When a manufactured home which is affixed as an improvement, as defined in section 273.125, subdivision 8, paragraph (b), to real estate ~~may~~ property, and financed by the giving of a mortgage on the real property, the owner of the manufactured home shall surrender the ~~home's~~ manufacturer's certificate of origin or certificate of title to the department for cancellation. The owner of the manufactured home shall give the department the address and ~~location~~ legal description of the real estate property. The department may require the filing of other information. ~~The department must not issue a certificate of title for a manufactured home under chapter 168A if the manufacturer's certificate of origin is surrendered under this subdivision. Upon surrender of the manufacturer's certificate of origin or the certificate of title, the department shall issue an affidavit of surrender to the owner and the manufactured home is deemed to be an improvement to real property.~~

Subd. 2. [PERFECTED SECURITY INTEREST AVOIDS CANCELLATION.] The department may not cancel a certificate of title if a security interest has been perfected on the manufactured home. If a security interest has been perfected, the department shall notify the owner and each secured party that the certificate of title and a description of the security interest have been surrendered to the department and that the department will not cancel the certificate of title until the security interest is satisfied. Permanent attachment to real estate property does not extinguish an otherwise valid security interest in or tax lien on the manufactured home.

Subd. 3. [NOTICE OF SECURITY INTEREST AVOIDS SURRENDER.] The manufacturer's certificate of origin or the certificate of title need not be surrendered to the department under subdivision 1 when a perfected security interest exists on the manufactured home at the time the manufactured home is affixed to real property, if the owner of the manufactured home files a notice with the county recorder, or with the registrar of titles, if the land is registered, stating that the manufactured home located on the property is encumbered by a perfected security interest. The notice must state the name and address of the secured party as set forth on the certificate of title, the legal description of the real property, and the name and address of the record fee owner of the real property on which the manufactured home is affixed. When the security interest is released or satisfied, the secured party shall attach a copy of the release or satisfaction to a notice executed by the secured party containing the county recorder or registrar of titles document number of the notice of security interest. The notice of release or satisfaction must be filed with the county recorder, or registrar of titles, if the land is registered. Neither the notice described in this subdivision nor the security interest on the certificate of title is deemed to be an encumbrance on the real property.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective the day following enactment."

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

**Senator Betzold from the Committee on Judiciary, to which was re-referred**

**S.F. No. 1121:** A bill for an act relating to operation of state government; establishing the Minnesota False Claims Act; assessing penalties; proposing coding for new law as Minnesota Statutes, chapter 12A.

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

Page 1, delete lines 10 and 11

Page 1, line 12, delete "Subd. 2" and insert "Subdivision 1"

Page 1, delete line 24

Page 1, line 25, delete everything before "or"

Page 2, line 1, delete "(3)" and insert "(2)"

Page 2, line 9, delete the first comma and insert "or" and delete ", or political subdivision"

Page 2, line 10, delete "3" and insert "2"

Page 3, line 13, delete "title" and insert "section"

Page 3, line 21, delete "4" and insert "3"

Page 3, line 24, delete "5" and insert "4"

Page 3, line 35, delete "6" and insert "5"

Page 4, line 2, delete everything after "occurred"

Page 4, delete line 3

Page 4, line 4, delete everything before the period

Page 4, line 5, delete "7" and insert "6"

Page 4, line 9, delete "8" and insert "7"

Page 4, line 12, before the period, insert "except that a person found liable for treble damages to the state under this section shall not be liable for duplicative treble damages to the state under any other Minnesota statute"

Page 4, line 13, delete "9" and insert "8" and delete "Notwithstanding any other"

Page 4, delete line 14

Page 4, line 15, delete everything before "a"

Page 4, line 18, delete "or nolo contendere" and delete "stop" and insert "estop"

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

**Senator Betzold from the Committee on Judiciary, to which was re-referred**

**S.F. No. 163:** A bill for an act relating to Washington county; requiring disclosure of the Baytown special well construction area and its construction code before real property sales and development within that area.

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 2002, section 103I.235, subdivision 1, is amended to read:

Subdivision 1. [DISCLOSURE OF WELLS TO BUYER.] (a)(1) Before signing an agreement to sell or transfer real property, the seller must disclose in writing to the buyer information about the status and location of all known wells on the property, by delivering to the buyer either a statement by the seller that the seller does not know of any wells on the property, or a disclosure statement indicating the legal description and county, and a map drawn from available information showing the location of each well to the extent practicable. In the disclosure statement, the seller must indicate, for each well, whether the well is in use, not in use, or sealed.

(2) Before signing an agreement to sell or transfer real property in Washington county that is not served by a municipal water system, the seller must state in writing to the buyer whether, to the seller's knowledge, the property is located within a special well construction area designated by the commissioner of health under Minnesota Rules, part 4725.3650. If the disclosure under clause (1) states that there is an unsealed well on the property, the disclosure required under this clause must be made regardless of whether the property is served by a municipal water system.

(b) At the time of closing of the sale, the disclosure statement information required under paragraph (a), clause (1), name and mailing address of the buyer, and the quartile, section, township, and range in which each well is located must be provided on a well disclosure certificate signed by the seller or a person authorized to act on behalf of the seller.

(c) A well disclosure certificate need not be provided if the seller does not know of any wells on the property and the deed or other instrument of conveyance contains the statement: "The Seller certifies that the Seller does not know of any wells on the described real property."

(d) If a deed is given pursuant to a contract for deed, the well disclosure certificate required by this subdivision shall be signed by the buyer or a person authorized to act on behalf of the buyer. If the buyer knows of no wells on the property, a well disclosure certificate is not required if the following statement appears on the deed followed by the signature of the grantee or, if there is more than one grantee, the signature of at least one of the grantees: "The Grantee certifies that the Grantee does not know of any wells on the described real property." The statement and signature of the grantee may be on the front or back of the deed or on an attached sheet and an acknowledgment of the statement by the grantee is not required for the deed to be recordable.

(e) This subdivision does not apply to the sale, exchange, or transfer of real property:

(1) that consists solely of a sale or transfer of severed mineral interests; or

(2) that consists of an individual condominium unit as described in chapters 515 and 515B.

(f) For an area owned in common under chapter 515 or 515B the association or other responsible person must report to the commissioner by July 1, 1992, the location and status of all wells in the common area. The association or other responsible person must notify the commissioner within 30 days of any change in the reported status of wells.

(g) For real property sold by the state under section 92.67, the lessee at the time of the sale is responsible for compliance with this subdivision.

(h) If the seller fails to provide a required well disclosure certificate, the buyer, or a person authorized to act on behalf of the buyer, may sign a well disclosure certificate based on the information provided on the disclosure statement required by this section or based on other available information.

(i) A county recorder or registrar of titles may not record a deed or other instrument of conveyance dated after October 31, 1990, for which a certificate of value is required under section 272.115, or any deed or other instrument of conveyance dated after October 31, 1990, from a governmental body exempt from the payment of state deed tax, unless the deed or other instrument of conveyance contains the statement made in accordance with paragraph (c) or (d) or is accompanied by the well disclosure certificate containing all the information required by paragraph (b) or (d). The county recorder or registrar of titles must not accept a certificate unless it contains all the required information. The county recorder or registrar of titles shall note on each deed or other instrument of conveyance accompanied by a well disclosure certificate that the well disclosure certificate was received. The notation must include the statement "No wells on property" if the disclosure certificate states there are no wells on the property. The well disclosure certificate shall not be filed or recorded in the records maintained by the county recorder or registrar of titles. After noting "No wells on property" on the deed or other instrument of conveyance, the county recorder or registrar of titles shall destroy or return to the buyer the well disclosure certificate. The county recorder or registrar of titles shall collect from the buyer or the person seeking to record a deed or other instrument of conveyance, a fee of \$30 for receipt of a completed well disclosure certificate. By the tenth day of each month, the county recorder or registrar of titles shall transmit the well disclosure certificates to the commissioner of health. By the tenth day after the end of each calendar quarter, the county recorder or registrar of titles shall transmit to the commissioner of health \$27.50 of the fee for each well disclosure certificate received during the quarter. The commissioner shall maintain the well disclosure certificate for at least six years. The commissioner may store the certificate as an electronic image. A copy of that image shall be as valid as the original.

(j) No new well disclosure certificate is required under this subdivision if the buyer or seller, or a person authorized to act on behalf of the buyer or seller, certifies on the deed or other instrument of conveyance that the status and number of wells on the property have not changed since the last previously filed well disclosure certificate. The following statement, if followed by the signature of the person making the statement, is sufficient to comply with the certification requirement of this paragraph: "I am familiar with the property described in this instrument and I certify that the status and number of wells on the described real property have not changed since the last previously filed well disclosure certificate." The certification and signature may be on the front or back of the deed or on an attached sheet and an acknowledgment of the statement is not required for the deed or other instrument of conveyance to be recordable.

(k) The commissioner in consultation with county recorders shall prescribe the form for a well disclosure certificate and provide well disclosure certificate forms to county recorders and registrars of titles and other interested persons.

(l) Failure to comply with a requirement of this subdivision does not impair:

(1) the validity of a deed or other instrument of conveyance as between the parties to the deed or instrument or as to any other person who otherwise would be bound by the deed or instrument; or

(2) the record, as notice, of any deed or other instrument of conveyance accepted for filing or recording contrary to the provisions of this subdivision.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective January 1, 2004, and applies to transactions for which purchase agreements are entered into on or after that date."

Delete the title and insert:

"A bill for an act relating to real estate; requiring a disclosure in connection with the sale of certain real property in Washington county; amending Minnesota Statutes 2002, section 103I.235, subdivision 1."

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

**Senator Hottinger, from the Committee on Rules and Administration, to which was referred**

**H.F. No. 1374** for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

| GENERAL ORDERS |          | CONSENT CALENDAR |          | CALENDAR |          |
|----------------|----------|------------------|----------|----------|----------|
| H.F. No.       | S.F. No. | H.F. No.         | S.F. No. | H.F. No. | S.F. No. |
|                |          | 1374             | 1263     |          |          |

Pursuant to Rule 45, the Committee on Rules and Administration recommends that H.F. No. 1374 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1374 and insert the language after the enacting clause of S.F. No. 1263, the first engrossment; further, delete the title of H.F. No. 1374 and insert the title of S.F. No. 1263, the first engrossment.

And when so amended H.F. No. 1374 will be identical to S.F. No. 1263, and further recommends that H.F. No. 1374 be substituted for S.F. No. 1263, and that the Senate File be indefinitely postponed.

Pursuant to Rule 45, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

**Senator Langseth from the Committee on Capital Investment, to which was re-referred**

**S.F. No. 2:** A bill for an act relating to capital improvements; authorizing spending to acquire and better public land and buildings and other public improvements of a capital nature with certain conditions; requiring certain studies and reports; authorizing sale of state bonds; appropriating money.

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

Delete everything after the enacting clause and insert:

"ARTICLE 1  
CAPITAL IMPROVEMENTS

Section 1. [CAPITAL IMPROVEMENT APPROPRIATIONS.]

The sums in the column under "APPROPRIATIONS" are appropriated from the bond proceeds fund, or another named fund, to the state agencies or officials indicated, to be spent for public purposes. Appropriations of bond proceeds must be spent as authorized by the Minnesota Constitution, article XI, section 5, paragraph (a), to acquire and better public land and buildings and other public improvements of a capital nature, or as authorized by article XI, section 5, paragraphs (b) to (j), or article XIV. Unless otherwise specified, the appropriations in this article are available until the project is completed or abandoned.

SUMMARY

|   |               |
|---|---------------|
| UNIVERSITY OF MINNESOTA                           | \$48,308,000  |
| MINNESOTA STATE COLLEGES AND UNIVERSITIES         | 69,716,000    |
| CHILDREN, FAMILIES, AND LEARNING                  | 25,700,000    |
| NATURAL RESOURCES                                 | 35,317,000    |
| OFFICE OF ENVIRONMENTAL ASSISTANCE                | 3,600,000     |
| BOARD OF WATER AND SOIL RESOURCES                 | 8,250,000     |
| AGRICULTURE                                       | 292,000       |
| ZOOLOGICAL GARDENS                                | 8,184,000     |
| ADMINISTRATION                                    | 4,991,000     |
| AMATEUR SPORTS COMMISSION                         | 8,250,000     |
| ARTS  | 32,000,000    |
| MILITARY AFFAIRS                                  | 500,000       |
| TRANSPORTATION                                    | 57,500,000    |
| METROPOLITAN COUNCIL                              | 10,500,000    |
| HEALTH  | 775,000       |
| HUMAN SERVICES                                    | 6,680,000     |
| CORRECTIONS                                       | 1,550,000     |
| TRADE AND ECONOMIC DEVELOPMENT                    | 68,650,000    |
| IRON RANGE RESOURCES AND REHABILITATION BOARD     | 1,500,000     |
| MINNESOTA HISTORICAL SOCIETY                      | 725,000       |
| BOND SALE EXPENSES                                | 402,000       |
| TOTAL   | \$393,390,000 |
| Bond Proceeds Fund<br>(General Fund Debt Service) | 363,088,000   |

|  |            |
|--|------------|
| Bond Proceeds Fund<br>(User Financed Debt Service) | 27,502,000 |
| General Fund                                       | 2,800,000  |

APPROPRIATIONS  
\$

Sec. 2. UNIVERSITY OF MINNESOTA

|  |            |
|--|------------|
| Subdivision 1. To the board of regents<br>of the University of Minnesota for the<br>purposes specified in this section | 48,308,000 |
|--|------------|

Subd. 2. Twin Cities - Minneapolis

|                |           |
|----------------|-----------|
| (a) Jones Hall | 8,000,000 |
|----------------|-----------|

To renovate Jones Hall on the Minneapolis campus.

