

STATE OF MINNESOTA

Journal of the Senate

EIGHTY-THIRD LEGISLATURE

ONE HUNDRED SECOND DAY

St. Paul, Minnesota, Wednesday, May 5, 2004

The Senate met at 10:00 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. Albert Gallmon, Jr.

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

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

The President declared a quorum present.

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

REPORTS OF COMMITTEES

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

Senator Johnson, D.E., from the Committee on Rules and Administration, to which was referred

H.F. No. 722 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

GENERAL ORDERS

H.F. No.	S.F. No.
722	457

CONSENT CALENDAR

H.F. No.	S.F. No.
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CALENDAR

H.F. No.	S.F. No.
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and that the above Senate File be indefinitely postponed.

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

Senator Johnson, D.E., from the Committee on Rules and Administration, to which was referred

H.F. No. 2085 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS

H.F. No.	S.F. No.
2085	1835

CONSENT CALENDAR

H.F. No.	S.F. No.
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CALENDAR

H.F. No.	S.F. No.
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Pursuant to Rule 45, the Committee on Rules and Administration recommends that H.F. No. 2085 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 2085 and insert the language after the enacting clause of S.F. No. 1835, the second engrossment; further, delete the title of H.F. No. 2085 and insert the title of S.F. No. 1835, the second engrossment.

And when so amended H.F. No. 2085 will be identical to S.F. No. 1835, and further recommends that H.F. No. 2085 be given its second reading and substituted for S.F. No. 1835, 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.

SECOND READING OF HOUSE BILLS

H.F. Nos. 722 and 2085 were read the second time.

MOTIONS AND RESOLUTIONS**SPECIAL ORDERS**

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

S.F. Nos. 1973, 2472, H.F. Nos. 2103, 2005, 1425, 730, S.F. No. 2080, H.F. No. 2691, S.F. Nos. 2125, 2620, 2379, H.F. Nos. 1851, 1898, 1392, S.F. No. 2274, H.F. No. 2270, S.F. Nos. 2154, 1769, H.F. No. 2235, S.F. Nos. 2703 and 1803.

SPECIAL ORDER

S.F. No. 1973: A bill for an act relating to metropolitan government; changing the composition of the Metropolitan Radio Board; providing for requests to the Metropolitan Council for authorization and issuance of revenue bonds for certain purposes; amending Metropolitan Council

bond authorization; repealing the sunset of the Metropolitan Radio Board; amending Minnesota Statutes 2003 Supplement, section 403.21, subdivision 3; 403.22, subdivisions 1, 2; 403.27, subdivision 1; repealing Laws 1995, chapter 195, article 1, section 18, as amended.

Senator Ranum moved that S.F. No. 1973 be laid on the table. The motion prevailed.

SPECIAL ORDER

S.F. No. 2472: A bill for an act relating to natural resources; providing for certain rulemaking exemptions; granting authorities to the commissioner of natural resources; authorizing fees; modifying civil penalties; amending Minnesota Statutes 2002, sections 83A.02; 84.027, by adding a subdivision; 84.029, by adding a subdivision; 84.033; 84.0855, by adding a subdivision; 84.791, subdivision 2, by adding a subdivision; 84.86, subdivision 1; 84.8712, subdivision 2; 84.925, subdivision 1, by adding a subdivision; 84D.13, subdivision 5; 85.052, subdivisions 1, 2, by adding subdivisions; 85.055, subdivision 1a; 85.22, subdivision 3; 86A.05, subdivision 5; 86A.07, subdivision 3; 86A.21; 86B.321, subdivision 2; 86B.521, by adding a subdivision; 88.79, by adding a subdivision; 89.012; 89.018, subdivisions 1, 2, by adding a subdivision; 89.19; 89.21; 89.37, by adding a subdivision; 89.53, subdivision 1; 89.71, subdivision 1; 97A.101, subdivision 2; 97A.133, subdivision 3; 97A.135, subdivision 1; 97A.145, subdivision 1; 97B.015, by adding a subdivision; 97B.025; 103G.223; 103I.601, subdivision 3; 282.01, subdivision 3; Minnesota Statutes 2003 Supplement, sections 84.029, subdivision 1; 84.775, subdivision 1; 84.780.

Senator Frederickson moved to amend S.F. No. 2472 as follows:

Page 14, line 14, delete "fees and"

Page 14, line 15, after "supplies" insert "and fees"

The motion prevailed. So the amendment was adopted.

S.F. No. 2472 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	Frederickson	Langseth	Ortman	Scheid
Bachmann	Gaither	Larson	Ourada	Senjem
Bakk	Hann	LeClair	Pappas	Skoe
Belanger	Higgins	Limmer	Pariseau	Skoglund
Berglin	Johnson, D.E.	Lourey	Pogemiller	Solon
Betzold	Johnson, D.J.	Marko	Ranum	Sparks
Chaudhary	Jungbauer	Marty	Reiter	Stumpf
Cohen	Kelley	McGinn	Rest	Tomassoni
Day	Kierlin	Metzen	Robling	Vickerman
Dibble	Kleis	Moua	Rosen	Wergin
Dille	Knutson	Neuville	Ruud	Wiger
Fischbach	Koering	Nienow	Sams	
Foley	Kubly	Olson	Saxhaug	

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

MOTIONS AND RESOLUTIONS - CONTINUED

Senator Ranum moved that S.F. No. 1973 be taken from the table. The motion prevailed.

S.F. No. 1973: A bill for an act relating to metropolitan government; changing the composition of the Metropolitan Radio Board; providing for requests to the Metropolitan Council for authorization and issuance of revenue bonds for certain purposes; amending Metropolitan Council

bond authorization; repealing the sunset of the Metropolitan Radio Board; amending Minnesota Statutes 2003 Supplement, section 403.21, subdivision 3; 403.22, subdivisions 1, 2; 403.27, subdivision 1; repealing Laws 1995, chapter 195, article 1, section 18, as amended.

Senator Ranum moved to amend S.F. No. 1973 as follows:

Delete everything after the enacting clause and insert:

"Section 1. [403.20] [SYSTEM NAME.]

The statewide, shared, trunked radio and communication system established under section 403.36 may be referred to as "Allied Radio Matrix for Emergency Response" or "ARMER."

Sec. 2. Minnesota Statutes 2003 Supplement, section 403.21, subdivision 1, is amended to read:

Subdivision 1. [APPLICATIONS.] The definitions in this section apply to sections 403.21 to 403.34 403.40.

Sec. 3. Minnesota Statutes 2003 Supplement, section 403.21, subdivision 2, is amended to read:

Subd. 2. [BOARD.] "Board" or "radio board" or "Metropolitan Radio Board" means the Metropolitan Radio Board or its successor regional radio board.

Sec. 4. Minnesota Statutes 2003 Supplement, section 403.21, subdivision 3, is amended to read:

Subd. 3. [FIRST PHASE.] "First phase" or "first phase of the regionwide public safety radio ~~communications~~ communication system" means the initial backbone which serves the following nine-county metropolitan area: Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, and Washington Counties.

Sec. 5. Minnesota Statutes 2003 Supplement, section 403.21, subdivision 5, is amended to read:

Subd. 5. [LOCAL GOVERNMENT.] "Local government" means any county, home rule charter or statutory city, or town, ~~lying in whole or in part within the metropolitan area.~~

Sec. 6. Minnesota Statutes 2003 Supplement, section 403.21, subdivision 8, is amended to read:

Subd. 8. [SUBSYSTEMS.] "Subsystems" or "public safety radio subsystems" means systems identified in the plan as subsystems interconnected by the ~~first phase system~~ system backbone in subsequent phases and operated by the Metropolitan Radio Board, a regional radio board, or local government units for their own internal operations.

Sec. 7. Minnesota Statutes 2003 Supplement, section 403.21, subdivision 9, is amended to read:

Subd. 9. [SYSTEM; BACKBONE SYSTEM.] "System backbone" or "backbone system" means a ~~regionwide~~ regionwide, trunked, communication, and interoperability infrastructure network, including, but not limited to, radio towers and associated structures and equipment, the elements of which are identified in the regionwide public safety radio communications communication system plan, and subsystems interconnected by the shared regionwide network under section 403.23, subdivision 6, and the statewide radio communication plan under section 403.36.

Sec. 8. Minnesota Statutes 2003 Supplement, section 403.21, subdivision 10, is amended to read:

Subd. 10. [SECOND PHASE.] "Second phase" means the ~~Metropolitan Radio Board providing assistance to~~ enhancement of the phase one backbone by local government units building subsystems in the metropolitan area that did not build their own subsystems in the first phase.

Sec. 9. Minnesota Statutes 2003 Supplement, section 403.21, is amended by adding a subdivision to read:

Subd. 12. [GREATER MINNESOTA.] "Greater Minnesota" means the area of the state outside the nine-county metropolitan area served by the first phase.

Sec. 10. Minnesota Statutes 2003 Supplement, section 403.21, is amended by adding a subdivision to read:

Subd. 13. [REGIONAL RADIO BOARD.] "Regional radio board" or "regional board" means a regional radio board established under section 403.39.

Sec. 11. Minnesota Statutes 2003 Supplement, section 403.22, subdivision 1, is amended to read:

Subdivision 1. [GENERAL.] The Metropolitan Radio Board is established as a political subdivision with jurisdiction in the counties of Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, and Washington. The board shall be organized, structured, and administered as provided in this section. Until funds to administer the board become available under section 403.23, subdivision 19, the Metropolitan Council shall provide office space and administrative support to the board at no cost.

Sec. 12. Minnesota Statutes 2003 Supplement, section 403.22, subdivision 2, is amended to read:

Subd. 2. [MEMBERSHIP.] The board consists of ~~17~~ 21 members. ~~Fifteen~~ Seventeen members shall be local officials and shall include:

(1) one county commissioner appointed by each respective county board from each of the ~~seven~~ metropolitan counties in the board's jurisdiction;

(2) an elected official from each of the cities of Minneapolis, St. Paul, and Bloomington appointed by each respective city governing body;

(3) two elected officials from other metropolitan cities appointed by the governor, who shall consider recommendations made by the Association of Metropolitan Municipalities when making these appointments;

(4) an elected official from a county or a city within a county in Minnesota that is contiguous to the metropolitan area appointed by the governor, who shall consider recommendations made by the League of Minnesota Cities when making this appointment;

(5) a sheriff appointed by the governor, who shall consider recommendations made by the Metropolitan Sheriffs Association when making this appointment; and

(6) a police chief appointed by the governor, who shall consider recommendations made by the Minnesota Police Chiefs Association when making this appointment.

The ~~16th~~ 18th member shall be a member of the Metropolitan Council appointed by the council. The ~~17th~~ 19th member shall be the director of electronic communications of the Minnesota Department of Transportation. The 20th member shall be the commissioner of public safety, or a designee of the commissioner. As provided in section 403.23, subdivision 20, the chair of the Technical Operations Committee serves as ~~an ex-officio~~ the 21st member of the board.

The members shall be appointed within 30 days of the effective date of Laws 1995, chapter 195. Upon the effective date of Laws 1995, chapter 195, the Metropolitan Council shall inform the entities listed in this subdivision of the appointments required by this subdivision and shall provide whatever assistance is necessary to facilitate the appointment process and establish the radio board.

Board members have no set term and remain on the board until a successor is appointed as provided by this subdivision. However, with respect to those board members who, under this subdivision, must be elected officials, a successor must be appointed as provided by this subdivision no later than the date that a member is no longer an elected official, unless the member dies while in office, in which case a successor must be named as soon as practicable.

Sec. 13. Minnesota Statutes 2003 Supplement, section 403.23, subdivision 3, is amended to read:

Subd. 3. [APPLICATION TO FCC.] Within 180 days from adoption of the regionwide public safety radio system communication plan the commissioner of transportation, on behalf of the state of Minnesota, shall use the plan, adopted by the board under subdivision 2 to submit an extended implementation application to the Federal Communications Commission (FCC) for the NPSPAC channels and other public safety frequencies available for use in the metropolitan area and necessary to implement the plan. Local governments and all other public or private entities eligible under part 90 of the FCC rules shall not apply for public safety channels in the 821 to 824 and 866 to 869 megahertz bands for use within the metropolitan counties until the FCC takes final action on the regional application submitted under this section. Exceptions to the restrictions on the application for the NPSPAC channels may be granted by the radio board. The Minnesota Department of Transportation shall hold the master system licenses for all public safety frequencies assigned to the first phase under the board's plan and these channels shall must be used for the implementation of the plan. The radio board shall hold the master system licenses for the public safety frequencies assigned to local government subsystems under the board's plan and these channels shall must be used for implementation of the plan. Upon approval by the board of a local government's subsystem plan and evidence of a signed contract with a vendor for construction of a subsystem consistent with the board's system plan, the board shall apply to the FCC to transfer to the local government the licenses for the public safety frequencies assigned by the plan for use in the network infrastructure owned by the local government. The radio board, the commissioner of the Minnesota Department of Transportation, and local subsystem owners shall jointly colicense all subscriber equipment for the system backbone system.

Sec. 14. Minnesota Statutes 2003 Supplement, section 403.27, subdivision 1, is amended to read:

Subdivision 1. [AUTHORIZATION.] (a) After consulting with the commissioner of finance, the council, if requested by a vote of at least two-thirds of all of the members of the ~~Public Safety Radio Communication System Planning Committee established under section 403.36~~ Metropolitan Radio Board, may, by resolution, authorize the issuance of its revenue bonds for any of the following purposes to:

- (1) provide funds for regionwide mutual aid and emergency medical services communications;
- (2) provide funds for the elements of the first phase of the regionwide public safety radio ~~communications~~ communication system that the board determines are of regionwide benefit and support mutual aid and emergency medical services communication including, but not limited to, costs of master controllers of the backbone;
- (3) provide money for the second phase of the public safety radio communication system;
- (4) ~~provide money for the third phase of the public safety radio communication system;~~
- (5) to the extent money is available after meeting the needs described in clauses (1) to (3), provide money to reimburse local units of government for amounts expended for capital improvements to the first phase system previously paid for by the local government units; or
- (6) (5) refund bonds issued under this section.

(b) After consulting with the commissioner of finance, the council, if requested by a vote of at least two-thirds of all of the members of the Statewide Radio Board may, by resolution, authorize the issuance of its revenue bonds to provide money for the third phase of the public safety radio communication system.

Sec. 15. Minnesota Statutes 2003 Supplement, section 403.35, is amended to read:

403.35 [REPORT TO LEGISLATURE CONTINUATION OF ENHANCEMENTS TO REGIONAL SYSTEM.]

~~The Metropolitan Radio Board shall report to the legislature no later than March 1, 2000, concerning the status of the 800 MHz system. The report shall include: projected cost of the system; identification of groups of taxpayers or persons who pay fees who will pay for each part of the system; the number of radios purchased by any government unit; and an identification of manufacturers that have agreed to, or are expected to respond to requests for proposals to, deliver radios to the state or any government unit in connection with the 800-MHz project. Upon the transition of the Metropolitan Radio Board to a regional radio board under section 403.39, the Metropolitan Radio Board may continue the planning, implementation, operation, and maintenance of the second phase and of local and regional enhancements to the system backbone. The Metropolitan Radio Board may retain property, interests, obligations, and rules that relate exclusively to the planning, implementation, operation, and maintenance of the second phase and to local and regional enhancements to the system backbone. Where the property, interests, and obligations of the Metropolitan Radio Board are combined with elements of the system backbone, the commissioner of public safety, the Statewide Radio Board, and the Metropolitan Radio Board shall formulate and submit to the legislature by February 1, 2005, a plan, consistent with the public safety radio system communication plan, specifying the terms and conditions under which the combined property, interests, or obligations will be jointly maintained.~~

Sec. 16. Minnesota Statutes 2003 Supplement, section 403.36, is amended to read:

~~403.36 [PUBLIC SAFETY STATEWIDE RADIO SYSTEM PLANNING COMMITTEE BOARD.]~~

~~Subdivision 1. [PLANNING COMMITTEE MEMBERSHIP.] (a) The commissioner of public safety shall convene and chair a planning committee the Statewide Radio Board to develop a project plan for a statewide, shared, trunked public safety radio communication system. The system may be referred to as "Allied Radio Matrix for Emergency Response," or "ARMER."~~

~~(b) The planning committee board consists of the following members or their designees:~~

- ~~(1) the commissioner of public safety;~~
- ~~(2) the commissioner of transportation;~~
- ~~(3) the commissioner of administration;~~
- ~~(4) the commissioner of natural resources;~~
- ~~(5) the chief of the Minnesota State Patrol;~~
- ~~(6) the commissioner of health;~~
- ~~(7) the commissioner of finance;~~

~~(8) two elected city officials, one from the nine-county metropolitan area and one from Greater Minnesota, appointed by the governing body of the League of Minnesota Cities;~~

~~(9) two elected county officials, one from the nine-county metropolitan area and one from Greater Minnesota, appointed by the governing body of the Association of Minnesota Counties;~~

~~(10) two sheriffs, one from the nine-county metropolitan area and one from Greater Minnesota, appointed by the governing body of the Minnesota Sheriffs' Association;~~

~~(11) two chiefs of police, one from the nine-county metropolitan area and one from Greater Minnesota, appointed by the governor after considering recommendations made by the Minnesota Chiefs' of Police Association;~~

~~(12) two fire chiefs, one from the nine-county metropolitan area and one from Greater Minnesota, appointed by the governor after considering recommendations made by the Minnesota Fire Chiefs' Association;~~

~~(13) two representatives of emergency medical service providers, one from the nine-county~~

metropolitan area and one from Greater Minnesota, appointed by the governor after considering recommendations made by the Minnesota Ambulance Association;

(14) the chair of the Metropolitan Radio Board; and

(6) the president of the Minnesota Sheriffs' Association;

(7) a representative of the League of Minnesota Cities from the metropolitan area;

(8) a representative of the League of Minnesota Cities from Greater Minnesota; and

(9) a representative of the Association of Minnesota Counties from Greater Minnesota

(15) a representative of Greater Minnesota elected by those units of government in phase three and any subsequent phase of development as defined in the statewide, shared radio and communication plan, who have submitted a plan to the Statewide Radio Board and where development has been initiated.

Additionally, the commissioner of finance or a designee shall serve on the committee as a nonvoting member. The Statewide Radio Board shall coordinate the appointment of board members representing Greater Minnesota with the appointing authorities and may designate the geographic region or regions from which an appointed board member is selected where necessary to provide representation from throughout the state.

Subd. 1a. [TERMS.] Board members have no set term and remain on the board until a successor is appointed as provided in subdivision 1. However, with respect to those board members who, under subdivision 1, must be elected officials, a successor must be appointed as provided in subdivision 1 no later than the date that the member is no longer an elected official, unless the member dies while in office, in which case a successor must be named as soon as practicable.

Subd. 1b. [COMPENSATION; REMOVAL; VACANCIES.] Compensation, removal, and filling of vacancies of board members are governed by section 15.0575, except that appointments to the board are not subject to the open appointments process of sections 15.0597 to 15.0599.

Subd. 1c. [VOTING.] Each member has one vote. The majority of the voting power of the board constitutes a quorum, although a smaller number may adjourn from time to time. Any motion, other than adjournment, must be favored by a majority of the voting power of the board in order to carry.

Subd. 1d. [CALLING A MEETING.] The board shall convene upon the call of the chair or any six members of the board.

(e) Subd. 1e. [IMPLEMENT PLAN AND ESTABLISH STATEWIDE SYSTEM.] The planning committee must implement the Statewide Radio Board has overall responsibility for the statewide, shared radio and communication system project plan and establish the statewide, shared trunked radio and communications system. The commissioner of public safety is designated as the chair of the planning committee shall implement the plan adopted by the Statewide Radio Board. The commissioner of public safety and the planning committee have overall responsibility for the successful completion of statewide communications infrastructure system integration shall contract with the commissioner of transportation to construct, own, operate, maintain, and enhance the elements of the backbone system defined in the plan. The commissioner of transportation, under appropriate state law, shall contract for, or procure by purchase or lease, (including joint purchase and lease agreements), construction, installation of materials, supplies and equipment, and other services as may be needed to build, operate, and maintain the system backbone. The Department of Transportation shall own, operate, and maintain those elements identified in the project plan as the system backbone, including, but not limited to, radio towers and associated structures and equipment related to the system backbone.

(d) Subd. 1f. [ADVISORY GROUPS.] (a) The planning committee must Statewide Radio Board shall establish one or more advisory groups for the purpose of advising on the plan, design,

implementation, and administration of the statewide, shared trunked radio and ~~communications~~ communication system.

(b) At least one such group must consist of the following members:

(1) the chair of the Metropolitan Radio Board and the chair of each regional radio board or, if no regional radio board has been formed, a representative of each region of development as defined in the statewide, shared, trunked radio and communication plan, once planning and development have been initiated for the region, or a designee;

(2) the chief of the Minnesota State Patrol or a designee;

(3) a representative of the Minnesota State Sheriffs' Association;

(4) a representative of the Minnesota Chiefs of Police Association; ~~and~~

(5) a representative of the Minnesota Fire Chiefs' Association; and

(6) a representative of the Emergency Medical Services Board.

Subd. 2. [PLAN CONTENTS.] (a) The statewide, shared radio and ~~communications~~ communication system project plan must include:

(1) standards, guidelines, and comprehensive design for the system, including use and integration of existing public and private communications infrastructure;

(2) proposed project implementation schedule, phases, and estimated costs for each phase of the plan;

(3) recommended statutory changes required for effective implementation and administration of the statewide, shared trunked radio and ~~communications~~ communication system; and

(4) ~~establishment of a permanent governance structure to manage, administer, and operate the statewide, shared trunked radio system as it becomes operational; and~~

(5) a policy for the lease of excess space or capacity on systems constructed under the project plan, consistent with section 174.70, subdivision 2, with priority given first to local units of government for public safety ~~communications~~ communication transmission needs and second to any other communications transmission needs of either the public or private sector.

(b) The ~~planning committee~~ Statewide Radio Board must ensure that generally accepted project management techniques are utilized for each project or phase of the backbone of the statewide, shared radio and ~~communications~~ communication system consistent with guidelines of the Project Management Office of the Office of Technology:

(1) clear sponsorship;

(2) scope management;

(3) project planning, control, and execution;

(4) continuous risk assessment and mitigation;

(5) cost management;

(6) quality management reviews;

(7) communications management; and

(8) proven methodology.

Subd. 3. [LOCAL FINANCING.] A local unit of government that receives state funds for integration with the statewide, shared, trunked radio and ~~communications~~ communication system

~~must agree to participate in the system~~ have a plan approved by the Statewide Radio Board and must comply with the standards and guidelines contained in the project plan. The planning committee Statewide Radio Board must review and approve all local and regional planning initiatives, including bonds issued under section 373.47, for connectivity to the system to assure compatibility, interoperability and integration support with the system and plan standards. As part of the review, and prior to approving the issuance of bonds under section 373.47, the planning committee Statewide Radio Board must require, and a county or local unit of government must provide, a detailed plan including a budget and detailed cost estimates.

~~Subd. 4. [REPORTING.] By November 15, 2002 In conjunction with each biennial budget process, the planning committee Statewide Radio Board must submit a status report to the governor and to the chairs and ranking minority members of the house and senate committees with jurisdiction over capital investment and criminal justice funding and policy along with any proposed statutory changes and funding options to allow for consideration in the 2004-2005 biennial budget process. By January 15, 2003, the planning committee must submit the project plan to the governor and to the above named legislators and must immediately thereafter commence execution of the plan. The report must include a substantive assessment and evaluation of each significant part of the implementation of the statewide public safety radio plan with (1) to the extent possible, an update on risks and mitigation strategies; and (2) quantitative information on the status, progress, costs, benefits, and effects or those efforts.~~

Sec. 17. [403.37] [POWERS OF STATEWIDE RADIO BOARD.]

Subdivision 1. [GENERAL.] In addition to any other powers specifically provided by law, the Statewide Radio Board has the powers given in this section.

Subd. 2. [PLANNING.] The board shall coordinate the statewide, shared radio and communication system project plan with local and regional plans and modify the plan as necessary to facilitate the implementation of the backbone of the statewide, shared radio and communication system.

Subd. 3. [SYSTEM ARCHITECTURE.] The board shall define the backbone of the system, the timing and regions of system backbone development, the geographic scope of each region, and the standards for system backbone performance necessary to assure systemwide development that maximizes interoperability throughout the system.

Subd. 4. [IMPLEMENTATION.] The board shall oversee the implementation of the plan and ensure that the system is built, owned, operated, and maintained in accordance with the plan.

Subd. 5. [ASSIGNMENT OF FREQUENCIES.] The board shall oversee the assignment of frequencies to local users and to subsystems.

Subd. 6. [COST APPORTIONMENT.] The board shall determine how capital and operating costs of the system backbone are apportioned to users, including the cost of additional participants.

Subd. 7. [EXCESS CAPACITY ALLOCATION.] The board shall determine how excess capacity provided in the system backbone design will be allocated.

Subd. 8. [SYSTEM ENHANCEMENTS.] The board shall coordinate the extent to which local governments, quasi-public service corporations, and private entities eligible to use the system may provide system enhancements at their own expense.

Subd. 9. [TECHNICAL STANDARDS.] The board shall establish and enforce performance and technical standards for the operation of the system backbone.

Subd. 10. [PROTOCOLS.] The board shall establish and enforce priorities or protocols for the system that facilitate statewide uniformity.

Subd. 11. [INTEGRATION.] The board shall coordinate the integration of the statewide, shared radio and communication system among regions, adjoining states, federal entities, and to the extent permitted by law, with Canadian public safety entities.

Subd. 12. [ALLOCATION OF MONEY.] The board shall allocate money available to the Statewide Radio Board among regional radio boards or to local entities within a region to encourage local and regional participation in the system. This does not limit the authority of regional radio boards and local entities to individually or collectively seek funding of local and regional enhancements and subsystems to the system backbone.

Sec. 18. [403.38] [STATEWIDE INTEGRATION.]

Notwithstanding any provision to the contrary in sections 403.21 to 403.40, the Statewide Radio Board has the final authority over technical and operational standards necessary to provide for the development and implementation of a statewide backbone that maximizes the integration of the public safety radio communication system throughout the state, including the backbone previously established by the Metropolitan Radio Board. Technical and operational standards that do not interfere with the integration of the system may be established locally or regionally.

Sec. 19. [403.39] [REGIONAL RADIO BOARDS.]

Subdivision 1. [ESTABLISHMENT.] Notwithstanding the provisions of section 471.59, subdivision 1, requiring commonality of powers, two or more counties or a city and one or more counties within a region defined in the Statewide Radio Board's project plan under section 403.36, through action of their governing bodies, by adoption of a joint powers agreement that complies with section 471.59, subdivisions 1 to 5, may establish a regional radio board to implement, maintain, and operate regional and local improvements to the statewide, shared, trunked radio and communication system provided for in section 403.36. Membership in a regional radio board shall include one county commissioner appointed by each respective county board party to the joint powers agreement and an elected official from any city party to the joint powers agreement, and may include additional members whose qualifications are specified in the joint powers agreement.

Subd. 2. [POWERS.] In addition to the powers enumerated in section 471.59, a regional radio board, as necessary and convenient to implement regional and local improvements to the statewide, shared, trunked radio and communication system provided for in section 403.36, has the following powers:

(1) to establish bylaws and other organizational procedures consistent with the terms of the joint powers agreement;

(2) to apply for and hold licenses for public safety frequencies to be used in regional and local improvements, including a regional data system;

(3) to set or adopt regional performance and technical standards, subject to review by the Statewide Radio Board, that do not interfere with the backbone or interoperability infrastructure administered by the Statewide Radio Board;

(4) to enter into contracts necessary to carry out its responsibilities;

(5) to acquire by purchase, lease, gift, or grant, property, both real and personal, and interests in property necessary for the accomplishment of its purposes and to sell or otherwise dispose of property it no longer requires; and

(6) to contract with the state of Minnesota, through the commissioner of transportation, for construction, ownership, operation, and maintenance of regional or local improvements to the statewide, shared, trunked radio and communication system.

Subd. 3. [RELATIONSHIP TO LOCAL GOVERNMENTS.] Where a regional radio board has been established in accordance with this section, local governments and other public entities eligible under part 90 of the FCC rules to operate upon a statewide, shared public safety radio and communication system within the region covered by the regional radio board must coordinate its implementation through one of the parties to the joint powers agreement. For purposes of grants made available by the Department of Public Safety, a regional radio board is entitled to apply for and receive a grant on behalf of one or more counties who are a party to the joint powers agreement.

Sec. 20. [403.40] [ADVISORY COMMITTEES.]

Subdivision 1. [REGIONAL ADVISORY COMMITTEES.] The Statewide Radio Board shall facilitate the formation of a regional advisory committee in each region of development. A regional advisory committee may create a regional radio board under section 403.39 and conduct its affairs in accordance with the joint powers agreement. During the initial phase of development within a region, the Statewide Radio Board shall act cooperatively with the regional advisory committee or the regional radio board to complete development of the basic communication infrastructure and interoperability infrastructure. Upon the completion of the initial phase of development within a region, the Statewide Radio Board shall cooperate with and assist the regional advisory committee or the regional radio board in implementing its regional plan and with subsequent development within the region.

Subd. 2. [TOPICAL ADVISORY COMMITTEES.] The Statewide Radio Board may establish the following additional advisory committees with representatives from each region of implementation to advise on the following topical areas:

(1) a committee of users representing all regions where the system backbone has been implemented to make recommendations on how capital and operating costs of the system should be apportioned among users, including the cost of additional participants;

(2) a systems manager committee to make recommendations on performance and operational standards for the system to the extent that performance and operational standards impact the operation of the system backbone and interoperability infrastructure; and

(3) an operations and technical committee to make recommendations on the plan and operational issues related to the technical aspects of the system backbone and interoperability infrastructure.

Sec. 21. [REPORT.]

By February 1, 2005, the Metropolitan Radio Board shall make a detailed report to the governor and to the legislature on the following items:

(1) allocation of operating costs, as provided for in Minnesota Statutes, section 403.31, subdivision 1;

(2) cost apportionment, as provided for in Minnesota Statutes, section 403.23, subdivision 8, including the costs of additional participants; and

(3) user fees, as provided for in Minnesota Statutes, section 403.23, subdivision 19.

The report shall provide a detailed accounting of system infrastructure costs, operating costs, and maintenance costs to be apportioned among the backbone, regional improvements to the backbone, and subsystems, with a discussion of alternative methods of apportioning those costs among users and new participants. The report shall outline the current status of the allocation of operating costs, cost apportionment, and user fees and how the board anticipates to deal with those items before July 1, 2006, and how those items will be addressed once local enhancements are substantially completed.

Sec. 22. [TRANSFER OF RESPONSIBILITIES.]

On July 1, 2006, the responsibilities of the Metropolitan Radio Board under Minnesota Statutes, sections 403.21 to 403.34, that have not been assumed by the Metropolitan Radio Board as a regional radio board established under Minnesota Statutes, section 403.39, are transferred to the Statewide Radio Board under Minnesota Statutes, section 15.039.

Sec. 23. [REPEALER.]

Laws 1995, chapter 195, article 1, section 18, as amended by Laws 1999, chapter 238, article 2, section 78, and Laws 2001, chapter 176, section 1, is repealed.

Sec. 24. [EFFECTIVE DATE.]

This act is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to the public safety radio and communication system; transforming the Public Safety Radio System Planning Committee into the Statewide Radio Board; changing the composition of the Metropolitan Radio Board and providing for the transfer of its responsibilities to a regional radio board and the Statewide Radio Board; providing for the composition and responsibilities of the Statewide Radio Board; providing for establishment of regional radio boards and various advisory committees; allocating responsibility for requesting that the Metropolitan Council sell bonds for construction of the public safety radio and communication system; amending Minnesota Statutes 2003 Supplement, sections 403.21, subdivisions 1, 2, 3, 5, 8, 9, 10, by adding subdivisions; 403.22, subdivisions 1, 2; 403.23, subdivision 3; 403.27, subdivision 1; 403.35; 403.36; proposing coding for new law in Minnesota Statutes, chapter 403; repealing Laws 1995, chapter 195, article 1, section 18, as amended."

The motion prevailed. So the amendment was adopted.

S.F. No. 1973 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 64 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Kubly	Olson	Saxhaug
Bachmann	Gaither	Langseth	Ortman	Scheid
Bakk	Hann	Larson	Ourada	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	McGinn	Reiter	Stumpf
Day	Kelley	Metzen	Rest	Tomassoni
Dibble	Kierlin	Moua	Robling	Vickerman
Dille	Kleis	Murphy	Rosen	Wergin
Fischbach	Knutson	Neuville	Ruud	Wiger
Foley	Koering	Nienow	Sams	

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

SPECIAL ORDER

H.F. No. 2103: A bill for an act relating to real property; local planning and zoning; authorizing municipalities to require the dedication of land for public purposes; providing certain terms and conditions for the dedication; amending Minnesota Statutes 2002, section 462.358, subdivision 2b, by adding a subdivision; Minnesota Statutes 2003 Supplement, section 462.353, subdivision 4.

