

SPECIAL SESSION  
SEVENTEENTH DAY

St. Paul, Minnesota, Thursday, June 30, 2005

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

**CALL OF THE SENATE**

Senator Johnson, D.E. imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

Prayer was offered by Senator Michael J. Jungbauer.

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

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

The President declared a quorum present.

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

**MOTIONS AND RESOLUTIONS**

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

**INTRODUCTION AND FIRST READING OF SENATE BILLS**

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

**Senators Marko, Moua, Betzold, Kelley and Dibble introduced--**

**S.F. No. 91:** A bill for an act relating to taxation; imposing 0.25 percent sales tax in the metropolitan area for transit; proposing coding for new law as Minnesota Statutes, chapter 473J.

Referred to the Committee on Rules and Administration.

**Senator Kleis introduced--**

**S.F. No. 92:** A bill for an act proposing an amendment to the Minnesota Constitution to provide for a unicameral legislature; changing article IV; article V, sections 3, 5; article VIII, section 1; article IX, sections 1, 2; article XI, section 5; providing by law for a unicameral legislature of 135 members; amending Minnesota Statutes 2004, sections 2.021; 2.031, subdivision 1.

Referred to the Committee on Rules and Administration.

**RECESS**

Senator Johnson, D.E. moved that the Senate do now recess until 10:15 a.m. The motion prevailed.

The hour of 10:15 a.m. having arrived, the President called the Senate to order.

**CALL OF THE SENATE**

Senator Johnson, D.E. imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

**MOTIONS AND RESOLUTIONS - CONTINUED**

Pursuant to Rule 26, Senator Johnson, D.E., Chair of the Committee on Rules and Administration, designated S.F. No. 69 a Special Order to be heard immediately.

**SPECIAL ORDER**

**S.F. No. 69:** A bill for an act relating to the financing of state government; providing for structural balance in the state budget; appropriating money for the environment, agriculture, and economic development with certain conditions; fixing and limiting fees; regulating the deposit of money in the state treasury; regulating transfers between appropriations and accounts; requiring certain studies and reports; shortening the holding period for abandoned securities; amending Minnesota Statutes 2004, section 345.47, subdivisions 3, 3a; proposing coding for new law in Minnesota Statutes, chapter 93.

Senator Bakk moved to amend S.F. No. 69 as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

AGRICULTURE AND RURAL DEVELOPMENT

Section 1. [AGRICULTURE AND RURAL DEVELOPMENT APPROPRIATIONS.]

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or another named fund, to the agencies and for the purposes specified in this act, to be available for the fiscal years indicated for each purpose. The figures "2006" and "2007," where used in this act, mean that the appropriation or appropriations listed under them are available for the fiscal year ending June 30, 2006, or June 30, 2007, respectively. The term "the first year" means the year ending June 30, 2006, and the term "the second year" means the year ending June 30, 2007.

## SUMMARY BY FUND

	2006	2007	TOTAL
General	\$44,648,000	\$41,804,000	\$86,452,000
Remediation	388,000	388,000	776,000
TOTAL	\$45,036,000	\$42,192,000	\$87,228,000

## APPROPRIATIONS

Available for the Year

Ending June 30

2006

2007

## Sec. 2. DEPARTMENT OF AGRICULTURE

## Subdivision 1. Total

Appropriation	40,177,000	37,331,000
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## Summary by Fund

General	39,789,000	36,943,000
Remediation	388,000	388,000

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

## Subd. 2. Protection Services

10,665,000	10,666,000
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## Summary by Fund

General	10,277,000	10,278,000
Remediation	388,000	388,000

\$388,000 the first year and \$388,000 the second year are from the remediation fund for administrative funding for the voluntary cleanup program.

The balance in the waste pesticide account in the agricultural fund is canceled to the pesticide regulatory account in the agricultural fund and the waste pesticide account is abolished.

\$150,000 the first year and \$150,000 the second year are from the agricultural fund and must be spent for increased monitoring of pesticides in groundwater and surface waters throughout the state. This amount must be used primarily for sample collection and laboratory analytical costs and is in addition to other appropriations and funding for the water monitoring program.