The board of regents may use the single-phase design-build method described in Minnesota Statutes, section 16C.31, subdivision 6, paragraph (c), to implement this project.

|                                     |            |
|-------------------------------------|------------|
| (b) Translational Research Facility | 24,700,000 |
|-------------------------------------|------------|

To design, construct, furnish, and equip the Translational Research Facility, an addition to the Lyons Research Lab building on the Minneapolis campus.

This appropriation is not available until the commissioner of finance has determined that at least \$12,300,000 has been committed from nonstate sources.

The board of regents may use the two-phase design-build method described in Minnesota Statutes, section 16C.31, to implement this project.

|                                    |           |
|------------------------------------|-----------|
| (c) Teaching and Technology Center | 3,000,000 |
|------------------------------------|-----------|

To predesign and design a teaching and technology center for the Institute of Technology.

Subd. 3. Twin Cities - St. Paul

|                                  |           |
|----------------------------------|-----------|
| Veterinary Diagnostic Laboratory | 1,500,000 |
|----------------------------------|-----------|

To renovate and upgrade the veterinary diagnostic laboratory to provide additional laboratory space for a veterinary molecular diagnostic laboratory. The renovation and upgrade must include space for molecular diagnostic testing for paratuberculosis (Johne's disease), porcine reproductive and respiratory syndrome virus in swine, avian pneumovirus in turkeys, bovine mastitis, and emerging and foreign animal diseases.



## Subd. 4. Morris

8,600,000

To design, renovate, furnish, and equip the social science building to correct building code deficiencies, remodel the interior, install new windows, upgrade the building's mechanical and electrical systems, replace the roof, and construct an addition over the existing auditorium wing to create space for faculty offices, and to install fire protection systems in three student housing facilities.

This appropriation is not available until the commissioner of finance has determined that at least \$400,000 has been committed from nonstate sources.

## Subd. 5. Research and Outreach Centers

2,508,000

To acquire land and design, construct, furnish, and equip facilities at research and outreach centers. Projects funded by this appropriation include:

(1) research laboratory and office space at the Northwest ROC at Crookston;

(2) an addition to the aspen/larch genetics laboratory at the North Central ROC at Grand Rapids and acquisition of land for the development of two test planting sites to conduct research on fast growing trees;

(3) an addition to the administration building at the Southern ROC at Waseca; and

(4) of this amount, \$70,000 is to construct an environmentally friendly swine farrowing demonstration facility at the West Central ROC, subject to Minnesota Statutes, section 16A.695.

## Subd. 6. Debt Service

(a) The board of regents shall pay the debt service on one-third of the principal amount of state bonds sold to finance projects authorized by this section, except that, where a nonstate match is required, the debt service is due on a principal amount equal to one-third of the total project cost, less the match committed before the bonds are sold. After each sale of general obligation bonds, the commissioner of finance shall notify the board of regents of the amounts assessed for each year for the life of the bonds.

(b) The commissioner shall reduce the board's assessment each year by one-third of the net income from investment of general obligation bond proceeds in proportion to the amount of

principal and interest otherwise required to be paid by the board. The board shall pay its resulting net assessment to the commissioner of finance by December 1 each year. If the board fails to make a payment when due, the commissioner of finance shall reduce allotments for appropriations from the general fund otherwise available to the board and apply the amount of the reduction to cover the missed debt service payment. The commissioner of finance shall credit the payments received from the board to the bond debt service account in the state bond fund each December 1 before money is transferred from the general fund under Minnesota Statutes, section 16A.641, subdivision 10.

#### Subd. 7. Contingencies

The commissioner of finance must combine into one account, under the control of the board of regents, the portion of each appropriation in this section that is attributable to the amount budgeted for contingencies for projects in this section. The board must manage the account to pay for exceptional but necessary costs of projects authorized in this section. Upon substantial completion or abandonment of all projects authorized in this section, the board must use any funds remaining in the contingency account for HEAPR under Minnesota Statutes, section 135A.046. The board of regents must report by February 1 of each even-numbered year to the chairs of the house and senate committees with jurisdiction over capital investments and higher education finance, and to the chairs of the house ways and means committee and the senate finance committee on how the money in the contingency account has been allocated or spent.

### Sec. 3. MINNESOTA STATE COLLEGES AND UNIVERSITIES

Subdivision 1. To the board of trustees of the Minnesota state colleges and universities for the purposes specified in this section

69,716,000

Subd. 2. Higher Education Asset Preservation and Replacement

10,000,000

(a) This appropriation is for the purposes specified in Minnesota Statutes, section 135A.046, including safety and statutory compliance, envelope integrity, mechanical systems, and space restoration.

(b) The unspent portion of an appropriation, but not to exceed ten percent of the appropriation, for a project in this section that is complete, is available for higher education asset preservation and replacement under this subdivision, at the same campus as the project for which the original appropriation was made and the debt service requirement under subdivision 20 is reduced accordingly. Minnesota Statutes, section 16A.642, applies from the date of the original appropriation to the unspent amount transferred.

Subd. 3. Bemidji State University 1,000,000

To design the colocation of the emerging technologies and health care programs of Bemidji state university and Northwest technical college.

Subd. 4. Dakota Technical College 500,000

To design the renovation of the west side of the main campus facility to create an information technology and telecommunications center of excellence and an integrated library and library information technology center.

Subd. 5. Fergus Falls  
Community College 760,000

To design, construct, furnish, and equip an expansion of the existing maintenance shop.

To design an addition to link Administration and Fine Arts to provide a one-stop student service shop, smart classrooms, open computer laboratories; design renovation to provide space for technology support next to the library; and design asset preservation work.

Subd. 6. Hennepin Technical College 2,000,000

To design, renovate, furnish, and equip existing space at the Brooklyn Park and Eden Prairie campuses.

Subd. 7. Inver Hills Community  
College 500,000

To design renovation of existing space and construction of an addition to create a one-stop student services shop; enlarge and collocate central services, the bookstore, and a new loading dock; upgrade mechanical systems; and provide a welcoming front door and help desk for the campus.

Subd. 8. Lake Superior Community  
and Technical College 700,000

To design a student center addition to house a

consolidated system of student services, smart classrooms, and open laboratories.

Subd. 9. Minnesota State University -  
Mankato - Phase 3

8,400,000

To renovate, furnish, and equip Otto Arena and adjacent areas to provide a student fitness facility.

Subd. 10. Minnesota West Community and  
Technical College at Worthington

6,300,000

To design, construct, furnish, and equip a one-stop student services shop and welcome counter addition.

To design, renovate, furnish, and equip two science laboratories and associated preparation, storage, and office spaces.

To design, renovate, furnish, and equip consolidated nursing and allied health department and other classroom spaces.

Subd. 11. Northeast Higher Education  
District - Virginia

5,496,000

To design, renovate, and equip science laboratories, a learning resource center, a student commons, and classrooms, including technology equipped classrooms, and construct new loading dock and driveway.

Subd. 12. Northwest Technical College -  
Moorhead Campus

400,000

To design the renovation of existing facilities and design new facilities for an allied health and applied technology laboratory and support facilities.

Subd. 13. Ridgewater Community and  
Technical College

2,880,000

To design, renovate, furnish, and equip existing chemistry, physics, and biology laboratories and convert a classroom into a geology laboratory on the Willmar campus.

To design, renovate, furnish, and equip interior space to convert obsolete applied laboratory space on the Hutchinson campus into chemistry, physics, and biology laboratories.

Subd. 14. South Central Technical  
College

300,000

To design renovation of teaching laboratories at the North Mankato campus and design asset preservation at the Faribault campus.

Subd. 15. Southeast Technical  
College

580,000

To design, renovate, furnish, and equip a one-stop student services area and workforce center entrance at Winona.

To design the renovation of a one-stop student services area and student center entrance at Red Wing.

Subd. 16. Southwest State University 9,200,000

To renovate and reconfigure, furnish, and equip the library and construct a new entrance.

Subd. 17. St. Cloud State University 10,000,000

To design the renovation of Centennial Hall and to renovate, furnish, and equip the renovation of Centennial Hall and its conversion from library to classroom use and to design the code correction and renovation of Riverview Hall. This appropriation may also be used for design of the renovation of Brown Hall and Eastman Hall.

Subd. 18. St. Cloud Technical College 700,000

To design the construction of a multistory building connected to the existing facility and the renovation of part of "G" wing.

Subd. 19. Land Acquisition 10,000,000

To acquire real property near the state college and university campuses from willing sellers.

Subd. 20. Debt Service

(a) The board shall pay the debt service on one-third of the principal amount of state bonds sold to finance projects authorized by this section, except that, where a nonstate match is required, the debt service is due on a principal amount equal to one-third of the total project cost, less the match committed before the bonds are sold. After each sale of general obligation bonds, the commissioner of finance shall notify the board of the amounts assessed for each year for the life of the bonds.

(b) The commissioner shall reduce the board's assessment each year by one-third of the net income from investment of general obligation bond proceeds in proportion to the amount of principal and interest otherwise required to be paid by the board. The board shall pay its resulting net assessment to the commissioner of finance by December 1 each year. If the board fails to make a payment when due, the commissioner of finance shall reduce allotments for appropriations from the general fund otherwise available to the board and apply the

amount of the reduction to cover the missed debt service payment. The commissioner of finance shall credit the payments received from the board to the bond debt service account in the state bond fund each December 1 before money is transferred from the general fund under Minnesota Statutes, section 16A.641, subdivision 10.

#### Subd. 21. Contingencies

The commissioner of finance must combine into one account, under the control of the board of trustees, the portion of each appropriation in this section that is attributable to the amount budgeted for contingencies for projects in this section. The board must manage the account to pay for exceptional but necessary costs of projects authorized in this section. Upon substantial completion or abandonment of all projects authorized in this section, the board must use any funds remaining in the contingency account for HEAPR under Minnesota Statutes, section 135A.046. The board of trustees must report by February 1 of each even-numbered year to the chairs of the house and senate committees with jurisdiction over capital investments and higher education finance, and to the chairs of the house ways and means committee and the senate finance committee on how the money in the contingency account has been allocated or spent.

### Sec. 4. CHILDREN, FAMILIES, AND LEARNING

Subdivision 1. To the commissioner of children, families, and learning for the purposes specified in this section

25,700,000

Subd. 2. Southwest Integration  
Magnet Schools

1,000,000

For a grant in accordance with the metropolitan magnet school grant program under Minnesota Statutes, section 124D.88, to the West Metro Education Program joint powers board to acquire land, prepare a site, predesign, and design a new building for the Southwest Integration Magnet School in St. Louis Park, to serve a population of approximately 500 kindergarten through grade 8 students.

Subd. 3. Library Access Grants

1,000,000

For library access grants under Minnesota Statutes, section 134.45, to remove architectural barriers from a library building or site.

Subd. 4. Minnesota  
Planetarium

9,500,000

For a grant to the city of Minneapolis to design, construct, furnish, and equip a new Minnesota planetarium, subject to Minnesota Statutes, section 16A.695.

This appropriation is not available until the commissioner has determined that at least an equal amount has been committed from nonstate sources. The proportional share of the in-kind contributions for the planetarium of land, parking facilities, skyways, and municipal infrastructure for the planetarium may be counted as part of the match. The proportional share of the costs to the city of constructing mechanical and electrical systems, common areas, service areas, freight elevators, and walls and roofs for the planetarium shared with the Minneapolis library and included in the costs of constructing the library may also be counted as part of the match.

The legislature intends not to appropriate additional money to construct the planetarium until at least \$4,000,000 in cash contributions have been committed to the project from other than state or local government funds.

Subd. 5. Asian Community Center

1,000,000

For a grant to the city of St. Paul to design, construct, furnish, and equip an Asian community center, subject to Minnesota Statutes, section 16A.695.

This appropriation is not available until the commissioner has determined that at least an equal amount has been committed from nonstate sources.

Subd. 6. Colin Powell Youth  
Leadership Center

700,000

For a grant to Hennepin county to acquire land for and to design, construct, furnish, and equip the Colin Powell Youth Leadership center in Minneapolis, subject to Minnesota Statutes, section 16A.695. The center will include a national guard drill area; an education wing, including a computer lab; a multipurpose arts facility; a community education space; a nutrition education and cooking skills work-preparation area; and four new basketball courts.

This appropriation is not available until the commissioner has determined that at least an equal amount has been committed from nonstate sources.

Subd. 7. Paul and Sheila Wellstone  
Center for Community Building

5,000,000

For a grant to the city of St. Paul to acquire land for and to design, construct, furnish, and equip the Paul and Sheila Wellstone center for community building. The city may enter into a lease or management agreement for the center, subject to Minnesota Statutes, section 16A.695.

This appropriation is not available until the commissioner has determined that at least an equal amount has been committed from nonstate sources.

Subd. 8. Trollwood

Performing Arts School

5,500,000

For a grant to the city of Moorhead to acquire land for and to design, construct, furnish, and equip Trollwood Arts Village in the city of Moorhead, subject to Minnesota Statutes, section 16A.695. Trollwood must be available to regional arts groups.

This appropriation is not available until the commissioner has determined that at least an equal amount has been committed from nonstate sources.

Subd. 9. Early Childhood Learning  
and Child Protection Facilities

2,000,000

For grants to construct or rehabilitate facilities for programs under Minnesota Statutes, section 119A.45.

Sec. 5. NATURAL RESOURCES

Subdivision 1. To the  
commissioner of natural resources  
for the purposes specified  
in this section

35,317,000

Subd. 2. State Park Initiative

4,500,000

\$1,600,000 is for improvements and betterments of a capital nature to develop the Big Bog state recreation area, including constructing, furnishing, and equipping a visitors center.

\$2,900,000 is for improvements and betterments of a capital nature to develop the Red River state recreation area, including construction of a visitors center.

Subd. 3. State Park and Recreation Area  
Acquisition

3,000,000

For acquisition of land under Minnesota Statutes, section 86A.05, subdivision 2, from willing sellers of private lands within state park and recreation area boundaries established by law.