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

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

Anderson	Berglin	Day	Foley	Higgins
Bachmann	Betzold	Dibble	Frederickson	Hottinger
Bakk	Chaudhary	Dille	Gaither	Johnson, D.E.
Belanger	Cohen	Fischbach	Hann	Johnson, D.J.

Jungbauer	LeClair	Neuville	Reiter	Skoglund
Kelley	Limmer	Nienow	Rest	Solon
Kierlin	Lourey	Olson	Robling	Sparks
Kleis	Marko	Ortman	Rosen	Stumpf
Knutson	Marty	Ourada	Ruud	Tomassoni
Koering	McGinn	Pappas	Sams	Vickerman
Kubly	Metzen	Pariseau	Scheid	Wergin
Langseth	Moua	Pogemiller	Senjem	Wiger
Larson	Murphy	Ranum	Skoe	

So the bill was passed and its title was agreed to.

SPECIAL ORDER

H.F. No. 2005: A bill for an act relating to the environment; extending the restriction on phosphorus use in fertilizers; amending Minnesota Statutes 2002, section 18C.60, subdivision 2.

Senator Sparks moved that the amendment made to H.F. No. 2005 by the Committee on Rules and Administration in the report adopted April 26, 2004, pursuant to Rule 45, be stricken. The motion prevailed. So the amendment was stricken.

H.F. No. 2005 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	McGinn	Rest	Tomassoni
Dibble	Kierlin	Metzen	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

H.F. No. 1425: A bill for an act relating to judgments; regulating stays of execution on money judgments; limiting bond amounts; amending Minnesota Statutes 2002, section 550.36.

Senator Marty moved to amend H.F. No. 1425, the unofficial engrossment, as follows:

Page 1, line 19, delete "The total"

Page 1, delete line 20

Page 1, line 21, delete everything before "The"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 10 and nays 52, as follows:

Those who voted in the affirmative were:

Anderson	Chaudhary	Dibble	Marty	Ranum
Berglin	Cohen	Lourey	Moua	Skoglund

Those who voted in the negative were:

Bachmann	Higgins	Larson	Ortman	Skoe
Bakk	Hottinger	LeClair	Pappas	Solon
Belanger	Johnson, D.E.	Limmer	Pariseau	Sparks
Betzold	Johnson, D.J.	Marko	Reiter	Stumpf
Day	Kelley	McGinn	Rest	Tomassoni
Dille	Kierlin	Metzen	Robling	Vickerman
Fischbach	Kleis	Michel	Ruud	Wergin
Foley	Knutson	Murphy	Sams	Wiger
Frederickson	Koering	Neuville	Saxhaug	
Gaither	Kubly	Nienow	Scheid	
Hann	Langseth	Olson	Senjem	

The motion did not prevail. So the amendment was not adopted.

H.F. No. 1425 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 51 and nays 12, as follows:

Those who voted in the affirmative were:

Bachmann	Hottinger	LeClair	Pappas	Solon
Bakk	Johnson, D.E.	Limmer	Pariseau	Sparks
Belanger	Johnson, D.J.	Marko	Reiter	Stumpf
Betzold	Kelley	McGinn	Robling	Tomassoni
Day	Kierlin	Metzen	Rosen	Vickerman
Fischbach	Kleis	Michel	Ruud	Wergin
Foley	Knutson	Murphy	Sams	Wiger
Frederickson	Koering	Neuville	Saxhaug	
Gaither	Kubly	Nienow	Scheid	
Hann	Langseth	Olson	Senjem	
Higgins	Larson	Ortman	Skoe	

Those who voted in the negative were:

Anderson	Cohen	Marty	Pogemiller	Rest
Berglin	Dibble	Moua	Ranum	Skoglund
Chaudhary	Lourey			

So the bill passed and its title was agreed to.

SPECIAL ORDER

H.F. No. 730: A bill for an act relating to real property; specifying certain additional warranties; specifying limitation of actions based on breach; amending Minnesota Statutes 2002, sections 327A.02, subdivision 1, by adding a subdivision; 327A.06; 541.051, subdivision 4.

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	Cohen	Hann	Kleis	Limmer
Bachmann	Day	Higgins	Knutson	Lourey
Bakk	Dibble	Hottinger	Koering	Marko
Belanger	Dille	Johnson, D.E.	Kubly	Marty
Berglin	Fischbach	Johnson, D.J.	Langseth	McGinn
Betzold	Foley	Kelley	Larson	Metzen
Chaudhary	Gaither	Kierlin	LeClair	Michel

Moua
Murphy
Neuville
Nienow
Olson
Ortman

Pappas
Pogemiller
Ranum
Reiter
Rest
Robling

Rosen
Ruud
Sams
Saxhaug
Scheid
Senjem

Skoe
Skoglund
Solon
Stumpf
Tomassoni
Vickerman

Wergin
Wiger

So the bill passed and its title was agreed to.

SPECIAL ORDER

S.F. No. 2080: A bill for an act relating to health; modifying requirements for outpatient surgical centers; requiring reporting requirements of diagnostic imaging facilities; modifying procedures for the Board of Medical Practice; amending Minnesota Statutes 2002, sections 144.55, subdivisions 1, 2, 3, 5, 6, 7, by adding subdivisions; 144.651, subdivision 2; 144.653, subdivision 4; 144.698, subdivisions 1, 5; 147.091, subdivision 1; 256B.02, subdivision 7; Minnesota Statutes 2003 Supplement, section 144.7063, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 144.

Senator Higgins moved to amend S.F. No. 2080 as follows:

Page 5, line 16, delete "by individual payor;" and insert "for each health plan company and each public program, including workers' compensation, as follows:"

- (i) the number of computerized tomography (CT) procedures performed;
- (ii) the number of magnetic resonance imaging (MRI) procedures performed; and
- (iii) the number of positron emission tomography (PET) procedures performed; and"

Page 5, delete line 17

Page 5, line 18, delete "(3)" and insert "(2)"

Page 11, line 2, delete "August 1, 2004,"

Page 11, line 3, delete "or"

Page 11, line 5, delete everything after the comma and insert "provided the commissioner has secured sufficient funds from nonstate sources to operate the adverse health care events reporting system in fiscal year 2005."

Page 17, after line 5, insert:

"Sec. 18. Minnesota Statutes 2003 Supplement, section 256L.035, is amended to read:

256L.035 [LIMITED BENEFITS COVERAGE FOR CERTAIN SINGLE ADULTS AND HOUSEHOLDS WITHOUT CHILDREN.]

(a) "Covered health services" for individuals under section 256L.04, subdivision 7, with income above 75 percent, but not exceeding 175 percent, of the federal poverty guideline means:

(1) inpatient hospitalization benefits with a ten percent co-payment up to \$1,000 and subject to an annual limitation of \$10,000;

(2) physician services provided during an inpatient stay; and

(3) physician services not provided during an inpatient stay, outpatient hospital services, freestanding ambulatory surgical center services; chiropractic services, lab and diagnostic services, and prescription drugs, subject to an aggregate cap of \$2,000 per calendar year and the following co-payments:

- (i) \$50 co-pay per emergency room visit;
- (ii) \$3 co-pay per prescription drug; and
- (iii) \$5 co-pay per nonpreventive physician visit.

For purposes of this subdivision, "a visit" means an episode of service which is required because of a recipient's symptoms, diagnosis, or established illness, and which is delivered in an ambulatory setting by a physician or physician ancillary.

Enrollees are responsible for all co-payments in this subdivision.

(b) The November 2006 MinnesotaCare forecast for the biennium beginning July 1, 2007, shall assume an adjustment in the aggregate cap on the services identified in paragraph (a), clause (3), in \$1,000 increments up to a maximum of \$10,000, but not less than \$2,000, to the extent that the balance in the health care access fund is sufficient in each year of the biennium to pay for this benefit level. The aggregate cap shall be adjusted according to the forecast.

(c) Reimbursement to the providers shall be reduced by the amount of the co-payment, except that reimbursement for prescription drugs shall not be reduced once a recipient has reached the \$20 per month maximum for prescription drug co-payments. The provider collects the co-payment from the recipient. Providers may not deny services to recipients who are unable to pay the co-payment, except as provided in paragraph (d).

(d) If it is the routine business practice of a provider to refuse service to an individual with uncollected debt, the provider may include uncollected co-payments under this section. A provider must give advance notice to a recipient with uncollected debt before services can be denied.

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

Sec. 19. [APPROPRIATION.]

Any money received by the commissioner of health from nonstate sources to operate the adverse health care events reporting system in fiscal year 2005 is appropriated to the commissioner of health for that purpose."

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Berglin moved to amend S.F. No. 2080 as follows:

Page 17, after line 5, insert:

"Sec. 18. [APPROPRIATION.]

The annual licensing fee collected under Minnesota Statutes, section 144.55, subdivision 1a, is appropriated from the state government special revenue fund to the commissioner of health for the purposes of regulating outpatient surgical centers."

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

S.F. No. 2080 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
Bachmann

Bakk
Belanger

Berglin
Betzold

Chaudhary
Cohen

Day
Dibble

Dille	Kleis	McGinn	Pogemiller	Skoe
Fischbach	Knutson	Metzen	Ranum	Skoglund
Foley	Koering	Michel	Reiter	Solon
Gaither	Kubly	Moua	Rest	Sparks
Hann	Langseth	Murphy	Robling	Stumpf
Higgins	Larson	Neuville	Rosen	Tomassoni
Hottinger	LeClair	Nienow	Ruud	Vickerman
Johnson, D.E.	Limmer	Olson	Sams	Wergin
Johnson, D.J.	Lourey	Ortman	Saxhaug	Wiger
Kelley	Marko	Pappas	Scheid	
Kierlin	Marty	Pariseau	Senjem	

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

SPECIAL ORDER

H.F. No. 2691: A bill for an act relating to human services; council on disability; permitting the council to meet by telephone or electronic means if certain conditions are met; amending Minnesota Statutes 2002, section 256.482, 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 59 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

SPECIAL ORDER

S.F. No. 2125: A bill for an act relating to natural resources; modifying the time that ice houses may be on the ice in certain areas; amending Minnesota Statutes 2002, section 97C.355, subdivision 7.

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	Dille	Johnson, D.J.	Larson	Murphy
Bakk	Fischbach	Kelley	LeClair	Nienow
Belanger	Foley	Kierlin	Lourey	Olson
Betzold	Gaither	Kleis	Marko	Ortman
Chaudhary	Hann	Knutson	McGinn	Pappas
Cohen	Higgins	Koering	Metzen	Pariseau
Day	Hottinger	Kubly	Michel	Pogemiller
Dibble	Johnson, D.E.	Langseth	Moua	Ranum

Reiter	Ruud	Senjem	Sparks	Wergin
Rest	Sams	Skoe	Stumpf	Wiger
Robling	Saxhaug	Skoglund	Tomassoni	
Rosen	Scheid	Solon	Vickerman	

So the bill passed and its title was agreed to.

SPECIAL ORDER

S.F. No. 2620: A bill for an act relating to fire insurance; prescribing certain notice requirements; amending provisions regulating township mutual combination policies; amending Minnesota Statutes 2002, sections 65A.01, subdivision 3c; 67A.191.

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 57 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

SPECIAL ORDER

S.F. No. 2379: A bill for an act relating to commerce; regulating real estate brokers and salespersons; making various changes in real property law; recodifying the laws and rules regulating these licensees; making technical and conforming changes; amending Minnesota Statutes 2002, sections 58.13, subdivision 1; 58.16, subdivisions 2, 4; 82.17, subdivision 4, by adding subdivisions; 82.19, subdivisions 3, 5, by adding subdivisions; 82.195; 82.196; 82.197; 82.20, subdivisions 3, 4, 8, by adding subdivisions; 82.21, by adding subdivisions; 82.22, subdivisions 6, 8, 12, 13, by adding subdivisions; 82.24, subdivisions 3, 5, by adding subdivisions; 82.27, by adding a subdivision; 513.55, subdivision 1; 513.56, by adding a subdivision; 515B.4-106; 515B.4-107; 515B.4-108; proposing coding for new law in Minnesota Statutes, chapters 82; 325F; repealing Minnesota Statutes 2002, sections 58.02, subdivision 24; 82.22, subdivision 9; Minnesota Rules, parts 2800.0100; 2800.0200; 2800.0300; 2800.1100; 2800.1200; 2800.1300; 2800.1400; 2800.1500; 2800.1600; 2800.1700; 2800.1750; 2800.1751; 2800.1800; 2800.1900; 2800.2000; 2800.2100; 2800.2150; 2805.0100; 2805.0200; 2805.0300; 2805.0400; 2805.0500; 2805.0600; 2805.0700; 2805.0800; 2805.0900; 2805.1000; 2805.1100; 2805.1300; 2805.1400; 2805.1500; 2805.1600; 2805.1700; 2805.1800; 2805.1900; 2805.2000.

Senator Scheid moved to amend S.F. No. 2379 as follows:

Page 7, lines 20 and 21, reinstate the stricken language and delete the new language

Page 8, lines 4, 6, 7, and 14, strike "ten" and insert "five"

Pages 8 to 13, delete section 8

Page 13, lines 32 and 35, strike "ten" and insert "five"

Page 14, after line 6, insert:

"Sec. 9. Minnesota Statutes 2002, section 559.21, subdivision 4, is amended to read:

Subd. 4. [LAW PREVAILS OVER CONTRACT; PROCEDURE; CONDITIONS.] (a) The notice required by this section must be given notwithstanding any provisions in the contract to the contrary, except that earnest money contracts, purchase agreements, and exercised options that are subject to this section may, unless by their terms they provide for a longer termination period, be terminated on 30 days' notice, or may be canceled under section 559.217. The notice must be served within the state in the same manner as a summons in the district court, and outside of the state, in the same manner, and without securing any sheriff's return of not found, making any preliminary affidavit, mailing a copy of the notice or doing any other preliminary act or thing whatsoever. Service of the notice outside of the state may be proved by the affidavit of the person making the same, made before an authorized officer having a seal, and within the state by such an affidavit or by the return of the sheriff of any county therein.

(b) If a person to be served is a resident individual who has departed from the state, or cannot be found in the state; or is a nonresident individual or a foreign corporation, partnership, or association, service may be made by publication as provided in this paragraph. Three weeks' published notice has the same effect as personal service of the notice. The published notice must comply with subdivision 3 and state (1) that the person to be served is allowed 90 days after the first date of publication of the notice to comply with the conditions of the contract, and (2) that the contract will terminate 90 days after the first date of publication of the notice, unless before the termination date the purchaser complies with the notice. If the real estate described in the contract is actually occupied, then, in addition to publication, a person in possession must be personally served, in like manner as the service of a summons in a civil action in state district court, within 30 days after the first date of publication of the notice. If an address of a person to be served is known, then within 30 days after the first date of publication of the notice a copy of the notice must be mailed to the person's last known address by first class mail, postage prepaid.

(c) The contract is reinstated if, within the time mentioned, the person served:

(1) complies with the conditions in default;

(2) if subdivision 1d or 2a applies, makes all payments due and owing to the seller under the contract through the date that payment is made;

(3) pays the costs of service as provided in subdivision 1b, 1c, 1d, or 2a;

(4) if subdivision 2a applies, pays two percent of the amount in default, not including the final balloon payment, any taxes, assessments, mortgages, or prior contracts that are assumed by the purchaser; and

(5) pays attorneys' fees as provided in subdivision 1b, 1c, 1d, or 2a.

(d) The contract is terminated if the provisions of paragraph (c) are not met.

(e) In the event that the notice was not signed by an attorney for the seller and the seller is not present in the state, or cannot be found in the state, then compliance with the conditions specified in the notice may be made by paying to the court administrator of the district court in the county wherein the real estate or any part thereof is situated any money due and filing proof of compliance with other defaults specified, and the court administrator of the district court shall be deemed the agent of the seller for such purposes. A copy of the notice with proof of service thereof, and the affidavit of the seller, the seller's agent or attorney, showing that the purchaser has not complied with the terms of the notice, may be recorded with the county recorder, and is prima facie evidence of the facts stated in it; but this section in no case applies to contracts for the sale or conveyance of lands situated in another state or in a foreign country. If the notice is served by publication, the affidavit must state that the affiant believes that the party to be served is not a resident of the state, or cannot be found in the state, and either that the affiant has mailed a copy of

the notice by first class mail, postage prepaid, to the party's last known address, or that such address is not known to the affiant.

Sec. 10. [559.217] [DECLARATORY CANCELLATION OF PURCHASE AGREEMENT.]

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

(b) "Purchase agreement" means an earnest money contract, purchase agreement, or exercised option that could be canceled under section 559.21, subdivision 4, paragraph (a).

(c) "Residential real property" means real property, including vacant land, occupied by, or intended to be occupied by, one to four families as their residence.

Subd. 2. [USE OF THIS SECTION.] Either the purchaser or the seller may cancel a purchase agreement for residential real property under this section. If either a seller or purchaser initiates a cancellation proceeding under this section and before completion of the proceeding the other party initiates a cancellation proceeding under this section, whether under subdivision 3 or 4, the purchase agreement is deemed canceled as of the date the second cancellation notice is served upon the other party under this section. Either party can later pursue legal remedies at law to recover the earnest money. A court shall make a determination of which party is entitled to the earnest money without regard to which party first initiated the cancellation proceeding and may consider the terms of the canceled purchase agreement in making its determination.

Subd. 3. [CANCELLATION WITH RIGHT TO CURE.] (a) If a default occurs or an unfulfilled condition exists after the date specified for fulfillment in the terms of a purchase agreement for the conveyance of residential real property, which does not by its terms cancel the purchase agreement, the purchaser or the seller may initiate a cancellation by serving upon the other party to the purchase agreement and any third party that is holding earnest money under the purchase agreement a notice:

(1) specifying the residential real property that is the subject of the purchase agreement, including the legal description;

(2) specifying the purchase agreement by date and names of parties, and the unfulfilled condition or default; and

(3) stating that the purchase agreement will be canceled 15 days after service of the notice unless prior to the cancellation date the party upon whom the notice is served complies with the conditions in default and completes the unfulfilled conditions, including, if applicable, completion of the purchase or sale of the residential real property according to the terms of the purchase agreement.

(b) The notice must be served in the manner provided in section 559.21, subdivision 4, paragraphs (a) and (b).

(c) The purchase agreement is canceled unless, within 15 days after the service of the notice, the party upon whom the notice was served fully complies with the conditions in default and completes the unfulfilled conditions or secures from a court an order suspending the cancellation.

Subd. 4. [DECLARATORY CANCELLATION.] (a) If a default occurs or an unfulfilled condition exists after the date specified for fulfillment in the terms of a purchase agreement for the conveyance of residential real property, which by the terms of the purchase agreement cancels the purchase agreement, either the purchaser or the seller may confirm the cancellation by serving upon the other party and any third party that is holding earnest money under the purchase agreement a notice:

(1) specifying the residential real property that is the subject of the purchase agreement, including the legal description;

(2) specifying the purchase agreement by date and names of parties, and the unfulfilled condition or default; and

(3) stating that the purchase agreement has been canceled.

(b) The notice must be served in the manner provided in section 559.21, subdivision 4, paragraphs (a) and (b).

(c) The cancellation of the purchase agreement is complete, unless, within 15 days after the service of the notice, the party upon whom the notice was served secures from a court an order suspending the cancellation.

Subd. 5. [FORM OF NOTICE OF CANCELLATION.] (a) For purposes of subdivision 3, the term "notice" means a writing stating the information required in subdivision 3, paragraph (a), stating the name, address, and telephone number of that party serving the notice or of an attorney authorized by such party to serve the notice, and including the following information in 12-point or larger underlined uppercase type, or 8-point type if published, or in large legible handwritten letters:

"THIS NOTICE IS TO INFORM YOU THAT BY THIS NOTICE THE (SELLER) (PURCHASER) (STRIKE ONE) HAS BEGUN PROCEEDINGS UNDER MINNESOTA STATUTES, SECTION 559.217, TO CANCEL YOUR PURCHASE AGREEMENT FOR THE (PURCHASE) (SALE) (STRIKE ONE) OF THE ABOVE PROPERTY FOR THE REASONS SPECIFIED IN THIS NOTICE. THE PURCHASE AGREEMENT WILL BE CANCELED ... DAYS AFTER (SERVICE OF THIS NOTICE UPON YOU) (THE FIRST DAY OF PUBLICATION OF THIS NOTICE) (STRIKE ONE) UNLESS BEFORE THEN:

(A) YOU HAVE FULLY COMPLIED WITH ALL OF YOUR OBLIGATIONS UNDER THE PURCHASE AGREEMENT THAT WERE REQUIRED TO BE PERFORMED AS OF THE DATE OF SERVICE OF THIS NOTICE, INCLUDING WITHOUT LIMITATION, THE ITEMS OF DEFAULT SPECIFIED IN THIS NOTICE; OR

(B) YOU SECURE FROM A DISTRICT COURT AN ORDER THAT THE TERMINATION OF THE PURCHASE AGREEMENT BE SUSPENDED UNTIL YOUR CLAIMS OR DEFENSES ARE FINALLY DISPOSED OF BY TRIAL, HEARING, OR SETTLEMENT. YOUR ACTION MUST SPECIFICALLY STATE THOSE FACTS AND GROUNDS THAT DEMONSTRATE YOUR CLAIMS OR DEFENSES.

IF YOU DO NOT DO ONE OR THE OTHER OF THE ABOVE THINGS WITHIN THE TIME PERIOD SPECIFIED IN THIS NOTICE, YOUR PURCHASE AGREEMENT WILL BE CANCELED AT THE END OF THE PERIOD (AND YOU WILL LOSE ALL EARNEST MONEY YOU HAVE PAID ON THE PURCHASE AGREEMENT) (STRIKE IF NOT APPLICABLE); AND YOU MAY LOSE YOUR RIGHT TO ASSERT ANY CLAIMS OR DEFENSES THAT YOU MIGHT HAVE. IF YOU HAVE ANY QUESTIONS ABOUT THIS NOTICE, CONTACT AN ATTORNEY IMMEDIATELY."

(b) For purposes of subdivision 4, the term "notice" means a writing stating the information required in subdivision 4, paragraph (a), stating the name, address, and telephone number of the party serving the notice or of an attorney authorized by that party to serve the notice, and including the following information in 12-point or larger underlined uppercase type, or 8-point type if published, or in large legible handwritten letters:

"THIS NOTICE IS PURSUANT TO MINNESOTA STATUTES, SECTION 559.217, TO INFORM YOU THAT YOUR PURCHASE AGREEMENT FOR THE (PURCHASE) (SALE) (STRIKE ONE) OF THE ABOVE PROPERTY HAS BEEN CANCELED FOR THE REASONS SPECIFIED IN THIS NOTICE. THE CANCELLATION WILL BE CONFIRMED ... DAYS AFTER (SERVICE OF THIS NOTICE UPON YOU) (THE FIRST DAY OF PUBLICATION OF THIS NOTICE) (STRIKE ONE) UNLESS BEFORE THEN YOU SECURE FROM A DISTRICT COURT AN ORDER THAT THE CONFIRMATION OF CANCELLATION OF THE PURCHASE AGREEMENT BE SUSPENDED UNTIL YOUR CLAIMS OR DEFENSES ARE FINALLY DISPOSED OF BY TRIAL, HEARING, OR SETTLEMENT. YOUR ACTION MUST SPECIFICALLY STATE THOSE FACTS AND GROUNDS THAT DEMONSTRATE YOUR CLAIMS OR DEFENSES.

IF YOU DO NOT OBTAIN SUCH A COURT ORDER WITHIN THE TIME PERIOD SPECIFIED IN THIS NOTICE, THE CONFIRMATION OF CANCELLATION OF YOUR PURCHASE AGREEMENT WILL BE FINAL AT THE END OF THE PERIOD (AND YOU WILL LOSE ALL EARNEST MONEY YOU HAVE PAID ON THE PURCHASE AGREEMENT) (STRIKE IF NOT APPLICABLE); AND YOU MAY LOSE YOUR RIGHT TO ASSERT ANY CLAIMS OR DEFENSES THAT YOU MIGHT HAVE. IF YOU HAVE ANY QUESTIONS ABOUT THIS NOTICE, CONTACT AN ATTORNEY IMMEDIATELY."

Subd. 6. [ATTORNEY FEES, COURT FEES, AND COSTS OF SERVICE.] If the party upon whom the notice is served commences a proceeding to obtain a court order to suspend the cancellation of a purchase agreement under this section, the court shall award court filing fees, attorney fees, and costs of service actually expended to the prevailing party in an amount not to exceed \$3,000.

Subd. 7. [AFFIDAVIT OF CANCELLATION.] (a) After a cancellation under subdivision 3 or a confirmation of cancellation under subdivision 4, the purchase agreement is void and of no further force or effect, and, except as provided in subdivision 2, any earnest money held under the purchase agreement must be distributed to, and become the sole property of, the party completing the cancellation of the purchase agreement.

(b) When a cancellation under this section has been completed, the party who served the notice, or that party's attorney, may execute an affidavit stating that the party caused a notice of cancellation to be served upon the other party, that the other party neither complied with the actions required in the notice, if applicable, nor obtained a court order suspending the cancellation, and that the property is residential real property.

(c) A copy of the affidavit of cancellation, when attached to a copy of the notice, is prima facie evidence of the facts therein stated.

(d) Except as provided in subdivision 2, the affidavit of cancellation, when delivered to a person holding earnest money under the purchase agreement, is a sufficient basis for that person to release the earnest money to the party initiating the cancellation.

(e) If either a seller or purchaser commences a cancellation proceeding under this section and before completion of the first proceeding the other party initiates a cancellation proceeding under this section, either party or that party's attorney may execute an affidavit stating that both parties caused the notice of cancellation to be served upon the other party and further specifying the date the second notice of cancellation was served upon the other party. A copy of the affidavit of cancellation, when attached to copies of both notices of cancellation, is prima facie evidence of the cancellation of the purchase agreement and of the effective date of the cancellation of the purchase agreement.

Subd. 8. [ATTORNEY AS AGENT FOR SERVICE.] Any attorney authorized to serve the notice of cancellation by a party initiating a cancellation under this section is designated as the attorney who may receive service as agent for the party initiating the cancellation of all summons, complaints, orders, and motions made in connection with an action by the party upon whom the notice is served to restrain the cancellation. Service in the action may be made upon the party initiating the cancellation by mailing a copy of the process to such party or to such party's attorney, by first class mail, postage prepaid, to the address stated in the notice."

Page 14, line 11, after the period, insert "Section 10 applies to purchase agreements entered into on or after that date."

Page 36, line 1, strike "rights and interests" and insert "use and enjoyment of the property"

Page 38, lines 7 and 8, reinstate the stricken language and delete the new language

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

S.F. No. 2379 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 59 and nays 0, as follows:

Those who voted in the affirmative were:

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

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

SPECIAL ORDER

H.F. No. 1851: A bill for an act relating to bridges; deleting requirement for Regional Development Commission or Metropolitan Council approval of projects funded from state transportation fund; repealing Minnesota Statutes 2002, section 174.50, subdivision 4.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 60 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

SPECIAL ORDER

H.F. No. 1898: A bill for an act relating to highways; repealing requirement that designation of natural preservation routes on county state-aid highways be reviewed by advisory committee; amending Minnesota Statutes 2002, section 162.021, subdivision 5.

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
Belanger	Hottinger	Limmer	Pariseau	Skoglund
Betzold	Johnson, D.E.	Lourey	Pogemiller	Solon
Chaudhary	Johnson, D.J.	Marko	Ranum	Sparks
Cohen	Kelley	McGinn	Reiter	Stumpf
Day	Kierlin	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

H.F. No. 1392: A bill for an act relating to cities; allowing the charter to prohibit members of the governing body of the city from serving on the charter commission; amending Minnesota Statutes 2002, section 410.05, subdivision 1.

Senator Betzold moved to amend H.F. No. 1392 as follows:

Page 2, after line 8, insert:

"Sec. 2. Minnesota Statutes 2002, section 410.05, subdivision 2, is amended to read:

Subd. 2. [COMMISSION MEMBERS; TERMS, VACANCIES.] Charter commission members shall hold office for the term of four years, and until their successors are appointed and qualify, except that of members initially appointed after July 1, 1967, eight shall be appointed for two year terms and seven for four year terms. ~~No person may be appointed to more than two successive terms as a commission member.~~ Vacancies in the commission shall be filled by appointment of the chief judge for the unexpired terms. Upon the expiration of each term, the chief judge shall appoint new commission members. If the chief judge fails to appoint new commission members within 30 days then thereafter the governing body of the city shall, appoint new commission members, unless within the 30 day period the chief judge indicates in writing to the governing body an intention to appoint new members, in which case the chief judge shall have an additional 60 days within which to make the appointment. Appointments shall be made by order filed with the court administrator of the district court. An appointee who neglects to file with the court administrator within 30 days a written acceptance and oath of office shall be deemed to have declined the appointment and the place shall be filled as though the appointee had resigned. The charter commission, within 30 days after the initial appointment of the commission, shall make rules, including quorum requirements, with reference to its operations and procedures. The commission shall submit to the chief judge of the district court, on or before December 31 of each year, an annual report outlining its activities and accomplishments for the preceding calendar year. The commission shall forward a copy of the report to the clerk of the city. Any member may be removed at any time from office, by written order of the district court, the reason for such removal being stated in the order. When any member has failed to perform the duties of office and has failed to attend four consecutive meetings without being excused by the commission, the secretary of the charter commission shall file a certificate with the court setting forth those facts and the district court shall thereupon make its order of removal and the chief judge shall fill the vacancy created thereby."

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

H.F. 1392 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 60 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
Betzold	Hottinger	Limmer	Pogemiller	Skoglund
Chaudhary	Johnson, D.J.	Lourey	Ranum	Solon
Cohen	Kelley	McGinn	Reiter	Sparks
Day	Kierlin	Metzen	Rest	Stumpf
Dibble	Kiscaden	Michel	Robling	Tomassoni
Dille	Kleis	Moua	Rosen	Vickerman
Fischbach	Knutson	Murphy	Ruud	Wergin
Foley	Koering	Neuville	Sams	Wiger

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

SPECIAL ORDER

S.F. No. 2274: A bill for an act relating to zoning; providing certain limitations on municipal interim ordinances; amending Minnesota Statutes 2002, section 462.355, subdivision 4.

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

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

SPECIAL ORDER

H.F. No. 2270: A bill for an act relating to official publications; changing provisions for publication of public notices in newspapers; requiring a report; amending Minnesota Statutes 2002, sections 279.09; 279.092; 331A.01, subdivisions 2, 3, 6, 9, 10; 331A.02, subdivisions 1, 3, 4, by adding a subdivision; 331A.03, subdivision 1, by adding a subdivision; 331A.04, as amended; 331A.05, subdivisions 3, 4, 5, 7, by adding a subdivision; 331A.06, subdivision 3, by adding a subdivision; 331A.07; 331A.08, by adding a subdivision; 331A.09; 331A.10, subdivision 1; 331A.11, subdivisions 1, 2; 375.12, subdivision 2; 375.17, subdivision 1; 412.191, subdivision 3; 471.698, subdivision 1; repealing Minnesota Statutes 2002, sections 331A.01, subdivision 5; 331A.02, subdivision 2.

Senator Vickerman moved that the amendment made to H.F. No. 2270 by the Committee on Rules and Administration in the report adopted April 5, 2004, pursuant to Rule 45, be stricken. The motion prevailed. So the amendment was stricken.

H.F. No. 2270 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
Betzold	Johnson, D.E.	Lourey	Ranum	Sparks
Chaudhary	Johnson, D.J.	Marko	Reiter	Stumpf
Cohen	Kelley	Metzen	Rest	Tomassoni
Day	Kierlin	Michel	Robling	Vickerman
Dibble	Kiscaden	Moua	Rosen	Wergin
Dille	Kleis	Murphy	Ruud	Wiger
Fischbach	Knutson	Neuville	Sams	
Foley	Koering	Nienow	Saxhaug	
Frederickson	Kubly	Olson	Scheid	

So the bill passed and its title was agreed to.

SPECIAL ORDER

S.F. No. 2154: A bill for an act relating to fuel purchased for use in certain state-owned vehicles; requiring the use of E85 fuel in flexible-fuel vehicles; requiring periodic reports; providing sanctions; amending Minnesota Statutes 2002, section 16C.135, by adding subdivisions.

Senator Kubly moved to amend S.F. No. 2154 as follows:

Pages 2 and 3, delete section 3

Renumber the sections in sequence and correct the internal references

Amend the title as follows:

Page 1, line 5, delete everything before "amending"

The motion prevailed. So the amendment was adopted.

Senator Neuville moved to amend S.F. No. 2154 as follows:

Page 3, after line 3, insert:

"Sec. 4. [168.1265] [E85-FUELED VEHICLES; SPECIAL PLATES.]

Subdivision 1. [SPECIAL LICENSE PLATE DESIGN.] License plates issued under this subdivision are subject to the requirements of section 168.1291.