## Subd. 3. Agricultural Marketing and Development

4,085,000	3,865,000
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\$71,000 the first year and \$71,000 the second year are for transfer to the Minnesota grown matching account and may be used as grants for Minnesota grown promotion under Minnesota

Statutes, section 17.109. Grants may be made for one year. Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered under contract on or before June 30, 2007, for Minnesota grown grants in this subdivision are available until June 30, 2009.

\$80,000 the first year and \$80,000 the second year are for grants to farmers for demonstration projects involving sustainable agriculture as authorized in Minnesota Statutes, section 17.116. Of the amount for grants, up to \$20,000 may be used for dissemination of information about the demonstration projects. Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered under contract on or before June 30, 2007, for sustainable agriculture grants in this subdivision are available until June 30, 2009.

\$100,000 the first year and \$100,000 the second year are to provide training and technical assistance to county and town officials relating to livestock siting issues and local zoning and land use planning including a checklist template that would clarify the federal, state, and local government requirements for consideration of an animal agriculture modernization or expansion project. In developing the training and technical assistance program, the commissioner may seek assistance from the local planning assistance center of the Department of Administration and shall seek guidance, advice, and support of livestock producer organizations, general agricultural organizations, local government associations, academic institutions, other government agencies, and others with expertise in land use and agriculture.

\$220,000 the first year is to contract with the University of Minnesota for further research and development of livestock odor and air quality management. This is a onetime appropriation.

The commissioner of agriculture, in consultation with the commissioner of transportation, shall conduct an economic impact study of a rail container load-out facility located in the west-central area of Minnesota. The study must include benefits of a facility to the region and to the state transportation system. By January 15, 2006, the commissioner shall report to the governor and the agriculture policy committees of the senate and house on the findings of the study.

Subd. 4. Value-Added Agricultural Products

18,745,000

15,268,000

\$18,145,000 the first year and \$15,168,000 the second year are for ethanol producer payments under Minnesota Statutes, section 41A.09. Payments for eligible ethanol production in fiscal years 2006 and 2007 shall be disbursed at the rate of \$0.13 per gallon. If the total amount for which all producers are eligible in a quarter exceeds the amount available for payments, the commissioner shall make payments on a pro rata basis. If the appropriation exceeds the total amount for which all producers are eligible in a fiscal year for scheduled payments and for deficiencies in payments during previous fiscal years, the balance in the appropriation is available to the commissioner for value-added agricultural programs including the value-added agricultural product processing and marketing grant program under Minnesota Statutes, section 17.101, subdivision 5. The appropriation remains available until spent.

\$500,000 in the first year is for grants to gasoline service station owners who, after the effective date of this section, install pumps in this state for dispensing E85 gasoline. The commissioner may reimburse owners of gasoline service stations for up to 50 percent of the total cost of installing an E85 pump, including the tank and any related components, up to a maximum of \$15,000 per E85 pump. The commissioner shall grant priority for E85 pumps installed in areas of the state where gasoline service stations with E85 pumps are not reasonably available to the general public. This appropriation is available until spent.

\$100,000 the first year and \$100,000 the second year are for ethanol combustion efficiency grants under Minnesota Statutes, section 41A.09, subdivision 9.

Subd. 5. Administration and Financial Assistance

6,682,000

7,532,000

\$1,005,000 the first year and \$1,005,000 the second year are for continuation of the dairy development and profitability enhancement and dairy business planning grant programs established under Laws 1997, chapter 216, section 7, subdivision 2, and Laws 2001, First Special Session chapter 2, section 9, subdivision 2 and to administer a dairy investment tax credit program. The commissioner may allocate the available sums among permissible activities,

including efforts to improve the quality of milk produced in the state in the proportions that the commissioner deems most beneficial to Minnesota's dairy farmers. The commissioner must submit a work plan detailing plans for expenditures under this program to the chairs of the house and senate committees dealing with agricultural policy and budget on or before the start of each fiscal year. If significant changes are made to the plans in the course of the year, the commissioner must notify the chairs.

\$50,000 the first year and \$50,000 the second year are for the Northern Crops Institute. These appropriations may be spent to purchase equipment.

\$19,000 the first year and \$19,000 the second year are for a grant to the Minnesota Livestock Breeders Association.

\$2,000 the first year and \$2,000 the second year are for family farm security interest payment adjustments. If the appropriation for either year is insufficient, the appropriation for the other year is available for it. No new loans may be approved in fiscal year 2006 or 2007.