Subd. 4. Metro Regional Park Acquisition  
and Betterment

2,700,000



For a grant to the metropolitan council to complete renovation of the Como Park conservatory under phase 2. The project must include renovation of the fern room and construction of a bonsai collection space, an orchid growing and display house, and a children's activity zone, as well as corridors and connections to the education resource building.

Subd. 5. Regional Parks:  
Greater Minnesota

4,000,000

For grants to public regional parks organizations located outside the metropolitan area as defined in Minnesota Statutes, section 473.121, subdivision 2, to acquire land, design, and construct and redevelop regional parks and trails, open space, and recreational facilities. The improvements must be of a capital nature. A greater Minnesota regional parks organization with a project previously funded through the regional parks program, whether with bond funds or other funds, at less than the total eligible amount may reapply for the total eligible amount from this appropriation. If it is awarded, the organization must return the original grant award. Each \$3 of state grants must be matched by \$2 of nonstate funds.

Subd. 6. Reforestation

1,500,000

For improvements authorized under the Minnesota Constitution, article XI, section 5, clause (f). To increase reforestation activities to meet the reforestation requirements of Minnesota Statutes, section 89.002, subdivision 2, including planting, seeding, site preparation, purchasing tree seeds and seedlings, improving forest stands, and protecting plantations.

Subd. 7. State Forest Land Acquisition

500,000

To acquire private lands from willing sellers within established boundaries of state forests throughout the state under Minnesota Statutes, section 86A.05, subdivision 7.

Subd. 8. State Trail Acquisition  
and Development

2,750,000

To acquire, develop, and renovate state trails as specified in Minnesota Statutes, section 85.015.

\$725,000 is for the Gitchi-Gami trail.

\$450,000 is for the Shooting Star trail.

\$600,000 is for a grant to the city of Austin to acquire land for the Blazing Star trail.

\$475,000 is for the Goodhue Pioneer trail.

\$500,000 is to connect the portions of the Paul Bunyan trail in the city of Bemidji, including constructing an underpass. This appropriation is not available until the commissioner has determined that an equal amount has been committed by the city of Bemidji.

Subd. 9. Trail Connections

1,857,000

For matching grants under Minnesota Statutes, section 85.019, subdivision 4c, including a grant to the city of St. Louis Park to design and construct a grade separated pedestrian and regional trail crossing over CSAH No. 25/Trunk Highway 7 at Trunk Highway 100 to connect the Cedar Lake Regional Trail and the Southwest LRT Regional Trail, a grant to the city of New Ulm to connect the city trail to Flandrau state park, and a grant to Stearns county for the Lake Koronis trail.

The commissioner shall determine other project priorities as appropriate based on need.

Subd. 10. Metro Greenways and Natural Areas

1,000,000

To provide grants to local units of government for acquisition or betterment of greenways and natural areas in the metro region and to acquire greenways and natural areas in the metro region through the purchase of conservation easements or fee titles. The commissioner shall determine the project priorities and shall consult with representatives of local units of government, nonprofit organizations, and other interested parties.

Subd. 11. Lewis and Clark Rural Water System

180,000

This appropriation is from the general fund.

For a grant to the Lewis and Clark joint powers board to acquire land for, and to predesign, design, construct, furnish, and equip, a rural water system to serve southwestern Minnesota. This appropriation is available when matched by \$8 of federal money and \$1 of local money for each \$1 of state money.

Subd. 12. Red Rock Rural Water System

125,000

For a grant to the Red Rock rural water system to acquire land, predesign, design, construct, and equip the southwest Minnesota regional water supply project. This appropriation is not available until at least an equal amount of

nonstate money has been committed to the project.

Subd. 13. Dam Improvements 1,150,000

Of this amount, up to \$100,000 is for a grant to Blue Earth county for renovation of the Rapidan dam. This grant is not available until at least an equal amount is committed to the project from nonstate sources.

Up to \$1,050,000 is for a grant to the city of Crookston for phases 2 and 3 of the Red Lake River restoration and habitat improvement project.

Subd. 14. Flood Hazard Mitigation Grants 2,655,000

For the state share of flood hazard mitigation grants for publicly owned capital improvements to prevent or alleviate flood damage under Minnesota Statutes, section 103F.161.

This appropriation includes money for the following projects: Warren, Hay Creek, and the Marsh Creek project in the Wild Rice River watershed district.

To the extent that the cost of the project in Warren exceeds two percent of the median household income in the municipality multiplied by the number of households in the municipality, this appropriation is also for the local share of the project.

Subd. 15. Stream Protection and Restoration 1,000,000

For the design and implementation of stream restoration projects that employ natural channel design principles.

Subd. 16. Water Access Acquisition and Development 1,500,000

For public water access acquisition, construction, and renovation to capital projects on lakes and rivers, including construction of a fishing pier at Blue Mound state park and other water access through the provision of fishing piers and shoreline access under Minnesota Statutes, section 86A.05, subdivision 9.

Subd. 17. Lake Superior Safe Harbor 1,100,000

To complete construction of the public access at McQuade Road on Lake Superior in cooperation with the U.S. Army Corps of Engineers and the joint powers board made up of the city of Duluth, St. Louis county, the town of Duluth, and the town of Lakewood.

Subd. 18. Fish Hatchery  
Improvements

300,000

For improvements of a capital nature to design, construct, renovate, furnish, and equip fish culture facilities under Minnesota Statutes, section 97A.045, subdivision 1.

Subd. 19. Fisheries Acquisition  
and Improvement

500,000

To acquire aquatic management areas and to make public improvements and betterments of a capital nature to fish habitat under Minnesota Statutes, section 86A.05, subdivision 14.

Subd. 20. Scientific and Natural Area  
Acquisition and Improvement

2,500,000

To acquire land for scientific and natural areas and for development, protection, or improvements of a capital nature to scientific and natural areas throughout the state under Minnesota Statutes, sections 84.033 and 86A.05, subdivision 5.

Up to \$1,500,000 is to acquire and make improvements of a capital nature to restore and develop the Seminary fen in the Assumption creek watershed in Carver county. The commissioner shall manage the Seminary fen in accordance with Minnesota Statutes, chapter 86A, in part as an aquatic management area, in part as a scientific and natural area, and in part as a wildlife management area.

Subd. 21. Natural and Scenic Area  
Land Acquisition Grants

1,000,000

For matching grants to local units of government to acquire and better local natural and scenic areas under Minnesota Statutes, section 85.019, subdivision 4a. The commissioner shall determine project priorities as appropriate based on project significance and need.

Subd. 22. Native Prairie  
Bank Easements

1,000,000

For acquisition of native prairie bank easements under Minnesota Statutes, section 84.96.

Subd. 23. National Eagle Center

500,000

To the commissioner of administration for a grant to the city of Wabasha to construct the National Eagle Center. The city of Wabasha may enter into a lease or management agreement with a nonprofit corporation under Minnesota Statutes, section 16A.695. This appropriation is not available until at least \$1,000,000 has been committed from nonstate sources.

Sec. 6. OFFICE OF ENVIRONMENTAL ASSISTANCE

Subdivision 1. To the office of environmental assistance for the purposes specified in this section

3,600,000

Subd. 2. Solid Waste Capital Assistance Grants

3,600,000

To the office of environmental assistance for the solid waste capital assistance grants program under Minnesota Statutes, section 115A.54. Grants from this appropriation must be awarded to applicants whose applications were on file with the office before January 1, 2002. The office must give priority for grants to projects that expand processing capacity.

Sec. 7. BOARD OF WATER AND SOIL RESOURCES

Subdivision 1. To the board of water and soil resources for the purposes specified in this section

8,250,000

Subd. 2. RIM Conservation Easements

2,000,000

This appropriation is to acquire conservation easements from landowners on marginal lands to protect soil and water quality and to support fish and wildlife habitat as provided in Minnesota Statutes, section 103F.515.

Subd. 3. Shoreland Protection Program

750,000

To acquire conservation easements in environmentally sensitive lake and river shoreland areas from private landowners. The board may award grants to local soil and water conservation districts and participating local units of government to accomplish the purposes of this program in accordance with Minnesota Statutes, section 103F.225.

\$100,000 of this amount may be used to administer the program.

Subd. 4. Wetland Replacement Due to Public Road Projects

2,700,000

To acquire land for wetlands or restore wetlands to be used to replace wetlands drained or filled as a result of the repair, maintenance, or rehabilitation of existing public roads as required by Minnesota Statutes, section 103G.222, subdivision 1, paragraph (l).

The purchase price paid for acquisition of land, fee, or perpetual easement must be the fair market value as determined by the board. The

board may enter into agreements with the federal government, other state agencies, political subdivisions, and nonprofit organizations or fee owners to acquire land and restore and create wetlands and to acquire existing wetland banking credits with money provided by this appropriation. Acquisition of or the conveyance of land may be in the name of the political subdivision.

Subd. 5. Lazarus Creek

1,500,000

For a grant to Area II Minnesota River Basin Projects, Inc. for construction of the LQP-25/Lazarus Creek floodwater retention project. The grant may not exceed 75 percent of the project's cost. The remaining share must be provided by Area II Minnesota River Basin Projects, Inc.

Subd. 6. Stillwater -  
Brown's Creek

1,300,000

For a grant to the city of Stillwater to provide environmental protection capital improvements for Brown's Creek.

Sec. 8. AGRICULTURE

Subdivision 1. To the commissioner of administration for the purposes specified in this section

292,000

Subd. 2. Expansion of Metro  
Greenhouse and Storage Bay

292,000

To design, construct, furnish, and equip an expansion of the greenhouse facility owned by the department of agriculture on the campus of Metropolitan State University in St. Paul.

Sec. 9. MINNESOTA ZOOLOGICAL  
GARDENS

Subdivision 1. To the Minnesota Zoological Gardens for the purposes specified in this section

8,184,000

Subd. 2. Phase 1 of Master Plan

8,184,000

To plan, design, construct, furnish, and equip zoo facilities consistent with phase 1 of the facilities and business master plan for the Gateway to the North Trail. Up to \$1,000,000 of this appropriation may be used to design other components of Phase 1.

This appropriation is not available until the commissioner of finance has determined that additional money at least equal to 25 percent of the appropriated amount has been committed to

the project from nonstate sources. Nonstate money spent after January 1, 2003, for phase 1 of the master plan must be counted as meeting the match requirement.

#### Sec. 10. ADMINISTRATION

Subdivision 1. To the commissioner of administration for the purposes specified in this section

4,991,000

Subd. 2. Renovate Governor's Residence

4,291,000

To design, renovate, furnish, and equip the Governor's residence in St. Paul. \$45,000 is from the general fund for relocation expenses.

Subd. 3. Government Services Center

700,000

To predesign in Olmsted county a government services facility to colocate federal, state, and local government offices, to the extent that the predesign determines their colocation to be feasible and practical. Participating agencies to be evaluated in the predesign must include, but need not be limited to, the city of Rochester; Olmsted county; the state departments of natural resources, commerce, economic security, health, pollution control, revenue, and the board of water and soil resources; and appropriate federal agencies.

#### Sec. 11. AMATEUR SPORTS COMMISSION

Subdivision 1. To the amateur sports commission for the purposes specified in this section

8,250,000

Subd. 2. Sports Conference Center

5,000,000

To construct, furnish, and equip a sports conference center on the campus of the National Sports Center and for related capital development costs, subject to Minnesota Statutes, section 16A.695.

Subd. 3. National Volleyball Center - Phase 2

3,000,000

To design, construct, furnish, and equip Phase 2 of the National Volleyball Center in Rochester.

Subd. 4. Mount Itasca Biathlon Training Facility

250,000

To complete construction of the Mount Itasca biathlon training project. This appropriation is not available until at least an equal amount has been committed to the project from nonstate sources.

## Sec. 12. ARTS

Subdivision 1. To the commissioner of administration for the purposes specified in this section

32,000,000

Subd. 2. Bloomington -  
Bloomington Center for the Arts

1,000,000

This appropriation is from the general fund.

For a grant to the city of Bloomington to furnish and equip a new multipurpose public arts facility to facilitate the economic development, education, and cultural activities in the city of Bloomington that will serve the southern and southwest metropolitan areas.

This appropriation is not available until the commissioner has determined that at least an equal amount has been committed from nonstate sources.

Subd. 3. Minneapolis -  
Children's Theatre Company

5,000,000

For a grant to Hennepin county to design, construct, furnish, and equip an expansion of the Children's Theatre Company's current facility. Hennepin county may enter into a lease or management agreement for operation of the theater, subject to Minnesota Statutes, section 16A.695.

This appropriation is not available until the commissioner has determined that at least an equal amount has been committed from nonstate sources.

Subd. 4. Minneapolis -  
Guthrie Theater

26,000,000

For a grant to the Minneapolis community development agency to acquire and prepare a site for and to design, construct, furnish, and equip a new Guthrie Theater in the city of Minneapolis. The Minneapolis community development agency may enter into a lease or management agreement for the theater, subject to Minnesota Statutes, section 16A.695.

This appropriation is not available until the commissioner has determined that at least an equal amount has been committed from nonstate sources.

## Sec. 13. MILITARY AFFAIRS

Subdivision 1. To the adjutant general for the purposes specified in this section

500,000



Subd. 2. Camp Ripley Antiterrorism  
Facility

500,000

For predesign of a joint military/law enforcement  
antiterrorism training facility at Camp Ripley.

Sec. 14. TRANSPORTATION

Subdivision 1. To the  
commissioner of transportation for  
the purposes specified in this section

57,500,000

Subd. 2. Local Road Improvement Program

20,000,000

Of this appropriation:

(1) \$10,000,000 is for deposit in the trunk  
highway corridor projects account in the local  
road improvement fund under Minnesota  
Statutes, section 174.52, subdivision 2.

(2) \$10,000,000 is for deposit in the local road  
account for routes of regional significance in the  
local road improvement fund under Minnesota  
Statutes, section 174.52, subdivision 4.