Subd. 2. [GENERAL REQUIREMENTS; FEES.] (a) On payment of a fee for each set of two license plates, calculated by the registrar of motor vehicles to cover the cost of manufacturing and issuing the special plates authorized by this section, payment of the registration tax required by law, and compliance with other laws relating to the registration and licensing of a passenger automobile, pickup truck, or van, as applicable, the registrar shall issue special license plates to an applicant who is an owner or joint owner of an alternative fuel vehicle. For purposes of this section, "alternative fuel vehicle" means any passenger automobile, pickup truck, or van powered by E85 fuel, as defined in section 296A.01, subdivision 19.

(b) The additional fee calculated by the registrar is payable at the time of initial application for the special license plates and when the license plates must be replaced. An applicant must not be issued more than one set of special license plates for each alternative fuel vehicle owned or jointly owned by the applicant.

(c) The registrar shall determine by rule what documentation or inspection is required by each applicant to show that the applicant owns an alternative fuel vehicle that uses E85 fuel and is entitled to the special license plates.

Subd. 3. [DESIGN.] The registrar, after consultation with law enforcement agencies, shall design the special license plates to display "E85" of a size and color readily viewable by law enforcement personnel, which must be at least as large as the other letters and numerals on the plate.

Subd. 4. [FEES CREDITED.] Fees collected under this section must be paid into the state treasury and credited to the highway user tax distribution fund.

Sec. 5. [COMMISSIONER OF TRANSPORTATION; HIGH-OCCUPANCY VEHICLE LANE USE.]

For lanes located on any interstate highways and on any other freeways, as defined in Minnesota Statutes, section 160.02, that on the effective date of this act were restricted for all or any part of a day to high-occupancy vehicles only, the commissioner of transportation, by executive order, shall allow the operation of alternative fuel vehicles, displaying special E85 license plates issued under section 4, in those lanes at all times.

In the case of lanes on marked interstate highway 394, the commissioner shall designate the direction in which vehicles allowed to use the lanes under this section must travel and the hours during which travel in each direction is permitted."

Renumber the sections in sequence and correct the internal references

Delete the title and insert:

"A bill for an act relating to motor vehicles; requiring reports regarding fuel purchased for use in certain state-owned vehicles; requiring the use of E85 fuel in flexible-fuel vehicles; requiring periodic reports; providing sanctions; providing for special license plates for alternative fuel vehicles powered by E85 fuel; directing commissioner of transportation to authorize use of high-occupancy vehicle lanes by E85-fueled vehicles; amending Minnesota Statutes 2002, section 16C.135, by adding subdivision; proposing coding for new law in Minnesota Statutes, chapter 168."

The motion prevailed. So the amendment was adopted.

S.F. No. 2154 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 52 and nays 12, as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Bachmann	Johnson, D.J.	LeClair	Nienow	Ruud
Belanger	Kierlin	Michel	Reiter	Senjem
Hann	Kiscaden			

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

SPECIAL ORDER

S.F. No. 1769: A bill for an act relating to state government; providing a process for community ownership of the Minnesota Twins; proposing coding for new law as Minnesota Statutes, chapter 4B.

Senator Anderson moved to amend S.F. No. 1769 as follows:

Delete everything after the enacting clause and insert:

"Section 1. [4B.01] [PURPOSE.]

The legislature determines that:

(1) a major league baseball franchise is an important asset to the state of Minnesota and ensuring that a franchise remains in Minnesota is an important public purpose;

(2) providing broad-based local ownership of a major league baseball franchise develops trust among fans, taxpayers, and the team and helps ensure this important asset will remain in the state;

(3) providing community ownership of a major league baseball franchise ensures that the financial benefits of any increased value of the franchise will accrue to those members of the community who own the franchise; and

(4) enacting legislation providing for community ownership indicates to major league baseball continuing support for professional baseball in Minnesota.

Sec. 2. [4B.02] [ACQUISITION.]

The governor and the Metropolitan Sports Facilities Commission must attempt to facilitate the formation of a corporation to acquire the baseball franchise and to identify an individual private managing owner of the corporation. The corporation formed to acquire the franchise shall have a capital structure in compliance with all of the following provisions:

(1) there may be two classes of capital stock: common stock and preferred stock. Both classes of stock must give holders voting rights with respect to any relocation or voluntary contraction of the franchise;

(2) the private managing owner must own no less than 25 percent and no more than 35 percent of the common stock. For purposes of this restriction, shares of common stock owned by the private managing owner include shares of common stock owned by any related taxpayer as defined in section 1313(c) of the Internal Revenue Code of 1986, as amended. Other than the rights of all other holders of common stock and preferred stock with respect to relocation or voluntary contraction of the franchise, the private managing owner must control all aspects of the operation of the corporation;

(3) other than the private managing owner, no individual or entity may own more than five percent of the common stock of the corporation;

(4) at least 50 percent of the ownership of the common stock must be sold to members of the general public in a general solicitation such that no person or entity owns more than one percent of common stock of the corporation; and

(5) the articles of incorporation, bylaws, and other governing documents must provide that the

franchise may not move outside of the state or agree to voluntary contraction without approval of at least 75 percent of the shares of common stock and at least 75 percent of the shares of preferred stock. Notwithstanding any law to the contrary, these 75 percent approval requirements shall not be amended by the shareholders or by any other means.

Except as specifically provided by this act, no state agency may spend money from any state fund for the purpose of generating revenue under this subdivision or for the purpose of providing operating support or defraying operating losses of a professional baseball franchise."

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Betzold moved to amend the Anderson amendment to S.F. No. 1769, adopted by the Senate May 5, 2004, as follows:

Page 1, delete section 1

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion did not prevail. So the amendment was not adopted.

Senator Frederickson moved to amend the Anderson amendment to S.F. No. 1769, adopted by the Senate May 5, 2004, as follows:

Page 2, line 9, delete "such that no person or entity owns" and insert "and a person or entity must not own"

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

S.F. No. 1769 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 54 and nays 10, as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Bachmann	Betzold	Hann	Kleis	Michel
Belanger	Gaither	Kierlin	LeClair	Ruud

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

SPECIAL ORDER

H.F. No. 2235: A bill for an act relating to unemployment insurance; modifying definitions; making technical, housekeeping, and policy changes; modifying penalty provisions; amending Minnesota Statutes 2002, sections 176.011, subdivision 20; 268.035, subdivisions 3, 8a, 12a, 17,

20, 23a, 28, by adding a subdivision; 268.043; 268.044, subdivisions 2, 3, 4; 268.051, subdivisions 4, 7; 268.0511; 268.053, subdivision 2; 268.057, as amended; 268.058, as amended; 268.059, subdivision 3; 268.0625, as amended; 268.064, subdivisions 1, 3; 268.065, subdivisions 1, 2; 268.07, subdivisions 1, 3; 268.085, subdivisions 2, 12, 13a, 14; 268.095, subdivisions 4, 6a; 268.101, subdivisions 2, 4; 268.103; 268.105, as amended; 268.115, subdivision 5; 268.125, subdivision 5; 268.135, subdivisions 1, 2, 4; 268.145, subdivision 1; 268.18, subdivisions 2b, 6; 268.182; 268.184; Minnesota Statutes 2003 Supplement, sections 268.035, subdivision 15; 268.042, subdivisions 1, 3; 268.044, subdivisions 1, 1a; 268.045; 268.047, subdivision 5; 268.051, subdivisions 1, 1a, 3, 5, 6; 268.052, subdivisions 1, 2; 268.053, subdivisions 1, 3; 268.059, subdivision 1; 268.063; 268.066; 268.067; 268.0675; 268.07, subdivision 2; 268.085, subdivisions 1, 3, 4, 5, 6; 268.095, subdivisions 1, 3; 268.101, subdivisions 3, 3a; 268.18, subdivisions 1, 2; 268.186; 268.19, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 268.

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

So the bill passed and its title was agreed to.

SPECIAL ORDER

S.F. No. 2703: A bill for an act relating to state employment; modifying state hiring process provisions; adding, modifying, and eliminating definitions; making technical changes; amending Minnesota Statutes 2002, sections 43A.02, subdivisions 4, 6, 11, 26, 32, 34, by adding subdivisions; 43A.04, subdivisions 3, 4; 43A.05, subdivision 1; 43A.10; 43A.11, subdivisions 5, 7, 8, 9; 43A.15, subdivisions 1, 2, 4, 7, 10, 15; 43A.16, subdivision 1; 43A.191, subdivision 3; 43A.36, subdivision 1; 43A.39, subdivision 1; 197.455; Minnesota Statutes 2003 Supplement, section 43A.15, subdivision 14; proposing coding for new law in Minnesota Statutes, chapter 43A; repealing Minnesota Statutes 2002, sections 43A.02, subdivisions 7, 8, 15, 16, 19, 20, 37; 43A.11, subdivisions 3, 4; 43A.12; 43A.13, subdivisions 1, 2, 3, 4, 5, 6, 8; 43A.15, subdivisions 8, 9, 11; Minnesota Statutes 2003 Supplement, section 43A.13, subdivision 7; Minnesota Rules, parts 3900.3300; 3900.6100; 3900.6300; 3900.6400; 3900.6500; 3900.6600; 3900.7100; 3900.7200; 3900.7300; 3900.7400; 3900.8500; 3900.8600; 3900.8800.

Senator Scheid moved to amend S.F. No. 2703 as follows:

Page 19, after line 21, insert:

"Sec. 30. [LEGISLATIVE STUDY.]

The Legislative Coordinating Commission shall study and report to the governmental operations and local government committees of both houses of the legislature by January 15, 2005, on the impacts of the political subdivision compensation limit on local units of government. The study must, at a minimum:

- (1) examine local government compensation limits and comparative salary data in other states;
 (2) assess the impacts of the local government compensation limit on salary structures, recruitment, and retention; and
 (3) evaluate alternatives to the compensation limit, including elimination of the limit.

In developing this report, the commission must consult with the commissioner of employee relations and local government associations, including the Association of Metropolitan Municipalities, Association of Minnesota Counties, League of Minnesota Cities, Metropolitan Inter-County Association, Municipal Legislative Commission, and the Minnesota City/County Management Association."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

CALL OF THE SENATE

Senator Reiter imposed a call of the Senate for the balance of the proceedings on S.F. No. 2703. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the Scheid amendment.

The roll was called, and there were yeas 53 and nays 9, as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Bachmann	Larson	Limmer	Nienow	Ruud
Kleis	LeClair	Michel	Reiter	

The motion prevailed. So the amendment was adopted.

S.F. No. 2703 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	Gaither	Koering	Michel	Reiter
Bachmann	Hann	Kubly	Moua	Rest
Belanger	Higgins	Langseth	Murphy	Robling
Betzold	Hottinger	Larson	Neuville	Rosen
Chaudhary	Johnson, D.E.	LeClair	Nienow	Ruud
Day	Johnson, D.J.	Limmer	Olson	Sams
Dibble	Kelley	Lourey	Ortman	Saxhaug
Dille	Kierlin	Marko	Pappas	Scheid
Fischbach	Kiscaden	Marty	Pariseau	Skoe
Foley	Kleis	McGinn	Pogemiller	Skoglund
Frederickson	Knutson	Metzen	Ranum	Solon

Sparks
Stumpf

Tomassoni

Vickerman

Wergin

Wiger

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

SPECIAL ORDER

S.F. No. 1803: A bill for an act relating to business organizations; enacting and modifying the Uniform Limited Partnership Act of 2001; providing transitional provisions; making conforming changes; regulating the organization, structure, and governance of business corporations, nonprofit corporations, and limited liability companies; appropriating money; amending Minnesota Statutes 2002, sections 5.25, subdivision 1; 302A.011, subdivisions 21, 31, 49, 51, by adding subdivisions; 302A.111, subdivision 2; 302A.115, subdivision 1; 302A.137; 302A.215; 302A.231, subdivisions 4, 6; 302A.401, subdivision 3; 302A.402, subdivision 2; 302A.437, subdivision 1; 302A.441; 302A.471, subdivisions 1, 3; 302A.473, subdivisions 3, 4; 302A.521, subdivision 1; 302A.651, subdivision 1; 302A.661, subdivision 2; 302A.723, subdivision 1; 308A.121, subdivision 1; 317A.011, subdivision 14, by adding a subdivision; 317A.115, subdivision 2; 317A.231, subdivisions 4, 5; 317A.447; 322B.03, subdivisions 36a, 45a; 322B.115, subdivision 2; 322B.12, subdivision 1; 322B.155; 322B.346, subdivision 1; 322B.35, subdivision 1; 322B.383, subdivision 1; 322B.386, subdivisions 3, 4; 322B.40, subdivision 6; 322B.63; 322B.643, subdivisions 4, 6; 322B.77, subdivision 2; 323A.1-01; Minnesota Statutes 2003 Supplement, section 317A.443, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 302A; 322B; proposing coding for new law as Minnesota Statutes, chapter 321; repealing Minnesota Statutes 2002, sections 322A.01; 322A.02; 322A.03; 322A.04; 322A.05; 322A.06; 322A.07; 322A.11; 322A.12; 322A.13; 322A.14; 322A.15; 322A.16; 322A.17; 322A.18; 322A.19; 322A.24; 322A.25; 322A.26; 322A.27; 322A.28; 322A.31; 322A.32; 322A.33; 322A.34; 322A.35; 322A.38; 322A.39; 322A.40; 322A.41; 322A.45; 322A.46; 322A.47; 322A.48; 322A.49; 322A.50; 322A.51; 322A.52; 322A.55; 322A.56; 322A.57; 322A.58; 322A.59; 322A.63; 322A.64; 322A.65; 322A.66; 322A.69; 322A.70; 322A.71; 322A.72; 322A.73; 322A.74; 322A.75; 322A.76; 322A.761; 322A.79; 322A.80; 322A.81; 322A.82; 322A.85; 322A.86; 322A.87; 322A.88.

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

So the bill passed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

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

REPORTS OF COMMITTEES

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

Senator Cohen from the Committee on Finance, to which was referred

S.F. No. 3057: 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; making adjustments to previous bond authorizations; authorizing sale of state bonds; appropriating money; amending Minnesota Statutes 2002, sections 16A.671, subdivision 3; 16A.695, subdivision 3; 116.182, subdivision 2; 116J.571; 116J.572, subdivision 2; 116J.573, subdivisions 1, 2, 5; 116J.575, subdivision 1; 134.45, as amended; 136F.60, by adding a subdivision; 174.52, by adding a subdivision; 198.261; Laws 2000, chapter 492, article 1, section 7, subdivision 21; Laws 2002, chapter 393, section 13, subdivision 7, as amended; Laws 2002, chapter 393, section 19, subdivision 2; Laws 2003, First Special Session chapter 20, article 1, section 11; Laws 2003, First Special Session chapter 20, article 1, section 15; proposing coding for new law in Minnesota Statutes, chapters 116J; 446A; 641.

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

Page 29, line 40, after "grants" insert "and loans"

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

Senator Cohen from the Committee on Finance, to which was re-referred

S.F. No. 2313: A bill for an act relating to economic development; modifying bonding authority for the Minnesota Public Facilities Authority; amending Minnesota Statutes 2002, sections 446A.12, subdivision 1; 446A.14; 446A.17; 446A.19.

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

Page 2, line 35, after "agreements" insert "authorized by this subdivision"

Page 3, line 8, after the first "agreements" insert "authorized by this subdivision"

Page 3, line 16, delete "as"

Page 3, line 17, after "to" insert "provide for"

Page 3, line 20, delete "contracts" and insert "agreements authorized by this subdivision"

Page 3, lines 23 and 25, after "agreements" insert "authorized by this subdivision"

Page 3, line 31, delete "in this section" and insert "authorized by this subdivision"

Page 4, line 1, after "of" insert "interest rate swap or exchange"

Page 4, line 12, delete "subdivision" and insert "section"

Page 4, line 23, reinstate the stricken "bonds" and delete "agreements" and insert ", loans, interest rate swaps, or other agreements or contracts of the authority"

Page 4, line 29, delete "agreements" and insert "bonds, loans, interest rate swaps, or other agreements or contracts of the authority"

Page 4, line 30, reinstate the stricken "bonds" and delete "agreements" and insert ", loans, interest rate swaps, or other agreements or contracts of the authority"

Page 5, line 1, delete "the agreements" and insert "any loans, interest rate swaps, or other agreements or contracts of the authority"

Page 5, line 3, delete "other" and after "to" insert "any loans, interest rate swaps, or other agreements or contracts of"

Page 5, line 4, delete "agreements" and insert "authority"

Page 5, line 9, delete "other agreements" and insert "any loans, interest rate swaps, or other agreements or contracts of the authority"

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

Senator Cohen from the Committee on Finance, to which was referred

S.F. No. 1774: A bill for an act relating to education finance; correcting a library payment; amending Laws 2003, First Special Session chapter 9, article 6, section 4.

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

Delete everything after the enacting clause and insert:

"ARTICLE 1
GENERAL EDUCATION

Section 1. Minnesota Statutes 2002, section 123B.49, subdivision 4, is amended to read:

Subd. 4. [BOARD CONTROL OF EXTRACURRICULAR ACTIVITIES.] (a) The board may take charge of and control all extracurricular activities of the teachers and children of the public schools in the district. Extracurricular activities means all direct and personal services for pupils for their enjoyment that are managed and operated under the guidance of an adult or staff member. The board shall allow all resident pupils receiving instruction in a home school as defined in section 123B.36, subdivision 1, paragraph (a), to be eligible to fully participate in extracurricular activities on the same basis as public school students.

(b) Extracurricular activities have all of the following characteristics:

- (1) they are not offered for school credit nor required for graduation;
- (2) they are generally conducted outside school hours, or if partly during school hours, at times agreed by the participants, and approved by school authorities;
- (3) the content of the activities is determined primarily by the pupil participants under the guidance of a staff member or other adult.

(c) If the board does not take charge of and control extracurricular activities, these activities shall be self-sustaining with all expenses, except direct salary costs and indirect costs of the use of school facilities, met by dues, admissions, or other student fund-raising events. The general fund must reflect only those salaries directly related to and readily identified with the activity and paid by public funds. Other revenues and expenditures for extra curricular activities must be recorded according to the "Manual of Instruction for Uniform Student Activities Accounting for Minnesota School Districts and Area Vocational-Technical Colleges Manual for Activity Fund Accounting." Extracurricular activities not under board control must have an annual financial audit and must also be audited annually for compliance with this section.

(d) If the board takes charge of and controls extracurricular activities, any or all costs of these activities may be provided from school revenues and all revenues and expenditures for these activities shall be recorded in the same manner as other revenues and expenditures of the district.

(e) If the board takes charge of and controls extracurricular activities, the teachers or pupils in the district must not participate in such activity, nor shall the school name or any allied name be used in connection therewith, except by consent and direction of the board.

Sec. 2. Minnesota Statutes 2002, section 123B.53, subdivision 6, is amended to read:

Subd. 6. [DEBT SERVICE EQUALIZATION AID.] (a) A district's debt service equalization aid is the sum of the district's first tier debt service equalization aid and the district's second tier debt service equalization aid.

(b) A district's first tier debt service equalization aid equals the difference between the district's first tier debt service equalization revenue and the district's first tier equalized debt service levy.

(c) A district's second tier debt service equalization aid equals the difference between the district's second tier debt service equalization revenue and the district's second tier equalized debt service levy.

Sec. 3. Minnesota Statutes 2002, section 123B.76, is amended by adding a subdivision to read:

Subd. 3. [EXPENDITURES BY BUILDING.] (a) For the purposes of this section, "building" means education site as defined in section 123B.04, subdivision 1.

(b) Each district shall maintain separate accounts to identify general fund expenditures, excluding capital expenditures and pupil transportation, for each building. All expenditures for regular instruction, secondary vocational instruction, and school administration must be reported to the department separately for each building. All expenditures for special education instruction, instructional support services, and pupil support services provided within a specific building must be reported to the department separately for each building. Salary expenditures reported by building must reflect actual salaries for staff at the building and must not be based on districtwide averages. All other general fund expenditures may be reported on a districtwide basis.

(c) The department must annually report on its Web site information showing school district general fund expenditures per pupil by program category for each building and estimated school district general fund revenue generated by pupils attending each building. For purposes of this report:

(1) expenditures not required to be reported by building shall be allocated among buildings on a uniform per pupil basis;

(2) basic skills revenue shall be allocated according to section 126C.10, subdivision 4;

(3) secondary sparsity revenue and elementary sparsity revenue shall be allocated according to section 126C.10, subdivisions 7 and 8;

(4) other general education revenue shall be allocated on a uniform per pupil unit basis;

(5) first grade preparedness aid shall be allocated according to section 124D.081;

(6) state and federal special education aid and Title I aid shall be allocated in proportion to district expenditures for these programs by building; and

(7) other general fund revenues shall be allocated on a uniform per pupil basis, except that the department may allocate other revenues attributable to specific buildings directly to those buildings.

[EFFECTIVE DATE.] This section is effective the day following final enactment and applies to reports for fiscal year 2004 and later.

Sec. 4. Minnesota Statutes 2003 Supplement, section 123B.77, subdivision 4, is amended to read:

Subd. 4. [BUDGET APPROVAL.] Prior to July 1 of each year, the board of each district must approve and adopt its revenue and expenditure budgets for the next school year. The budget document so adopted must be considered an expenditure-authorizing or appropriations document. No funds shall be expended by any board or district for any purpose in any school year prior to the adoption of the budget document which authorizes that expenditure, or prior to an amendment to the budget document by the board to authorize the expenditure. Expenditures of funds in violation of this subdivision shall be considered unlawful expenditures. Prior to the appropriation of revenue

for the next school year in the initial budget, the board shall calculate ~~the general education revenue, basic skills revenue, and referendum revenue for that year that it estimates will be generated by the pupils in attendance at each site, and shall inform the principal or other responsible administrative authority of each site of that estimate and report this information to the amount of general education and referendum revenue that the Department of Education estimates will be generated by the pupils in attendance at each site.~~ For purposes of this subdivision, a district may adjust the department's estimates for school building openings, school building closings, changes in attendance area boundaries, or other changes in programs or student demographics not reflected in the department's calculations. A district must report to the department any adjustments it makes according to this subdivision in the department's estimates of compensatory revenue generated by the pupils in attendance at each site, and the department must use the adjusted compensatory revenue estimates in preparing the report required under section 123B.76, subdivision 3, paragraph (c).

[EFFECTIVE DATE.] This section is effective the day following final enactment and applies to reports for fiscal year 2005 and later.

Sec. 5. Minnesota Statutes 2002, section 123B.82, is amended to read:

123B.82 [REORGANIZATION OPERATING DEBT.]

The "reorganization operating debt" of a school district means the net negative undesignated fund balance in all school district funds, other than ~~capital expenditure~~, building construction, debt redemption, and trust and agency, calculated in accordance with the uniform financial accounting and reporting standards for Minnesota school districts as of:

(1) June 30 of the fiscal year before the first year that a district receives revenue according to section 123A.39, subdivision 3; or

(2) June 30 of the fiscal year before the effective date of reorganization according to section 123A.46 or 123A.48.

Sec. 6. Minnesota Statutes 2003 Supplement, section 124D.11, subdivision 1, is amended to read:

Subdivision 1. [GENERAL EDUCATION REVENUE.] (a) General education revenue must be paid to a charter school as though it were a district. The general education revenue for each adjusted marginal cost pupil unit is the state average general education revenue per pupil unit, plus the referendum equalization aid allowance in the pupil's district of residence, minus an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times .0485, calculated without basic skills revenue, extended time revenue, transition revenue, and transportation sparsity revenue, plus basic skills revenue, extended time revenue, and transition revenue as though the school were a school district.

(b) Notwithstanding paragraph (a), for charter schools in the first year of operation, general education revenue shall be computed using the number of adjusted pupil units in the current fiscal year.

[EFFECTIVE DATE.] This section is effective the day following final enactment and applies to revenue for fiscal year 2004 and later.

Sec. 7. Minnesota Statutes 2003 Supplement, section 124D.454, subdivision 2, is amended to read:

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

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

(b) "Basic revenue" has the meaning given it in section 126C.10, subdivision 2. For the

purposes of computing basic revenue pursuant to this section, each child with a disability shall be counted as prescribed in section 126C.05, subdivision 1.

(c) "Average daily membership" has the meaning given it in section 126C.05.

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

(e) "Aid percentage factor" means 100 percent for fiscal year 2000 and later.

(f) "Essential personnel" means a licensed teacher, licensed support services staff person, paraprofessional providing direct services to students, or licensed personnel under subdivision 12, paragraph (e). This definition is not intended to change or modify the definition of essential employee in chapter 179A.

Sec. 8. Minnesota Statutes 2003 Supplement, section 126C.10, subdivision 3, is amended to read:

Subd. 3. [COMPENSATORY EDUCATION REVENUE.] (a) The compensatory education revenue for each building in the district equals the formula allowance minus \$415 times the compensation revenue pupil units computed according to section 126C.05, subdivision 3. Revenue shall be paid to the district and must be allocated according to section 126C.15, subdivision 2.

(b) When the district contracting with an alternative program under section 124D.69 changes prior to the start of a school year, the compensatory revenue generated by pupils attending the program shall be paid to the district contracting with the alternative program for the current school year, and shall not be paid to the district contracting with the alternative program for the prior school year.

(c) When the fiscal agent district for an area learning center changes prior to the start of a school year, the compensatory revenue shall be paid to the fiscal agent district for the current school year, and shall not be paid to the fiscal agent district for the prior school year.

Sec. 9. Minnesota Statutes 2002, section 127A.47, subdivision 3, is amended to read:

Subd. 3. [REVENUE FOR CHILDREN OF DIVORCED OR LEGALLY SEPARATED PARENTS.] (a) In those instances when the divorced or legally separated parents share joint physical custody of the child and the divorced or legally separated parents reside in different school districts, for all school purposes, unless otherwise specifically provided by law, the child must be considered a resident of the school district, as indicated by the child's parents.

(b) When the child of divorced or legally separated parents under paragraph (a) resides with each parent on alternate weeks, the parents shall be responsible for the transportation of the child to the border of the resident school district during those weeks when the child resides in the nonresident school district.

Sec. 10. Minnesota Statutes 2003 Supplement, section 275.065, subdivision 1, is amended to read:

Subdivision 1. [PROPOSED LEVY.] (a) Notwithstanding any law or charter to the contrary, on or before September 15, each taxing authority, other than a school district, shall adopt a proposed budget and shall certify to the county auditor the proposed or, in the case of a town, the final property tax levy for taxes payable in the following year.

(b) On or before September 30, each school district shall certify to the county auditor the proposed property tax levy for taxes payable in the following year. The school district shall certify the proposed levy as:

(1) the state determined school levy amount as prescribed under section 126C.13, subdivision 2; a specific dollar amount by school district fund, broken down between voter-approved and non-voter-approved levies and between referendum market value and tax capacity levies; or

(2) voter approved referendum and debt levies; and

~~(3) the sum of the remaining school levies, or the maximum levy limitation certified by the commissioner of education according to section 126C.48, subdivision 1, less the amounts levied under clauses (1) and (2).~~

(c) If the board of estimate and taxation or any similar board that establishes maximum tax levies for taxing jurisdictions within a first class city certifies the maximum property tax levies for funds under its jurisdiction by charter to the county auditor by September 15, the city shall be deemed to have certified its levies for those taxing jurisdictions.

(d) For purposes of this section, "taxing authority" includes all home rule and statutory cities, towns, counties, school districts, and special taxing districts as defined in section 275.066. Intermediate school districts that levy a tax under chapter 124 or 136D, joint powers boards established under sections 123A.44 to 123A.446, and Common School Districts No. 323, Franconia, and No. 815, Prinsburg, are also special taxing districts for purposes of this section.

Sec. 11. Minnesota Statutes 2003 Supplement, section 475.61, subdivision 4, is amended to read:

Subd. 4. [SURPLUS FUNDS.] (a) All such taxes shall be collected and remitted to the municipality by the county treasurer as other taxes are collected and remitted, and shall be used only for payment of the obligations on account of which levied or to repay advances from other funds used for such payments, except that any surplus remaining in the debt service fund when the obligations and interest thereon are paid may be appropriated to any other general purpose by the municipality. However, the amount of any surplus remaining in the debt service fund of a school district when the obligations and interest thereon are paid shall be used to reduce the general fund levy authorized pursuant to chapters 122A, 123A, 123B, 124D, and 126C and the state aids authorized pursuant to chapters 122A, 123A, 123B, 124D, 125A, 126C, and 127A.

(b) If the district qualified for second tier debt service equalization aid in the last year that it qualified for debt service equalization aid, the reduction to state aids equals the lesser of (1) the amount of the surplus times the ratio of the district's second tier debt service equalization aid to the district's second tier debt service equalization revenue for the last year that the district qualified for debt service equalization aid; or (2) the district's cumulative amount of debt service equalization aid. If the district did not qualify for second tier debt service equalization aid in the last year that it qualified for debt service equalization aid, the reduction to state aids equals the lesser of (1) the amount of the surplus times the ratio of the district's debt service equalization aid to the district's debt service equalization revenue for the last year that the district qualified for debt service equalization aid; or (2) the district's cumulative amount of debt service equalization aid.

(c) The reduction to the general fund levy equals the total amount of the surplus minus the reduction to state aids.

Sec. 12. [REPEALER.]

Minnesota Statutes 2002, section 126C.23, is repealed.

ARTICLE 2

EDUCATION EXCELLENCE

Section 1. Minnesota Statutes 2002, section 13.321, subdivision 1, is amended to read:

Subdivision 1. [SCOPE.] The sections referred to in subdivisions 2 to 9 10 are codified outside this chapter. Those sections classify prekindergarten to grade 12 educational data as other than public, place restrictions on access to government data, or involve data sharing.

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

Sec. 2. Minnesota Statutes 2002, section 13.321, is amended by adding a subdivision to read:

Subd. 10. [SCHOOL ACCOUNTABILITY.] Data involving school performance report cards and data involving adequate yearly progress determinations are governed by section 120B.36.

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

Sec. 3. Minnesota Statutes 2003 Supplement, section 120B.021, is amended to read:

120B.021 [REQUIRED ACADEMIC STANDARDS.]

Subdivision 1. [REQUIRED ACADEMIC STANDARDS.] The following subject areas are required for statewide accountability:

- (1) language arts;
- (2) mathematics;
- (3) science;
- (4) social studies, including history, geography, economics, and government and citizenship;
and
- (5) world languages, for which statewide or locally developed academic standards apply, as determined by the school district;

(6) the arts, for which statewide or locally developed academic standards apply, as determined by the school district. Public elementary and middle schools must offer at least three and require at least two of the following four arts areas: dance; music; theater; and visual arts. Public high schools must offer at least three and require at least one of the following five arts areas: media arts; dance; music; theater; and visual arts.; and

(7) health and physical education, for which statewide or locally developed standards apply, as determined by the school district. Beginning in the 2005-2006 school year and later, the following instructional requirements apply to all public school students. A kindergarten through grade 8 public school student must participate in physical education at least three times a week on average during the school week. A kindergarten through grade 8 public school student must participate in health education instruction at least two times a week on average during the school week.

The commissioner must submit proposed standards in science and social studies to the legislature by February 1, 2004.

For purposes of applicable federal law, the academic standards for language arts, mathematics, and science apply to all public school students, except the very few students with extreme cognitive or physical impairments for whom an individualized education plan team has determined that the required academic standards are inappropriate. An individualized education plan team that makes this determination must establish alternative standards.

A school district, no later than the 2007-2008 school year, must adopt graduation requirements for language arts, mathematics, science, social studies, and the arts that meet or exceed state graduation requirements established in law or rule. A school district that incorporates these state graduation requirements before the 2007-2008 school year for language arts, mathematics, science, social studies, and the arts must provide students who enter the 9th grade in or before the 2003-2004 school year the opportunity to earn a diploma based on existing locally established graduation requirements in effect when the students entered the 9th grade. District efforts to develop, implement, or improve instruction or curriculum as a result of the provisions of this section must be consistent with sections 120B.10, 120B.11, and 120B.20.

A school district, no later than the 2008-2009 school year, must adopt graduation requirements for world languages that meet or exceed state graduation requirements in law or rule that would apply to all students who enter the 5th grade in or after the 2008-2009 school year.

[EFFECTIVE DATE.] This subdivision is effective for the 2005-2006 school year and later.

Subd. 2. [STANDARDS DEVELOPMENT.] (a) The commissioner must consider advice from at least the following stakeholders in developing statewide rigorous core academic standards in language arts, mathematics, science, social studies, including history, geography, economics, government and citizenship, and world languages, the arts, and health and physical education:

- (1) parents of school-age children and members of the public throughout the state;
- (2) teachers throughout the state currently licensed and providing instruction in language arts, mathematics, science, social studies, world languages, or the arts and licensed elementary and secondary school principals throughout the state currently administering a school site;
- (3) currently serving members of local school boards and charter school boards throughout the state;
- (4) faculty teaching core subjects at postsecondary institutions in Minnesota; and
- (5) representatives of the Minnesota business community.