Subd. 3. Town Road Sign Replacement

1,000,000

For grants to political subdivisions to pay the  
local share of costs of town road sign  
replacement under the Federal Highway  
Administration's Hazard Elimination Program.  
Grants under this subdivision may only be used  
for the purchase of signs that conform to the  
commissioner of transportation's uniform  
manual of traffic control devices, including  
applicable reflective sheeting requirements, and  
that have a useful life of at least 20 years.

Subd. 4. Duluth Aerial  
Lift Bridge

1,000,000

For a grant to the city of Duluth for capital  
restoration of the aerial lift bridge. This  
appropriation is available when matched by \$1 of  
money secured or provided by the city of Duluth  
for each \$1 of state money.

Subd. 5. Port Development Assistance

3,000,000

For grants under Minnesota Statutes, sections  
457A.01 to 457A.06. Any improvements made  
with the proceeds of these grants must be  
publicly owned.

Subd. 6. Freight Access Improvements

7,000,000

Each grant is not available until the  
commissioner has determined that at least an  
equal amount has been committed from any  
combination of municipal state-aid money and  
nonstate sources. The state share may be

allocated to any one or more of the project elements, with the nonstate money used to complete any elements not completed with state money.

\$3,500,000 is for a grant to the city of Savage to improve highway access to the ports of Savage. The improvements may include local frontage roads, access consolidations, road closures, new signals, and acceleration and deceleration lanes.

\$3,500,000 is for a grant to the port authority of Winona to construct intermodal improvements at the Winona harbor. The improvements may include commercial harbor dredging, overpass construction, street widening, signal installation, and intersection reconstruction.

Subd. 7. Greater Minnesota  
Transit Facilities

2,000,000

For capital assistance for greater Minnesota transit systems to be used for transit capital facilities. Money from this appropriation may be used to pay up to 80 percent of the nonfederal share of these facilities.

Subd. 8. North Star Commuter Rail

10,000,000

To acquire real property and lease right-of-way for, and to plan, design, engineer, construct, and equip a commuter rail line between the city of Rice and downtown Minneapolis.

This appropriation must be spent for purposes as set forth in the Minnesota Constitution, article XI, section 5, clause (a), to acquire and better public lands and buildings and other public improvements of a capital nature, and for purposes as set forth in the Minnesota Constitution, article XI, section 5, clause (i), to improve and rehabilitate railroad rights-of-way and other rail facilities, whether public or private.

Subd. 9. Radio Communications  
Statewide System

13,000,000

To design and construct the statewide public safety radio communications system infrastructure, coordinating it with other state and local units of government, and extending it to all of the southeast district of the state patrol, and into the central district of the state patrol, with first priority given to development in Stearns, Sherburne, Benton, and Wright counties, subject to the requirements of Minnesota Statutes, section 16A.695.

## Subd. 10. DM&amp;E Working Group

500,000

This appropriation is from the general fund and is for the purposes of Laws 2002, chapter 393, section 86.

## Sec. 15. METROPOLITAN COUNCIL

Subdivision 1. To the metropolitan council for the purposes specified in this section

10,500,000

## Subd. 2. Livable Communities Grant Program

9,000,000

For public infrastructure grants for development and redevelopment projects of the livable communities grant program under Minnesota Statutes, sections 473.25 to 473.255, as applicable.

In development of the project, the council shall:

- (1) take into consideration livable communities principles, including support of housing production and ensuring integration of land use and transportation needs of communities along the route of the busway;
- (2) take advantage of any local funding for the project that may be available; and
- (3) encourage citizen and stakeholder participation in development of the project.

Before soliciting any applications for grants, the council must present its proposed criteria for ranking projects and the proposed application process to the legislative commission on metropolitan government for review and recommendations. Before making any grant awards after receiving applications for funding, the council must present to the legislative commission on metropolitan government, for review and comment, a complete list of applications received by the council by the application deadline, the council's ranking under the adopted criteria, and the proposed funding awards.

## Subd. 3. Park-and-Ride Facilities

500,000

For land acquisition and construction of park-and-ride facilities in the seven-county metropolitan area outside the transit taxing district defined in Minnesota Statutes, section 473.446, subdivision 2.

## Subd. 4. Central Corridor Transitway

1,000,000

For predesign, design, final environmental

impact statement, and preliminary engineering of the Central Corridor Transitway between the cities of St. Paul and Minneapolis.

Sec. 16. HEALTH 775,000

To design and construct a community dental clinic at Lake Superior community college in Duluth and design and renovate the Northwest technical college dental hygiene clinic in Moorhead, subject to Minnesota Statutes, section 16A.695.

Sec. 17. HUMAN SERVICES

Subdivision 1. To the commissioner of administration for the purposes specified in this section 6,680,000

Subd. 2. Brainerd Regional Treatment Center 6,305,000

To design, renovate, furnish, and equip the residential and program areas in building No. 20.

Subd. 3. People, Inc. North Side Community Support Program 375,000

This appropriation is from the general fund.

For a grant to the Minneapolis Community Development Agency to purchase, remodel, and complete accessibility upgrades to an existing building or to acquire land or construct a building to be used by the People, Inc. North Side Community Support Program, which may provide office space for state employees.

This grant is available when matched by at least \$175,000 from nonstate sources.

Sec. 18. CORRECTIONS

Subdivision 1. To the commissioner of administration for the purposes specified in this section 1,550,000

Subd. 2. Bayport Storm Sewer 1,550,000

For a grant to the city of Bayport for the Middle St. Croix River Watershed Management organization to complete construction of the sewer system extending from Minnesota department of natural resources pond 82-310P (the prison pond) in Bayport through the Stillwater prison grounds to the St. Croix River.

Sec. 19. TRADE AND ECONOMIC DEVELOPMENT

Subdivision 1. To the commissioner of trade and economic development or other named agency for the purposes specified in this section 68,650,000

## Subd. 2. Redevelopment Account

4,000,000

For transfer to the redevelopment account created in Minnesota Statutes, section 116J.571. This appropriation is only available for grants to projects located outside of the seven-county metropolitan area.

\$1,000,000 is for a grant to the city of Little Falls for environmental cleanup of the Hennepin Paper Company property in the city of Little Falls. No match is required for this grant.

## Subd. 3. Wastewater Infrastructure Funding Program

30,600,000

\$600,000 of this appropriation is from the general fund to administer the wastewater infrastructure program.

To the public facilities authority for grants to eligible municipalities under the wastewater infrastructure program established in Minnesota Statutes, section 446A.072.

To the greatest practical extent, the authority should use the grants for projects on the 2002 project priority list in priority order to qualified applicants that submit plans and specifications to the pollution control agency or receive a funding commitment from USDA rural development before December 1, 2003.

\$1,500,000 is for grants to the Larsmont portion of the Knife River-Larsmont sanitary district. This appropriation must be used to reduce the amount of the municipality's loan from the water pollution revolving fund that exceeds five percent of the market value of the properties in the project service area. This appropriation is in addition to grants from other appropriations.

## Subd. 4. Fairmont - Winnebago Avenue Sports Complex

500,000

For a grant to the city of Fairmont to acquire land for, renovate, and expand the Winnebago Avenue sports complex, including reconfiguring two ball fields, adding two ball fields, paving a parking lot, and building other amenities.

This appropriation is not available until the commissioner has determined that at least an equal amount has been committed from nonstate sources.

## Subd. 5. Greater Minnesota Business Development Infrastructure Grant Program

12,000,000

For grants under Minnesota Statutes, section 116J.431.

Subd. 6. Itasca County - Children's  
Discovery Museum

300,000

For a grant to Itasca county to design, construct, furnish, and equip the Children's Discovery Museum in Grand Rapids. The county may enter into a lease or management agreement for the center, subject to Minnesota Statutes, section 16A.695. This appropriation is not available until the commissioner has determined that at least an equal amount has been committed from nonstate sources.

Subd. 7. Minneapolis -  
Empowerment Zone Projects

3,000,000

For a grant to the city of Minneapolis to acquire land and to design, construct, furnish, and equip public infrastructure improvements in the following empowerment zone projects: the Near Northside redevelopment project; the Chicago/Lake project; and the South East Minneapolis industrial redevelopment project.

This appropriation is not available until the commissioner has determined that at least an equal amount has been committed from nonstate sources.

Subd. 8. Olivia -  
Minnesota Center for Agricultural Innovation

1,000,000

For a grant to the city of Olivia to acquire land and to design, construct, furnish, and equip the Minnesota Center for Agricultural Innovation, subject to Minnesota Statutes, section 16A.695.

This appropriation is not available until the commissioner has determined that at least an equal amount has been committed from nonstate sources.

Subd. 9. St. Cloud -  
Civic Center Expansion

3,250,000

For a grant to the city of St. Cloud for asset preservation, land acquisition, and to predesign, design, construct, furnish, and equip the expansion of the St. Cloud Civic Center.

This appropriation is not available until the commissioner has determined that at least an equal amount has been committed from nonstate sources.

Subd. 10. St. Paul -  
Roy Wilkins Auditorium

4,000,000

For a grant to the city of St. Paul for asset preservation of the Roy Wilkins Center.

Subd. 11. St. Paul-Phalen Boulevard 8,000,000

For a grant to the city of St. Paul to acquire land and to complete contamination remediation on Phalen Boulevard between I-35E and Johnson Parkway. This appropriation is not available until the commissioner has determined that at least an equal amount has been committed from nonstate sources.

Subd. 12. St. Paul -  
2004 Renaissance Project 2,000,000

For a grant to the city of St. Paul to design and construct river edge improvements and make capital improvements and betterments for a public park on Raspberry Island.

This appropriation is not available until the commissioner has determined that at least an equal amount has been committed from nonstate sources.

Sec. 20. IRON RANGE RESOURCES AND  
REHABILITATION BOARD 1,500,000

To design, construct, furnish, and equip Mesabi station as the central guest services facility for the Mesabi trail.

Sec. 21. MINNESOTA HISTORICAL SOCIETY

Subdivision 1. To the Minnesota  
Historical Society for the purposes  
specified in this section 725,000

Subd. 2. County and Local  
Preservation Grants 300,000

To be allocated to county and local jurisdictions as matching money for historic preservation projects of a capital nature. Grant recipients must be public entities and must match state funds on at least an equal basis. The facilities must be publicly owned.

Subd. 3. Fort Belmont 200,000

For a grant to Jackson county to design, construct, furnish, and equip a new site for historic Fort Belmont, subject to Minnesota Statutes, section 16A.695.

Subd. 4. New Brighton  
Caboose and History Center 100,000

This appropriation is from the general fund.

For a grant to the New Brighton area historical society to renovate its caboose and history center in Long Lake Regional Park.

Subd. 5. Pipestone County Museum 125,000

For a grant to the city of Pipestone to design and construct an external shaft and hoistway and install an elevator adjacent to the Pipestone County Museum and renovate a third-floor area to be used as a community room and a museum programs room, subject to Minnesota Statutes, section 16A.695.

This appropriation is not available until the commissioner of finance has determined that at least an equal amount has been committed from nonstate sources.

Sec. 22. BOND SALE EXPENSES

402,000

To the commissioner of finance for bond sale expenses under Minnesota Statutes, section 16A.641, subdivision 8. This appropriation is from the bond proceeds fund.

Sec. 23. BOND SALE SCHEDULE

The commissioner of finance shall schedule the sale of state general obligation bonds so that, during the biennium ending June 30, 2003, no more than \$703,494,000 will need to be transferred from the general fund to the state bond fund to pay principal and interest due and to become due on outstanding state general obligation bonds. During the biennium, before each sale of state general obligation bonds, the commissioner of finance shall calculate the amount of debt service payments needed on bonds previously issued and shall estimate the amount of debt service payments that will be needed on the bonds scheduled to be sold. The commissioner shall adjust the amount of bonds scheduled to be sold so as to remain within the limit set by this section. The amount needed to make the debt service payments is appropriated from the general fund as provided in Minnesota Statutes, section 16A.641.

Sec. 24. [BOND SALE AUTHORIZATION.]

To provide the money appropriated in this article from the bond proceeds fund, the commissioner of finance shall sell and issue bonds of the state in an amount up to \$390,590,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7.

Sec. 25. Laws 2002, chapter 393, section 19, subdivision 2, is amended to read:

Subd. 2. Northwest Busway

20,000,000

To design and construct a portion of a busway in the northwest metropolitan area between downtown Minneapolis and Rogers. Funds may be used to design all or a portion of the busway from downtown Minneapolis to Rogers along



CSAH 81; to design, construct, and equip up to 14 stations, including 28 passenger shelters, in Minneapolis, Robbinsdale, and Crystal as well as at Hennepin Technical College and North Hennepin Community College located in Brooklyn Park; to acquire necessary rights-of-way in Minneapolis and Robbinsdale to accommodate station locations, and adjacent to CSAH 81 between Highway 100 and about 63rd Avenue North to accommodate bus lanes; to design and construct up to two park- and-ride facilities adjacent to CSAH 81 at its intersection with any two of these three intersections: (1) Bass Lake Road, (2) 63rd Avenue North, and (3) Brooklyn Boulevard; and to design and construct dedicated bus lanes from 50th Avenue North to about 63rd Avenue North in conjunction with Hennepin county's CSAH 81 road reconstruction project. This appropriation is contingent on \$12,000,000 from Hennepin county for roadway design, property acquisition, and road construction between Lowry Avenue in Minneapolis and Bass Lake Road in Crystal and \$5,000,000 from the metropolitan council for the project fleet acquisition and station equipment. Total funding from all sources may be used for roadway design, reconstruction, acquisition of land and right-of-way, and to design, construct, furnish, and equip transit stations and park and rides. Design-build under new Minnesota Statutes, sections 383B.158 to 383B.1586, may be used for implementing this project.

Sec. 26. [EFFECTIVE DATE.]

This article is effective the day following final enactment.

## ARTICLE 2 ROSEAU FLOOD APPROPRIATIONS

### Section 1. [CAPITAL IMPROVEMENT APPROPRIATIONS.]

The sums in the column under "APPROPRIATIONS" are appropriated from the bond proceeds fund, or another named fund, to the state agencies or officials indicated, to be spent for public purposes. Appropriations of bond proceeds must be spent as authorized by the Minnesota Constitution, article XI, section 5, paragraph (a), to acquire and better public land and buildings and other public improvements of a capital nature, or as authorized by article XI, section 5, paragraphs (b) to (j), or article XIV. Unless otherwise specified, the appropriations in this article are available until the project is completed or abandoned. If there is a shortage of money for a program or project funded in this article, or in the money available for state and local match under Minnesota Statutes, section 12.221, unused general fund money appropriated for any other program or project in this article may be transferred by an interagency agreement approved by the commissioner of finance to cover the shortfall.

The term "the area included in DR-1419," when used in this article, means the area designated under Presidential Declaration of Major Disaster, DR-1419, whether included in the original declaration or added later by federal government action.

## SUMMARY

|                                     |              |
|-------------------------------------|--------------|
| TRADE AND ECONOMIC DEVELOPMENT      | \$12,750,000 |
| HOUSING FINANCE AGENCY              | 3,000,000    |
| NATURAL RESOURCES                   | 7,375,000    |
| TRANSPORTATION                      | 1,400,000    |
| TOTAL                               | \$24,525,000 |
| Bond Proceeds Fund                  | 12,675,000   |
| Transportation Fund                 | 1,400,000    |
| General Fund                        | 9,700,000    |
| Petroleum Tank Release Cleanup Fund | 750,000      |

APPROPRIATIONS  
\$

## Sec. 2. TRADE AND ECONOMIC DEVELOPMENT

Subdivision 1. To the commissioner of trade and economic development for the purposes specified in this section

12,750,000

## Subd. 2. Minnesota Investment Fund

3,375,000

For transfer to the Minnesota investment fund to make grants to local units of government for locally administered grants or loan programs, including buyouts, for businesses directly and adversely affected by flooding in the area included in DR-1419. Criteria and requirements must be locally established with the approval of the commissioner. For the purposes of this appropriation, Minnesota Statutes, sections 116J.8731, subdivisions 3, 4, 5, and 7; 116J.993; 116J.994; and 116J.995, are waived. Businesses that receive grants or loans from this appropriation must set goals for jobs retained and wages paid within the area included in DR-1419.

This is a onetime appropriation from the general fund and is available until expended.

## Subd. 3. Petroleum Cleanup

750,000

Notwithstanding Minnesota Statutes, section 115C.08, subdivision 4, this appropriation is for grants to local units of government in the area included in DR-1419 to safely rehabilitate buildings if a portion of the rehabilitation costs is attributable to petroleum contamination or to buy out property substantially damaged by a petroleum tank release.

This is a onetime appropriation from the petroleum tank release cleanup fund.

## Subd. 4. Public Infrastructure

1,125,000

To the public facilities authority for grants to local units of government to assist with the cost of rehabilitation and replacement of publicly owned infrastructure, including storm sewers, wastewater and municipal utility service, drinking water systems, and other infrastructure damaged by flooding in the area included in DR-1419.

For the purposes of this appropriation, criteria, limitations, and repayment requirements in Minnesota Statutes, sections 446A.07, 446A.072, and 446A.081, are waived.

Subd. 5. Capital Project Grant 7,500,000

For a grant to the city of Roseau to relocate the flood damaged city hall, auditorium, library, museum, and police department out of the Roseau River floodway as a result of flooding as declared in DR-1419, and in accordance with Minnesota Statutes, section 16A.86.

### Sec. 3. HOUSING FINANCE AGENCY

Subdivision 1. For transfer to the housing development fund for the programs specified in this section 3,000,000

Subd. 2. Economic Development and Housing Challenge 3,000,000

For the economic development and housing challenge program under Minnesota Statutes, section 462A.33, for housing assistance in the area included in DR-1419. For assistance under this subdivision, the requirements of Minnesota Statutes, section 462A.33, subdivisions 3 and 5, and Minnesota Rules, part 4900.3632, are waived.

This is a onetime appropriation from the general fund.

### Sec. 4. NATURAL RESOURCES

Subdivision 1. To the commissioner of natural resources for the purposes specified in this section 7,375,000

Subd. 2. Flood Hazard Mitigation Grants 7,375,000

\$4,050,000 is from the bond proceeds fund for the state share of a flood hazard mitigation grant for the following identified capital improvement projects: Roseau West Side Interceptor and County 120 Grade Raise, Roseau Phase II Storm Sewer Project, and any other authorized federal or state flood mitigation project providing all or part of 100-year flood protection for the city of Roseau.

To the extent that the costs of the 100-year flood protection projects in Roseau exceed two percent of the median household income in the municipality multiplied by the number of households in the municipality, this appropriation is also for the local share of the project.

\$1,825,000 is a onetime appropriation from the general fund for grants to local units of government in the area included in DR-1419 for the state share of flood hazard mitigation grants for flood damage reduction studies, planning, engineering, and publicly owned capital improvements to prevent or alleviate flood damage under Minnesota Statutes, section 103F.161. This appropriation is available until expended.

\$1,000,000 is to buy out property substantially damaged by flooding in the area included in DR-1419. This is a onetime appropriation from the general fund and is available until expended.

\$500,000 is for grants to local units of government in the area included in DR-1419 to construct ring dikes to mitigate flood damage. This is a onetime appropriation from the general fund and is available until expended.

#### Sec. 5. TRANSPORTATION

To the commissioner of transportation  
for the purposes specified in this section

1,400,000

This appropriation is from the bond proceeds account in the state transportation fund.

\$1,000,000 is from grants to local governments for capital costs related to the rehabilitation, replacement, or reconstruction of roads or bridges damaged or destroyed by flooding or that provide future protection from flood damages in the area included in DR-1419. A grantee must submit to the commissioner of transportation final plans for each project before grant money may be released. The commissioner shall determine project priorities and plans and require changes to ensure the most prudent use of state resources.

\$400,000 is for a grant to the county of Polk to repair a structure north of Climax on marked state highway 220 damaged by flooding.

For grants under this section, the requirements of Minnesota Statutes, section 174.50, subdivisions 4, 5, 6, 6a, and 7, are waived.

Sec. 6. [BOND SALE AUTHORIZATION.]

Subdivision 1. [BOND PROCEEDS FUND.] To provide the money appropriated in this article from the bond proceeds fund, the commissioner of finance shall sell and issue bonds of the state in an amount up to \$12,675,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7.

Subd. 2. [TRANSPORTATION FUND.] To provide the money appropriated in this article from the state transportation fund, the commissioner of finance shall sell and issue bonds of the state in an amount up to \$1,400,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7. The proceeds of the bonds, except accrued interest and any premium received on the sale of the bonds, must be credited to a bond proceeds account in the state transportation fund.

Sec. 7. [EFFECTIVE DATE.]

This article is effective the day following final enactment."

Amend the title as follows:

Page 1, line 7, before the period, insert "; amending Laws 2002, chapter 393, section 19, subdivision 2"

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

**Senator Hottinger from the Committee on Rules and Administration, to which was re-referred**

**S.F. No. 1106:** A bill for an act relating to state government; providing for the reorganization of state government; establishing the positions of governor's secretaries; assigning their powers and duties; assigning agencies to secretaries; providing for an implementation plan; proposing coding for new law in Minnesota Statutes, chapter 15.

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

Page 4, line 7, delete everything after the period

Page 4, delete lines 8 to 12 and insert "The subcommittee on committees of the committee on rules and administration of the senate shall appoint two members of the senate, one of whom must be a member of the minority."

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

**Senator Hottinger from the Committee on Rules and Administration, to which was referred for proper reference under Rule 4.9:**

**S.F. No. 1295:** A bill for an act relating to transportation; regulating information on drivers' licenses, identification cards, and permits, and applications for them; adopting certain federal laws and regulations; making technical and clarifying changes; amending Minnesota Statutes 2002, sections 171.06, subdivision 3; 171.07, subdivisions 1, 3; 171.14; proposing coding for new law in Minnesota Statutes, chapter 171; repealing Minnesota Rules, parts 7410.0400, subparts 1, 1a, 1b; 7410.1800.

Reports the same back with the recommendation that the bill be re-referred to the Committee on Finance. Report adopted.

## SECOND READING OF SENATE BILLS

S.F. Nos. 394, 680, 197, 1070, 994, 1153, 997, 878, 1121 and 163 were read the second time.

## SECOND READING OF HOUSE BILLS

H.F. Nos. 1374, 956, 335 and 1059 were read the second time.

## MOTIONS AND RESOLUTIONS

Senator Dille moved that the name of Senator Limmer be added as a co-author to S.F. No. 187. The motion prevailed.

Senator Neuville moved that the name of Senator Wiger be added as a co-author to S.F. No. 1464. The motion prevailed.

### Senator Solon introduced--

**Senate Resolution No. 65:** A Senate resolution recognizing the week of April 14-18, 2003, as National Student Employment Week at the University of Minnesota Duluth.

Referred to the Committee on Rules and Administration.

### Senator Gaither introduced--

**Senate Resolution No. 66:** A Senate resolution congratulating Kyle Dorsey of Minnetonka, Minnesota, for receiving the Eagle Award.

Referred to the Committee on Rules and Administration.

## SUSPENSION OF RULES

Remaining on the Order of Business of Motions and Resolutions, Senator Hottinger moved that the Senate take up the Consent Calendar and that the rules of the Senate be so far suspended as to waive the lie-over requirement. The motion prevailed.

## CONSENT CALENDAR

**S.F. No. 872:** A bill for an act relating to real property; conveyances by spouses; purchase-money mortgages; amending Minnesota Statutes 2002, sections 507.02; 507.03.

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 58 and nays 0, as follows:

Those who voted in the affirmative were:

|          |              |               |          |          |
|----------|--------------|---------------|----------|----------|
| Anderson | Dibble       | Higgins       | Kleis    | Lourey   |
| Bachmann | Dille        | Hottinger     | Knutson  | Marko    |
| Bakk     | Fischbach    | Johnson, D.E. | Kubly    | Marty    |
| Belanger | Foley        | Johnson, D.J. | Langseth | Metzen   |
| Berglin  | Frederickson | Jungbauer     | Larson   | Michel   |
| Betzold  | Gaither      | Kelley        | LeClair  | Moua     |
| Day      | Hann         | Kiscaden      | Limmer   | Neuville |

|            |         |         |           |           |
|------------|---------|---------|-----------|-----------|
| Nienow     | Reiter  | Sams    | Skoglund  | Vickerman |
| Olson      | Rest    | Saxhaug | Solon     | Wergin    |
| Ortman     | Robling | Scheid  | Sparks    | Wiger     |
| Pogemiller | Rosen   | Senjem  | Stumpf    |           |
| Ranum      | Ruud    | Skoe    | Tomassoni |           |

So the bill passed and its title was agreed to.

**S.F. No. 1278:** A bill for an act relating to crime prevention; clarifying the reporting requirements of the predatory offender registration law; amending Minnesota Statutes 2002, section 243.166, subdivisions 3, 4a.

Senator Foley moved that S.F. No. 1278, No. 2 on the Consent Calendar, be stricken and placed at the top of General Orders. The motion prevailed.

**S.F. No. 727:** A bill for an act relating to adoption; modifying postadoption services requirements; amending Minnesota Statutes 2002, section 259.83, by adding a subdivision.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

|              |               |          |            |           |
|--------------|---------------|----------|------------|-----------|
| Anderson     | Gaither       | Langseth | Ortman     | Skoe      |
| Bachmann     | Hann          | Larson   | Pariseau   | Skoglund  |
| Bakk         | Higgins       | LeClair  | Pogemiller | Solon     |
| Belanger     | Hottinger     | Limmer   | Ranum      | Sparks    |
| Berglin      | Johnson, D.E. | Lourey   | Reiter     | Stumpf    |
| Betzold      | Johnson, D.J. | Marko    | Rest       | Tomassoni |
| Chaudhary    | Jungbauer     | Marty    | Robling    | Vickerman |
| Day          | Kelley        | Metzen   | Rosen      | Wergin    |
| Dibble       | Kiscaden      | Michel   | Ruud       | Wiger     |
| Dille        | Kleis         | Moua     | Sams       |           |
| Fischbach    | Knutson       | Neuville | Saxhaug    |           |
| Foley        | Koering       | Nienow   | Scheid     |           |
| Frederickson | Kubly         | Olson    | Senjem     |           |

So the bill passed and its title was agreed to.

**S.F. No. 1176:** A bill for an act relating to civil law; clarifying that civil actions against the state may be brought in federal court under certain federal statutes; amending Minnesota Statutes 2002, section 1.05.

Senator Hottinger moved to amend S.F. No. 1176 as follows:

Page 1, lines 16 and 23, after "any" insert "other"

Page 2, lines 6 and 14, after "any" insert "other"

The motion prevailed. So the amendment was adopted.

S.F. No 1176 was read the third time, as amended, and placed on its final passage.