(b) Academic standards must:

- (1) be clear, concise, objective, measurable, and grade-level appropriate;
- (2) not require a specific teaching methodology or curriculum; and
- (3) be consistent with the Constitutions of the United States and the state of Minnesota.

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

Subd. 3. [RULEMAKING.] (a) The commissioner, consistent with the requirements of this section and section 120B.022, must adopt statewide rules under section 14.389 for implementing statewide rigorous core academic standards in language arts, mathematics, ~~and the arts, and health and physical education.~~ After the rules authorized under this paragraph are initially adopted, ~~the commissioner may not amend or repeal these rules nor adopt new rules on the same topic without specific legislative authorization.~~ These academic standards must be implemented for all students beginning in the 2003-2004 school year. Academic standards in health and physical education must be implemented for all students beginning in the 2005-2006 school year.

(b) The rules authorized under this section are not subject to section 14.127.

Sec. 4. Minnesota Statutes 2003 Supplement, section 120B.022, subdivision 1, is amended to read:

Subdivision 1. [~~ELECTIVE LOCAL~~ STANDARDS.] A district must establish its own standards in ~~the following subject areas:~~

- ~~(1) health and physical education;~~
- ~~(2) vocational and technical education; and~~
- ~~(3) world languages.~~

A school district must offer courses in all ~~elective~~ local subject areas.

[EFFECTIVE DATE.] This section is effective for the 2005-2006 school year and later.

Sec. 5. Minnesota Statutes 2003 Supplement, section 120B.024, is amended to read:

120B.024 [GRADUATION REQUIREMENTS; COURSE CREDITS.]

Students beginning 9th grade in the 2004-2005 school year and later must successfully complete the following high school level course credits for graduation:

- (1) four credits of language arts;
- (2) three credits of mathematics, encompassing at least algebra, geometry, statistics, and probability sufficient to satisfy the academic standard;
- (3) three credits of science, including at least one credit in biology;

(4) ~~three and one-half credits of social studies, including encompassing at least one credit of United States history, one credit of geography, 0.5 credits of government and citizenship, 0.5 credits of world history, and 0.5 credits of economics and personal financial management; and~~

(5) a minimum of eight elective course credits, including at least one credit in the arts, one credit in physical education and one credit in health education.

A course credit is equivalent to a student's successful completion of an academic year of study or a student's mastery of the applicable subject matter, as determined by the local school district.

Sec. 6. [120B.135] [SCHOLARS OF DISTINCTION PROGRAM ADMINISTRATION.]

(a) The commissioner shall expand the Minnesota scholars of distinction program to include mathematics, science, leadership, and theater arts in order to nurture and recognize distinguished achievement by highly motivated students in those subjects. The commissioner shall authorize the creation of statewide coordinating boards to oversee the implementation of the mathematics, science, leadership, and theater arts specialty areas for the program. Each statewide coordinating board shall include representatives of kindergarten through grade 12 schools, higher education, businesses, or others familiar with applying complex knowledge and skills to real-world problems in that specialty. Each coordinating board shall manage and implement the program so that as many kindergarten through grade 12 students as possible who are willing to commit time, rigorous study, and dedication to learning the specialty have the opportunity to participate. Each coordinating board must establish a statewide certification panel to determine whether students have met the requirements for the particular specialty. The coordinating boards must provide assistance, if requested, to schools, community organizations, and other entities wishing to establish the program. The coordinating boards are required to seek permanent funding so that the scholars of distinction program may be permanently continued in each specialty area.

(b) For each specialty, student participants must be required to demonstrate mastery of complex subject matter and apply their knowledge and skills on challenging projects. Students who earn the scholar of distinction honor shall be awarded a small scholarship, the amount of which shall be determined by the coordinating board for the particular specialty. A notation identifying the student as a Minnesota scholar of distinction in a particular specialty must be made on the transcript of each student who successfully completes the program.

(c) The commissioner shall identify nonstate and other private funding sources for the operational costs of this section.

Sec. 7. Minnesota Statutes 2003 Supplement, section 120B.22, subdivision 1, is amended to read:

Subdivision 1. [VIOLENCE PREVENTION CURRICULUM.] (a) The commissioner of education, in consultation with the commissioners of health and human services, state minority councils, battered women's and domestic abuse programs, battered women's shelters, sexual assault centers, representatives of religious communities, and the assistant commissioner of the Office of Drug Policy and Violence Prevention, shall assist districts on request in developing or implementing a violence prevention program for students in kindergarten to grade 12 that can be integrated into existing curriculum. The purpose of the program is to help students learn how to resolve conflicts within their families and communities in nonviolent, effective ways.

(b) Each district is encouraged to integrate into its existing curriculum a program for violence prevention that includes at least:

(1) a comprehensive, accurate, and age appropriate curriculum on violence prevention, nonviolent conflict resolution, sexual, racial, and cultural harassment, and student hazing that promotes equality, respect, understanding, effective communication, individual responsibility, thoughtful decision making, positive conflict resolution, useful coping skills, critical thinking, listening and watching skills, and personal safety;

(2) planning materials, guidelines, and other accurate information on preventing physical and emotional violence, identifying and reducing the incidence of sexual, racial, and cultural harassment, and reducing child abuse and neglect;

(3) a special parent education component of early childhood family education programs to prevent child abuse and neglect and to promote positive parenting skills, giving priority to services and outreach programs for at-risk families;

(4) involvement of parents and other community members, including the clergy, business representatives, civic leaders, local elected officials, law enforcement officials, and the county attorney;

(5) collaboration with local community services, agencies, and organizations that assist in violence intervention or prevention, including family-based services, crisis services, life management skills services, case coordination services, mental health services, and early intervention services;

(6) collaboration among districts and service cooperatives;

(7) targeting early adolescents for prevention efforts, especially early adolescents whose personal circumstances may lead to violent or harassing behavior;

(8) opportunities for teachers to receive in-service training or attend other programs on strategies or curriculum designed to assist students in intervening in or preventing violence in school and at home; and

(9) administrative policies that reflect, and a staff that models, nonviolent behaviors that do not display or condone sexual, racial, or cultural harassment or student hazing; and

(10) administrative policies that reflect, and a staff that models, behaviors prohibiting intimidation and bullying as defined under section 121A.0695.

(c) The department may provide assistance at a neutral site to a nonpublic school participating in a district's program.

[EFFECTIVE DATE.] This section is effective for the 2004-2005 school year and later.

Sec. 8. Minnesota Statutes 2003 Supplement, section 120B.30, subdivision 1a, is amended to read:

Subd. 1a. [STATEWIDE AND LOCAL ASSESSMENTS; RESULTS.] (a) The commissioner must develop language arts, mathematics, and science assessments aligned with state academic standards that districts and sites must use to monitor student growth toward achieving those standards. The commissioner must not develop statewide assessments for academic standards in social studies ~~and~~, the arts, and health and physical education. The commissioner must require:

(1) annual language arts and mathematics assessments in grades 3 through 8 and at the high school level for the 2005-2006 school year and later; and

(2) annual science assessments in one grade in the grades 3 through 5 span, the grades 6 through 9 span, and the grades 10 through 12 span for the 2007-2008 school year and later.

(b) The commissioner must ensure that all statewide tests administered to elementary and secondary students measure students' academic knowledge and skills and not students' values, attitudes, and beliefs.

(c) Reporting of assessment results must:

(1) provide timely, useful, and understandable information on the performance of individual students, schools, school districts, and the state;

(2) include, by the 2006-2007 school year, a value-added component to measure student achievement growth over time; and

(3) determine whether students have met the state's basic skills requirements.

(d) Consistent with applicable federal law and subdivision 1, paragraph (d), clause (1), the commissioner must include alternative assessments for the very few students with disabilities for whom statewide assessments are inappropriate and for students with limited English proficiency.

(e) A school, school district, and charter school must administer statewide assessments under this section, as the assessments become available, to evaluate student progress in achieving the academic standards. If a state assessment is not available, a school, school district, and charter school must determine locally if a student has met the required academic standards. A school, school district, or charter school may use a student's performance on a statewide assessment as one of multiple criteria to determine grade promotion or retention. A school, school district, or charter school may use a high school student's performance on a statewide assessment as a percentage of the student's final grade in a course, or place a student's assessment score on the student's transcript.

Sec. 9. Minnesota Statutes 2003 Supplement, section 120B.36, is amended to read:

120B.36 [SCHOOL ACCOUNTABILITY; APPEALS PROCESS.]

Subdivision 1. [SCHOOL PERFORMANCE REPORT CARDS.] (a) ~~The commissioner shall use objective criteria based on levels of student performance to identify four to six designations applicable to high and low performing public schools create school performance report cards.~~ The objective criteria shall include at least student academic performance, school safety, and staff characteristics, with a value-added growth component added by the 2006-2007 school year.

(b) ~~The commissioner shall develop, annually update, and post on the department Web site school performance report cards. A school's designation must be clearly stated on each school performance report card.~~

(c) ~~The commissioner must make available the first school designations and school performance report cards by November 2003, and during the beginning of each school year thereafter.~~

(d) ~~A school or district may appeal in writing a designation report card under this section to the commissioner within 30 60 days of receiving the designation report card. The commissioner must make a ruling on the appeal within 15 days of receiving the appeal. The commissioner's decision to uphold or deny an appeal is final. At any time, if the commissioner determines that a designation was made in error, the commissioner shall ensure that the error does not adversely affect the school's or school district's sanction status in subsequent years and must make corrections to all attributed accountability reports.~~

(e) ~~School performance report cards are nonpublic data under section 13.02, subdivision 9, until not later than ten days after the appeal procedure described in paragraph (d) of this subdivision concludes. The department shall annually post school performance report cards to its public Web site no later than September 1.~~

(f) ~~The commissioner may not calculate or report a simplified summary of school report cards or school results using a star or any other rating system.~~

Subd. 2. [ADEQUATE YEARLY PROGRESS DATA.] ~~All data the department receives, collects, or creates for purposes of determining adequate yearly progress designations under Public Law 107-110, section 1116, are nonpublic data under section 13.02, subdivision 9, until not later than ten days after the appeal procedure described in subdivision 1, paragraph (d), concludes. Districts must provide parents sufficiently detailed summary data to permit parents to appeal under Public Law 107-110, section 1116(b)(2). The department shall annually post adequate yearly progress data to its public Web site no later than September 1.~~

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

Sec. 10. [121A.0695] [SCHOOL BOARD POLICY; PROHIBITING INTIMIDATION AND BULLYING.]

Subdivision 1. [INTIMIDATION OR BULLYING DEFINED.] "Intimidation or bullying" means an intentional gesture or a written, oral, or physical act or threat that a reasonable person under the circumstances knows or should know has the effect of:

- (1) harming a student;
- (2) damaging a student's property;
- (3) placing a student in reasonable fear of harm to their person;
- (4) placing a student in reasonable fear of damage to their property; or
- (5) creating a severe or persistent environment of intimidation or abuse.

Subd. 2. [MODEL POLICY.] The commissioner of education shall maintain and make available to school boards and other schools a model policy prohibiting intimidation and bullying that addresses the requirements of subdivision 3.

Subd. 3. [SCHOOL BOARD POLICY.] Each school board shall adopt a written policy prohibiting intimidation and bullying of any student. The policy must describe the behavior expected of each student and state the consequences for and the appropriate remedial action to be taken against the person acting to intimidate or bully. The policy must include reporting procedures, including, at a minimum, requiring school personnel to report student intimidation or bullying incidents and allowing persons to report incidents anonymously. Each district must integrate into its violence prevention program under section 120B.22, if applicable, behavior and expectations established under this section. Each school must include the policy in the student handbook on school policies.

[EFFECTIVE DATE.] This section is effective for the 2004-2005 school year and later.

Sec. 11. Minnesota Statutes 2002, section 121A.22, subdivision 2, is amended to read:

Subd. 2. [EXCLUSIONS.] In addition, this section does not apply to drugs or medicine that are:

- ~~(1) that can be purchased without a prescription;~~
- ~~(2) that are used by a pupil who is 18 years old or older;~~
- ~~(3) that are used in connection with services for which a minor may give effective consent, including section 144.343, subdivision 1, and any other law;~~
- ~~(4) that are used in situations in which, in the judgment of the school personnel who are present or available, the risk to the pupil's life or health is of such a nature that drugs or medicine should be given without delay;~~
- ~~(5) that are used off the school grounds;~~
- ~~(6) that are used in connection with athletics or extra curricular activities;~~
- ~~(7) that are used in connection with activities that occur before or after the regular school day;~~
- ~~(8) that are provided or administered by a public health agency in order to prevent or control an illness or a disease outbreak as provided for in sections 144.05 and 144.12; or~~
- ~~(9) that are prescription asthma or reactive airway disease medications self-administered by a pupil with an asthma inhaler if the district has received a written authorization from the pupil's parent permitting the pupil to self-administer the medication, the inhaler is properly labeled for that student, and the parent has not requested school personnel to administer the medication to the pupil. The parent must submit written authorization for the pupil to self-administer the medication each school year; or~~
- (10) prescription nonsyringe injectors of epinephrine, consistent with section 121A.2205, if the

parent and prescribing medical professional annually inform the pupil's school in writing that (i) the pupil may possess the epinephrine or (ii) the pupil is unable to possess the epinephrine and requires immediate access to nonsyringe injectors of epinephrine that the parent provides properly labeled to the school for the pupil as needed.

Sec. 12. [121A.2205] [POSSESSION AND USE OF NONSYRINGE INJECTORS OF EPINEPHRINE; MODEL POLICY.]

(a) At the start of each school year or at the time a student enrolls in school, whichever is first, a student's parent, school staff, including those responsible for student health care, and the prescribing medical professional must develop and implement an individualized written health plan for a student who is prescribed nonsyringe injectors of epinephrine that enables the student to:

(1) possess nonsyringe injectors of epinephrine; or

(2) if the parent and prescribing medical professional determine the student is unable to possess the epinephrine, have immediate access to nonsyringe injectors of epinephrine in close proximity to the student.

The plan must designate the school staff responsible for implementing the student's health plan, including administering nonsyringe injectors of epinephrine when required, consistent with section 121A.22, subdivision 2, clause (10). This health plan may be included in a student's 504 plan.

(b) A school under this section is a public school under section 120A.22, subdivision 4, or a nonpublic school, excluding a home school, under section 120A.22, subdivision 4, that is subject to the federal Americans with Disabilities Act. Other nonpublic schools are encouraged to develop and implement an individualized written health plan for students requiring nonsyringe injectors of epinephrine, consistent with this section and section 121A.22, subdivision 2, clause (10).

(c) A school district and its agents and employees are immune from liability for any act or failure to act, made in good faith, in implementing this section.

(d) The education commissioner may develop and transmit to interested schools a model policy and individualized health plan form consistent with this section and federal 504 plan requirements. The policy and form may:

(1) assess a student's ability to safely possess nonsyringe injectors of epinephrine;

(2) identify staff training needs related to recognizing anaphylaxis and administering epinephrine when needed;

(3) accommodate a student's need to possess or have immediate access to nonsyringe injectors of epinephrine in close proximity to the student; and

(4) ensure that the student's parent provides properly labeled nonsyringe injectors of epinephrine to the school for the student as needed.

[EFFECTIVE DATE.] This section is effective for the 2004-2005 school year and later.

Sec. 13. [121A.223] [POSSESSION AND USE OF NONPRESCRIPTION PAIN RELIEVERS BY SECONDARY STUDENTS.]

A secondary student may possess and use nonprescription pain relief in a manner consistent with the labeling, if the district has received a written authorization from the student's parent permitting the student to self-administer the medication. The parent must submit written authorization for the student to self-administer the medication each school year. The district may revoke a student's privilege to possess and use nonprescription pain relievers if the district determines that the student is abusing the privilege.

Sec. 14. [121A.231] [COMPREHENSIVE FAMILY LIFE AND SEXUALITY EDUCATION PROGRAMS.]

Subdivision 1. [DEFINITIONS.] (a) "Comprehensive family life and sexuality education" means education in grades 7 through 12 that:

- (1) respects community values and encourages family communication;
- (2) develops skills in communication, decision making, and conflict resolution;
- (3) contributes to healthy relations;
- (4) provides human development and sexuality education that is age appropriate and medically accurate;
- (5) promotes responsible sexual behavior, including abstinence, use of protection, and contraception; and
- (6) promotes individual responsibility.

(b) "Age appropriate" refers to topics, messages, and teaching methods suitable to particular ages or age groups of children and adolescents, based on developing cognitive, emotional, and behavioral capacity typical for the age or age group.

(c) "Medically accurate" means verified or supported by research conducted in compliance with scientific methods and published in peer-reviewed journals, where appropriate, and recognized as accurate and objective by professional organizations and agencies in the relevant field, such as the federal Centers for Disease Control and Prevention, the American Public Health Association, the American Academy of Pediatrics, or the American College of Obstetricians and Gynecologists.

Subd. 2. [CURRICULUM REQUIREMENTS.] (a) A school district may offer and may independently establish policies, procedures, curriculum, and services for providing comprehensive family life and sexuality education that is age appropriate and medically accurate for grades kindergarten through 6.

(b) A school district must offer and may independently establish policies, procedures, curriculum, and services for providing comprehensive family life and sexuality education that is age appropriate and medically accurate for grades 7 through 12.

Subd. 3. [NOTICE AND PARENTAL OPTIONS.] (a) It is the legislature's intent to encourage pupils to communicate with their parents or guardians about human sexuality and to respect rights of parents or guardians to supervise their children's education on these subjects.

(b) A parent or guardian may excuse their child from all or part of a comprehensive family life and sexuality education program.

(c) A school district must establish policies and procedures for providing parents or guardians reasonable notice with the following information:

(1) whether the district is offering a comprehensive family life and sexuality education program to their child during the course of the year;

(2) how the parents or guardians may inspect the written and audio/visual educational materials used in the program and the process for inspection;

(3) whether the program is presented by school district personnel or outside consultants, and if outside consultants are used, who that may be; and

(4) a parent's or guardian's right to choose not to have their child participate in the program and the procedure for exercising that right.

(d) A school district must establish policies and procedures for reasonably restricting the availability of written and audio/visual educational materials from public view of students who have been excused from all or part of a comprehensive family life and sexuality education program at the request of a parent or guardian.

Subd. 4. [ASSISTANCE TO SCHOOL DISTRICTS.] The Department of Education may offer the following to school districts to help them implement effective comprehensive family life and sexuality education programs. In providing these services, the department may contract with a school district, or a school district in partnership with a local health agency or a nonprofit organization, to establish up to eight regional training sites, taking into account geographical balance, to provide:

(1) training for teachers, parents, and community members in the development of comprehensive family life and sexuality education curriculum or services and in planning for monitoring and evaluation activities;

(2) resource staff persons to provide expert training, curriculum development and implementation, and evaluation services;

(3) technical assistance to promote and coordinate community, parent, and youth forums in communities identified as having high needs for comprehensive family life and sexuality education;

(4) technical assistance for policy development training for school boards, superintendents, principals, and administrators across the state; and

(5) funding for grants to school-based comprehensive family life and sexuality education programs to promote innovation and to recognize outstanding performance and promote replication of demonstrably effective strategies.

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

Sec. 15. Minnesota Statutes 2002, section 121A.66, subdivision 5, is amended to read:

Subd. 5. [EMERGENCY.] "Emergency" means a any situation in which the immediate intervention use of regulated interventions as defined in Minnesota Rules, part 3525.2900, subpart 5, or other procedure is necessary to protect a pupil or other individual from physical injury or to prevent serious property damage. Emergency also includes any situation in which a law enforcement official removes a pupil from school grounds in response to the pupil's behavior on school grounds.

Sec. 16. Minnesota Statutes 2002, section 121A.66, is amended by adding a subdivision to read:

Subd. 6. [TIME OUT FOR SECLUSION.] "Time out for seclusion," as used in Minnesota Rules, part 3525.0200, subpart 25b, means the involuntary confinement of a pupil alone in a room from which the pupil is physically prevented from leaving.

Sec. 17. Minnesota Statutes 2002, section 121A.67, is amended to read:

121A.67 [AVERSIVE AND DEPRIVATION PROCEDURES.]

The commissioner, in consultation with parent organizations, advocacy groups, the Minnesota Administrators of Special Education, the Minnesota Association of School Administrators, Education Minnesota, the Minnesota School Boards Association, the Minnesota Police Officers Association, and the school principals associations, must ~~adopt~~ amend rules governing the use of aversive and deprivation procedures by school district employees or persons under contract with a school district. The rules must:

(1) promote the use of positive approaches and must not encourage or require the use of aversive or deprivation procedures;

(2) require that planned application of aversive and deprivation procedures only be a part of an instituted after completion of a functional behavior assessment and behavior intervention plan that is included in the individual education plan;

(3) require parents or guardians to be notified after the use of aversive or deprivation procedures in an emergency;

(4) establish health and safety standards for the use of time-out procedures that require a safe environment, continuous monitoring of the child, ventilation, and adequate space; and

(5) contain a list of prohibited procedures;

(6) consolidate and clarify provisions relating to behavior support plans in Minnesota Rules, chapter 3525;

(7) require school districts to register with the commissioner any room used for seclusion; and

(8) require that school districts establish oversight committees to review the efficacy of behavior support plans that include use of aversive or deprivation procedures.

Sec. 18. Minnesota Statutes 2002, section 122A.16, is amended to read:

122A.16 [HIGHLY QUALIFIED TEACHER DEFINED.]

(a) A qualified teacher is one holding a valid license, under this chapter, to perform the particular service for which the teacher is employed in a public school.

(b) For the purposes of the federal No Child Left Behind Act, a highly qualified teacher holds a valid license under this chapter to perform the particular service for which the teacher is employed in a public school.

(c) Core academic subjects under this section include English, reading, or language arts; mathematics; sciences; world languages; civics and government; economics; history; and arts including music, visual arts, theater arts, and dance.

(d) All Minnesota teachers holding licenses and teaching in a core academic subject area in which they are licensed as reported under the state's STAR system, are highly qualified.

(e) All Minnesota teachers teaching in a core academic subject area in which they are not fully licensed may complete the following highly objective uniform state standard of evaluation (HOUSSE) process in the core subject area for which the teacher is requesting highly qualified status by completing an application, in the form and manner described by the commissioner, that includes:

(1) documentation of student achievement as evidenced by norm-referenced test results that are objective and psychometrically valid and reliable;

(2) evidence of local, state, or national activities, recognition, or awards for professional contribution to achievement;

(3) description of teaching experience in the teachers' core subject area in a public school under a waiver, variance, limited license or other exception; nonpublic school; and postsecondary institution;

(4) test results from the Praxis II content test;

(5) evidence of advanced certification from organizations, such as the National Board for Professional Teaching Standards (NBPTS);

(6) evidence of the successful completion of course work or pedagogy courses; and

(7) evidence of the successful completion of high quality professional development activities.

Districts must assign a school administrator to serve as a HOUSSE reviewer to meet with teachers under this paragraph and, where appropriate, certify the teachers' applications. Teachers satisfy the definition of highly qualified when the teachers receive at least 100 of the total number of points used to measure the teachers' content expertise under clauses (1) to (7). Teachers may use the HOUSSE process to satisfy the definition of highly qualified for more than one subject area in a single academic discipline. The American Board for Certification of Teaching Excellence is not recognized as an advanced certification organization in Minnesota.

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

Sec. 19. Minnesota Statutes 2002, section 122A.33, is amended to read:

122A.33 [LICENSE AND DEGREE EXEMPTION FOR HEAD COACH.]

Subdivision 1. [EMPLOYMENT.] Notwithstanding section 122A.15, subdivision 1, a school district may employ as a head varsity coach of an interscholastic sport at its secondary school a person who does not have a license as head varsity coach of interscholastic sports and who does not have a bachelor's degree if:

(1) in the judgment of the school board, the person has the knowledge and experience necessary to coach the sport;

(2) can verify completion of six quarter credits, or the equivalent, or 60 clock hours of instruction in first aid and the care and prevention of athletic injuries; and

(3) can verify completion of a coaching methods or theory course.

Subd. 2. [ANNUAL CONTRACT.] Notwithstanding section 122A.58, a person employed as a head varsity coach ~~under this section~~ has an annual contract as a coach that the school board may or may not renew as the board sees fit.

Subd. 3. [NOTICE OF NONRENEWAL; OPPORTUNITY TO RESPOND.] A school board that declines to renew the coaching contract of a licensed or nonlicensed head varsity coach must give the coach timely notice to that effect. If the coach requests reasons for not renewing the coaching contract, the board must give the coach its reasons in writing within ten days after receiving the request and provide the coach, upon request, with a reasonable opportunity to respond to the reasons at a public board meeting.

[EFFECTIVE DATE.] This section is effective October 1, 2004.

Sec. 20. [122A.601] [STAFF DEVELOPMENT PROGRAM.]

Subdivision 1. [STAFF DEVELOPMENT PURPOSE, COMMITTEE, PLAN, ACTIVITIES, AND REPORT.] A school board must use the revenue authorized in section 122A.61 for promoting and sustaining results-based staff development programs under section 120B.22, subdivision 2, or for staff development plans under this section.

Subd. 2. [STAFF DEVELOPMENT PURPOSE.] Each school district must implement effective staff development that is aligned to state and federal requirements, to significantly enhance the quality of teaching and increase the achievement of all students, including promoting academic excellence as well as eliminating differences in achievement among groups of students, such as eliminating achievement gaps. Staff development must be an integral part of each district and site improvement plan.

Subd. 3. [STAFF DEVELOPMENT COMMITTEE.] The school board, in collaboration with staff representatives, must establish a district advisory staff development committee to develop a results-driven district staff development plan for the improvement of teaching and the increased achievement of all students, including promoting academic excellence as well as eliminating differences in achievement among groups of students. Each site in a district must establish a staff development team. The required site team is assisted by the district committee in determining results-driven site staff development plans consistent with the goals of the district plan, and evaluating staff development efforts at the site level. Schools that are kindergarten through grade 12 sites may function with a single committee that serves as both the site team and the district committee. A majority of the district advisory staff development committee and the site staff development team must be teachers representing various grade levels, subject areas, special education, and personnel who work with federal programs. The district advisory committee must also include nonteaching staff, parents, paraprofessionals, and administrators.

Subd. 4. [STAFF DEVELOPMENT PLAN.] The school district and site staff development

plans approved by the school board or their designee must be based on the results of an assessment of local needs for professional development and align with applications for federal funding submitted by the school district. The results-driven staff development plan must foster quality teaching and student achievement and address issues related to gaps in achievement among groups of students. The needs assessment shall be conducted with the involvement of teachers and shall take into account the staff development activities that need to be conducted in order to enhance the content knowledge and teaching skills of instructional staff and improve the leadership skills of principals to support instruction so that all students are provided the opportunity to meet state and local academic standards and achievement gaps are eliminated. The district and site plans must include staff development goals based on teaching and learning outcomes, the staff development activities for achieving the goals, and procedures at each site for annually assessing and evaluating progress toward meeting the goals. The plan must specify how the district will ensure that all of its teachers are highly qualified by 2005-2006 as required by federal law.

Subd. 5. [EFFECTIVE STAFF DEVELOPMENT ACTIVITIES.] Staff development activities that must be provided to educators are those identified as effective professional development consistent with applicable state and federal law, and may include participation in curriculum development and curriculum training programs and activities that provide teachers and other members of site-based management teams with appropriate management and financial management skills. Staff development activities must be sustained over time, intensive, and classroom focused; one-day or short-term workshops or conferences are not acceptable unless they are aligned with the district and site plans. Staff development activities must be based on research about strategies that improve student learning. Staff development activities must incorporate characteristics linked to effective professional development that:

- (1) focus on content knowledge instructional skills;
- (2) include opportunities for teachers to practice and improve their skills, and use data to increase student achievement as part of their daily work;
- (3) build professional relationships and foster collaboration among principals and staff who provide instruction; and
- (4) align with local and state content standards.

Courses sponsored by accredited institutions of higher education must meet the criteria for effective professional development specified in applicable state and federal law and must qualify for credit.

In addition, the school district may implement other staff development activities as mandated by law.

Subd. 6. [STAFF DEVELOPMENT REPORT.] By October 15 of each year, the district and site staff development committees shall write and submit a report of staff development progress and expenditures for the previous school year, in the form and manner determined by the commissioner. The report must include assessment and evaluation data indicating progress toward district and site staff development goals based on teaching and learning outcomes, including the percentage of teachers receiving effective professional development. The report must also include the plan under subdivision 4 for the upcoming school year. The report must provide a breakdown of expenditures for: (1) curriculum development and curriculum training programs; and (2) staff development training models, workshops, and conferences, and the cost of teachers or substitute teachers for staff development purposes. Within each of these categories, the report must also indicate whether the expenditures were incurred at the district level or the school site level, and whether the school site expenditures were made possible by the grants to school sites that demonstrate exemplary use of allocated staff development revenue. These expenditures are to be reported using the Uniform Financial and Accounting and Reporting System. The commissioner shall report the staff development progress and expenditure data to the house of representatives and senate committees having jurisdiction over education by February 15 each year.

Sec. 21. Minnesota Statutes 2002, section 123B.02, is amended by adding a subdivision to read:

Subd. 14a. [EMPLOYEE RECOGNITION.] A school board may establish and operate an employee recognition program for district employees, including teachers, and may expend funds as necessary to achieve the objectives of the program.

Sec. 22. [123B.061] [IMPROVING STUDENT ACCESS TO SERVICES SUPPORTING ACADEMIC SUCCESS.]

(a) School districts and the Department of Education shall work to improve students' educational achievement, to provide for student safety, and to enhance student physical and emotional and social well-being by providing access to licensed student support services, including licensed school chemical health specialists, licensed school counselors, licensed school nurses, licensed school psychologists, and licensed school social workers.

(b) Districts and the department shall explore opportunities for obtaining additional money to improve students' access to needed licensed student support services including, but not limited to, medical assistance reimbursements, local collaborative time study funds, federal funds, public health funds, and specifically designated funds.

(c) Districts and the department must consider nationally recommended licensed staff-to-student ratios when working to improve student access to needed student services:

(1) one licensed school nurse to 750 students;

(2) one licensed school social worker to 400 students;

(3) one licensed school psychologist to 1,000 students;

(4) one licensed school counselor to 250 secondary school students and one licensed school counselor to 400 elementary school students; and

(5) one or more school chemical health counselors who may be one of the professionals listed in this paragraph if the staff-to-student ratios are adjusted.

School districts shall develop their student services team according to the needs of their respective districts.

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

Sec. 23. Minnesota Statutes 2002, section 123B.195, is amended to read:

123B.195 [BOARD MEMBERS' RIGHT TO EMPLOYMENT.]

Notwithstanding section 471.88, subdivision 5, a school board member may be newly employed or may continue to be employed by a school district as an employee only if there is a reasonable expectation at the beginning of the fiscal year or at the time the contract is entered into or extended that the amount to be earned by that officer in that fiscal year under that contract or employment relationship will not exceed \$5,000 ~~in that fiscal year~~ the sum of the school district's previous fiscal year's total payroll divided by the number of persons paid, multiplied by one-half. Notwithstanding section 122A.40 or 122A.41 or other law, if the officer does not receive majority approval to be initially employed or to continue in employment at a meeting at which all board members are present, that employment is immediately terminated and that officer has no further rights to employment while serving as a school board member in the district.

Sec. 24. Minnesota Statutes 2003 Supplement, section 123B.90, subdivision 2, is amended to read:

Subd. 2. [STUDENT TRAINING.] (a) Each district must provide public school pupils enrolled in kindergarten through grade 10 with age-appropriate school bus safety training, as described in this section, of the following concepts:

(1) transportation by school bus is a privilege and not a right;

- (2) district policies for student conduct and school bus safety;
- (3) appropriate conduct while on the school bus;
- (4) the danger zones surrounding a school bus;
- (5) procedures for safely boarding and leaving a school bus;
- (6) procedures for safe street or road crossing; and
- (7) school bus evacuation.

(b) Each nonpublic school located within the district must provide all nonpublic school pupils enrolled in kindergarten through grade 10 who are transported by school bus at public expense and attend school within the district's boundaries with training as required in paragraph (a).

(c) Students enrolled in kindergarten through grade 6 who are transported by school bus and are enrolled during the first or second week of school must receive the school bus safety training competencies by the end of the third week of school. Students enrolled in grades 7 through 10 who are transported by school bus and are enrolled during the first or second week of school and have not previously received school bus safety training in kindergarten through grade 6 must receive the training or receive bus safety instructional materials by the end of the sixth week of school. Students taking driver's training instructional classes and other students in grades 9 and 10 must receive training in the laws and proper procedures when operating a motor vehicle in the vicinity of a school bus. Students enrolled in kindergarten through grade 10 who enroll in a school after the second week of school and are transported by school bus and have not received training in their previous school district shall undergo school bus safety training or receive bus safety instructional materials within four weeks of the first day of attendance. The school transportation safety director in each district must certify to the superintendent of schools annually that all students transported by school bus within the district have received the school bus safety training according to this section. The principal or other chief administrator of each nonpublic school must certify annually to the school transportation safety director of the district in which the school is located that the school's students transported by school bus at public expense have received training according to this section.

(d) A district and a nonpublic school with students transported by school bus at public expense may provide kindergarten pupils with bus safety training before the first day of school.

(e) A district and a nonpublic school with students transported by school bus at public expense may also provide student safety education for bicycling and pedestrian safety, for students enrolled in kindergarten through grade 5.

(f) A district and a nonpublic school with students transported by school bus at public expense must make reasonable accommodations for the school bus safety training of pupils known to speak English as a second language and pupils with disabilities.

(g) The district and a nonpublic school with students transported by school bus at public expense must provide students enrolled in kindergarten through grade 3 school bus safety training twice during the school year.

(h) A district and a nonpublic school with students transported by school bus at public expense must conduct a school bus evacuation drill at least once during the school year.

Sec. 25. Minnesota Statutes 2003 Supplement, section 123B.93, is amended to read:

123B.93 [ADVERTISING ON INSIDE OF SCHOOL BUSES.]

(a) The commissioner, through a competitive process, A local school district may contract with advertisers regarding advertising on inside of school buses. At a minimum, the contract must prohibit advertising and advertising images that:

- (1) solicit the sale of, or promote the use of, alcoholic beverages and tobacco products;

- (2) are discriminatory in nature or content;
- (3) imply or declare an endorsement of the product or service by the school district;
- (4) contain obscene material;
- (5) are false, misleading, or deceptive; or
- (6) relate to an illegal activity or antisocial behavior.

(b) ~~Advertisement must meet the following conditions:~~

~~(1) the advertising attached to the school bus does not interfere with bus identification under section 169.441; and~~

~~(2) the bus with attached advertising meets the school bus equipment standards under sections 169.4501 to 169.4504.~~

~~(c) All buses operated by school districts may be attached with advertisements under the state contract. All school district contracts shall include a provision for advertisement. Each school district shall be reimbursed by the advertiser for all costs incurred by the district and its contractors for supporting the advertising program, including, but not limited to, retrofitting buses, storing advertising, attaching advertising to the bus, and related maintenance.~~

~~(d) The commissioner shall hold harmless and indemnify each district for all liabilities arising from the advertising program. Each district must tender defense of all such claims to the commissioner within five days of receipt.~~

~~(e) All revenue from the contract shall be deposited in the general fund.~~

Sec. 26. Minnesota Statutes 2003 Supplement, section 124D.095, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] For purposes of this section, the following terms have the meanings given them.

(a) "On-line learning" is an interactive course or program that delivers instruction to a student by computer; is combined with other traditional delivery methods that include frequent student assessment and may include actual teacher contact time; and meets or exceeds state academic standards.

(b) "On-line learning provider" is a school district, an intermediate school district, an organization of two or more school districts operating under a joint powers agreement, or a charter school located in Minnesota that provides on-line learning to students.

(c) "Student" is a Minnesota resident enrolled in a school under section 120A.22, subdivision 4, in kindergarten through grade 12.

(d) "On-line learning student" is a student enrolled in an on-line learning course or program delivered by an on-line provider under paragraph (b).

(e) "Enrolling district" means the school district or charter school in which a student is enrolled under section 120A.22, subdivision 4, for purposes of compulsory attendance.

Sec. 27. Minnesota Statutes 2003 Supplement, section 124D.095, subdivision 4, is amended to read:

Subd. 4. [ON-LINE LEARNING PARAMETERS.] (a) An on-line learning student must receive academic credit for completing the requirements of an on-line learning course or program. Secondary credits granted to an on-line learning student must be counted toward the graduation and credit requirements of the enrolling district. The enrolling district must apply the same graduation requirements to all students, including on-line learning students, and must continue to

provide nonacademic services to on-line learning students. If a student completes an on-line learning course or program that meets or exceeds a graduation standard or grade progression requirement at the enrolling district, that standard or requirement is met. The enrolling district must use the same criteria for accepting on-line learning credits or courses as it does for accepting credits or courses for transfer students under section 124D.03, subdivision 9. The enrolling district may reduce the teacher contact time of an on-line learning student in proportion to the number of on-line learning courses the student takes from an on-line learning provider that is not the enrolling district.

(b) An on-line learning student may:

(1) enroll during a single school year in a maximum of 12 semester-long courses or their equivalent delivered by an on-line learning provider or the enrolling district;

(2) complete course work at a grade level that is different from the student's current grade level; and

(3) notwithstanding sections 123B.36 and 123B.37, enroll in additional courses with the on-line learning provider under a separate agreement that includes terms for payment of any tuition or course fees by the student or the parent or guardian of the student.

(c) A student with a disability may enroll in an on-line learning course or program if the student's IEP team determines that on-line learning is appropriate education for the student.

(d) An on-line learning student has the same access to the computer hardware and education software available in a school as all other students in the enrolling district. An on-line learning provider must assist an on-line learning student whose family qualifies for the education tax credit under section 290.0674 to acquire computer hardware and educational software for on-line learning purposes.

(e) An enrolling district may offer on-line learning to its enrolled students, or an intermediate district may offer on-line learning to the enrolled students in its member districts or to students in its programs. Such on-line learning does not generate on-line learning funds under this section. An enrolling district that offers on-line learning only to its enrolled students is not subject to the reporting requirements or review criteria under subdivision 7. A teacher with a Minnesota license must assemble and deliver instruction to enrolled students receiving on-line learning from an enrolling district. The instruction may include curriculum developed by persons other than a teacher with a Minnesota license.

(f) An on-line learning provider that is not the enrolling district is subject to the reporting requirements and review criteria under subdivision 7. A teacher with a Minnesota license must assemble and deliver instruction to on-line learning students. The instruction may include curriculum developed by persons other than a teacher with a Minnesota license. Unless the commissioner grants a waiver, a teacher providing on-line learning instruction must not instruct more than 40 students in any one on-line learning course or program.

Sec. 28. Minnesota Statutes 2003 Supplement, section 124D.095, subdivision 7, is amended to read:

Subd. 7. [DEPARTMENT OF EDUCATION.] (a) The department must review and certify on-line learning providers. The on-line learning courses and programs must be rigorous, aligned with state academic standards, and contribute to grade progression in a single subject. A provider may phase-in new academic standards as if it were a school district, according to section 120B.021, subdivision 1. On-line learning providers must affirm to the commissioner that on-line learning courses have equivalent standards or instruction, curriculum, and assessment requirements as other courses offered to enrolled students. The on-line learning provider must also demonstrate expectations for actual teacher contact time or other student-to-teacher communication. Once an on-line learning provider is approved under this paragraph, all of its on-line learning course offerings are eligible for payment under this section unless a course is successfully challenged by an enrolling district or the department under paragraph (b).

(b) An enrolling district may challenge the validity of a course offered by an on-line learning provider. The department must review such challenges based on the certification procedures under paragraph (a). The department may initiate its own review of the validity of an on-line learning course offered by an on-line learning provider.

(c) The department may collect a fee not to exceed \$250 for certifying on-line learning providers or \$50 per course for reviewing a challenge by an enrolling district.

(d) The department must develop, publish, and maintain a list of approved on-line learning providers and on-line learning courses and programs that it has reviewed and certified.

Sec. 29. Minnesota Statutes 2003 Supplement, section 124D.095, subdivision 9, is amended to read:

Subd. 9. [PAYMENT PRIORITY.] (a) To the extent funds are available, the commissioner must pay an on-line learning provider according to subdivision 8, in the order in which an on-line learning provider notifies the commissioner under subdivision 3, paragraph (b), that it is delivering on-line learning. The on-line learning provider must submit to the commissioner any student information necessary to process payments under this section. An intermediate district may, with an agreement of individual member districts, aggregate student information from the agreeing districts in order to receive priority funding under this subdivision.

(b) Before paying other on-line learning providers under paragraph (a), the commissioner must pay providers that delivered on-line learning in fiscal year 2003. (1) First, the commissioner must pay for students who were enrolled in a Minnesota on-line learning program during fiscal year 2003 and continue to be enrolled in that on-line learning program during the current fiscal year. (2) Second, the commissioner must pay for other students enrolled in that on-line learning program during the current fiscal year. A provider's qualifying number of pupils under clauses (1) and (2) shall not exceed 100 percent of the fiscal year 2003 pupils. An on-line learning provider that qualifies under this paragraph may also submit an application for funding for additional pupils under paragraph (a).

(c) Notwithstanding paragraph (a), the commissioner may establish criteria to limit the increase in the number of qualifying pupils for an on-line learning provider to enable start-up or growth of other providers.

Sec. 30. Minnesota Statutes 2002, section 124D.10, subdivision 9, is amended to read:

Subd. 9. [ADMISSION REQUIREMENTS.] A charter school may limit admission to:

(1) pupils within an age group or grade level;

(2) people who are eligible to participate in the graduation incentives program under section 124D.68; or

(3) residents of a specific geographic area where the percentage of the population of non-Caucasian people of that area is greater than the percentage of the non-Caucasian population in the congressional district in which the geographic area is located, and as long as the school reflects the racial and ethnic diversity of the specific area; or

(4) secondary school students who have been assessed chemically dependent and who have completed a licensed treatment program for chemical dependency.

A charter school shall enroll an eligible pupil who submits a timely application, unless the number of applications exceeds the capacity of a program, class, grade level, or building. In this case, pupils must be accepted by lot. If a charter school is the only school located in a town serving pupils within a particular grade level, then pupils that are residents of the town must be given preference for enrollment before accepting pupils by lot. If a pupil lives within two miles of a charter school and the next closest public school is more than five miles away, the charter school must give those pupils preference for enrollment before accepting other pupils by lot.

A charter school shall give preference for enrollment to a sibling of an enrolled pupil and to a foster child of that pupil's parents before accepting other pupils by lot.

A charter school may not limit admission to pupils on the basis of intellectual ability, measures of achievement or aptitude, or athletic ability.

[EFFECTIVE DATE.] This section is effective for the 2005-2006 school year and later.

Sec. 31. Minnesota Statutes 2003 Supplement, section 124D.11, subdivision 9, is amended to read:

Subd. 9. [PAYMENT OF AIDS TO CHARTER SCHOOLS.] (a) Notwithstanding section 127A.45, subdivision 3, aid payments for the current fiscal year to a charter school not in its first year of operation shall be of an equal amount on each of the 23 payment dates. A charter school in its first year of operation shall receive, on its first payment date, ten percent of its cumulative amount guaranteed for the year and 22 payments of an equal amount thereafter the sum of which shall be 90 percent of the cumulative amount guaranteed.

(b) Notwithstanding paragraph (a), for a charter school ceasing operation prior to the end of a school year, 80 percent of the amount due for the school year may be paid to the school after audit of prior fiscal year and current fiscal year pupil counts.

(c) Notwithstanding section 127A.45, subdivision 3, and paragraph (a), 80 percent of the start-up cost aid under subdivision 8 shall be paid within 45 days after the first day of student attendance for that school year.

(d) In order to receive state aid payments under this subdivision, a charter school in its first three years of operation must submit a school calendar in the form and manner requested by the department and a quarterly report to the Department of Education. The report must list each student by grade, show the student's start and end dates, if any, with the charter school, and for any student participating in a learning year program, the report must list the hours and times of learning year activities. The report must be submitted not more than two weeks after the end of the calendar quarter to the department. The department must develop a Web-based reporting form for charter schools to use when submitting enrollment reports. A charter school in its fourth and subsequent year of operation must submit a school calendar and enrollment information to the department in the form and manner requested by the department.

Sec. 32. Minnesota Statutes 2002, section 124D.69, subdivision 3, is amended to read:

Subd. 3. [UNCOMMON SCHOOLS SERVING STUDENTS WITH CHEMICAL DEPENDENCIES; ALLOCATION OF FUNDS.] In addition to the amounts provided in section 124D.68, subdivision 9, a school district may allocate funds from its undesignated general fund to a charter school or private contracted alternative program, including a charter school or private contracted alternative program that is tuition free and provides a comprehensive secondary academic program for students who have been assessed chemically dependent and who have completed a licensed treatment program for chemical dependency.

Sec. 33. Minnesota Statutes 2003 Supplement, section 128C.05, subdivision 1a, is amended to read:

Subd. 1a. [SUPERVISED COMPETITIVE HIGH SCHOOL DIVING.] Notwithstanding Minnesota Rules, part 4717.3750, any pool built before January 1, 1987, that was used for a one-meter board high school diving program during the 2000-2001 school year may be used for supervised competitive one-meter board high school diving unless a pool that meets the requirements of Minnesota Rules, part 4717.3750, is located within the school district. A school or district using a pool for supervised training practice for competitive high school diving that does not meet the requirements of the rule Minnesota Rules, part 4717.3750, must provide appropriate notice to parents and participants as to the type of variance from Minnesota Rules and risk it may present.

Sec. 34. Minnesota Statutes 2002, section 168.012, subdivision 10, is amended to read:

Subd. 10. [EXEMPTION DETERMINED BY USE.] If a vehicle is used for a purpose which would make it exempt pursuant to subdivision 1 but title is held by a seller or a vendor or is assigned to a third party under a lease agreement or a lease purchase agreement or installment sale permitted under section 465.71, exemption shall be determined by the use rather than the holder of the title.

Sec. 35. Minnesota Statutes 2002, section 169.01, subdivision 6, is amended to read:

Subd. 6. [SCHOOL BUS.] "School bus" means a motor vehicle used to transport pupils to or from a school defined in section 120A.22, or to or from school-related activities, by the school or a school district, or by someone under an agreement with the school or a school district. A school bus does not include a motor vehicle transporting children to or from school for which parents or guardians receive direct compensation from a school district, a motor coach operating under charter carrier authority, a transit bus providing services as defined in section 174.22, subdivision 7, a multifunction school activity bus as defined by federal motor vehicle safety standards, or a vehicle otherwise qualifying as a type III vehicle under paragraph (5), when the vehicle is properly registered and insured and being driven by an employee or agent of a school district for nonscheduled or nonregular transportation. A school bus may be type A, type B, type C, or type D, or type III as follows:

(1) A "type A school bus" is a ~~van conversion or body bus constructed upon a van type or~~ utilizing a cutaway front section vehicle with a left-side driver's door, designed for carrying more than ten persons. The entrance door is behind the front wheels. This definition includes two classifications: type A-I, with a gross vehicle weight rating (GVWR) ~~over less than or equal to~~ 10,000 pounds; and type A-II, with a GVWR of greater than 10,000 pounds or less.

(2) A "type B school bus" is a ~~conversion or body constructed and installed upon a van or front section vehicle utilizing a chassis, or stripped chassis, with a gross vehicle weight rating of more than 10,000 pounds, designed for carrying more than ten persons.~~ Part of the engine is beneath or behind the windshield and beside the driver's seat. The entrance door is behind the front wheels. This definition includes two classifications: type B-I, with a GVWR less than or equal to 10,000 pounds; and type B-II, with a GVWR greater than 10,000 pounds.

(3) A "type C school bus" is a ~~body installed upon a flat back cowl constructed utilizing a chassis with a gross vehicle weight rating of more than 10,000 pounds, designed for carrying more than ten persons.~~ All of the engine is in front of the windshield and hood and front fender assembly. The entrance door is behind the front wheels. ~~A type C school bus has a maximum length of 45 feet.~~

(4) A "type D school bus" is a ~~body installed upon a constructed utilizing a stripped chassis, with the engine mounted in the front, midship or rear, with a gross vehicle weight rating of more than 10,000 pounds, designed for carrying more than ten persons.~~ The engine may be behind the windshield and beside the driver's seat; it may be at the rear of the bus, behind the rear wheels, or midship between the front and rear axles. The entrance door is ahead of the front wheels. ~~A type D school bus has a maximum length of 45 feet.~~

(5) Type III school buses and type III Head Start buses are restricted to passenger cars, station wagons, vans, and buses having a maximum manufacturer's rated seating capacity of ten or fewer people, including the driver, and a gross vehicle weight rating of 10,000 pounds or less. In this subdivision, "gross vehicle weight rating" means the value specified by the manufacturer as the loaded weight of a single vehicle. A "type III school bus" and "type III Head Start bus" must not be outwardly equipped and identified as a type A, B, C, or D school bus or type A, B, C, or D Head Start bus. A van or bus converted to a seating capacity of ten or fewer and placed in service on or after August 1, 1999, must have been originally manufactured to comply with the passenger safety standards.

Sec. 36. Minnesota Statutes 2002, section 169.01, subdivision 75, is amended to read:

Subd. 75. [COMMERCIAL MOTOR VEHICLE.] (a) "Commercial motor vehicle" means a motor vehicle or combination of motor vehicles used to transport passengers or property if the motor vehicle:

- (1) has a gross vehicle weight of more than 26,000 pounds;
- (2) has a towed unit with a gross vehicle weight of more than 10,000 pounds and the combination of vehicles has a combined gross vehicle weight of more than 26,000 pounds;
- (3) is a bus;
- (4) is of any size and is used in the transportation of hazardous materials, except for those vehicles having a gross vehicle weight of 26,000 pounds or less while carrying in bulk tanks a total of not more than 200 gallons of petroleum products and liquid fertilizer; or
- (5) is outwardly equipped and identified as a school bus, except for type A-H A-I and type III school buses as defined in subdivision 6.

(b) For purposes of chapter 169A:

- (1) a commercial motor vehicle does not include a farm truck, fire-fighting equipment, or recreational equipment being operated by a person within the scope of section 171.02, subdivision 2, paragraph (b); and
- (2) a commercial motor vehicle includes a vehicle capable of or designed to meet the standards described in paragraph (a), clause (2), whether or not the towed unit is attached to the truck-tractor at the time of the violation or stop.

Sec. 37. Minnesota Statutes 2002, section 169.01, is amended by adding a subdivision to read:

Subd. 91. [SCHOOL ZONE.] "School zone" means that section of a street or highway that abuts the grounds of a school where children have access to the street or highway from the school property or where an established school crossing is located; provided, the school advance sign prescribed by the Manual on Uniform Traffic Control Devices adopted by the commissioner of transportation pursuant to section 169.06 is in place. All signs erected by local authorities to designate speed limits in school zones must conform to the Manual on Uniform Traffic Control Devices.

Sec. 38. Minnesota Statutes 2002, section 169.14, subdivision 2, is amended to read:

Subd. 2. [SPEED LIMITS.] (a) Where no special hazard exists, the following speeds shall be are lawful, but any speeds speed in excess of such these limits shall be is prima facie evidence that the speed is not reasonable or prudent and that it is unlawful; except that the speed limit within any municipality shall be is a maximum limit and any speed in excess thereof shall be of that limit is unlawful:

- (1) 30 miles per hour in an urban district or on a town road in a rural residential district;
- (2) 65 miles per hour on noninterstate freeways and expressways, as defined in section 160.02, subdivision 19;
- (3) 55 miles per hour in locations other than those specified in this section;
- (4) 70 miles per hour on interstate highways outside the limits of any urbanized area with a population of greater than 50,000 as defined by order of the commissioner of transportation;
- (5) 65 miles per hour on interstate highways inside the limits of any urbanized area with a population of greater than 50,000 as defined by order of the commissioner of transportation;
- (6) ten miles per hour in alleys alleyways; and
- (7) 25 miles per hour in residential roadways if adopted by the road authority having jurisdiction over the residential roadway; and
- (8) 25 miles per hour in school zones.

(b) A speed limit adopted under paragraph (a), clause (7), is not effective unless the road authority has erected signs designating the speed limit and indicating the beginning and end of the residential roadway on which the speed limit applies.

(c) For purposes of this subdivision, "rural residential district" means the territory contiguous to and including any town road within a subdivision or plat of land that is built up with dwelling houses at intervals of less than 300 feet for a distance of one-quarter mile or more.

Sec. 39. Minnesota Statutes 2002, section 169.14, subdivision 4, is amended to read:

Subd. 4. [ESTABLISHMENT OF ZONES BY COMMISSIONER.] Except as provided in subdivision 5a, on determining upon the basis of an engineering and traffic investigation that any speed set forth in this section is greater or less than is reasonable or safe under the conditions found to exist on any trunk highway or upon any part thereof, the commissioner may erect appropriate signs designating a reasonable and safe speed limit thereat, which speed limit shall be effective when such the signs are erected there. Any speeds speed in excess of such these limits shall be is prima facie evidence that the speed is not reasonable or prudent and that it is unlawful; except that any speed limit within any municipality shall be or within any school zone is a maximum limit and any speed in excess thereof shall be of that limit is unlawful. On determining upon that basis that a part of the trunk highway system outside a municipality should be a zone of maximum speed limit, the commissioner may establish that part as such a zone by erecting appropriate signs showing the beginning and end of the zone, designating a reasonable and safe speed therefor, which may be different than the speed set forth in this section, and that it is a zone of maximum speed limit. The speed so designated by the commissioner within any such zone shall be is a maximum speed limit, and speed in excess of such that limit shall be is unlawful. The commissioner may in the same manner from time to time alter the boundary of such a zone and the speed limit therein or eliminate such the zone.

Sec. 40. Minnesota Statutes 2003 Supplement, section 169.14, subdivision 5a, is amended to read:

Subd. 5a. [SPEED ZONING IN SCHOOL ZONE; SURCHARGE.] (a) A local authorities authority, with the agreement of a school board or nonpublic school administration, may establish a school speed limit that is less than 25 miles per hour within a school zone of a public or nonpublic school upon the basis of an engineering and traffic investigation as prescribed by the commissioner of transportation located on a street or highway within the jurisdiction of the local authority. The establishment of a school speed limit that is more than or less than 25 miles per hour on any trunk highway shall must be with the consent by agreement of the commissioner of transportation with the school board or, in the case of a nonpublic school, with the school's administrator. Such School speed limits shall be are in effect when children are present, going to or leaving school during opening or closing hours or during school recess periods. The school speed limit shall not be lower than 15 miles per hour and shall not be more than 30 miles per hour below the established speed limit on an affected street or highway.

(b) The school speed limit shall be becomes effective upon the erection of appropriate signs designating the speed and indicating the beginning and end of the reduced speed zone. Any speed in excess of such the posted school speed limit is unlawful. All such These signs shall must be erected by the local authorities on those streets and highways under their respective jurisdictions and by the commissioner of transportation on trunk highways.

(c) For the purpose of this subdivision, "school zone" means that section of a street or highway which abuts the grounds of a school where children have access to the street or highway from the school property or where an established school crossing is located provided the school advance sign prescribed by the manual on uniform traffic control devices adopted by the commissioner of transportation pursuant to section 169.06 is in place. All signs erected by local authorities to designate speed limits in school zones shall conform to the Manual on Uniform Control Devices.

(d) Notwithstanding section 609.0331 or 609.101 or other law to the contrary, a person who violates a speed limit established under this subdivision is assessed an additional surcharge equal to the amount of the fine imposed for the violation, but not less than \$25.

Sec. 41. Minnesota Statutes 2002, section 169.442, subdivision 1, is amended to read:

Subdivision 1. [SIGNALS REQUIRED.] A type A, B, C, or D school bus must be equipped with a at least one stop-signal arm, prewarning flashing amber signals, and flashing red signals.

Sec. 42. Minnesota Statutes 2002, section 169.442, subdivision 5, is amended to read:

Subd. 5. [WHITE STROBE LAMPS ON CERTAIN BUSES TRANSPORTING CHILDREN.] (a) Notwithstanding sections 169.55, subdivision 1; 169.57, subdivision 3, paragraph (b), or other law to the contrary, a school bus that is subject to and complies with the equipment requirements of subdivision 1 and section 169.441, subdivision 1, or a Head Start bus that is not a type III bus defined in section 169.01, subdivision 6, may be equipped with a ~~360-degree~~, flashing strobe lamp ~~that emits a white light with a flash rate of 60 to 120 flashes a minute~~. The lamp may be used only as provided in this subdivision.

~~(b) The strobe lamp must be of a double flash type certified to the commissioner of public safety by the manufacturer as being weatherproof and having a minimum effective light output of 200 candelas as measured by the Blondel-Rey formula. The lamp must be permanently mounted on the longitudinal centerline of the bus roof not less than two feet nor more than seven feet forward of the rear roof edge. It must operate from a separate switch containing an indicator lamp to show when the strobe lamp is in use.~~

(c) The strobe lamp may be lighted only when atmospheric conditions or terrain restrict the visibility of school bus lamps and signals or Head Start bus lamps and signals so as to require use of the bright strobe lamp to alert motorists to the presence of the school bus or Head Start bus. A strobe lamp may not be lighted unless the school bus or Head Start bus is actually being used as a school bus or Head Start bus.

Sec. 43. Minnesota Statutes 2002, section 169.443, subdivision 1, is amended to read:

Subdivision 1. [USING BUS SIGNALS.] A driver of a school bus shall activate the prewarning flashing amber signals of the bus before stopping to load or unload school children. The driver shall activate and continuously operate the amber signals for a distance of at least 100 feet before stopping in a speed zone of 35 miles per hour or less and at least 300 feet before stopping in a speed zone of more than 35 miles per hour. On stopping for this purpose, the driver shall extend the stop-signal arm system and activate the flashing red signals. The driver shall not retract the stop-signal arm system nor extinguish the flashing red signals until loading or unloading is completed, students are seated, and children who must cross the roadway are safely across.

Sec. 44. Minnesota Statutes 2002, section 169.443, subdivision 2, is amended to read:

Subd. 2. [USE OF STOP-SIGNAL ARM.] (a) The stop-signal arm system of a school bus must be used in conjunction with the flashing red signals only when the school bus is stopped on a street or highway to load or unload school children.

(b) A local authority, including the governing body of an Indian tribe, may by ordinance require that a school bus activate the stop-signal arm system and flashing red signals while stopped to unload school children at a location other than a location on a street or highway. The ordinance must designate each location where the requirement is imposed. The requirement is effective only if the local authority has erected signs at or near the location to provide adequate notice that other vehicles are required to obey section 169.444, subdivision 1, when those signals are activated.

Sec. 45. Minnesota Statutes 2002, section 169.4501, subdivision 1, is amended to read:

Subdivision 1. [NATIONAL STANDARDS ADOPTED.] Except as provided in sections 169.4502 and 169.4503, the construction, design, equipment, and color of types A, B, C, and D school buses used for the transportation of school children shall meet the requirements of the "bus chassis standards" and "bus body standards" in the ~~1995-revised~~ 2000 edition of the "National Standards for School Buses and School Bus Operations Transportation Specifications and Procedures" adopted by the ~~Twelfth~~ Twelfth National Conference on School Transportation. Except as provided in section 169.4504, the construction, design, and equipment of types A, B, C, and D

school buses used for the transportation of students with disabilities also shall meet the requirements of the "specially equipped school bus standards" in the ~~1995 2000 National Standards for School Buses and School Bus Operations Transportation Specifications and Procedures~~. The "bus chassis standards," "bus body standards," and "specially equipped school bus standards" sections of the ~~1995 revised 2000~~ edition of the "National Standards for School Buses and School Bus Operations Transportation Specifications and Procedures" are incorporated by reference in this chapter.

Sec. 46. Minnesota Statutes 2002, section 169.4501, subdivision 2, is amended to read:

Subd. 2. [APPLICABILITY.] (a) The standards adopted in this section and sections 169.4502 and 169.4503, govern the construction, design, equipment, and color of school buses used for the transportation of school children, when owned or leased and operated by a school or privately owned or leased and operated under a contract with a school, ~~and these standards must be made a part of that contract by reference~~. Each school, its officers and employees, and each person employed under the contract is subject to these standards.

(b) The standards apply to school buses manufactured after ~~December 31, 1997~~ October 31, 2004. Buses complying with ~~these~~ the standards when manufactured need not comply with standards established later except as specifically provided for by law.

(c) A school bus manufactured on or before ~~December 31, 1997~~ October 31, 2004, must conform to the Minnesota standards in effect on the date the vehicle was manufactured except as specifically provided for in law.

(d) A new bus body may be remounted on a used chassis provided that the remounted vehicle meets state and federal standards for new buses which are current at the time of the remounting. Permission must be obtained from the commissioner of public safety before the remounting is done. A used bus body may not be remounted on a new or used chassis.

Sec. 47. Minnesota Statutes 2002, section 169.4502, subdivision 11, is amended to read:

Subd. 11. [TIRE AND RIM.] The use of multipiece rims or tube-type tires is ~~not permitted on~~ school buses manufactured after October 31, 2004. Radial and bias-ply tires shall not be used on the same axle. Front tire tread depth shall not be less than 4/32 inch in any major tire tread groove. Rear tire tread shall not be less than 2/32 inch. Tires must be measured in three locations around the tire, in two adjoining grooves. No recapped tires shall be used on the front wheels. Recapped tires are permitted on the rear wheels.

Sec. 48. Minnesota Statutes 2002, section 169.4503, subdivision 5, is amended to read:

Subd. 5. [~~COLORS AND REFLECTIVE MATERIALS~~.] Fenderettes may be black. The beltline may be painted yellow over black or black over yellow. The rub rails shall be black. ~~The reflective material on the sides of the bus body shall be at least one inch but not more than two inches in width. This reflective material requirement and the requirement that "SCHOOL BUS" signs have reflective material as background are effective for buses manufactured after January 1, 1996.~~

Sec. 49. Minnesota Statutes 2002, section 169.4503, subdivision 14, is amended to read:

Subd. 14. [INSULATION.] (a) ~~Ceilings and walls shall be insulated to a minimum of 1-1/2 inch fiberglass and installed so the insulation does not compact or sag. Floor insulation must be nominal 19/32 inches thick plywood, or a material of equal or greater strength and insulation R value that equals or exceeds properties of exterior type softwood plywood, C-D grade as specified in standard issued by the United States Department of Commerce. Type A-II buses must have a minimum of one-half inch plywood. All exposed edges on plywood shall be sealed. Every school bus shall be constructed so that the noise level taken at the ear of the occupant nearest to the primary vehicle noise source shall not exceed 85 dba when tested according to procedures in the 1995 National Standards for School Buses and School Bus Operations Thermal insulation is required, it shall be fire-resistant, UL approved, with minimum R-value of 5.5. Insulation shall be installed so as to prevent sagging.~~

~~(b) The underside of metal floor may be undercoated with polyurethane floor insulation, foamed in place. The floor insulation must be combustion resistant. The authorization in this paragraph does not replace the plywood requirement. Floor insulation is required, it shall be five ply nominal 5/8 inch-thick plywood, and it shall equal or exceed properties of the exterior-type softwood plywood, C-D Grade, as specified in the standard issued by United States Department of Commerce. All exposed edges on plywood shall be sealed. Type A-I buses shall be equipped with nominal 1/2 inch-thick plywood or equivalent material meeting the above requirements. Equivalent material may be used to replace plywood, provided it has an equal or greater insulation R value, deterioration, sound abatement, and moisture resistance properties.~~

Sec. 50. Minnesota Statutes 2002, section 169.4503, subdivision 16, is amended to read:

~~Subd. 16. [LAMPS AND SIGNALS.] (a) Each school bus shall be equipped with a system consisting of four red signal lamps designed to conform to SAE Standard J887, and four amber signal lamps designed to that standard, except for color, and except that their candlepower must be at least 2-1/2 times that specified for red turn signal lamps. Both red and amber signal lamps must be installed in accordance with SAE Standard J887, except that each amber signal lamp must be located near each red signal lamp, at the same level, but closer to the centerline of the bus. The system must be wired so that the amber signal lamps are activated only by hand operation, and if activated, are automatically deactivated and the red signal lamps are automatically activated when the bus entrance door is opened. Signal lamps must flash alternately. Each signal lamp must flash not less than 60 nor more than 120 flashes per minute. The "on" period must be long enough to permit filament to come up to full brightness. There must be a pilot lamp which goes on when the respective amber or red system is activated. The pilot lamp must either go out or flash at an alternate rate in the event the system is not functioning normally. The signal lamp system must include a closed control box. The box must be as small as practical, and must be easily dismantled or partially disassembled to provide access for maintenance purposes. The control panel box shall be arranged such that the momentary activating switch for the eight lamp warning system shall be located on the left, the red (or red and amber) pilot light shall be located in the middle, and the eight-way master switch shall be located on the right. The control box must be securely mounted to the right of the steering wheel, within easy unobstructed reach of the driver. Switches and pilot lamp must be readily visible to the driver. The activating switch may be self-illuminated. Other warning devices or lamp controls must not be placed near the lamp control. The stop arm shall extend automatically whenever the service entrance door is opened and the eight-way lights are activated.~~

~~(b) If installed, a white flashing strobe shall be of a double flash type and have minimum effective light output of 200 candelas. No roof hatch can be mounted behind the strobe light.~~

~~(c) Type B, C, and D buses shall have an amber clearance lamp with a minimum of four candlepower mounted on the right side of the body at approximately seat level rub rail height just to the rear of the service door and another one at approximately opposite the driver's seat on the left side. These lamps are to be connected to operate only with the regular turn signal lamps.~~

~~(d) (b) All lamps on the exterior of the vehicle must conform with and be installed as required by federal motor vehicle safety standard number 108, Code of Federal Regulations, title 49, part 571.~~

~~(e) (c) A type A, B, C, or D school bus manufactured for use in Minnesota after December 31, 1994, may not be equipped with red turn-signal lenses on the rear of the bus.~~

Sec. 51. Minnesota Statutes 2002, section 169.4503, subdivision 20, is amended to read:

~~Subd. 20. [SEAT AND CRASH BARRIERS.] All restraining barriers and passenger seats shall be covered with a material that has fire retardant or fire block characteristics. All seats must face forward. All seat and crash barriers must be installed according to and conform to federal motor vehicle safety standard number 222, Code of Federal Regulations, title 49, part 571.~~

Sec. 52. Minnesota Statutes 2002, section 169.4503, is amended by adding a subdivision to read:

Subd. 26. [CROSSING CONTROL ARM.] If a bus is equipped with a crossing control arm, an automatic recycling interrupt switch may be installed for temporary disabling of the crossing control arm.