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

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

Those who voted in the affirmative were:

|          |           |              |               |          |
|----------|-----------|--------------|---------------|----------|
| Anderson | Betzold   | Fischbach    | Higgins       | Kelley   |
| Bachmann | Chaudhary | Foley        | Hottinger     | Kiscaden |
| Bakk     | Day       | Frederickson | Johnson, D.E. | Kleis    |
| Belanger | Dibble    | Gaither      | Johnson, D.J. | Knutson  |
| Berglin  | Dille     | Hann         | Jungbauer     | Koering  |

|          |          |            |          |           |
|----------|----------|------------|----------|-----------|
| Kubly    | Metzen   | Pogemiller | Saxhaug  | Tomassoni |
| Langseth | Michel   | Ranum      | Scheid   | Vickerman |
| Larson   | Moua     | Reiter     | Senjem   | Wergin    |
| LeClair  | Neuville | Rest       | Skoe     | Wiger     |
| Limmer   | Nienow   | Robling    | Skoglund |           |
| Lourey   | Olson    | Rosen      | Solon    |           |
| Marko    | Ortman   | Ruud       | Sparks   |           |
| Marty    | Pariseau | Sams       | Stumpf   |           |

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

**S.F. No. 276:** A bill for an act relating to criminal justice; providing that the bureau of criminal apprehension and local law enforcement agencies collect crime data utilizing the uniform offense codes; amending Minnesota Statutes 2002, sections 299C.05; 299C.06.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 59 and nays 0, as follows:

Those who voted in the affirmative were:

|           |               |          |            |           |
|-----------|---------------|----------|------------|-----------|
| Anderson  | Frederickson  | Koering  | Neuville   | Saxhaug   |
| Bachmann  | Gaither       | Kubly    | Nienow     | Scheid    |
| Bakk      | Hann          | Langseth | Olson      | Senjem    |
| Belanger  | Higgins       | Larson   | Ortman     | Skoglund  |
| Berglin   | Hottinger     | LeClair  | Pariseau   | Solon     |
| Betzold   | Johnson, D.E. | Limmer   | Pogemiller | Sparks    |
| Chaudhary | Johnson, D.J. | Lourey   | Reiter     | Stumpf    |
| Day       | Jungbauer     | Marko    | Rest       | Tomassoni |
| Dibble    | Kelley        | Marty    | Robling    | Vickerman |
| Dille     | Kiscaden      | Metzen   | Rosen      | Wergin    |
| Fischbach | Kleis         | Michel   | Ruud       | Wiger     |
| Foley     | Knutson       | Moua     | Sams       |           |

So the bill passed and its title was agreed to.

**S.F. No. 942:** A bill for an act relating to evidence; authorizing admission in evidence of chain of custody documentation; amending Minnesota Statutes 2002, section 634.15, subdivision 1.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

|              |               |          |            |           |
|--------------|---------------|----------|------------|-----------|
| Anderson     | Gaither       | Langseth | Ortman     | Skoe      |
| Bachmann     | Hann          | Larson   | Pariseau   | Skoglund  |
| Bakk         | Higgins       | LeClair  | Pogemiller | Solon     |
| Belanger     | Hottinger     | Limmer   | Ranum      | Sparks    |
| Berglin      | Johnson, D.E. | Lourey   | Reiter     | Stumpf    |
| Betzold      | Johnson, D.J. | Marko    | Rest       | Tomassoni |
| Chaudhary    | Jungbauer     | Marty    | Robling    | Vickerman |
| Day          | Kelley        | Metzen   | Rosen      | Wergin    |
| Dibble       | Kiscaden      | Michel   | Ruud       | Wiger     |
| Dille        | Kleis         | Moua     | Sams       |           |
| Fischbach    | Knutson       | Neuville | Saxhaug    |           |
| Foley        | Koering       | Nienow   | Scheid     |           |
| Frederickson | Kubly         | Olson    | Senjem     |           |

So the bill passed and its title was agreed to.

**S.F. No. 259:** A bill for an act relating to intergovernmental contracts; permitting Beltrami county to contract with the state department of corrections for the cost of secretarial support for juvenile probation and parole services of the 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 62 and nays 0, as follows:

Those who voted in the affirmative were:

|              |               |          |            |           |
|--------------|---------------|----------|------------|-----------|
| Anderson     | Gaither       | Langseth | Ortman     | Senjem    |
| Bachmann     | Hann          | Larson   | Pappas     | Skoe      |
| Bakk         | Higgins       | LeClair  | Pariseau   | Skoglund  |
| Belanger     | Hottinger     | Limmer   | Pogemiller | Solon     |
| Berglin      | Johnson, D.E. | Lourey   | Ranum      | Sparks    |
| Betzold      | Johnson, D.J. | Marko    | Reiter     | Stumpf    |
| Chaudhary    | Jungbauer     | Marty    | Rest       | Tomassoni |
| Day          | Kelley        | Metzen   | Robling    | Vickerman |
| Dibble       | Kiscaden      | Michel   | Rosen      | Wergin    |
| Dille        | Kleis         | Moua     | Ruud       | Wiger     |
| Fischbach    | Knutson       | Neuville | Sams       |           |
| Foley        | Koering       | Nienow   | Saxhaug    |           |
| Frederickson | Kubly         | Olson    | Scheid     |           |

So the bill passed and its title was agreed to.

**S.F. No. 907:** A bill for an act relating to corrections; authorizing Department of Corrections forensic pathologists to issue death certificates; amending Minnesota Statutes 2002, section 390.23.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

|              |               |          |            |           |
|--------------|---------------|----------|------------|-----------|
| Anderson     | Gaither       | Langseth | Olson      | Senjem    |
| Bachmann     | Hann          | Larson   | Ortman     | Skoglund  |
| Bakk         | Higgins       | LeClair  | Pariseau   | Solon     |
| Belanger     | Hottinger     | Limmer   | Pogemiller | Sparks    |
| Berglin      | Johnson, D.E. | Lourey   | Ranum      | Stumpf    |
| Betzold      | Johnson, D.J. | Marko    | Reiter     | Tomassoni |
| Chaudhary    | Jungbauer     | Marty    | Rest       | Vickerman |
| Day          | Kelley        | Metzen   | Robling    | Wergin    |
| Dibble       | Kiscaden      | Michel   | Rosen      | Wiger     |
| Dille        | Kleis         | Moua     | Ruud       |           |
| Fischbach    | Knutson       | Murphy   | Sams       |           |
| Foley        | Koering       | Neuville | Saxhaug    |           |
| Frederickson | Kubly         | Nienow   | Scheid     |           |

So the bill passed and its title was agreed to.

**H.F. No. 51:** A bill for an act relating to insurance; clarifying that a certain law includes long-term care insurance; amending Minnesota Statutes 2002, section 61B.20, subdivision 10.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

|          |           |              |               |          |
|----------|-----------|--------------|---------------|----------|
| Anderson | Chaudhary | Foley        | Johnson, D.E. | Knutson  |
| Bachmann | Cohen     | Frederickson | Johnson, D.J. | Koering  |
| Bakk     | Day       | Gaither      | Jungbauer     | Kubly    |
| Belanger | Dibble    | Hann         | Kelley        | Langseth |
| Berglin  | Dille     | Higgins      | Kiscaden      | Larson   |
| Betzold  | Fischbach | Hottinger    | Kleis         | LeClair  |

|        |            |         |           |           |
|--------|------------|---------|-----------|-----------|
| Limmer | Neuville   | Reiter  | Scheid    | Vickerman |
| Lourey | Nienow     | Rest    | Senjem    | Wergin    |
| Marko  | Olson      | Robling | Skoe      | Wiger     |
| Marty  | Ortman     | Rosen   | Solon     |           |
| Metzen | Pariseau   | Ruud    | Sparks    |           |
| Michel | Pogemiller | Sams    | Stumpf    |           |
| Moua   | Ranum      | Saxhaug | Tomassoni |           |

So the bill passed and its title was agreed to.

**S.F. No. 941:** A bill for an act relating to public safety; modifying state hazardous materials team provisions; amending Minnesota Statutes 2002, sections 299A.49, subdivisions 2, 4; 299A.51, subdivisions 1, 2.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 62 and nays 0, as follows:

Those who voted in the affirmative were:

|           |               |          |            |           |
|-----------|---------------|----------|------------|-----------|
| Anderson  | Frederickson  | Langseth | Olson      | Senjem    |
| Bachmann  | Gaither       | Larson   | Ortman     | Skoe      |
| Bakk      | Hann          | LeClair  | Pariseau   | Skoglund  |
| Belanger  | Hottinger     | Limmer   | Pogemiller | Solon     |
| Berglin   | Johnson, D.E. | Lourey   | Ranum      | Sparks    |
| Betzold   | Johnson, D.J. | Marko    | Reiter     | Stumpf    |
| Chaudhary | Jungbauer     | Marty    | Rest       | Tomassoni |
| Cohen     | Kelley        | Metzen   | Robling    | Vickerman |
| Day       | Kiscaden      | Michel   | Rosen      | Wergin    |
| Dibble    | Kleis         | Moua     | Ruud       | Wiger     |
| Dille     | Knutson       | Murphy   | Sams       |           |
| Fischbach | Koering       | Neuville | Saxhaug    |           |
| Foley     | Kubly         | Nienow   | Scheid     |           |

So the bill passed and its title was agreed to.

**S.F. No. 1123:** A bill for an act relating to corrections; requiring a biennial performance report from the department of corrections; amending Minnesota Statutes 2002, section 241.016, subdivision 1.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 63 and nays 0, as follows:

Those who voted in the affirmative were:

|           |               |          |            |           |
|-----------|---------------|----------|------------|-----------|
| Anderson  | Frederickson  | Kubly    | Nienow     | Scheid    |
| Bachmann  | Gaither       | Langseth | Olson      | Senjem    |
| Bakk      | Hann          | Larson   | Ortman     | Skoe      |
| Belanger  | Higgins       | LeClair  | Pariseau   | Skoglund  |
| Berglin   | Hottinger     | Limmer   | Pogemiller | Solon     |
| Betzold   | Johnson, D.E. | Lourey   | Ranum      | Sparks    |
| Chaudhary | Johnson, D.J. | Marko    | Reiter     | Stumpf    |
| Cohen     | Jungbauer     | Marty    | Rest       | Tomassoni |
| Day       | Kelley        | Metzen   | Robling    | Vickerman |
| Dibble    | Kiscaden      | Michel   | Rosen      | Wergin    |
| Dille     | Kleis         | Moua     | Ruud       | Wiger     |
| Fischbach | Knutson       | Murphy   | Sams       |           |
| Foley     | Koering       | Neuville | Saxhaug    |           |

So the bill passed and its title was agreed to.

**S.F. No. 1158:** A bill for an act relating to public safety; modifying provisions relating to DWI breath-testing instruments; amending Minnesota Statutes 2002, sections 169A.03, subdivision 11; 169A.45, subdivision 4; 169A.51, subdivision 5; 169A.75; 360.0753, subdivision 4; 634.16.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 63 and nays 0, as follows:

Those who voted in the affirmative were:

|           |               |          |            |           |
|-----------|---------------|----------|------------|-----------|
| Anderson  | Frederickson  | Kubly    | Nienow     | Scheid    |
| Bachmann  | Gaither       | Langseth | Olson      | Senjem    |
| Bakk      | Hann          | Larson   | Ortman     | Skoe      |
| Belanger  | Higgins       | LeClair  | Pariseau   | Skoglund  |
| Berglin   | Hottinger     | Limmer   | Pogemiller | Solon     |
| Betzold   | Johnson, D.E. | Lourey   | Ranum      | Sparks    |
| Chaudhary | Johnson, D.J. | Marko    | Reiter     | Stumpf    |
| Cohen     | Jungbauer     | Marty    | Rest       | Tomassoni |
| Day       | Kelley        | Metzen   | Robling    | Vickerman |
| Dibble    | Kiscaden      | Michel   | Rosen      | Wergin    |
| Dille     | Kleis         | Moua     | Ruud       | Wiger     |
| Fischbach | Knutson       | Murphy   | Sams       |           |
| Foley     | Koering       | Neuville | Saxhaug    |           |

So the bill passed and its title was agreed to.

## MOTIONS AND RESOLUTIONS - CONTINUED

### SPECIAL ORDERS

Pursuant to Rule 26, Senator Hottinger, Chair of the Committee on Rules and Administration, designated the following bills a Special Orders Calendar to be heard immediately:

S.F. Nos. 421, 272, 433, 233, 225, H.F. No. 268, S.F. Nos. 506, 668, 224, H.F. No. 266, S.F. Nos. 28 and 266.

### SPECIAL ORDER

**S.F. No. 421:** A bill for an act relating to the city of Minneapolis; providing for the establishment of certain positions in the unclassified service of the city of Minneapolis by the Minneapolis city council.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 64 and nays 0, as follows:

Those who voted in the affirmative were:

|           |               |          |            |           |
|-----------|---------------|----------|------------|-----------|
| Anderson  | Frederickson  | Kubly    | Nienow     | Saxhaug   |
| Bachmann  | Gaither       | Langseth | Olson      | Scheid    |
| Bakk      | Hann          | Larson   | Ortman     | Senjem    |
| Belanger  | Higgins       | LeClair  | Pappas     | Skoe      |
| Berglin   | Hottinger     | Limmer   | Pariseau   | Skoglund  |
| Betzold   | Johnson, D.E. | Lourey   | Pogemiller | Solon     |
| Chaudhary | Johnson, D.J. | Marko    | Ranum      | Sparks    |
| Cohen     | Jungbauer     | Marty    | Reiter     | Stumpf    |
| Day       | Kelley        | Metzen   | Rest       | Tomassoni |
| Dibble    | Kiscaden      | Michel   | Robling    | Vickerman |
| Dille     | Kleis         | Moua     | Rosen      | Wergin    |
| Fischbach | Knutson       | Murphy   | Ruud       | Wiger     |
| Foley     | Koering       | Neuville | Sams       |           |

So the bill passed and its title was agreed to.

**SPECIAL ORDER**

**S.F. No. 272:** A bill for an act relating to human services; expanding adult foster care license capacity; amending Minnesota Statutes 2002, section 245A.11, subdivision 2a.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 63 and nays 0, as follows:

Those who voted in the affirmative were:

|           |               |          |            |           |
|-----------|---------------|----------|------------|-----------|
| Anderson  | Frederickson  | Langseth | Olson      | Scheid    |
| Bachmann  | Gaither       | Larson   | Ortman     | Senjem    |
| Bakk      | Hann          | LeClair  | Pappas     | Skoe      |
| Belanger  | Higgins       | Limmer   | Pariseau   | Skoglund  |
| Berglin   | Hottinger     | Lourey   | Pogemiller | Solon     |
| Betzold   | Johnson, D.E. | Marko    | Ranum      | Sparks    |
| Chaudhary | Johnson, D.J. | Marty    | Reiter     | Stumpf    |
| Cohen     | Jungbauer     | Metzen   | Rest       | Tomassoni |
| Day       | Kiscaden      | Michel   | Robling    | Vickerman |
| Dibble    | Kleis         | Moua     | Rosen      | Wergin    |
| Dille     | Knutson       | Murphy   | Ruud       | Wiger     |
| Fischbach | Koering       | Neuville | Sams       |           |
| Foley     | Kubly         | Nienow   | Saxhaug    |           |

So the bill passed and its title was agreed to.