Sec. 53. Minnesota Statutes 2003 Supplement, section 171.321, subdivision 5, is amended to read:

Subd. 5. [ANNUAL EVALUATION AND LICENSE VERIFICATION.] (a) A school district, nonpublic school, or private contractor shall provide in-service training annually to each school bus driver.

(b) A school district, nonpublic school, or private contractor shall annually verify the validity of the driver's license of each person employee who regularly transports students for the district in a type A school bus, a type B school bus, a type C school bus, or type D school bus, or regularly transports students for the district in a type III vehicle with the National Driver Register or with the Department of Public Safety.

Sec. 54. Minnesota Statutes 2002, section 179A.03, subdivision 14, is amended to read:

Subd. 14. [PUBLIC EMPLOYEE OR EMPLOYEE.] "Public employee" or "employee" means any person appointed or employed by a public employer except:

- (a) elected public officials;
- (b) election officers;
- (c) commissioned or enlisted personnel of the Minnesota National Guard;
- (d) emergency employees who are employed for emergency work caused by natural disaster;
- (e) part-time employees whose service does not exceed the lesser of 14 hours per week or 35 percent of the normal work week in the employee's appropriate unit;
- (f) employees whose positions are basically temporary or seasonal in character and: (1) are not for more than 67 working days in any calendar year; or (2) are not for more than 100 working days in any calendar year and the employees are under the age of 22, are full-time students enrolled in a nonprofit or public educational institution prior to being hired by the employer, and have indicated, either in an application for employment or by being enrolled at an educational institution for the next academic year or term, an intention to continue as students during or after their temporary employment;
- (g) employees providing services for not more than two consecutive quarters to the Board of Trustees of the Minnesota State Colleges and Universities under the terms of a professional or technical services contract as defined in section 16C.08, subdivision 1;
- (h) employees of charitable hospitals as defined by section 179.35, subdivision 3;
- (i) full-time undergraduate students employed by the school which they attend under a work-study program or in connection with the receipt of financial aid, irrespective of number of hours of service per week;
- (j) an individual who is employed for less than 300 hours in a fiscal year as an instructor in an adult vocational education program;
- (k) an individual hired by the Board of Trustees of the Minnesota State Colleges and Universities to teach one course for three or fewer credits for one semester in a year;
 - (l) with respect to court employees:
 - (1) personal secretaries to judges;
 - (2) law clerks;

- (3) managerial employees;
- (4) confidential employees; and
- (5) supervisory employees.

The following individuals are public employees regardless of the exclusions of clauses (e) and (f):

(i) An employee hired by a school district or the Board of Trustees of the Minnesota State Colleges and Universities except at the university established in section 136F.13 or for community services or community education instruction ~~offered on a noncredit basis~~: (A) to replace an absent teacher or faculty member who is a public employee, where the replacement employee is employed more than 30 working days as a replacement for that teacher or faculty member; or (B) to take a teaching position created due to increased enrollment, curriculum expansion, courses which are a part of the curriculum whether offered annually or not, or other appropriate reasons; and

(ii) An employee hired for a position under clause (f)(1) if that same position has already been filled under clause (f)(1) in the same calendar year and the cumulative number of days worked in that same position by all employees exceeds 67 calendar days in that year. For the purpose of this paragraph, "same position" includes a substantially equivalent position if it is not the same position solely due to a change in the classification or title of the position.

Notwithstanding the exclusion for community services or community education instruction in item (i) or clauses (e) and (f), individuals providing early childhood and family education through community education programs in a position for which section 122A.26, requires a license by the Board of Teaching or the commissioner of education are public employees.

Sec. 55. Minnesota Statutes 2003 Supplement, section 179A.03, subdivision 18, is amended to read:

Subd. 18. [TEACHER.] "Teacher" means any public employee other than a superintendent or assistant superintendent, principal, assistant principal, or a supervisory or confidential employee, employed by a school district:

(1) in a position for which the person must be licensed by the Board of Teaching or the commissioner of education; or

(2) in a position as a physical therapist ~~or~~, an occupational therapist, or as a nonlicensed community expert.

Sec. 56. [MODEL POLICY.]

The commissioner of education shall work with the Minnesota School Boards Association in developing a model policy prohibiting intimidating and bullying as required in Minnesota Statutes, section 121A.0695, subdivision 2.

Sec. 57. [PROPOSED ACADEMIC STANDARDS; IMPLEMENTATION TIME LINE.]

(a) The commissioner of education must submit proposed academic standards in world languages to the legislature by February 1, 2005.

(b) Beginning July 1, 2004, the commissioner of education must make federal Title II funds available for staff development through the quality teaching network for world languages.

(c) The commissioner of education shall designate a full-time state coordinator for world languages education within the department by July 1, 2005. The commissioner shall seek input from the quality teaching network before designating or hiring the coordinator. The coordinator, at a minimum, shall:

(1) assist districts in developing plans for phasing in world languages as a required academic standard;

(2) work in cooperation with Minnesota world languages professionals in developing all aspects of the state's world languages program;

(3) survey school districts in the state in order to determine the types of existing world languages programs, identify exemplary model world languages programs, and identify and address staff development needs of current world languages teachers and preservice teachers;

(4) recommend minimum proficiency levels for meeting state world languages standards; and

(5) identify successful world languages programs from other states.

(d) Beginning July 1, 2006, the commissioner shall initiate and guide efforts to develop and adopt assessment tools for use by school districts to measure student progress in world languages. The commissioner shall consider existing assessments in developing and recommending statewide world languages assessments.

(e) Beginning July 1, 2007, the department shall offer to teachers of world languages and other school district staff, workshops and other consultation assisting districts in implementing their world languages programs. Each district shall submit a plan describing how it will fully implement the required world languages standards to the department by June 1, 2008.

(f) Beginning July 1, 2008, the department shall evaluate district implementation plans and continue to offer workshops and consultation assisting districts implementing their world languages programs. The department shall also assist districts in selecting assessment tools and monitoring local results of the assessments.

Sec. 58. [COMMISSIONER OF EDUCATION REQUIREMENTS.]

The commissioner must provide a report to the committees of the legislature having jurisdiction over kindergarten through grade 12 education policy and budget issues by February 1, 2005, that:

(1) recommends a plan for incorporating value-added measures of student achievement into the state's annual adequate yearly progress determination process. The commissioner's recommendation must include:

(i) the criteria that would be used to assess adequate growth, using a value-added measure; and

(ii) policies to ensure that adequate growth can be measured with valid and reliable methods.

By January 1, 2005, the commissioner shall also seek a waiver from the federal Department of Education that would allow the state to use a value-added measurement of student achievement for determining adequate yearly progress as required under the federal No Child Left Behind Act;

(2) recommends a plan to monitor the quality of results achieved by supplemental educational service providers that have been approved by the department under Title I, Part A, of the No Child Left Behind Act. The commissioner shall also include in its recommendation proposed rules as authorized under Laws 2003, chapter 129, article 2, section 3;

(3) in cooperation with the Office of Education Accountability, evaluates the validity of the state's accountability system. The commissioner must also include in the report the results of any other outside evaluations solicited by the department, as reported to the federal Department of Education in the state plan for implementing the No Child Left Behind Act; and

(4) identifies, at a minimum, the expenditures incurred by the department and school districts, regardless of funding source, to comply with sanctions required under the No Child Left Behind Act for low-performing schools.

Sec. 59. [MINNESOTA COMPREHENSIVE ASSESSMENTS.]

Subdivision 1. [TEST DEVELOPMENT MORATORIUM.] Notwithstanding Minnesota Statutes, section 120B.30, the commissioner of education must not develop any new Minnesota comprehensive assessments.

Subd. 2. [NEW TESTS.] Beginning in the 2004-2005 school year and later, the commissioner and school districts must administer the measures of academic progress (MAP) tests as the statewide exams required under the federal No Child Left Behind Act. Before the tests are administered, the commissioner must ensure that the MAP tests will be highly correlated to Minnesota's academic standards adopted under Minnesota Statutes, section 120B.021, and that a student's parent or guardian may examine the actual test items and answers of the student.

Subd. 3. [BASIC SKILLS REQUIREMENT.] (a) For the 2004-2005 school year and later, the Department of Education shall not administer the basic skills tests in math and language arts to 8th grade students, except as provided in paragraph (b).

(b) Beginning in the 2004-2005 school year, the department shall establish a basic skills passing score for students taking the 8th grade MAP test in math and language arts. The passing score shall be based on comparative data from administering both the 8th grade MAP test to all 8th grade students and the basic skills tests in math and language arts to a sampling of 8th grade students.

(c) For the 2005-2006 school year and later, students who do not meet the established basic skills passing score on the MAP tests under paragraph (b) shall be given opportunities to take the state's basic skills test in the 9th grade and later in order to satisfy the state's basic skills testing requirement for graduation. Notwithstanding Minnesota Statutes, section 120B.30, students who meet or exceed the established basic skills passing score on the MAP tests in the 2004-2005 school year and later shall be considered to have met the state's basic skills testing requirement for graduation.

Subd. 4. [OUTSTANDING TESTING COSTS.] For the 2004-2005 school year only, if the department's costs for developing and administering required statewide assessments and the MAP tests under this section exceed the state and federal revenues appropriated for assessment development and administration, the commissioner shall reduce expenses proportionally for teacher review meetings, consulting contracts with outside experts, and the office of education accountability. The department's cost and revenue calculations must be submitted to the commissioner of finance and the K-12 education budget divisions of the legislature.

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

Sec. 60. [REPEALER.]

(a) Minnesota Statutes 2002, sections 121A.23, subdivision 2; and 122A.60, are repealed.

(b) Minnesota Statutes 2003 Supplement, section 121A.23, subdivision 1, is repealed.

(c) Minnesota Statutes 2002, sections 169.447, subdivision 6; 169.4502, subdivisions 7, 9, 13, and 14; 169.4503, subdivisions 10, 10a, 21, and 25, are repealed effective October 31, 2004.

ARTICLE 3

SPECIAL PROGRAMS

Section 1. Minnesota Statutes 2002, section 121A.45, subdivision 3, is amended to read:

Subd. 3. [PARENT NOTIFICATION AND MEETING.] If a pupil's total days of removal from school exceeds ten cumulative days in a school year, the school district shall make reasonable attempts to convene a meeting with the pupil and the pupil's parent or guardian prior to before subsequently removing the pupil from school and, with the permission of the parent or guardian, arrange for a mental health screening for the pupil. The district is not required to pay for the mental health screening. The purpose of this meeting is to attempt to determine the pupil's need for assessment or other services or whether the parent or guardian should have the pupil assessed or diagnosed to determine whether the pupil needs treatment for a mental health disorder.

Sec. 2. Minnesota Statutes 2002, section 125A.023, subdivision 3, is amended to read:

Subd. 3. [DEFINITIONS.] For purposes of this section and section 125A.027, the following terms have the meanings given them:

(a) "Health plan" means:

- (1) a health plan under section 62Q.01, subdivision 3;
- (2) a county-based purchasing plan under section 256B.692;
- (3) a self-insured health plan established by a local government under section 471.617; or
- (4) self-insured health coverage provided by the state to its employees or retirees.

(b) For purposes of this section, "health plan company" means an entity that issues a health plan as defined in paragraph (a).

(c) "Individual interagency intervention plan" means a standardized written plan describing those programs or services and the accompanying funding sources available to eligible children with disabilities.

(d) "Interagency intervention service system" means a system that coordinates services and programs required in state and federal law to meet the needs of eligible children with disabilities ages ~~three to~~ birth through 21, including:

(1) services provided under the following programs or initiatives administered by state or local agencies:

(i) the maternal and child health program under title V of the Social Security Act, ~~United States Code, title 42, sections 701 to 709;~~

(ii) the Minnesota Children with Special Health Needs program under sections 144.05 and 144.07;

(iii) ~~the Individuals with Disabilities Education Act under United States Code, title 20, chapter 33, subchapter II, sections 1411 to 1420, Part B, section 619, and Part C as amended;~~

(iii) (iv) ~~medical assistance under title 42, chapter 7, of the Social Security Act, United States Code, title 42, chapter 7, subchapter XIX, section 1396, et seq.;~~

(iv) ~~the (v) developmental disabilities Assistance and Bill of Rights Act, United States Code, title 42, chapter 75, subchapter II, sections 6021 to 6030, Part B services under chapter 256B;~~

(v) ~~(vi) the Head Start Act, United States Code, title 42, chapter 105, subchapter II, sections 9831 to 9852 under title 42, chapter 105, of the Social Security Act;~~

(vi) ~~(vii) vocational rehabilitation services provided under chapter chapters 248 and 268A and the Rehabilitation Act of 1973;~~

(vii) ~~(viii) Juvenile Court Act services provided under sections 260.011 to 260.91; 260B.001 to 260B.446; and 260C.001 to 260C.451;~~

(viii) ~~the children's mental health collaboratives under section 245.493;~~

(ix) ~~the family service collaboratives under section 124D.23;~~

(x) ~~the family community support plan under section 245.4881, subdivision 4;~~

(xi) ~~the MinnesotaCare program under chapter 256L;~~

(xii) ~~(ix) Minnesota Comprehensive Children's Mental Health Act under section 245.487;~~

(x) ~~the community health services grants under chapter 145 sections 145.88 to 145.9266;~~

(xiii) ~~the Community Social Services Act funding under the Social Security Act, United States Code, title 42, sections 1397 to 1397f; and~~

~~(xiv) the community transition interagency committees under section 125A.22;~~

~~(xi) the Local Public Health Act under chapter 145A; and~~

~~(xii) the Children and Community Services Act, sections 256M.60 to 256M.80;~~

(2) service provision and funding that can be coordinated through:

(i) the children's mental health collaborative under section 245.493;

(ii) the family services collaborative under section 124D.23;

(iii) the community transition interagency committees under section 125A.22; and

(iv) the interagency early intervention committees under section 125A.259;

(3) financial and other funding programs to be coordinated including medical assistance under title 42, chapter 7, of the Social Security Act, the MinnesotaCare program under chapter 256L, Supplemental Social Security Income, Developmental Disabilities Assistance, and any other employment-related activities associated with the Social Security Administration; and services provided under a health plan in conformity with an individual family service plan or an individual education plan or an individual interagency intervention plan; and

~~(3)~~ (4) additional appropriate services that local agencies and counties provide on an individual need basis upon determining eligibility and receiving a request from the interagency early intervention committee and the child's parent.

(e) "Children with disabilities" has the meaning given in section 125A.02.

(f) A "standardized written plan" means those individual services or programs available through the interagency intervention service system to an eligible child other than the services or programs described in the child's individual education plan or the child's individual family service plan.

Sec. 3. Minnesota Statutes 2003 Supplement, section 125A.023, subdivision 4, is amended to read:

Subd. 4. [STATE INTERAGENCY COMMITTEE.] (a) The governor shall convene a ~~19-member~~ an interagency committee to develop and implement a coordinated, multidisciplinary, interagency intervention service system for children ages ~~three to~~ birth through 21 with disabilities. The commissioners of ~~commerce~~, education, health, ~~human rights~~, human services, ~~economic security~~, and ~~corrections~~ employment and economic development shall each appoint two committee members from their departments; the commissioners of corrections, human rights, and commerce shall each appoint one member from their departments; the Association of Minnesota Counties shall appoint two county representatives, one of whom must be an elected official, as committee members; and the Minnesota School Boards Association, the Minnesota Administrators of Special Education, and the School Nurse Association of Minnesota shall each appoint one committee member; the governor shall appoint two parent representatives of a child or youth who is eligible for special education and coordinated services from public agencies. The committee shall select a chair from among its members.

(b) The committee shall:

(1) identify and assist in removing state and federal barriers to local coordination of services provided to children with disabilities;

(2) identify adequate, equitable, and flexible funding sources to streamline these services;

(3) develop guidelines for implementing policies that ensure a comprehensive and coordinated system of all state and local agency services, including multidisciplinary assessment practices for children with disabilities ages three to 21;

(4) develop, consistent with federal law, a standardized written plan for providing services to a child with disabilities;

(5) identify how current systems for dispute resolution can be coordinated and develop guidelines for that coordination;

(6) develop an evaluation process to measure the success of state and local interagency efforts in improving the quality and coordination of services to children with disabilities ages three to 21;

(7) develop guidelines to assist the governing boards of the interagency early intervention committees in carrying out the duties assigned in section 125A.027, subdivision 1, paragraph (b); and

(8) carry out other duties necessary to develop and implement within communities a coordinated, multidisciplinary, interagency intervention service system for children with disabilities.

(c) The committee shall consult on an ongoing basis with the state Education Advisory Committee for Special Education and the governor's Interagency Coordinating Council in carrying out its duties under this section, including assisting the governing boards of the interagency early intervention committees.

Sec. 4. Minnesota Statutes 2002, section 125A.03, is amended to read:

125A.03 [SPECIAL INSTRUCTION FOR CHILDREN WITH A DISABILITY.]

(a) As defined in paragraph (b), every district must provide special instruction and services, either within the district or in another district, for all children with a disability, including providing required services under Code of Federal Regulations, title 34, section 300.121(d), to those children suspended or expelled from school for more than ten school days in that school year, who are residents of the district and who are disabled as set forth in section 125A.02. For purposes of state and federal special education laws, the phrase "special instruction and services" in the state education code means a free and appropriate public education provided to an eligible child with disabilities and includes special education and related services defined in the Individuals with Disabilities Education Act, subpart A, section 300.24.

(b) Notwithstanding any age limits in laws to the contrary, special instruction and services must be provided from birth until July 1 after the child with a disability becomes 21 years old but shall not extend beyond secondary school or its equivalent, except as provided in section 124D.68, subdivision 2. Local health, education, and social service agencies must refer children under age five who are known to need or suspected of needing special instruction and services to the school district. Districts with less than the minimum number of eligible children with a disability as determined by the commissioner must cooperate with other districts to maintain a full range of programs for education and services for children with a disability. This section does not alter the compulsory attendance requirements of section 120A.22.

Sec. 5. Minnesota Statutes 2003 Supplement, section 125A.05, is amended to read:

125A.05 [METHOD OF SPECIAL INSTRUCTION.]

(a) As defined in this section, to the extent required by federal law as of July 1, 1999, special instruction and services for children with a disability must be based on the assessment and individual education plan. The instruction and services may be provided by one or more of the following methods:

- (1) in connection with attending regular elementary and secondary school classes;
- (2) establishment of special classes;
- (3) at the home or bedside of the child;
- (4) in other districts;

(5) instruction and services by special education cooperative centers established under this section, or in another member district of the cooperative center to which the resident district of the child with a disability belongs;

(6) in a state residential school or a school department of a state institution approved by the commissioner;

(7) in other states;

(8) by contracting with public, private or voluntary agencies;

(9) for children under age five and their families, programs and services established through collaborative efforts with other agencies;

(10) for children under age five and their families, programs in which children with a disability are served with children without a disability; and

(11) any other method approved by the commissioner.

(b) Preference shall be given to providing special instruction and services to children under age three and their families in the residence of the child with the parent or primary caregiver, or both, present.

(c) The primary responsibility for the education of a child with a disability must remain with the district of the child's residence regardless of which method of providing special instruction and services is used. If a district other than a child's district of residence provides special instruction and services to the child, then the district providing the special instruction and services must notify and invite the child's district of residence before the child's individual education plan is developed and must provide the district of residence an opportunity to participate in the plan's development. The district providing the special instruction and services may not bill special education tuition costs to the resident district unless the resident district has participated or has declined to participate in the development of the student's individual education plan. The district of residence must inform the parents of the child about the methods of instruction that are available.

Sec. 6. Minnesota Statutes 2002, section 125A.11, subdivision 1, is amended to read:

Subdivision 1. [NONRESIDENT TUITION RATE; OTHER COSTS.] When a school district provides instruction and services outside the district of residence, board and lodging, and any tuition to be paid, shall be paid by the district of residence. The tuition rate to be charged for any child with a disability must be the actual cost of providing special instruction and services to the child including a proportionate amount for capital outlay and debt service but not including any amount for transportation, minus the amount of special aid for children with a disability and any other supplemental grant program, including start up grants and private donation grants received on behalf of that child. If the boards involved do not agree upon the tuition rate, either board may apply to the commissioner to fix the rate. The commissioner must then set a date for a hearing, giving each board at least ten days' notice, and after the hearing the commissioner must make an order fixing the tuition rate, which is binding on both school districts.

Sec. 7. Minnesota Statutes 2002, section 125A.22, is amended to read:

125A.22 [COMMUNITY TRANSITION INTERAGENCY COMMITTEE.]

A district, group of districts, or special education cooperative, in cooperation with the county or counties in which the district or cooperative is located, must establish a community transition interagency committee for youth with disabilities, beginning at grade 9 or age equivalent, and their families. Members of the committee must consist of representatives from special education, vocational and regular education, community education, postsecondary education and training institutions, mental health adults with disabilities who have received transition services if such persons are available, parents of youth with disabilities, local business or industry, rehabilitation services, county social services, health agencies, and additional public or private adult service providers as appropriate. The committee must elect a chair and must meet regularly. The committee must:

(1) identify current services, programs, and funding sources provided within the community for secondary and postsecondary aged youth with disabilities and their families;

(2) facilitate the development of multiagency teams to address present and future transition needs of individual students on their individual education plans;

(3) develop a community plan to include mission, goals, and objectives, and an implementation plan to assure that transition needs of individuals with disabilities are met;

(4) recommend changes or improvements in the community system of transition services;

(5) exchange agency information such as appropriate data, effectiveness studies, special projects, exemplary programs, and creative funding of programs; and

(6) following procedures determined by the commissioner, prepare a yearly summary assessing the progress of transition services in the community including follow-up of individuals with disabilities who were provided transition services to determine postschool outcomes. The summary must be disseminated to all adult services agencies involved in the planning and to the commissioner by October 1 of each year.

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

ARTICLE 4

STATE AGENCIES

Section 1. Minnesota Statutes 2002, section 122A.20, subdivision 2, is amended to read:

Subd. 2. **[MANDATORY REPORTING.]** A school board must report to the Board of Teaching, the Board of School Administrators, or the Board of Trustees of the Minnesota State Colleges and Universities, whichever has jurisdiction over the teacher's or administrator's license, when its teacher or administrator is discharged or resigns from employment after a charge is filed with the school board under section 122A.41, subdivisions 6, clauses (1), (2), and (3), and 7, or after charges are filed that are ground for discharge under section 122A.40, subdivision 13, paragraph (a), clauses (1) to (5), or when a teacher or administrator is suspended or resigns while an investigation is pending under section 122A.40, subdivision 13, paragraph (a) clauses (1) to (5); 122A.41, subdivisions 6, clauses (1), (2), and (3), and 7; or 626.556, or when a teacher or administrator is suspended without an investigation under section 122A.41, subdivisions 6, paragraph (a), clauses (1), (2), and (3), and 7; or 626.556. The report must be made to the appropriate licensing board within ten days after the discharge, suspension, or resignation has occurred. The licensing board to which the report is made must investigate the report for violation of subdivision 1 and the reporting board must cooperate in the investigation. Notwithstanding any provision in chapter 13 or any law to the contrary, upon written request from the licensing board having jurisdiction over the license, a board or school superintendent shall provide the licensing board with information about the teacher or administrator from the district's files, any termination or disciplinary proceeding, any settlement or compromise, or any investigative file. Upon written request from the appropriate licensing board, a board or school superintendent may, at the discretion of the board or school superintendent, solicit the written consent of a student and the student's parent to provide the licensing board with information that may aid the licensing board in its investigation and license proceedings. The licensing board's request need not identify a student or parent by name. The consent of the student and the student's parent must meet the requirements of chapter 13 and Code of Federal Regulations, title 34, section 99.30. The licensing board may provide a consent form to the district. Any data transmitted to any board under this section is private data under section 13.02, subdivision 12, notwithstanding any other classification of the data when it was in the possession of any other agency.

The licensing board to which a report is made must transmit to the Attorney General's Office any record or data it receives under this subdivision for the sole purpose of having the Attorney General's Office assist that board in its investigation. When the Attorney General's Office has informed an employee of the appropriate licensing board in writing that grounds exist to suspend or revoke a teacher's license to teach, that licensing board must consider suspending or revoking

or decline to suspend or revoke the teacher's or administrator's license within 45 days of receiving a stipulation executed by the teacher or administrator under investigation or a recommendation from an administrative law judge that disciplinary action be taken.

Sec. 2. Minnesota Statutes 2002, section 123B.71, subdivision 9, is amended to read:

Subd. 9. [INFORMATION REQUIRED.] A school board proposing to construct a facility described in subdivision 8 shall submit to the commissioner a proposal containing information including at least the following:

(1) the geographic area and population to be served, preschool through grade 12 student enrollments for the past five years, and student enrollment projections for the next five years;

(2) a list of existing facilities by year constructed, their uses, and an assessment of the extent to which alternate facilities are available within the school district boundaries and in adjacent school districts;

(3) a list of the specific deficiencies of the facility that demonstrate the need for a new or renovated facility to be provided, and a list of the specific benefits that the new or renovated facility will provide to the students, teachers, and community users served by the facility;

(4) the relationship of the project to any priorities established by the school district, educational cooperatives that provide support services, or other public bodies in the service area;

(5) a specification of how the project will increase community use of the facility and whether and how the project will increase collaboration with other governmental or nonprofit entities;

(6) a description of the project, including the specification of site and outdoor space acreage and square footage allocations for classrooms, laboratories, and support spaces; estimated expenditures for the major portions of the project; and the dates the project will begin and be completed;

(7) a specification of the source of financing the project; the scheduled date for a bond issue or school board action; a schedule of payments, including debt service equalization aid; and the effect of a bond issue on local property taxes by the property class and valuation;

(8) an analysis of how the proposed new or remodeled facility will affect school district operational or administrative staffing costs, and how the district's operating budget will cover any increased operational or administrative staffing costs;

(9) a description of the consultation with local or state road and transportation officials on school site access and safety issues, and the ways that the project will address those issues;

(10) a description of how indoor air quality issues have been considered and a certification that the architects and engineers designing the facility will have professional liability insurance;

(11) as required under section 123B.72, for buildings coming into service after July 1, 2002, a certification that the plans and designs for the extensively renovated or new facility's heating, ventilation, and air conditioning systems will meet or exceed code standards; will provide for the monitoring of outdoor airflow and total airflow of ventilation systems; and will provide an indoor air quality filtration system that meets ASHRAE standard 52.1;

(12) a specification of any desegregation requirements that cannot be met by any other reasonable means; ~~and~~

(13) a specification, if applicable, of how the facility will utilize environmentally sustainable school facility design concepts; and

(14) a description of how the American National Standard acoustical performance criteria, design requirements, and guidelines for schools have been considered.

K-12 SCIENCE AND SOCIAL STUDIES STANDARDS

Section 1. Minnesota Statutes 2003 Supplement, section 120B.021, subdivision 3, is amended to read:

Subd. 3. [RULEMAKING.] (a) The commissioner, consistent with the requirements of this section and section 120B.022, must adopt statewide rules under section 14.389 for implementing statewide rigorous core academic standards in language arts, mathematics, science, social studies, and the arts. After the rules authorized under this paragraph are initially adopted, the commissioner may not amend or repeal these rules nor adopt new rules on the same topic without specific legislative authorization. These The academic standards for language arts, mathematics, and the arts must be implemented for all students beginning in the 2003-2004 school year. The academic standards for science and social studies must be implemented for all students beginning in the 2005-2006 school year.

(b) The rules authorized under this section are not subject to section 14.127.

Sec. 2. Minnesota Statutes 2003 Supplement, section 120B.30, subdivision 1a, is amended to read:

Subd. 1a. [STATEWIDE AND LOCAL ASSESSMENTS; RESULTS.] (a) The commissioner must develop language arts, mathematics, and science assessments aligned with state academic standards that districts and sites must use to monitor student growth toward achieving those standards. The commissioner must not develop statewide assessments for academic standards in social studies and the arts. The commissioner must require:

(1) annual language arts and mathematics assessments in grades 3 through 8 and at the high school level for the 2005-2006 school year and later; and

(2) annual science assessments in one grade in the grades 3 through 5 span, the grades 6 through 9 span, and the grades 10 through 12 span a grade 11 life sciences assessment for the 2007-2008 school year and later.

(b) The commissioner must ensure that all statewide tests administered to elementary and secondary students measure students' academic knowledge and skills and not students' values, attitudes, and beliefs.

(c) Reporting of assessment results must:

(1) provide timely, useful, and understandable information on the performance of individual students, schools, school districts, and the state;

(2) include, by the 2006-2007 school year, a value-added component to measure student achievement growth over time; and

(3) determine whether students have met the state's basic skills requirements.

(d) Consistent with applicable federal law and subdivision 1, paragraph (d), clause (1), the commissioner must include alternative assessments for the very few students with disabilities for whom statewide assessments are inappropriate and for students with limited English proficiency.

(e) A school, school district, and charter school must administer statewide assessments under this section, as the assessments become available, to evaluate student progress in achieving the academic standards. If a state assessment is not available, a school, school district, and charter school must determine locally if a student has met the required academic standards. A school, school district, or charter school may use a student's performance on a statewide assessment as one of multiple criteria to determine grade promotion or retention. A school, school district, or charter school may use a high school student's performance on a statewide assessment as a percentage of the student's final grade in a course, or place a student's assessment score on the student's transcript.

Sec. 3. [MINNESOTA'S HIGH ACADEMIC STANDARDS.]

(a) The standards for science and social studies adopted by the commissioner of education under Minnesota Statutes, section 120B.021, must be identical to:

(1) the K-12 standards for science contained in the document labeled "Minnesota Academic Standards, Science K-12, December 19, 2003, Minnesota Academic Standards Committee, Minnesota Department of Education"; and

(2) the K-12 standards for social studies contained in the document labeled "Minnesota Council for the Social Studies Approved Academic Standards, March 26, 2004."

(b) The K-12 standards documents must be deposited with the Minnesota revisor of statutes, the Legislative Reference Library, and the Minnesota State Law Library, where the documents shall be maintained until the commissioner adopts rules for implementing statewide rigorous core academic standards in science and social studies under Minnesota Statutes, section 120B.021, subdivision 3. The revisor must determine that the rules are identical to the documents deposited with it under this section before the revisor approves the form of the rules. In approving the form of the rules, the revisor may make any needed grammatical and form changes.

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

Sec. 4. [K-12 SOCIAL STUDIES STANDARDS RULES.]

(a) Beginning no later than July 1, 2004, the education commissioner shall adopt the K-12 academic social studies standards incorporated by reference under this act using the expedited process under Minnesota Statutes, section 14.389.

(b) In addition to technical changes, corrections, clarifications, and similarly needed revisions, the revisor shall modify the K-12 academic social studies standards to allow school districts to place the standards in the following grade bands: K-3, 4-8, 9-12 to accommodate their particular curriculum. The standards should be mastered by the end of the highest grade in the band.

Sec. 5. [K-12 SCIENCE STANDARDS RULES.]

(a) Beginning no later than July 1, 2004, the education commissioner shall adopt the K-12 academic science standards incorporated by reference under this act using the expedited process under Minnesota Statutes, section 14.389.

(b) In addition to technical changes, corrections, clarifications, and similarly needed revisions, the revisor shall modify the K-12 academic science standards to allow school districts to place the standards in the following grade bands: K-2, 3-6, 6-9, and 10-12. The standards should be mastered by the end of the highest grade in the band. Earth science is optional in grades 9 through 12.

ARTICLE 6

TECHNICAL AND CONFORMING AMENDMENTS

Section 1. Minnesota Statutes 2003 Supplement, section 120B.021, subdivision 3, is amended to read:

Subd. 3. [RULEMAKING.] ~~(a)~~ The commissioner, consistent with the requirements of this section and section 120B.022, must adopt statewide rules under section 14.389 for implementing statewide rigorous core academic standards in language arts, mathematics, and the arts. After the rules authorized under this paragraph are initially adopted, the commissioner may not amend or repeal these rules nor adopt new rules on the same topic without specific legislative authorization. These academic standards must be implemented for all students beginning in the 2003-2004 school year.

~~(b) The rules authorized under this section are not subject to section 14.127.~~

Sec. 2. Minnesota Statutes 2002, section 120B.35, is amended by adding a subdivision to read:

Subd. 5. [IMPROVING GRADUATION RATES FOR STUDENTS WITH EMOTIONAL OR BEHAVIORAL DISORDERS.] (a) A district must develop strategies in conjunction with parents of students with emotional or behavioral disorders and the county board responsible for implementing sections 245.487 to 245.4888 to keep students with emotional or behavioral disorders in school, when the district has a drop-out rate for students with an emotional or behavioral disorder in grades 9 through 12 exceeding 25 percent.

(b) A district must develop a plan in conjunction with parents of students with emotional or behavioral disorders and the local mental health authority to increase the graduation rates of students with emotional or behavioral disorders. A district with a drop-out rate for children with an emotional or behavioral disturbance in grades 9 through 12 that is in the top 25 percent of all districts shall submit a plan for review and oversight to the commissioner.

Sec. 3. Minnesota Statutes 2002, section 123A.442, subdivision 2, is amended to read:

Subd. 2. [COOPERATION AND COMBINATION.] Districts that receive a cooperative secondary facilities grant after May 1, 1991, shall:

(1) submit a plan as set forth in section 123A.36 for approval by the State Board of Education before December 31, 1999, or Department of Education after December 30, 1999; and

(2) hold a referendum on the question of combination no later than four years after a grant is awarded under subdivision 1.

The districts are eligible for cooperation and combination revenue under section 123A.39, subdivision 3.

Sec. 4. Minnesota Statutes 2002, section 123A.443, subdivision 4, is amended to read:

Subd. 4. [DISTRICT PROCEDURES.] A joint powers board of a secondary district established under subdivision 2 or a school board of a reorganized district that intends to apply for a grant must adopt a resolution stating the proposed costs of the project, the purpose for which the costs are to be incurred, and an estimate of the dates when the facilities for which the grant is requested will be contracted for and completed. Applications for the state grants must be accompanied by (a) a copy of the resolution, (b) a certificate by the clerk and treasurer of the joint powers board showing the current outstanding indebtedness of each member district, and (c) a certificate by the county auditor of each county in which a portion of the joint powers district lies showing the information in the auditor's official records that is required to be used in computing the debt limit of the district under section 475.53, subdivision 4. The clerk's and treasurer's certificate must show, as to each outstanding bond issue of each member district, the amount originally issued, the purpose for which issued, the date of issue, the amount remaining unpaid as of the date of the resolution, and the interest rates and due dates and amounts of principal thereon. Applications and necessary data must be in the form prescribed by the commissioner and the rules of the State Board of Education before December 31, 1999, and after December 30, 1999, in the form prescribed by the commissioner. Applications must be received by the commissioner by September 1 of an odd-numbered year. When an application is received, the commissioner shall obtain from the commissioner of revenue, and from the public utilities commission when required, the information in their official records that is required to be used in computing the debt limit of the joint powers district under section 475.53, subdivision 4.

Sec. 5. Minnesota Statutes 2002, section 123A.55, is amended to read:

123A.55 [CLASSES, NUMBER.]

Districts shall be classified as common, independent, or special districts, each of which is a public corporation. Each district shall be known by its classification and assigned a number by the commissioner so that its title will be School District Number No.

Sec. 6. Minnesota Statutes 2002, section 123B.58, subdivision 2, is amended to read:

Subd. 2. [FIRE SAFETY MODIFICATIONS.] If a district has insufficient money in its capital expenditure fund to make modifications to a school building required by a fire inspection conducted according to section ~~123B.73~~ 299F.47, the district may submit an application to the commissioner containing information required by the commissioner. The commissioner shall approve or disapprove of the application according to criteria established by the commissioner. The criteria shall take into consideration the cost-effectiveness of making modifications to older buildings.

Sec. 7. Minnesota Statutes 2002, section 124D.19, subdivision 11, is amended to read:

Subd. 11. [SCHOOL-AGE CARE PROGRAMS.] (a) A school board may offer, as part of a community education program, a school-age care program for children from kindergarten through grade 6 for the purpose of expanding students' learning opportunities. If the school board chooses not to offer a school-age care program, it may allow an appropriate insured community group, for profit entity or nonprofit organization to use available school facilities for the purpose of offering a school-age care program.

(b) A school-age care program must include the following:

- (1) adult supervised programs while school is not in session;
- (2) parental involvement in program design and direction;
- (3) partnerships with the kindergarten through grade 12 system, and other public, private, or nonprofit entities;
- (4) opportunities for trained secondary school pupils to work with younger children in a supervised setting as part of a community service program; and

(5) access to available school facilities, including the gymnasium, sports equipment, computer labs, and media centers, when not otherwise in use as part of the operation of the school. The school district may establish reasonable rules relating to access to these facilities and may require that:

- (i) the organization request access to the facilities and prepare and maintain a schedule of proposed use;
- (ii) the organization provide evidence of adequate insurance to cover the activities to be conducted in the facilities; and
- (iii) the organization prepare and maintain a plan demonstrating the adequacy and training of staff to supervise the use of the facilities.

(c) The district may charge a sliding fee based upon family income for school-age care programs. The district may receive money from other public or private sources for the school-age care program. The board of the district must develop standards for school-age child care programs. The ~~State Board~~ commissioner of education may not adopt rules for school-age care programs.

(d) The district shall maintain a separate account within the community services fund for all funds related to the school-age care program.

(e) A district is encouraged to coordinate the school-age care program with its special education, vocational education, adult basic education, early childhood family education programs, kindergarten through grade 12 instruction and curriculum services, youth development and youth service agencies, and with related services provided by other governmental agencies and nonprofit agencies.

Sec. 8. Minnesota Statutes 2003 Supplement, section 124D.20, subdivision 11, is amended to read:

Subd. 11. [RESERVE ACCOUNT LIMIT.] (a) Under this section, the sum of the average balances during the most recent three-year period in a district's community education reserve

account and unreserved/undesignated community service fund account on June 30 of each year, adjusted for any prior reductions under this subdivision, must not be greater than 25 percent of the sum of the district's maximum total community education revenue under subdivision 1, excluding adjustments under this subdivision, ~~plus the district's additional community education levy under section 124D.21~~, plus any fees, grants, or other revenue received by the district for community education programs for the prior year. For purposes of this paragraph, "community education programs" means programs according to subdivisions 8, paragraph (a), and 9, and section 124D.19, subdivision 12, excluding early childhood family education programs under section 124D.13, school readiness programs under ~~sections~~ section 124D.15 and ~~124D.17~~, and adult basic education programs under section 124D.52.

(b) If the sum of the average balances during the most recent three-year period in a district's community education reserve account and unreserved/undesignated community service fund account on June 30 of each year, adjusted for any prior reductions under this subdivision, is in excess of the limit under paragraph (a), the district's community education state aid and levy authority for the current school year must be reduced by the lesser of the current year revenue under subdivision 1 or the excess reserve amount. The aid reduction equals the product of the lesser of the excess reserve amount or the current year revenue under subdivision 1 times the ratio of the district's aid for the current year under subdivision 7 to the district's revenue for the current year under subdivision 1. The levy reduction equals the excess reserve amount minus the aid reduction. For purposes of this paragraph, if a district does not levy the entire amount permitted under subdivision 5 or 6, the revenue under subdivision 1 must be reduced in proportion to the actual amount levied.

(c) Notwithstanding paragraph (a), for fiscal year 2003, the excess reserve amount shall be computed using the balances in a district's community education reserve account and unreserved/undesignated community service fund account on June 30, 2002. For fiscal year 2004, the excess reserve amount shall be computed using the adjusted average balances in a district's community education reserve account and unreserved/undesignated community service fund account on June 30, 2002, and June 30, 2003.

Sec. 9. Minnesota Statutes 2002, section 124D.68, subdivision 3, is amended to read:

Subd. 3. [ELIGIBLE PROGRAMS.] (a) A pupil who is eligible according to subdivision 2 may enroll in area learning centers under sections 123A.05 to 123A.08, ~~or according to section 122A.164.~~

(b) A pupil who is eligible according to subdivision 2 and who is between the ages of 16 and 21 may enroll in postsecondary courses under section 124D.09.

(c) A pupil who is eligible under subdivision 2, may enroll in any public elementary or secondary education program. However, a person who is eligible according to subdivision 2, clause (b), may enroll only if the school board has adopted a resolution approving the enrollment.

(d) A pupil who is eligible under subdivision 2, may enroll in any nonpublic, nonsectarian school that has contracted with the serving school district to provide educational services.

(e) A pupil who is between the ages of 16 and 21 may enroll in any adult basic education programs approved under section 124D.52 and operated under the community education program contained in section 124D.19.

Sec. 10. Minnesota Statutes 2002, section 125A.07, is amended to read:

125A.07 [RULES OF COMMISSIONER.]

(a) As defined in this paragraph, the commissioner must adopt rules relative to qualifications of essential personnel, courses of study, methods of instruction, pupil eligibility, size of classes, rooms, equipment, supervision, parent consultation, and other necessary rules for instruction of children with a disability. These rules must provide standards and procedures appropriate for the implementation of and within the limitations of sections 125A.08 and ~~125A.09~~ 125A.091. These rules must also provide standards for the discipline, control, management, and protection of

children with a disability. The commissioner must not adopt rules for pupils served primarily in the regular classroom establishing either case loads or the maximum number of pupils that may be assigned to special education teachers. The commissioner, in consultation with the Departments of Health and Human Services, must adopt permanent rules for instruction and services for children under age five and their families. These rules are binding on state and local education, health, and human services agencies. The commissioner must adopt rules to determine eligibility for special education services. The rules must include procedures and standards by which to grant variances for experimental eligibility criteria. The commissioner must, according to section 14.05, subdivision 4, notify a district applying for a variance from the rules within 45 calendar days of receiving the request whether the request for the variance has been granted or denied. If a request is denied, the commissioner must specify the program standards used to evaluate the request and the reasons for denying the request.

(b) As provided in this paragraph, the state's regulatory scheme should support schools by assuring that all state special education rules adopted by the commissioner result in one or more of the following outcomes:

(1) increased time available to teachers and, where appropriate, to support staff including school nurses for educating students through direct and indirect instruction;

(2) consistent and uniform access to effective education programs for students with disabilities throughout the state;

(3) reduced inequalities and conflict, appropriate due process hearing procedures and reduced court actions related to the delivery of special education instruction and services for students with disabilities;

(4) clear expectations for service providers and for students with disabilities;

(5) increased accountability for all individuals and agencies that provide instruction and other services to students with disabilities;

(6) greater focus for the state and local resources dedicated to educating students with disabilities; and

(7) clearer standards for evaluating the effectiveness of education and support services for students with disabilities.

Sec. 11. Minnesota Statutes 2003 Supplement, section 125A.091, subdivision 5, is amended to read:

Subd. 5. [INITIAL ACTION; PARENT CONSENT.] (a) The district must not proceed with the initial evaluation of a child, the initial placement of a child in a special education program, or the initial provision of special education services for a child without the prior written consent of the child's parent. A district may not override the written refusal of a parent to consent to an initial evaluation or reevaluation.

(b) A parent, after consulting with health care, education, or other professional providers, may agree or disagree to provide the parent's child with sympathomimetic medications unless section 144.344 applies.

Sec. 12. Minnesota Statutes 2002, section 125A.46, is amended to read:

125A.46 [DUE PROCESS HEARINGS.]

The procedures for due process hearings and appeals must be the same as those in section ~~125A.09~~ 125A.091. The responsibility for payment of costs and conducting due process hearings and appeals shall be allocated to the appropriate agency in accordance with sections 125A.30, 125A.39, and 125A.42.

Sec. 13. Minnesota Statutes 2003 Supplement, section 125A.75, subdivision 8, is amended to read:

Subd. 8. [LITIGATION AND HEARING COSTS.] (a) For fiscal year 1999 and thereafter, the commissioner of education, or the commissioner's designee, shall use state funds to pay school districts for the administrative costs of a due process hearing incurred under section ~~125A.09~~ 125A.091, subdivisions ~~6, 10, 12, 13, and 14~~ 12, 13, and 14, including hearing officer fees, court reporter fees, mileage costs, transcript costs, interpreter and transliterator fees, independent evaluations ordered by the hearing officer, and rental of hearing rooms, but not including district attorney fees. To receive state aid under this paragraph, a school district shall submit to the commissioner by August 1 an itemized list of unreimbursed actual costs for fees and other expenses under this paragraph incurred after June 30, 1998, for hearings completed during the previous fiscal year. State funds used for aid to school districts under this paragraph shall be based on the unreimbursed actual costs and fees submitted by a district.

(b) The commissioner shall provide districts with a form on which to annually report litigation costs under this section and shall base aid estimates on preliminary reports submitted by the district during the current fiscal year.

Sec. 14. Minnesota Statutes 2003 Supplement, section 126C.457, is amended to read:

126C.457 [CAREER AND TECHNICAL LEVY.]

A school district may levy an amount equal to the greater of (1) \$10,000, or (2) the district's fiscal year 2001 entitlement for career and technical aid under Minnesota Statutes 2000, section 124D.453. The district must recognize the full amount of this levy as revenue for the fiscal year in which it is certified. Revenue received under this section must be reserved and used only for career and technical programs.

Sec. 15. Minnesota Statutes 2003 Supplement, section 127A.41, subdivision 9, is amended to read:

Subd. 9. [APPROPRIATION TRANSFERS FOR COMMUNITY EDUCATION PROGRAMS.] If a direct appropriation from the general fund to the Department of Education for an education aid or grant authorized under section 124D.135, 124D.16, 124D.20, ~~124D.21~~, 124D.22, 124D.52, 124D.531, ~~124D.54~~, 124D.55, or 124D.56 exceeds the amount required, the commissioner of education may transfer the excess to any education aid or grant appropriation that is insufficiently funded under these sections. Excess appropriations shall be allocated proportionately among aids or grants that have insufficient appropriations. The commissioner of finance shall make the necessary transfers among appropriations according to the determinations of the commissioner of education. If the amount of the direct appropriation for the aid or grant plus the amount transferred according to this subdivision is insufficient, the commissioner shall prorate the available amount among eligible districts. The state is not obligated for any additional amounts.

[EFFECTIVE DATE.] This section is effective July 1, 2004.

Sec. 16. Minnesota Statutes 2002, section 260A.01, is amended to read:

260A.01 [TRUANCY PROGRAMS AND SERVICES.]

(a) The programs in this chapter are designed to provide a continuum of intervention and services to support families and children in keeping children in school and combating truancy and educational neglect. School districts, county attorneys, and law enforcement may establish the programs and coordinate them with other community-based truancy services in order to provide the necessary and most effective intervention for children and their families. This continuum of intervention and services involves progressively intrusive intervention, beginning with strong service-oriented efforts at the school and community level and involving the court's authority only when necessary.

(b) Consistent with section ~~125A.09~~ 125A.091, subdivision ~~3~~ 5, a parent's refusal to provide the parent's child with sympathomimetic medications does not constitute educational neglect.

Sec. 17. Minnesota Statutes 2002, section 260C.163, subdivision 11, is amended to read:

Subd. 11. [PRESUMPTIONS REGARDING TRUANCY OR EDUCATIONAL NEGLECT.]
(a) A child's absence from school is presumed to be due to the parent's, guardian's, or custodian's failure to comply with compulsory instruction laws if the child is under 12 years old and the school has made appropriate efforts to resolve the child's attendance problems; this presumption may be rebutted based on a showing by clear and convincing evidence that the child is habitually truant. A child's absence from school without lawful excuse, when the child is 12 years old or older, is presumed to be due to the child's intent to be absent from school; this presumption may be rebutted based on a showing by clear and convincing evidence that the child's absence is due to the failure of the child's parent, guardian, or custodian to comply with compulsory instruction laws, sections 120A.22 and 120A.24.

(b) Consistent with section ~~125A.09~~ 125A.091, subdivision 3 5, a parent's refusal to provide the parent's child with sympathomimetic medications does not constitute educational neglect.

Sec. 18. Minnesota Statutes 2003 Supplement, section 626.556, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] As used in this section, the following terms have the meanings given them unless the specific content indicates otherwise:

(a) "Sexual abuse" means the subjection of a child by a person responsible for the child's care, by a person who has a significant relationship to the child, as defined in section 609.341, or by a person in a position of authority, as defined in section 609.341, subdivision 10, to any act which constitutes a violation of section 609.342 (criminal sexual conduct in the first degree), 609.343 (criminal sexual conduct in the second degree), 609.344 (criminal sexual conduct in the third degree), 609.345 (criminal sexual conduct in the fourth degree), or 609.3451 (criminal sexual conduct in the fifth degree). Sexual abuse also includes any act which involves a minor which constitutes a violation of prostitution offenses under sections 609.321 to 609.324 or 617.246. Sexual abuse includes threatened sexual abuse.

(b) "Person responsible for the child's care" means (1) an individual functioning within the family unit and having responsibilities for the care of the child such as a parent, guardian, or other person having similar care responsibilities, or (2) an individual functioning outside the family unit and having responsibilities for the care of the child such as a teacher, school administrator, other school employees or agents, or other lawful custodian of a child having either full-time or short-term care responsibilities including, but not limited to, day care, babysitting whether paid or unpaid, counseling, teaching, and coaching.

(c) "Neglect" means:

(1) failure by a person responsible for a child's care to supply a child with necessary food, clothing, shelter, health, medical, or other care required for the child's physical or mental health when reasonably able to do so;

(2) failure to protect a child from conditions or actions that seriously endanger the child's physical or mental health when reasonably able to do so;

(3) failure to provide for necessary supervision or child care arrangements appropriate for a child after considering factors as the child's age, mental ability, physical condition, length of absence, or environment, when the child is unable to care for the child's own basic needs or safety, or the basic needs or safety of another child in their care;

(4) failure to ensure that the child is educated as defined in sections 120A.22 and 260C.163, subdivision 11, which does not include a parent's refusal to provide the parent's child with sympathomimetic medications, consistent with section ~~125A.09~~ 125A.091, subdivision 3 5;

(5) nothing in this section shall be construed to mean that a child is neglected solely because the child's parent, guardian, or other person responsible for the child's care in good faith selects and depends upon spiritual means or prayer for treatment or care of disease or remedial care of the child in lieu of medical care; except that a parent, guardian, or caretaker, or a person mandated to report pursuant to subdivision 3, has a duty to report if a lack of medical care may cause serious

danger to the child's health. This section does not impose upon persons, not otherwise legally responsible for providing a child with necessary food, clothing, shelter, education, or medical care, a duty to provide that care;

(6) prenatal exposure to a controlled substance, as defined in section 253B.02, subdivision 2, used by the mother for a nonmedical purpose, as evidenced by withdrawal symptoms in the child at birth, results of a toxicology test performed on the mother at delivery or the child at birth, or medical effects or developmental delays during the child's first year of life that medically indicate prenatal exposure to a controlled substance;

(7) "medical neglect" as defined in section 260C.007, subdivision 6, clause (5);

(8) chronic and severe use of alcohol or a controlled substance by a parent or person responsible for the care of the child that adversely affects the child's basic needs and safety; or

(9) emotional harm from a pattern of behavior which contributes to impaired emotional functioning of the child which may be demonstrated by a substantial and observable effect in the child's behavior, emotional response, or cognition that is not within the normal range for the child's age and stage of development, with due regard to the child's culture.

(d) "Physical abuse" means any physical injury, mental injury, or threatened injury, inflicted by a person responsible for the child's care on a child other than by accidental means, or any physical or mental injury that cannot reasonably be explained by the child's history of injuries, or any aversive or deprivation procedures, or regulated interventions, that have not been authorized under section 121A.67 or 245.825. Abuse does not include reasonable and moderate physical discipline of a child administered by a parent or legal guardian which does not result in an injury. Abuse does not include the use of reasonable force by a teacher, principal, or school employee as allowed by section 121A.582. Actions which are not reasonable and moderate include, but are not limited to, any of the following that are done in anger or without regard to the safety of the child:

(1) throwing, kicking, burning, biting, or cutting a child;

(2) striking a child with a closed fist;

(3) shaking a child under age three;

(4) striking or other actions which result in any nonaccidental injury to a child under 18 months of age;

(5) unreasonable interference with a child's breathing;

(6) threatening a child with a weapon, as defined in section 609.02, subdivision 6;

(7) striking a child under age one on the face or head;

(8) purposely giving a child poison, alcohol, or dangerous, harmful, or controlled substances which were not prescribed for the child by a practitioner, in order to control or punish the child; or other substances that substantially affect the child's behavior, motor coordination, or judgment or that results in sickness or internal injury, or subjects the child to medical procedures that would be unnecessary if the child were not exposed to the substances;

(9) unreasonable physical confinement or restraint not permitted under section 609.379, including but not limited to tying, caging, or chaining; or

(10) in a school facility or school zone, an act by a person responsible for the child's care that is a violation under section 121A.58.

(e) "Report" means any report received by the local welfare agency, police department, county sheriff, or agency responsible for assessing or investigating maltreatment pursuant to this section.

(f) "Facility" means a licensed or unlicensed day care facility, residential facility, agency, hospital, sanitarium, or other facility or institution required to be licensed under sections 144.50 to

144.58, 241.021, or 245A.01 to 245A.16, or chapter 245B; or a school as defined in sections 120A.05, subdivisions 9, 11, and 13; and 124D.10; or a nonlicensed personal care provider organization as defined in sections 256B.04, subdivision 16, and 256B.0625, subdivision 19a.

(g) "Operator" means an operator or agency as defined in section 245A.02.

(h) "Commissioner" means the commissioner of human services.

(i) "Assessment" includes authority to interview the child, the person or persons responsible for the child's care, the alleged perpetrator, and any other person with knowledge of the abuse or neglect for the purpose of gathering the facts, assessing the risk to the child, and formulating a plan.

(j) "Practice of social services," for the purposes of subdivision 3, includes but is not limited to employee assistance counseling and the provision of guardian ad litem and parenting time expeditor services.

(k) "Mental injury" means an injury to the psychological capacity or emotional stability of a child as evidenced by an observable or substantial impairment in the child's ability to function within a normal range of performance and behavior with due regard to the child's culture.

(l) "Threatened injury" means a statement, overt act, condition, or status that represents a substantial risk of physical or sexual abuse or mental injury. Threatened injury includes, but is not limited to, exposing a child to a person responsible for the child's care, as defined in paragraph (b), clause (1), who has:

(1) subjected a child to, or failed to protect a child from, an overt act or condition that constitutes egregious harm, as defined in section 260C.007, subdivision 14, or a similar law of another jurisdiction;

(2) been found to be palpably unfit under section 260C.301, paragraph (b), clause (4), or a similar law of another jurisdiction;

(3) committed an act that has resulted in an involuntary termination of parental rights under section 260C.301, or a similar law of another jurisdiction; or

(4) committed an act that has resulted in the involuntary transfer of permanent legal and physical custody of a child to a relative under section 260C.201, subdivision 11, paragraph (d), clause (1), or a similar law of another jurisdiction.

(m) Persons who conduct assessments or investigations under this section shall take into account accepted child-rearing practices of the culture in which a child participates and accepted teacher discipline practices, which are not injurious to the child's health, welfare, and safety.

Sec. 19. Minnesota Statutes 2002, section 631.40, subdivision 4, is amended to read:

Subd. 4. [LICENSED TEACHERS.] When a person is convicted of child abuse, as defined in section 609.185, or sexual abuse under section 609.342, 609.343, 609.344, 609.345, 609.3451, subdivision 3, or 617.23, subdivision 3, the court shall determine whether the person is licensed to teach under chapter 122A. If the offender is a licensed teacher, the court administrator shall send a certified copy of the conviction to the Board of Teaching ~~or the state Board of Education, whichever has jurisdiction over the teacher's license,~~ within ten days after the conviction.

Sec. 20. Laws 2003, chapter 130, section 12, is amended to read:

Sec. 12. [REVISOR INSTRUCTION.]

(a) In Minnesota Statutes, the revisor shall renumber section ~~119A.02~~ 119A.01, subdivision 2, as 120A.02, paragraph (a), and section 120A.02 as 120A.02, paragraph (b).

(b) In Minnesota Statutes and Minnesota Rules, the revisor shall change the term "children, families, and learning" to "education."

Sec. 21. [REVISOR INSTRUCTION.]

In the next edition of Minnesota Rules, chapter 3530, the revisor shall change the term "Office of Public Libraries and Interlibrary Cooperation" to "Library Development and Services" and "OPLIC" to "LDS."

Sec. 22. [REPEALER; REVIVAL OF STATUTE.]

(a) Minnesota Statutes 2002, sections 124D.91 and 124D.92, are repealed.

(b) Minnesota Statutes 2002, section 134.47, subdivision 3, is repealed effective retroactive to June 30, 2003. Notwithstanding Minnesota Statutes, section 645.36, Minnesota Statutes 2002, section 134.47, subdivisions 1 and 2, are revived effective retroactively from June 30, 2003."

Delete the title and insert:

"A bill for an act relating to education; providing for kindergarten through grade 12 education, including general education, education excellence, special programs, and state agencies; appropriating money; amending Minnesota Statutes 2002, sections 13.321, subdivision 1, by adding a subdivision; 120B.35, by adding a subdivision; 121A.22, subdivision 2; 121A.45, subdivision 3; 121A.66, subdivision 5, by adding a subdivision; 121A.67; 122A.16; 122A.20, subdivision 2; 122A.33; 123A.442, subdivision 2; 123A.443, subdivision 4; 123A.55; 123B.02, by adding a subdivision; 123B.195; 123B.49, subdivision 4; 123B.53, subdivision 6; 123B.58, subdivision 2; 123B.71, subdivision 9; 123B.76, by adding a subdivision; 123B.82; 124D.10, subdivision 9; 124D.19, subdivision 11; 124D.68, subdivision 3; 124D.69, subdivision 3; 125A.023, subdivision 3; 125A.03; 125A.07; 125A.11, subdivision 1; 125A.22; 125A.46; 127A.47, subdivision 3; 168.012, subdivision 10; 169.01, subdivisions 6, 75, by adding a subdivision; 169.14, subdivisions 2, 4; 169.442, subdivisions 1, 5; 169.443, subdivisions 1, 2; 169.4501, subdivisions 1, 2; 169.4502, subdivision 11; 169.4503, subdivisions 5, 14, 16, 20, by adding a subdivision; 179A.03, subdivision 14; 260A.01; 260C.163, subdivision 11; 631.40, subdivision 4; Minnesota Statutes 2003 Supplement, sections 120B.021, subdivision 3; 120B.022, subdivision 1; 120B.024; 120B.22, subdivision 1; 120B.30, subdivision 1a; 120B.36; 123B.77, subdivision 4; 123B.90, subdivision 2; 123B.93; 124D.095, subdivisions 2, 4, 7, 9; 124D.11, subdivisions 1, 9; 124D.20, subdivision 11; 124D.454, subdivision 2; 125A.023, subdivision 4; 125A.05; 125A.091, subdivision 5; 125A.75, subdivision 8; 126C.10, subdivision 3; 126C.457; 127A.41, subdivision 9; 128C.05, subdivision 1a; 169.14, subdivision 5a; 171.321, subdivision 5; 179A.03, subdivision 18; 275.065, subdivision 1; 475.61, subdivision 4; 626.556, subdivision 2; Laws 2003, chapter 130, section 12; proposing coding for new law in Minnesota Statutes, chapters 120B; 121A; 122A; 123B; repealing Minnesota Statutes 2002, sections 121A.23, subdivision 2; 122A.60; 124D.91; 124D.92; 126C.23; 134.47, subdivision 3; 169.447, subdivision 6; 169.4502, subdivisions 7, 9, 13, 14; 169.4503, subdivisions 10, 10a, 21, 25; Minnesota Statutes 2003 Supplement, section 121A.23, subdivision 1."

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

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

S.F. No. 676: A bill for an act relating to retirement; statewide and major local public pension plans; making various changes of an administrative nature; setting various limitations and requirements for public employees police and fire retirement plan disability benefit applications; resolving one person and small group pension problems; reducing the early retirement age for the judges retirement plan; authorizing a shorter vesting schedule for the Marine on St. Croix Volunteer Firefighters Relief Association; revising the salary maximum for the executive secretary of the Minneapolis Firefighters Relief Association; permitting single Teachers Retirement Association members to make survivor benefit designations; authorizing retirement coverage discontinuation by an elected county official; revising the manner in which actuarial services to the Legislative Commission on Pensions and Retirement are provided; continuing retirement coverage by the general employees retirement plan of the Public Employees Retirement Association for Anoka County Achieve Program and the Government Training Services; including

in privatized public employee retirement coverage employees of the Fair Oaks Lodge, Wadena, and RenVilla Nursing Home, and the St. Peter Community Healthcare Center; extending the expiration date on certain prior military service credit purchases; temporarily exempting Metropolitan Airports Commission police from reemployed annuitant earnings limitation; ratifying certain Bellingham volunteer firefighter relief association annuity purchases; including the Lake Johanna fire department employees in Public Employees Retirement Association coverage; limiting the covered salary of school district superintendents and administrators for pension purposes; excluding certain employees from limits on covered salary for pension purposes; requiring audits and reports on preretirement salaries of certain school district administrators; expanding the health care savings plan; modifying the department of transportation pilots retirement plan; creating a statewide volunteer firefighter retirement plan study task force; authorizing shorter vesting periods for defined contribution volunteer firefighter relief associations; modifying Minneapolis Police Relief Association provisions; providing additional benefits to certain teachers employed during or before the 1968-1969 school year; appropriating money; amending Minnesota Statutes 2002, sections 3A.03, subdivision 2; 69.77, subdivision 4; 352.01, subdivision 13; 352.03, subdivision 6; 352.113, subdivisions 4, 6, 8, by adding a subdivision; 352.12, subdivisions 1, 6; 352.22, subdivisions 2, 3; 352.27; 352.275, subdivision 1; 352.86, subdivision 1; 352.91, subdivision 3g; 352.95, subdivisions 1, 2, 4; 352.98; 352B.01, subdivisions 3a, 11, by adding a subdivision; 352B.02, subdivision 1e; 352B.10, subdivisions 1, 2, 3, 4, 5; 352B.105; 352B.11, subdivisions 1, 2, by adding subdivisions; 352D.065, subdivision 2; 352D.075, subdivisions 2, 3, by adding a subdivision; 353.01, subdivisions 2b, 10, 12a, 12b, 16, 16a; 353.03, subdivision 3a; 353.33, subdivisions 4, 6, 6b, 7, by adding a subdivision; 353.37, subdivision 3, by adding a subdivision; 353.656, subdivision 5, by adding subdivisions; 354.05, subdivisions 2, 22, 35; 354.06, subdivision 2a; 354.07, subdivision 9; 354.091; 354.096, subdivision 1; 354.42, subdivision 7; 354.44, subdivisions 4, 5, 6; 354.46, subdivisions 2, 2b, 5, by adding a subdivision; 354.48, subdivisions 2, 4, 6, 6a, 10; 354.51, subdivision 5; 354.52, subdivisions 4a, 6, by adding a subdivision; 354.53; 354.533, subdivision 1; 354.66, subdivision 2; 354A.011, subdivision 24; 354A.021, subdivision 7; 354A.093; 354A.094, subdivision 3; 354A.097, subdivision 1; 354A.36, subdivisions 4, 6; 354B.20, subdivisions 4, 6; 354B.23, subdivision 1; 354B.32; 354C.11, subdivision 2; 356.215, subdivisions 2, 18; 356.216; 356.302, subdivision 3; 356.441; 356.611, subdivisions 1, 2, by adding subdivisions; 422A.06, subdivision 2; 422A.18, subdivisions 1, 4; 423B.01, subdivision 12; 423B.09, subdivisions 1, 4, by adding a subdivision; 423B.10, subdivision 1; 423B.15, subdivision 3; 423C.05, subdivisions 4, 5, 6, by adding a subdivision; 424A.02, subdivisions 2, 7; 490.121, subdivision 10, by adding a subdivision; 490.124, subdivision 12; Minnesota Statutes 2003 Supplement, sections 353.01, subdivision 6; 353F.02, subdivision 4; 423C.03, subdivision 3; Laws 1999, chapter 222, article 16, section 16, as amended; Laws 2000, chapter 461, article 4, section 4, as amended; proposing coding for new law in Minnesota Statutes, chapters 352F; 353F; 354; 356; 423B; repealing Minnesota Statutes 2002, sections 3.85, subdivisions 11, 12; 352D.02, subdivision 5; 353.33, subdivision 5b; 354A.107; 356.217; 490.11.

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

Page 9, after line 28, insert:

"Sec. 5. Minnesota Statutes 2002, section 353.64, is amended by adding a subdivision to read:

Subd. 6a. [UNIVERSITY OF MINNESOTA POLICE OFFICERS.] A police officer employed by the University of Minnesota who is required by the board of regents to contribute to the University of Minnesota Faculty Retirement Plan shall not be a member of the public employees police and fire fund.