**SPECIAL ORDER**

**S.F. No. 433:** A bill for an act relating to human services; requiring specialized Alzheimer's disease training in certain facilities and services; providing for consumer disclosure; amending Minnesota Statutes 2002, sections 144A.45, by adding a subdivision; 245A.04, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 144; 144D.

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 50 and nays 13, as follows:

Those who voted in the affirmative were:

|           |               |          |            |           |
|-----------|---------------|----------|------------|-----------|
| Anderson  | Fischbach     | Koering  | Murphy     | Scheid    |
| Bachmann  | Foley         | Kubly    | Ortman     | Skoe      |
| Bakk      | Frederickson  | Langseth | Pappas     | Skoglund  |
| Belanger  | Higgins       | Larson   | Pogemiller | Solon     |
| Berglin   | Hottinger     | Limmer   | Ranum      | Sparks    |
| Betzold   | Johnson, D.E. | Lourey   | Rest       | Stumpf    |
| Chaudhary | Kelley        | Marko    | Robling    | Tomassoni |
| Cohen     | Kiscaden      | Marty    | Rosen      | Vickerman |
| Dibble    | Kleis         | Metzen   | Sams       | Wergin    |
| Dille     | Knutson       | Moua     | Saxhaug    | Wiger     |

Those who voted in the negative were:

|         |               |          |          |        |
|---------|---------------|----------|----------|--------|
| Day     | Johnson, D.J. | Michel   | Olson    | Senjem |
| Gaither | Jungbauer     | Neuville | Pariseau |        |
| Hann    | LeClair       | Nienow   | Reiter   |        |

So the bill passed and its title was agreed to.

**SPECIAL ORDER**

**S.F. No. 233:** A bill for an act relating to health; modifying provisions relating to temporary licensure of nurses; authorizing the administration of medications in nursing facilities; use of titles; amending Minnesota Statutes 2002, sections 148.212; 148.235, by adding a subdivision; 148.281, subdivision 1.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 64 and nays 0, as follows:

Those who voted in the affirmative were:

|           |               |          |            |           |
|-----------|---------------|----------|------------|-----------|
| Anderson  | Frederickson  | Kubly    | Nienow     | Saxhaug   |
| Bachmann  | Gaither       | Langseth | Olson      | Scheid    |
| Bakk      | Hann          | Larson   | Ortman     | Senjem    |
| Belanger  | Higgins       | LeClair  | Pappas     | Skoe      |
| Berglin   | Hottinger     | Limmer   | Pariseau   | Skoglund  |
| Betzold   | Johnson, D.E. | Lourey   | Pogemiller | Solon     |
| Chaudhary | Johnson, D.J. | Marko    | Ranum      | Sparks    |
| Cohen     | Jungbauer     | Marty    | Reiter     | Stumpf    |
| Day       | Kelley        | Metzen   | Rest       | Tomassoni |
| Dibble    | Kiscaden      | Michel   | Robling    | Vickerman |
| Dille     | Kleis         | Moua     | Rosen      | Wergin    |
| Fischbach | Knutson       | Murphy   | Ruud       | Wiger     |
| Foley     | Koering       | Neuville | Sams       |           |

So the bill passed and its title was agreed to.

**SPECIAL ORDER**

**S.F. No. 225:** A bill for an act relating to peace officers; authorizing the state fair police department to employ more part-time peace officers; amending Minnesota Statutes 2002, section 626.8468, subdivision 1.

Senator Marko moved to amend S.F. No. 225 as follows:

Page 2, after line 7, insert:

"Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment."

The motion prevailed. So the amendment was adopted.

S.F. No. 225 was read the third time.

Senator Hottinger moved that S.F. No. 225 be laid on the table. The motion prevailed.

Pursuant to Rule 45, H.F. No. 268, on the Comparison Calendar, was substituted for S.F. No. 225.

**H.F. No. 268:** A bill for an act relating to peace officers; authorizing the state fair police department to employ more part-time peace officers; amending Minnesota Statutes 2002, section 626.8468, subdivision 1.

Senator Hottinger moved to amend H.F. No. 268 as follows:

Delete everything after the enacting clause, and delete the title, of H.F. No. 268, and insert the language after the enacting clause, and the title, of S.F. No. 225, the first engrossment.

The motion prevailed. So the amendment was adopted.

H.F. No. 268 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 62 and nays 0, as follows:

Those who voted in the affirmative were:

|              |               |          |            |           |
|--------------|---------------|----------|------------|-----------|
| Anderson     | Gaither       | Langseth | Ortman     | Senjem    |
| Bachmann     | Hann          | Larson   | Pappas     | Skoe      |
| Bakk         | Higgins       | LeClair  | Pariseau   | Skoglund  |
| Belanger     | Hottinger     | Limmer   | Pogemiller | Solon     |
| Berglin      | Johnson, D.E. | Lourey   | Ranum      | Sparks    |
| Betzold      | Johnson, D.J. | Marko    | Reiter     | Stumpf    |
| Chaudhary    | Jungbauer     | Marty    | Rest       | Tomassoni |
| Cohen        | Kelley        | Metzen   | Robling    | Vickerman |
| Dibble       | Kiscaden      | Michel   | Rosen      | Wergin    |
| Dille        | Kleis         | Moua     | Ruud       | Wiger     |
| Fischbach    | Knutson       | Neuville | Sams       |           |
| Foley        | Koering       | Nienow   | Saxhaug    |           |
| Frederickson | Kubly         | Olson    | Scheid     |           |

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

### SPECIAL ORDER

**S.F. No. 506:** A bill for an act relating to commerce; prohibiting the printing of full credit or debit card numbers on sales receipts; proposing coding for new law in Minnesota Statutes, chapter 325F.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 63 and nays 0, as follows:

Those who voted in the affirmative were:

|              |               |          |            |           |
|--------------|---------------|----------|------------|-----------|
| Anderson     | Gaither       | Langseth | Olson      | Scheid    |
| Bachmann     | Hann          | Larson   | Ortman     | Senjem    |
| Bakk         | Higgins       | LeClair  | Pappas     | Skoe      |
| Berglin      | Hottinger     | Limmer   | Pariseau   | Skoglund  |
| Betzold      | Johnson, D.E. | Lourey   | Pogemiller | Solon     |
| Chaudhary    | Johnson, D.J. | Marko    | Ranum      | Sparks    |
| Cohen        | Jungbauer     | Marty    | Reiter     | Stumpf    |
| Day          | Kelley        | Metzen   | Rest       | Tomassoni |
| Dibble       | Kiscaden      | Michel   | Robling    | Vickerman |
| Dille        | Kleis         | Moua     | Rosen      | Wergin    |
| Fischbach    | Knutson       | Murphy   | Ruud       | Wiger     |
| Foley        | Koering       | Neuville | Sams       |           |
| Frederickson | Kubly         | Nienow   | Saxhaug    |           |

So the bill passed and its title was agreed to.

### SPECIAL ORDER

**S.F. No. 668:** A bill for an act relating to Hennepin county; clarifying the authority of the county housing and redevelopment authority; amending Minnesota Statutes 2002, section 383B.77, subdivisions 1 and 2.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 56 and nays 6, as follows:

Those who voted in the affirmative were:

|           |               |          |            |           |
|-----------|---------------|----------|------------|-----------|
| Anderson  | Frederickson  | Larson   | Pappas     | Skoe      |
| Bakk      | Gaither       | Lourey   | Pariseau   | Skoglund  |
| Belanger  | Higgins       | Marko    | Pogemiller | Solon     |
| Berglin   | Hottinger     | Marty    | Ranum      | Stumpf    |
| Betzold   | Johnson, D.E. | Metzen   | Rest       | Tomassoni |
| Chaudhary | Johnson, D.J. | Michel   | Robling    | Vickerman |
| Cohen     | Kelley        | Moua     | Rosen      | Wergin    |
| Day       | Kiscaden      | Murphy   | Ruud       | Wiger     |
| Dibble    | Knutson       | Neuville | Sams       |           |
| Dille     | Koering       | Nienow   | Saxhaug    |           |
| Fischbach | Kubly         | Olson    | Scheid     |           |
| Foley     | Langseth      | Ortman   | Senjem     |           |

Those who voted in the negative were:

|          |       |         |        |        |
|----------|-------|---------|--------|--------|
| Bachmann | Kleis | LeClair | Limmer | Reiter |
| Hann     |       |         |        |        |

So the bill passed and its title was agreed to.

### SPECIAL ORDER

**S.F. No. 224:** A bill for an act relating to human services; modifying the purchasing alliance stop-loss fund; amending Minnesota Statutes 2002, section 256.956, subdivisions 1, 2, 3, 4, 5, 9.

S.F. No. 224 was read the third time.

Senator Kiscaden moved that S.F. No. 224 be laid on the table. The motion prevailed.

Pursuant to Rule 45, H.F. No. 266, on the Comparison Calendar, was substituted for S.F. No. 225.

**H.F. No. 266:** A bill for an act relating to human services; modifying the purchasing alliance stop-loss fund; amending Minnesota Statutes 2002, section 256.956, subdivisions 1, 2, 3, 4, 5, 9.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 64 and nays 0, as follows:

Those who voted in the affirmative were:

|           |               |          |            |           |
|-----------|---------------|----------|------------|-----------|
| Anderson  | Frederickson  | Kubly    | Nienow     | Saxhaug   |
| Bachmann  | Gaither       | Langseth | Olson      | Scheid    |
| Bakk      | Hann          | Larson   | Ortman     | Senjem    |
| Belanger  | Higgins       | LeClair  | Pappas     | Skoe      |
| Berglin   | Hottinger     | Limmer   | Pariseau   | Skoglund  |
| Betzold   | Johnson, D.E. | Lourey   | Pogemiller | Solon     |
| Chaudhary | Johnson, D.J. | Marko    | Ranum      | Sparks    |
| Cohen     | Jungbauer     | Marty    | Reiter     | Stumpf    |
| Day       | Kelley        | Metzen   | Rest       | Tomassoni |
| Dibble    | Kiscaden      | Michel   | Robling    | Vickerman |
| Dille     | Kleis         | Moua     | Rosen      | Wergin    |
| Fischbach | Knutson       | Murphy   | Ruud       | Wiger     |
| Foley     | Koering       | Neuville | Sams       |           |

So the bill passed and its title was agreed to.

**SPECIAL ORDER**

**S.F. No. 28:** A bill for an act relating to commerce; enacting the revisions to the general provisions of the Uniform Commercial Code and amendments to Articles 3 and 4 of the Uniform Commercial Code recommended by the National Conference of Commissioners on Uniform State Laws; making conforming changes; amending Minnesota Statutes 2002, sections 17.94; 84.787, subdivision 9; 84.797, subdivision 10; 84.92, subdivision 6; 86B.820, subdivision 12; 168A.01, subdivision 20; 234.27; 325L.03; 325L.16; 336.2-103; 336.2-202; 336.2A-103; 336.2A-501; 336.2A-518; 336.2A-519; 336.2A-527; 336.2A-528; 336.3-103; 336.3-106; 336.3-116; 336.3-305; 336.3-309; 336.3-416; 336.3-417; 336.3-602; 336.3-604; 336.3-605; 336.4-104; 336.4-105; 336.4-207; 336.4-208; 336.4-212; 336.4-301; 336.4-403; 336.4A-105; 336.4A-106; 336.4A-204; 336.5-103; 336.8-102; 336.9-102; 513.33, subdivision 1; 514.963, subdivision 9; 514.965, subdivision 10; proposing coding for new law in Minnesota Statutes, chapter 336; repealing Minnesota Statutes 2002, sections 336.1-101; 336.1-102; 336.1-103; 336.1-104; 336.1-105; 336.1-106; 336.1-107; 336.1-108; 336.1-109; 336.1-110; 336.1-201; 336.1-202; 336.1-203; 336.1-204; 336.1-205; 336.1-206; 336.1-207; 336.1-208; 336.1-209; 336.2-208; 336.2A-207.

Senator Betzold moved to amend S.F. No. 28 as follows:

Page 1, line 27, to page 61, line 27, delete articles 1 to 3

Page 61, line 28, delete "4" and insert "1"

Page 62, line 8, reinstate everything after "(6)"

Page 62, reinstate line 9

Page 62, delete line 10

Page 63, delete line 6 and insert:

"(14) "Record" means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form."

Page 63, line 10, delete "consumer" and delete "drawn"

Page 63, line 11, delete everything before "is" and insert " that"

Page 63, line 12, after "handwritten" insert "or facsimile"

Page 64, line 23, reinstate the stricken language

Page 66, after line 15, insert:

"Sec. 4. Minnesota Statutes 2002, section 336.3-119, is amended to read:

336.3-119 [NOTICE OF RIGHT TO DEFEND ACTION.]

In an action for breach of an obligation for which a third person is answerable over pursuant to this article or article 4, the defendant may give the third person ~~written~~ notice of the litigation in a record, and the person notified may then give similar notice to any other person who is answerable over. If the notice states (i) that the person notified may come in and defend and (ii) that failure to do so will bind the person notified in an action later brought by the person giving the notice as to any determination of fact common to the two litigations, the person notified is so bound unless after reasonable receipt of the notice the person notified does come in and defend."