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

Page 13, line 9, delete "6 and 9" and insert "4, 6, 7, and 10"

Page 13, line 10, delete "7" and insert "8"

Page 13, line 13, delete "8" and insert "9"

Page 15, line 8, before the semicolon, insert "and amounts paid by employers as the result of employee wage reductions, or instead of wage increases, to supplemental national or international pension plans permitted under section 356.24, subdivision 1"

Page 15, line 30, after the second comma, insert "except for amounts paid by employers as the result of employee wage reductions, or instead of wage increases, to supplemental national or international pension plans permitted under section 356.24, subdivision 1,"

Page 46, after line 20, insert:

"Sec. 5. [LEGISLATIVE COMMISSION ON PENSIONS AND RETIREMENT; ACTUARIAL SERVICES BILLING TO THIRD PARTIES.]

Notwithstanding any provision of law to the contrary, the Legislative Commission on Pensions and Retirement may bill third parties for actuarial services performed for their benefit under its contract with its consulting actuary under Minnesota Statutes, section 3.85, may deposit the actuarial services reimbursements from those third parties to the credit of the commission, and those deposited reimbursements are reappropriated to the commission."

Page 46, line 22, before "Sections" insert "(a)"

Page 46, after line 22, insert:

"(b) Section 5 is effective retroactively to July 1, 2003, and expires when the duty of the Legislative Commission on Pensions and Retirement to retain a consulting actuary to perform annual actuarial valuations of retirement plans terminates."

Page 122, line 26, delete "4" and insert "3"

Page 149, after line 31, insert:

"ARTICLE 21

TEACHERS RETIREMENT ASSOCIATION INCREASE IN LEVEL BENEFIT FORMULA

Section 1. [126C.458] [LEVY FOR EARLY RETIREMENT COSTS.]

Each year, a school district may levy for the additional employer contributions required under section 3.

[EFFECTIVE DATE.] This section is effective for taxes levied in 2004, payable in 2005, and thereafter.

Sec. 2. Minnesota Statutes 2002, section 354.42, subdivision 2, is amended to read:

Subd. 2. [EMPLOYEE CONTRIBUTION.] The employee contribution to the fund is an amount equal to ~~5.0~~ 5.5 percent of the salary of every coordinated member and 9.0 percent of the salary of every basic member. This contribution must be made by deduction from salary. Where any portion of a member's salary is paid from other than public funds, the member's employee contribution must be based on the entire salary received.

Sec. 3. Minnesota Statutes 2002, section 354.42, subdivision 3, is amended to read:

Subd. 3. [EMPLOYER CONTRIBUTION.] The employer contribution to the fund is an amount equal to ~~5.0~~ 5.5 percent of the salary of each coordinated member and 9.0 percent of the salary of each basic member.

Sec. 4. Minnesota Statutes 2002, section 354.44, subdivision 6, is amended to read:

Subd. 6. [COMPUTATION OF FORMULA PROGRAM RETIREMENT ANNUITY.] (1) The formula retirement annuity must be computed in accordance with the applicable provisions of the

formulas stated in clause (2) or (4) on the basis of each member's average salary for the period of the member's formula service credit.

For all years of formula service credit, "average salary," for the purpose of determining the member's retirement annuity, means the average salary upon which contributions were made and upon which payments were made to increase the salary limitation provided in Minnesota Statutes 1971, section 354.511, for the highest five successive years of formula service credit provided, however, that such "average salary" shall not include any more than the equivalent of 60 monthly salary payments. Average salary must be based upon all years of formula service credit if this service credit is less than five years.

(2) This clause, in conjunction with clause (3), applies to a person who first became a member of the association or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, unless clause (4), in conjunction with clause (5), produces a higher annuity amount, in which case clause (4) applies. The average salary as defined in clause (1), multiplied by the following percentages per year of formula service credit shall determine the amount of the annuity to which the member qualifying therefor is entitled:

	Coordinated Member	Basic Member
Each year of service	the percent	the percent
during first ten	specified in	specified in
	section 356.315,	section 356.315,
	subdivision 1,	subdivision 3,
	per year	per year
Each year of service	the percent	the percent
thereafter	specified in	specified in
	section 356.315,	section 356.315,
	subdivision 2,	subdivision 4,
	per year	per year

(3)(i) This clause applies only to a person who first became a member of the association or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, and whose annuity is higher when calculated under clause (2), in conjunction with this clause than when calculated under clause (4), in conjunction with clause (5).

(ii) Where any member retires prior to normal retirement age under a formula annuity, the member shall be paid a retirement annuity in an amount equal to the normal annuity provided in clause (2) reduced by one-quarter of one percent for each month that the member is under normal retirement age at the time of retirement except that for any member who has 30 or more years of allowable service credit, the reduction shall be applied only for each month that the member is under age 62.

(iii) Any member whose attained age plus credited allowable service totals 90 years is entitled, upon application, to a retirement annuity in an amount equal to the normal annuity provided in clause (2), without any reduction by reason of early retirement.

(4) This clause applies to a member who has become at least 55 years old and first became a member of the association after June 30, 1989, and to any other member who has become at least 55 years old and whose annuity amount when calculated under this clause and in conjunction with clause (5), is higher than it is when calculated under clause (2), in conjunction with clause (3). For a basic member, the average salary, as defined in clause (1) multiplied by the percent specified by section 356.315, subdivision 4, for each year of service for a basic member and by the percent specified in section 356.315, subdivision 2, for each year of service for a coordinated member shall determine the amount of the retirement annuity to which the basic member is entitled. For a

coordinated member, the average salary, as defined in clause (1) multiplied by the percent specified in section 356.315, subdivision 2, for each year of service rendered prior to July 1, 2004, and by the percent specified in section 356.315, subdivision 2a, for each year of service rendered on or after July 1, 2004, shall determine the amount of the retirement annuity to which the coordinated member is entitled.

(5) This clause applies to a person who has become at least 55 years old and first becomes a member of the association after June 30, 1989, and to any other member who has become at least 55 years old and whose annuity is higher when calculated under clause (4) in conjunction with this clause than when calculated under clause (2), in conjunction with clause (3). An employee who retires under the formula annuity before the normal retirement age shall be paid the normal annuity provided in clause (4) reduced so that the reduced annuity is the actuarial equivalent of the annuity that would be payable to the employee if the employee deferred receipt of the annuity and the annuity amount were augmented at an annual rate of three percent compounded annually from the day the annuity begins to accrue until the normal retirement age.

Sec. 5. [EFFECTIVE DATE.]

Sections 2 to 4 are effective on July 1, 2004.

ARTICLE 22
MINNEAPOLIS TEACHERS
RETIREMENT FUND ASSOCIATION

CONSOLIDATION WITH THE TEACHERS RETIREMENT ASSOCIATION

Section 1. [128D.18] [FUNDING OF UNFUNDED PENSION LIABILITIES.]

Subdivision 1. [FINANCING AUTHORITY.] Notwithstanding any other law to the contrary, Special School District No. 1, Minneapolis, may finance all or a portion of the current and future unfunded pension liability of the Minneapolis Teachers Retirement Fund Association through the issuance of revenue bonds issued pursuant to this section; provided that the following conditions are met:

(a) The bonds shall be payable from state funds and other contributions appropriated to the Minneapolis Teachers Retirement Fund Association to pay unfunded pension liabilities, including, without limitation, special direct aid, matching aid, or other contributions under section 354A.12, subdivision 3a or 3b, or any other subsequent state appropriation for such purpose, and the other sources of funds set forth in this section.

(b) At the time of issuance of the bonds, section 354A.12, subdivisions 3a and 3b, have not been repealed or amended.

(c) The principal amount of bonds issued and outstanding hereunder shall not exceed the unfunded actuarial accrued liability determined by the actuary retained by the Legislative Commission on Pensions and Retirement for the fiscal year ending June 30, 2002, pursuant to sections 356.215 and 356.216.

Subd. 2. [USE OF PROCEEDS.] The proceeds of the bonds issued, less costs of issuance and net original issue discount, shall be paid to the State Board of Investment to be deposited as an asset of the Minneapolis Teachers Retirement Fund Association. The proceeds shall be held in trust by the State Board of Investment for the benefit of the Minneapolis Teachers Retirement Fund Association and invested as set forth in subdivision 3. Annually, on the first banking day of the calendar year, the State Board of Investment shall pay to the Minneapolis Teachers Retirement Fund Association from the funds and with investment income thereof, the amount, if any, needed by the pension fund in any year to pay retirement annuities and benefits that are due and payable or the reasonable and necessary administrative expenses of the retirement plan that are due and payable after all assets held by the association, other than those assets held by the State Board of Investment, have been exhausted.

Subd. 3. [APPROPRIATIONS.] (a) Notwithstanding any law to the contrary, special direct

state aid, matching aid, and other contributions levied for the Minneapolis Teachers Retirement Fund Association under section 354A.12, subdivisions 3a and 3b, and amortization or supplementary amortization state aid reallocated to the Minneapolis Teachers Retirement Fund Association under section 423A.02 are pledged and appropriated to the payment of the bonds and must be transferred to Special School District No. 1, Minneapolis, and additional employer contributions levied by Special School District No. 1, Minneapolis, under section 354A.12, subdivision 3b, shall be retained by the district to the extent required to pay debt service on the bonds for the succeeding 12-month period or a longer period established pursuant to the resolution of the district authorizing the bonds.

(b) The bond proceeds based on the funding sources for the Minneapolis Teachers Retirement Fund Association referenced in paragraph (a) must be invested by the State Board of Investment in trust for the exclusive benefit of the Minneapolis Teachers Retirement Fund Association. Notwithstanding any law to the contrary, section 356A.02 shall not apply to the Minneapolis Teachers Retirement Fund Association with respect to any bond proceeds held and invested by the State Board of Investment pursuant to this section.

(c) For purposes of annual actuarial valuations and annual financial reports, the assets of the Minneapolis Teachers Retirement Fund Association held by the State Board of Investment pursuant to this section must not be considered as current assets of the Minneapolis Teachers Retirement Fund Association but may be considered as future assets in a similar manner as future contributions to the funds. For purposes of calculating the cost-of-living adjustment based on the five-year annualized rate of investment return under section 354A.28, subdivision 9, whenever the required contributions under chapter 356 exceed the statutory contributions under chapter 354A so that a contribution deficiency exists according to the most recent actuarial report by the actuary retained by the Legislative Commission on Pensions and Retirement, the cost-of-living adjustment shall be reduced by the ratio of the assets invested with the State Board of Investment and owned by the Minneapolis Teachers Retirement Fund Association to the total assets owned by the Minneapolis Teachers Retirement Fund Association.

Subd. 4. [NO ELECTION.] No election of the voters of the district shall be required to issue bonds authorized by this section.

Subd. 5. [TERMS AND SALE OF BONDS.] The bonds issued pursuant to this section shall bear interest at the rate or rates and mature on the date or dates not more than 30 years from the date of issue as the district shall determine by resolution. Interest may be at a fixed or variable rate. The bonds may be sold at a negotiated sale or by competitive bid.

Subd. 6. [THIS SECTION PREVAILS.] Notwithstanding any other law to the contrary, this section shall apply to the issuance and sale of the bonds and to the purposes for which the bonds may be issued.

Subd. 7. [TENDER OPTION.] An obligation may be issued giving its owner the right to tender or the authority to demand tender of the obligation to Special School District No. 1, Minneapolis, or another person designated by it, for purchase at a specified time or times, if the district has first entered into an agreement with a suitable financial institution obligating the financial institution to provide funds on a timely basis for purchase of bonds tendered. The obligation is not considered to mature on any tender date and the purchase of a tendered obligation is not considered a payment or discharge of the obligation by the district. Obligations tendered for purchase may be remarketed by or on behalf of the district or another purchaser. The district may enter into agreements it considers appropriate to provide for the purchase and remarketing of tendered obligations, including:

(1) provisions under which undelivered obligations may be considered tendered for purchase and new obligations may be substituted for them;

(2) provisions for the payment of charges by tender agents, remarketing agents, and financial institutions extending lines of credit or letters of credit assuring repurchase; and

(3) provisions for reimbursement of advances under letters of credit that may be paid from the

proceeds of the obligations or from tax and other revenues appropriated for the payment and security of the obligations and similar or related provisions.

Subd. 8. [INTEREST EXCHANGES.] Special School District No. 1, Minneapolis, may enter into an agreement with a third party for an exchange of interest rates under this subdivision. With respect to outstanding obligations bearing interest at a variable rate, the district may agree to pay sums equal to interest at a fixed rate or at a different variable rate determined in accordance with a formula set out in the agreement on an amount not exceeding the outstanding principal amount of the obligations, in exchange for an agreement by the third party to pay sums equal to interest on a similar amount at a variable rate determined according to a formula set out in the agreement. With respect to outstanding obligations bearing interest at a fixed rate or rates, the district may agree to pay sums equal to interest at a variable rate determined according to a formula set out in the agreement on an amount not exceeding the outstanding principal amount of the obligations in exchange for an agreement by the third party to pay sums equal to interest on a similar amount at a fixed rate or rates set out in the agreement. Subject to any applicable bonds covenants, payments required to be made by the district under the swap agreement may be made from amounts secured to pay debt service on the obligations with respect to which the swap agreement was made from any other available source of the district.

Subd. 9. [STATE PLEDGE AGAINST IMPAIRMENT OF CONTRACTS.] The state pledges and agrees with the holders of bonds issued under this section that the state will not limit or alter the rights vested in Special School District No. 1, Minneapolis, to fulfill the terms of any agreements made with the bondholders or in any way impair the rights and remedies of the holders until the bonds, together with interest on them, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of the bondholders, are fully met and discharged. The district may include this pledge and agreement of the state in any agreement with the holders of bonds issued under this section.

Subd. 10. [NOT NET DEBT.] Bonds ended under this section not in default shall not be deemed net debt under any law limiting indebtedness.

Subd. 11. [CERTIFICATION AND BUDGET REQUEST.] To ensure the payment of the principal of and interest on bonds issued under this section, the superintendent of schools of Special School District No. 1, Minneapolis, shall annually determine and certify to the governor, on or before December 1, the following amounts:

- (1) the amount then needed to pay unpaid debt service on the bonds currently due and payable;
- (2) the amount of any state aids used to pay debt service on the bonds pursuant to this section;
and
- (3) the amount required to pay debt service on the bonds during the then-current fiscal year, less amounts appropriated and available for debt service pursuant to section 354A.12, subdivisions 3a and 3b.

The legislature shall consider including a separate line item in the biennial budget for the following fiscal year, or in a supplemental budget if the biennial budget has previously been approved, all amounts certified by the superintendent of schools of Special School District No. 1, Minneapolis, in accordance with this subdivision.

Subd. 12. [AID REDUCTION FOR REPAYMENT.] If the amount transferred by Special School District No. 1, Minneapolis, to the paying agent for the bonds is insufficient to pay required debt service, the paying agent shall notify the commissioner of finance. The commissioner shall reduce any and all unrestricted state aids generally available to the school district by the amount of the deficiency and pay the amounts to the paying agent for the bonds for the payment of debt service. If the state aids are reduced pursuant to this subdivision, the district may levy a tax in the amount of the reduction in state aid. Notwithstanding any other law to the contrary, no election of the voters of the district is required for the levy and the levy is not subject to other levy limitations.

Subd. 13. [EXEMPTION.] Interest on the bonds shall not be included in taxable net income of individuals, estates, and trusts for state income tax purposes and is not an item of tax reference in determining state alternative minimum tax applicable to individuals or corporations.

Sec. 2. Minnesota Statutes 2002, section 354.05, subdivision 2, is amended to read:

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

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

(2) an employee of the Teachers Retirement Association;

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

(4) a person who is not covered by the plans established under chapter 352D, 354A, or 354B and who is employed by the Board of Trustees of the Minnesota State Colleges and Universities system in an unclassified position as:

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

(ii) a manager or a professional in an academic or an academic support program other than specified in item (i);

(iii) an administrative or a service support faculty position; or

(iv) a teacher or a research assistant.

(b) "Teacher" does not mean:

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

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

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

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

Sec. 3. Minnesota Statutes 2002, section 354.05, subdivision 13, is amended to read:

Subd. 13. [ALLOWABLE SERVICE.] "Allowable service" means:

(1) Any service rendered by a teacher for which on or before July 1, 1957, the teacher's account in the retirement fund was credited by reason of employee contributions in the form of salary deductions, payments in lieu of salary deductions, or in any other manner authorized by Minnesota Statutes 1953, sections 135.01 to 135.13, as amended by Laws 1955, chapters 361, 549, 550, 611, or

(2) Any service rendered by a teacher for which on or before July 1, 1961, the teacher elected to obtain credit for service by making payments to the fund pursuant to Minnesota Statutes 1980, section 354.09 and section 354.51, or

(3) Any service rendered by a teacher after July 1, 1957, for any calendar month when the member receives salary from which deductions are made, deposited and credited in the fund, or

(4) Any service rendered by a person after July 1, 1957, for any calendar month where payments in lieu of salary deductions are made, deposited and credited into the fund as provided in Minnesota Statutes 1980, section 354.09, subdivision 4, and section 354.53, or

(5) Any service rendered by a teacher for which the teacher elected to obtain credit for service by making payments to the fund pursuant to Minnesota Statutes 1980, section 354.09, subdivisions 1 and 4, sections 354.50, 354.51, Minnesota Statutes 1957, section 135.41, subdivision 4, Minnesota Statutes 1971, section 354.09, subdivision 2, or Minnesota Statutes, 1973 Supplement, section 354.09, subdivision 3, or

(6) Both service during years of actual membership in the course of which contributions were currently made and service in years during which the teacher was not a member but for which the teacher later elected to obtain credit by making payments to the fund as permitted by any law then in effect, or

(7) Any service rendered where contributions were made and no allowable service credit was established because of the limitations contained in Minnesota Statutes 1957, section 135.09, subdivision 2, as determined by the ratio between the amounts of money credited to the teacher's account in a fiscal year and the maximum retirement contribution allowable for that year, or

(8) A period purchased under section 356.555, or

(9) A period of time during which a teacher who is a state employee was on strike without pay, not to exceed a period of one year, if the teacher makes a payment in lieu of salary deductions or makes a prior service credit purchase payment, whichever applies. If the payment is made within 12 months, the payment by the teacher must be an amount equal to the employee and employer contribution rates set forth in section 354.42, subdivisions 2 and 3, applied to the teacher's rate of salary in effect on the conclusion of the strike for the period of the strike without pay, plus compound interest at a monthly rate of 0.71 percent from the last day of the strike until the date of payment. If the payment by the employee is not made within 12 months, the payment must be in an amount equal to the payment amount determined under section 356.55 or 356.551, whichever applies; or

(10) A period of service rendered by a teacher as an employee of Special School District No. 1, Minneapolis, on December 31, 2004, who was a member of the Minneapolis Teachers Retirement Fund Association by virtue of that employment, who has not begun receiving an annuity or other retirement benefit from the former Minneapolis Teachers Retirement Fund Association calculated in whole or in part on that service before July 1, 2004, and who has not taken a refund of member contributions related to that service unless the refund is repaid under section 354.50, subdivision 4.

Sec. 4. Minnesota Statutes 2002, section 354.42, subdivision 2, is amended to read:

Subd. 2. [EMPLOYEE.] (a) The employee contribution to the fund is an amount equal to the following percentage of the salary of a member:

(1) from January 1, 2005, to December 31, 2006, for a teacher employed by Special School District No. 1, Minneapolis, 5.50 percent if the teacher is a coordinated member and 9.00 percent if the teacher is a basic member;

(2) after December 31, 2006, for a teacher employed by Special School District No. 1, 5.00 percent if the teacher is a coordinated member and 9.00 percent if the teacher is a basic member;

(3) for every other teacher 5.0 percent of if the salary of every teacher is a coordinated member and 9.0 percent of if the salary of every teacher is a basic member.

(b) This contribution must be made by deduction from salary. Where any portion of a member's salary is paid from other than public funds, the member's employee contribution must be based on the entire salary received.

Sec. 5. Minnesota Statutes 2002, section 354.42, subdivision 3, is amended to read:

Subd. 3. [EMPLOYER.] (a) The employer contribution to the fund by Special School District No. 1 is an amount equal to 8.64 percent of the salary of each of its teachers who is a coordinated member and 12.64 percent of the salary of each of its teachers who is a basic member.

(b) The employer contribution to the fund for every other employer is an amount equal to 5.0 percent of the salary of each coordinated member and 9.0 percent of the salary of each basic member.

Sec. 6. [354.70] [CONSOLIDATION OF THE MINNEAPOLIS TEACHERS RETIREMENT FUND ASSOCIATION.]

Subdivision 1. [MEMBERSHIP TRANSFER.] All active, inactive, and retired members of the Minneapolis Teachers Retirement Fund Association are transferred to the Teachers Retirement Association and are no longer members of the Minneapolis Teachers Retirement Fund Association as of the effective date of this section.

Subd. 2. [TRA MEMBERSHIP.] A person first hired as a teacher by Special School District No. 1, Minneapolis, after the effective date of this section and who is a teacher as defined in section 354.05, subdivision 2, is a member of the Teachers Retirement Association for the person's teaching service.

Subd. 3. [SERVICE CREDIT AND LIABILITY TRANSFER.] All allowable service and salary credit of the members and other individuals transferred under subdivision 1 as specified in the records of the Minneapolis Teachers Retirement Fund Association on the transfer date is allowable service credit under section 354.05, subdivision 13, formula service credit under section 354.05, subdivision 25, and salary credit under section 354.05, subdivision 35, for the Teachers Retirement Association.

Subd. 4. [TRANSFER OF RECORDS.] On the effective date of this section, the chief administrative officer of the Minneapolis Teachers Retirement Fund Association shall effect a transfer of all records and documents relating to the funds and the benefit plans of the association to the executive director of the Teachers Retirement Association. To the extent possible, original copies of all records and documents must be transferred.

Subd. 5. [TRANSFER OF ASSETS.] (a) On the effective date of this section, the chief administrative officer of the Minneapolis Teachers Retirement Fund Association shall transfer to the Teachers Retirement Association the entire assets of the Minneapolis Teachers Retirement Fund Association. The transfer of the assets of the Minneapolis Teachers Retirement Fund Association must include any accounts receivable that are determined by the executive director of the State Board of Investment as reasonably capable of being collected. Legal title to account receivables that are determined by the executive director of the State Board of Investment as not reasonably capable of being collected transfers to Special School District No. 1, Minneapolis, as

of the date of the determination of the executive director of the State Board of Investment. If the account receivables transferred to Special School District No. 1, Minneapolis, are subsequently recovered by the school district, Special School District No. 1, Minneapolis, shall transfer the recovered amount to the Teachers Retirement Association, in cash, for deposit in the teachers retirement fund, less the reasonable expenses of the school district related to the recovery.

(b) As of the effective date of this section, subject to the authority of the State Board of Investment, the board of directors of the Teachers Retirement Association has legal title to and management responsibility for any transferred assets under this subdivision as trustees for any person having a beneficial interest in the Minneapolis Teachers Retirement Fund Association. The Teachers Retirement Association is the successor in interest for all claims for and against the former Minneapolis Teachers Retirement Fund Association with respect to the retirement fund association, except a claim against the Minneapolis Teachers Retirement Fund Association or any person connected with the fund association in a fiduciary capacity, based on any act or acts by that person which were not done in good faith and which constituted a breach of the obligation of the person as a fiduciary. As the successor in interest, the Teachers Retirement Association may assert any applicable defense in any judicial proceeding which the board of the Minneapolis Teachers Retirement Fund Association would have otherwise been entitled to assert.

(c) From the assets of the former Minneapolis Teachers Retirement Fund Association transferred to the Teachers Retirement Association, an amount equal to 76.26 percent of the percent value of future benefits payable to annuitants as of June 30, 2004, must be transferred to the Minnesota postretirement investment fund. The balance of the assets of the former Minneapolis Teachers Retirement Fund Association after the transfer to the Minnesota postretirement investment fund must be credited to the Teachers Retirement Association.

Subd. 6. [TERMINATION OF THE MINNEAPOLIS TEACHERS RETIREMENT FUND ASSOCIATION.] (a) As of the effective date of this section and upon the transfer of administration, records, assets, and liabilities from the Minneapolis Teachers Retirement Fund Association to the Teachers Retirement Association, the Minneapolis Teachers Retirement Fund Association ceases to exist as a Minnesota public pension plan.

(b) On September 1, 2004, the membership of the former Minneapolis Teachers Retirement Fund Association shall determine, by referendum, whether or not to dissolve the nonprofit corporation. If the membership elects not to dissolve the nonprofit corporation, the Minneapolis Teachers Retirement Fund Association continues as a fraternal organization for the benefit of active and retired teachers of Special School District No. 1, Minneapolis. If the Minneapolis Teachers Retirement Fund Association continues as a fraternal organization, the board of trustees of the association shall set the amount of membership dues for the fraternal organization, Special School District No. 1, Minneapolis, shall deduct the amount of the active member dues from the salaries of active Minneapolis teachers, and the teachers retirement association shall deduct the amount of the retired member dues from the retirement annuities of retired Minneapolis teachers.

Subd. 7. [BENEFIT CALCULATION.] (a) For every deferred, inactive, disabled, and retired member of the Minneapolis Teachers Retirement Fund Association transferred under subdivision 1, and the survivors of these members, annuities or benefits earned before the date of transfer, other than future postretirement adjustments, must be calculated and paid by the Teachers Retirement Association under the Minneapolis Teachers Retirement Fund Association laws, articles of incorporation, or bylaws that were in effect relative to the person on the date of the person's termination of active service covered by the Minneapolis Teachers Retirement Fund Association.

(b) Retired former Minneapolis Teachers Retirement Fund Association members must receive postretirement adjustments after December 31, 2004, as provided in section 11A.18. All other benefit recipients of the former Minneapolis Teachers Retirement Fund Association must receive postretirement adjustments after December 31, 2004, as provided in section 356.41.

Subd. 8. [TRANSITIONAL RETIREMENT OFFICE.] The executive director of the Teachers Retirement Association shall maintain an office in Minneapolis until June 30, 2006, to handle the transfer of records, to determine the service credit of active members and recommend its

conversion to allowable and formula service credit under sections 354.05, subdivisions 13 and 25, and 354.091, and to counsel potential retirees. The executive director shall staff the Minneapolis office at the appropriate level for its functions and shall locate the Minneapolis office for the convenience of former Minneapolis Teachers Retirement Fund Association members.

Subd. 9. [RECOMMENDATIONS FOR UNFUNDED LIABILITY.] The commissioner of finance, in consultation with the Teachers Retirement Association, shall determine the extent of current and future unfunded pension liability transferred to the Teachers Retirement Association by this act. By January 15, 2005, the commissioner shall provide recommendations for legislation to address the liability to the Legislative Commission on Pensions and Retirement and the legislative chairs with jurisdiction of pensions issues.

Sec. 7. [354.75] [MINNEAPOLIS EMPLOYEES RETIREMENT FUND APPROPRIATION REDEDICATED.]

Subdivision 1. The amount appropriated in Laws 2003, First Special Session chapter 1, article 1, section 27, for the financial requirements of the Minneapolis Employees Retirement Fund under section 422A.101, subdivision 3, is annually appropriated from the general fund to the commissioner of finance for deposit in the Teachers Retirement Fund to offset all or a portion of the current and future unfunded pension liability of the Minneapolis Teachers Retirement Fund Association transferred to the Teachers Retirement Association by this act.

Subd. 2. The appropriation in subdivision 1 is available to the extent that financial requirements of the Minneapolis Employees Retirement Fund under section 422A.101, subdivision 3, have been satisfied.

Sec. 8. Minnesota Statutes 2003 Supplement, section 354A.12, subdivision 3b, is amended to read:

Subd. 3b. [SPECIAL DIRECT STATE MATCHING AID TO THE MINNEAPOLIS TEACHERS RETIREMENT FUND ASSOCIATION.] (a) Special School District No. 1 may must make an additional employer contribution to the Minneapolis Teachers Retirement Fund Association. The city of Minneapolis may must make a contribution to the Minneapolis Teachers Retirement Fund Association. This contribution may must be made by a levy of the board of estimate and taxation of the city of Minneapolis and the levy, if made, is classified as that of a special taxing district for purposes of sections 275.065 and 276.04, and for all other property tax purposes.

(b) For every \$1,000 contributed in equal proportion by Special School District No. 1 and by the city of Minneapolis to the Minneapolis teachers retirement fund association under paragraph (a), the state shall pay to the Minneapolis Teachers Retirement Fund Association \$1,000, but not to exceed \$2,500,000 in total in fiscal year 1994. The superintendent of Special School District No. 1, the mayor of the city of Minneapolis, and the executive director of the Minneapolis Teachers Retirement Fund Association shall jointly certify to the commissioner of finance the total amount that has been contributed by Special School District No. 1 and by the city of Minneapolis to the Teachers Retirement Fund Association. Any certification to the commissioner of education must be made quarterly. If the total certifications for a fiscal year exceed the maximum annual direct state matching aid amount in any quarter, the amount of direct state matching aid payable to the Minneapolis Teachers Retirement Fund Association must be limited to the balance of the maximum annual direct state matching aid amount available. The amount required under this paragraph, subject to the maximum direct state matching aid amount, is appropriated annually to the commissioner of finance.

(c) The commissioner of finance may prescribe the form of the certifications required under paragraph (b).

Sec. 9. [SUCCESSOR FOR CERTAIN STATE AID AMOUNTS.]

Upon the consolidation of the Minneapolis Teachers Retirement Fund Association, any state aid payable to the Minneapolis Teachers Retirement Fund Association under Minnesota Statutes,

sections 354A.12, subdivisions 3a and 3b, and 423A.02, subdivision 3, becomes payable to Special School District No. 1, Minneapolis, and may only be expended to pay the debt service on bonds issued by the school district to defray a portion of the unfunded accrued liability of the former Minneapolis Teachers Retirement Fund Association, or if no bonds have been issued, transferred to the Teachers Retirement Association in addition to the employer contributions otherwise payable by the school district.

Sec. 10. [REPEALER.]

Minnesota Statutes 2002, section 354A.28, is repealed.

Sec. 11. [INSTRUCTIONS TO REVISOR.]

(a) If the Revisor of Statutes can readily determine a substitute reference for the "Minneapolis Teachers Retirement Fund Association" in Minnesota Statutes, chapters 354A, 355, 356, 356A, and 423A, in Minnesota Statutes 2004 and subsequent editions, the Revisor of Statutes shall substitute the appropriate reference.

(b) For references to the "Minneapolis Teachers Retirement Fund Association" in Minnesota Statutes, chapters 354A, 355, 356, 356A, and 423A, for which the Revisor of Statutes is unable to readily determine a substitute reference, the Revisor of Statutes shall prepare draft proposed legislation for introduction during the 2005 legislative session providing proposed substitute references.

Sec. 12. [EFFECTIVE DATE.]

(a) Sections 2, 3, 4, 5, and 6 are effective on January 1, 2005.

(b) Section 10 is effective on December 31, 2004.

(c) Sections 1, 8, 9, and 11 are effective on July 1, 2004.

(d) Section 7 is effective July 1, 2005."

Renumber the sections in sequence

Amend the title as follows:

Page 2, line 2, after the first semicolon, insert "providing an increase in and school district levy authority for the level benefit formula for the Teachers Retirement Association; consolidating the Minneapolis Teachers Retirement Fund into the Teachers Retirement Association; authorizing the sale of revenue bonds by Special School District No. 1, Minneapolis;"

Page 2, line 18, after the semicolon, insert "353.64, by adding a subdivision;"

Page 2, line 19, after "2," insert "13,"

Page 2, line 21, delete the second "subdivision" and insert "subdivisions 2, 3,"

Page 2, line 42, after "4;" insert "354A.12, subdivision 3b;"

Page 2, line 46, after "chapters" insert "126C; 128D;"

Page 2, line 49, after the second semicolon, insert "354A.28;"

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

SECOND READING OF SENATE BILLS

S.F. Nos. 3057, 2313, 1774 and 676 were read the second time.

MEMBERS EXCUSED

Senators Hottinger and Murphy were excused from the Session of today from 10:00 to 10:35 a.m. Senator Michel was excused from the Session of today from 10:00 to 11:30 a.m. Senator Kiscaden was excused from the Session of today from 10:00 a.m. to 12:20 p.m. Senators Jungbauer and Ourada were excused from the Session of today at 11:00 a.m. Senator Dille was excused from the Session of today from 11:45 to 11:55 a.m. Senator Frederickson was excused from the Session of today from 11:50 a.m. to 12:20 p.m. Senator Berglin was excused from the Session of today at 12:00 noon. Senators Bachmann, Limmer and Neuville were excused from the Session of today from 12:00 noon to 12:25 p.m. Senators Knutson and Senjem were excused from the Session of today at 1:30 p.m.

ADJOURNMENT

Senator Johnson, D.E. moved that the Senate do now adjourn until 9:30 a.m., Thursday, May 6, 2004. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

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