Page 66, line 19, strike "stated in subsection (b)" and insert "otherwise provided in this section"

Page 69, after line 2, insert:

"Sec. 7. Minnesota Statutes 2002, section 336.3-312, is amended to read:



336.3-312 [LOST, DESTROYED, OR STOLEN CASHIER'S CHECK, TELLER'S CHECK, OR CERTIFIED CHECK.]

(a) In this section:

(1) "Check" means a cashier's check, teller's check, or certified check.

(2) "Claimant" means a person who claims the right to receive the amount of a cashier's check, teller's check, or certified check that was lost, destroyed, or stolen.

(3) "Declaration of loss" means a written statement, made in a record under penalty of perjury, to the effect that (i) the declarer lost possession of a check, (ii) the declarer is the drawer or payee of the check, in the case of a certified check, or the remitter or payee of the check, in the case of a cashier's check or teller's check, (iii) the loss of possession was not the result of a transfer by the declarer or a lawful seizure, and (iv) the declarer cannot reasonably obtain possession of the check because the check was destroyed, its whereabouts cannot be determined, or it is in the wrongful possession of an unknown person or a person that cannot be found or is not amenable to service of process.

(4) "Obligated bank" means the issuer of a cashier's check or teller's check or the acceptor of a certified check.

(b) A claimant may assert a claim to the amount of a check by a communication to the obligated bank describing the check with reasonable certainty and requesting payment of the amount of the check, if (i) the claimant is the drawer or payee of a certified check or the remitter or payee of a cashier's check or teller's check, (ii) the communication contains or is accompanied by a declaration of loss of the claimant with respect to the check, (iii) the communication is received at a time and in a manner affording the bank a reasonable time to act on it before the check is paid, and (iv) the claimant provides reasonable identification if requested by the obligated bank. Delivery of a declaration of loss is a warranty of the truth of the statements made in the declaration. If a claim is asserted in compliance with this subsection, the following rules apply:

(1) The claim becomes enforceable at the later of (i) the time the claim is asserted, or (ii) the 90th day following the date of the check, in the case of a cashier's check or teller's check, or the 90th day following the date of the acceptance, in the case of a certified check.

(2) Until the claim becomes enforceable, it has no legal effect and the obligated bank must pay the check or, in the case of a teller's check, may permit the drawee to pay the check. Payment to a person entitled to enforce the check discharges all liability of the obligated bank with respect to the check.

(3) If the claim becomes enforceable before the check is presented for payment, the obligated bank is not obliged to pay the check.

(4) When the claim becomes enforceable, the obligated bank becomes obliged to pay the amount of the check to the claimant if payment of the check has not been made to a person entitled to enforce the check. Subject to section 336.4-302(a)(1), payment to the claimant discharges all liability of the obligated bank with respect to the check.

(c) If the obligated bank pays the amount of a check to a claimant under subsection (b)(4) and the check is presented for payment by a person having rights of a holder in due course, the claimant is obliged to (i) refund the payment to the obligated bank if the check is paid, or (ii) pay the amount of the check to the person having rights of a holder in due course if the check is dishonored.

(d) If a claimant has the right to assert a claim under subsection (b) and is also a person entitled to enforce a cashier's check, teller's check, or certified check which is lost, destroyed, or stolen, the claimant may assert rights with respect to the check either under this section or section 336.3-309."

Page 69, line 20, delete everything before "the" and insert:

"(6) with respect to a remotely-created item,"

Page 70, after line 2, insert:

"(e) No claim for breach of the warranty in subsection (a)(6) is available against a person to which an item was transferred to the extent that under applicable law (including the applicable choice-of-law principles) the person that transferred the item to that person did not make the warranty in subsection (a)(6)."

Page 70, line 19, delete everything before "the" and insert:

"(4) with respect to any remotely-created item,"

Page 71, after line 29, insert:

"(g) No claim for breach of the warranty in subsection (a)(4) is available against a person to which an item was transferred to the extent that under applicable law (including the applicable choice-of-law principles) the person that transferred the item to that person did not make the warranty in subsection (a)(4)."

Sec. 10. Minnesota Statutes 2002, section 336.3-419, is amended to read:

336.3-419 [INSTRUMENTS SIGNED FOR ACCOMMODATION.]

(a) If an instrument is issued for value given for the benefit of a party to the instrument ("accommodated party") and another party to the instrument ("accommodation party") signs the instrument for the purpose of incurring liability on the instrument without being a direct beneficiary of the value given for the instrument, the instrument is signed by the accommodation party "for accommodation."

(b) An accommodation party may sign the instrument as maker, drawer, acceptor, or endorser and, subject to subsection (d), is obliged to pay the instrument in the capacity in which the accommodation party signs. The obligation of an accommodation party may be enforced notwithstanding any statute of frauds and whether or not the accommodation party receives consideration for the accommodation.

(c) A person signing an instrument is presumed to be an accommodation party and there is notice that the instrument is signed for accommodation if the signature is an anomalous endorsement or is accompanied by words indicating that the signer is acting as surety or guarantor with respect to the obligation of another party to the instrument. Except as provided in section 336.3-605, the obligation of an accommodation party to pay the instrument is not affected by the fact that the person enforcing the obligation had notice when the instrument was taken by that person that the accommodation party signed the instrument for accommodation.

(d) If the signature of a party to an instrument is accompanied by words indicating unambiguously that the party is guaranteeing collection rather than payment of the obligation of another party to the instrument, the signer is obliged to pay the amount due on the instrument to a person entitled to enforce the instrument only if (i) execution of judgment against the other party has been returned unsatisfied, (ii) the other party is insolvent or in an insolvency proceeding, (iii) the other party cannot be served with process, or (iv) it is otherwise apparent that payment cannot be obtained from the other party.

(e) If the signature of a party to an instrument is accompanied by words indicating that the party guarantees payment or the signer signs the instrument as an accommodation party in some other manner that does not unambiguously indicate an intention to guarantee collection rather than payment, the signer is obliged to pay the amount due on the instrument to a person entitled to enforce the instrument in the same circumstances as the accommodated party would be obliged, without prior resort to the accommodated party by the person entitled to enforce the instrument.

(f) An accommodation party who pays the instrument is entitled to reimbursement from the accommodated party and is entitled to enforce the instrument against the accommodated party. In

proper circumstances, an accommodation party may obtain relief that requires the accommodated party to perform its obligations on the instrument. An accommodated party who that pays the instrument has no right of recourse against, and is not entitled to contribution from, an accommodation party.

Page 79, line 19, delete "5" and insert "2"

Page 80, line 33, reinstate the stricken language

Page 81, line 23, delete "consumer"

Pages 81 and 82, delete section 2

Page 82, line 28, delete "consumer"

Page 82, line 29, delete "that"

Page 83, after line 22, insert:

"(f) No claim for breach in the warranty in subsection (a)(6) is available against a person to which an item was transferred to the extent that under applicable law (including the applicable choice-of-law principles) the person that transferred the item to that person did not make the warranty in subsection (a)(6)."

Page 84, line 3, delete "consumer"

Page 84, line 4, delete "that"

Page 85, after line 11, insert:

"(g) No claim for breach of the warranty in subsection (a)(4) is available against a person to which an item was transferred to the extent that under applicable law (including the applicable choice-of-law principle) the person that transferred the item to that person did not make the warranty in subsection (a)(4)."

Renumber the sections in sequence

Delete the title and insert:

"A bill for an act relating to commerce; modifying and enacting the amendments to Articles 3 and 4 of the Uniform Commercial Code recommended by the National Conference of Commissioners on Uniform State Laws; amending Minnesota Statutes 2002, sections 336.3-103; 336.3-106; 336.3-116; 336.3-119; 336.3-305; 336.3-309; 336.3-312; 336.3-416; 336.3-417; 336.3-419; 336.3-602; 336.3-604; 336.3-605; 336.4-104; 336.4-207; 336.4-208; 336.4-212; 336.4-301; 336.4-403."

The motion prevailed. So the amendment was adopted.

S.F. No. 28 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 63 and nays 0, as follows:

Those who voted in the affirmative were:

|           |              |               |          |          |
|-----------|--------------|---------------|----------|----------|
| Anderson  | Dibble       | Hottinger     | Koering  | Marty    |
| Bakk      | Dille        | Johnson, D.E. | Kubly    | Metzen   |
| Belanger  | Fischbach    | Johnson, D.J. | Langseth | Michel   |
| Berglin   | Foley        | Jungbauer     | Larson   | Moua     |
| Betzold   | Frederickson | Kelley        | LeClair  | Murphy   |
| Chaudhary | Gaither      | Kiscaden      | Limmer   | Neuville |
| Cohen     | Hann         | Kleis         | Lourey   | Nienow   |
| Day       | Higgins      | Knutson       | Marko    | Olson    |

|            |         |         |           |           |
|------------|---------|---------|-----------|-----------|
| Ortman     | Reiter  | Sams    | Skoglund  | Vickerman |
| Pappas     | Rest    | Saxhaug | Solon     | Wergin    |
| Pariseau   | Robling | Scheid  | Sparks    | Wiger     |
| Pogemiller | Rosen   | Senjem  | Stumpf    |           |
| Ranum      | Ruud    | Skoe    | Tomassoni |           |

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

### SPECIAL ORDER

**S.F. No. 266:** A bill for an act relating to family law; changing certain procedures for removal of a child's residence from Minnesota; amending Minnesota Statutes 2002, sections 518.1705, subdivision 7; 518.175, subdivision 3; 518.18.

Senator Marty moved to amend S.F. No. 266 as follows:

Page 2, line 36, before the period, insert "except that if the court finds the existence of domestic abuse between the parents, the burden of proof is upon the parent opposing the move"

The motion prevailed. So the amendment was adopted.

S.F. No. 266 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 62 and nays 0, as follows:

Those who voted in the affirmative were:

|              |               |          |            |           |
|--------------|---------------|----------|------------|-----------|
| Anderson     | Gaither       | Langseth | Olson      | Senjem    |
| Bachmann     | Hann          | Larson   | Ortman     | Skoe      |
| Bakk         | Higgins       | LeClair  | Pariseau   | Skoglund  |
| Belanger     | Hottinger     | Limmer   | Pogemiller | Solon     |
| Berglin      | Johnson, D.E. | Lourey   | Ranum      | Sparks    |
| Betzold      | Johnson, D.J. | Marko    | Reiter     | Stumpf    |
| Chaudhary    | Jungbauer     | Marty    | Rest       | Tomassoni |
| Day          | Kelley        | Metzen   | Robling    | Vickerman |
| Dibble       | Kiscaden      | Michel   | Rosen      | Wergin    |
| Dille        | Kleis         | Moua     | Ruud       | Wiger     |
| Fischbach    | Knutson       | Murphy   | Sams       |           |
| Foley        | Koering       | Neuville | Saxhaug    |           |
| Frederickson | Kubly         | Nienow   | Scheid     |           |

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

Senator Betzold moved that S.F. No. 266 be laid on the table. The motion prevailed.

### INTRODUCTION AND FIRST READING OF SENATE BILLS

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

#### Senator Bakk introduced--

**S.F. No. 1478:** A bill for an act relating to tax increment financing; authorizing duration extension of the housing and redevelopment authority in and for Lake county.

Referred to the Committee on Taxes.

#### Senators Johnson, D.E. and Rosen introduced--

**S.F. No. 1479:** A bill for an act relating to highways; authorizing issuance of \$1,000,000 in state bonds for a grant program for replacement of official traffic control signs on town roads; appropriating money.

Referred to the Committee on Finance.

**Senator Murphy introduced--**

**S.F. No. 1480:** A bill for an act relating to capital improvements; authorizing the issuance of state bonds; appropriating money for the Goodhue Pioneer Trail.

Referred to the Committee on Finance.

**Senator Marko introduced--**

**S.F. No. 1481:** A bill for an act relating to the city of Newport; allowing the city to impose a lodging tax.

Referred to the Committee on Taxes.

**Senator Ranum introduced--**

**S.F. No. 1482:** A bill for an act relating to judicial standards; appropriating money to the board of judicial standards.

Referred to the Committee on Finance.

**Senators Johnson, D.E.; Kubly and Pogemiller introduced--**

**S.F. No. 1483:** A bill for an act relating to taxation; extending the construction date requirement applicable to a property tax exemption for a biomass electric generation facility; amending Minnesota Statutes 2002, section 272.02, subdivision 47.

Referred to the Committee on Taxes.

**Senator Ruud introduced--**

**S.F. No. 1484:** A bill for an act relating to public safety; establishing a grant program for cities for teams to contain, clean-up, and preserve evidence at clandestine methamphetamine labs; requiring a local match; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 299A.

Referred to the Committee on Crime Prevention and Public Safety.

**Senators Frederickson and Vickerman introduced--**

**S.F. No. 1485:** A bill for an act relating to taxation; property tax; modifying the requirements for certain agricultural homesteads; amending Minnesota Statutes 2002, section 273.124, subdivision 14.

Referred to the Committee on Taxes.

**Senators Chaudhary, Vickerman, Sams, Frederickson and Rosen introduced--**

**S.F. No. 1486:** A bill for an act relating to economic development; adding four legislators to the board of Minnesota Technology, Inc.; amending Minnesota Statutes 2002, section 1160.03, subdivision 2.

Referred to the Committee on State and Local Government Operations.

**MEMBERS EXCUSED**

Senators Kierlin, McGinn and Ourada were excused from the Session of today. Senator Rest was excused from the Session of today from 9:00 to 9:25 a.m. Senator Chaudhary was excused from the Session of today from 9:00 to 9:35 a.m. Senator Cohen was excused from the Session of today from 9:00 to 9:45 and at 11:00 a.m. Senator Murphy was excused from the Session of today from 9:00 to 9:50 a.m. Senator Bachmann was excused from the Session of today from 10:45 to 11:00 a.m.

**ADJOURNMENT**

Senator Hottinger moved that the Senate do now adjourn until 9:00 a.m., Wednesday, April 16, 2003. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

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