Aid payments to county and district agricultural societies and associations under Minnesota Statutes, section 38.02, subdivision 1, shall be disbursed not later than July 15. These payments are the amount of aid owed by the state for an annual fair held in the previous calendar year.

\$65,000 the first year and \$65,000 the second year are for annual grants to the Northern Minnesota Forage-Turf Seed Advisory Committee for basic and applied research on the improved production of forage and turf seed related to new and improved varieties. The grant recipient may subcontract with a qualified third party for some or all of the basic and applied research.

\$150,000 is for a grant to Second Harvest Heartland on behalf of Minnesota's six Second Harvest food banks for the purchase of milk for distribution to Minnesota's food shelves and other charitable organizations that are eligible to receive food from the food banks. Milk purchased under the grants must be acquired from Minnesota milk processors and based on low-cost bids. The milk must be allocated to each Second Harvest food bank serving Minnesota according to the formula used in the distribution of United States Department of

Agriculture commodities under The Emergency Food Assistance Program (TEFAP). Second Harvest Heartland must submit quarterly reports to the commissioner on forms prescribed by the commissioner. The reports must include, but are not limited to, information on the expenditure of funds, the amount of milk purchased, and the organizations to which the milk was distributed. Second Harvest Heartland may enter into contracts or agreements with food banks for shared funding or reimbursement of the direct purchase of milk. Each food bank receiving money from this appropriation may use up to two percent of the grant for administrative expenses. This is a onetime appropriation.

\$100,000 the first year and \$100,000 the second year are for transfer to the Board of Trustees of the Minnesota State Colleges and Universities for mental health counseling support to farm families and business operators through farm business management programs at Central Lakes College and Ridgewater College.

\$17,000 the first year and \$18,000 the second year are for grants to the Minnesota Horticultural Society.

### Sec. 3. BOARD OF ANIMAL HEALTH

3,259,000

3,261,000

\$200,000 the first year and \$200,000 the second year are for a program to control paratuberculosis ("Johne's disease") in domestic bovine herds.

\$80,000 the first year and \$80,000 the second year are for a program to investigate the avian pneumovirus disease and to identify the infected flocks. This appropriation must be matched on a dollar-for-dollar or in-kind basis with nonstate sources and is in addition to money currently designated for turkey disease research. Costs of blood sample collection, handling, and transportation, in addition to costs associated with early diagnosis tests and the expenses of vaccine research trials, may be credited to the match.

\$400,000 the first year and \$400,000 the second year are for the purposes of cervidae inspection as authorized in Minnesota Statutes, section 17.452.

\$300,000 the first year and \$300,000 the second year are for grants to the Veterinary Diagnostic Laboratory at the University of Minnesota to expand animal disease surveillance and to

protect animal agriculture and public health. This appropriation is available until June 30, 2007. This is a onetime appropriation.

Sec. 4. AGRICULTURAL UTILIZATION  
RESEARCH INSTITUTE

1,600,000

1,600,000

Sec. 5. FUND TRANSFER

By June 30, 2007, the commissioner of the Pollution Control Agency shall transfer \$600,000 from the unreserved balance of the environmental fund to the commissioner of finance for cancellation to the general fund.

Sec. 6. [16C.137] [MINIMIZING ENERGY USE; RENEWABLE FUELS.]

Subdivision 1. [GOALS AND ACTIONS.] (a) Using 2005 as a baseline, the state of Minnesota shall reduce the use of gasoline by on-road vehicles owned by state departments by 25 percent by 2010 and by 50 percent by 2015, and the use of petroleum-based diesel fuel in diesel-fueled vehicles by ten percent by 2010 and 25 percent by 2015.

(b) To meet the goals established in paragraph (a), each state department must, whenever legally, technically, and economically feasible, subject to the specific needs of the department and responsible management of agency finances:

(1) ensure that all new on-road vehicles purchased, excluding emergency and law enforcement vehicles:

(i) use "cleaner fuels" as that term is defined in section 16C.135, subdivision 1, clauses (1), (3), and (4); or

(ii) have fuel efficiency ratings that exceed 30 miles per gallon for city usage or 35 miles per gallon for highway usage, including but not limited to hybrid electric cars and hydrogen-powered vehicles;

(2) increase its use of renewable transportation fuels, including ethanol, biodiesel, and hydrogen from agricultural products; and

(3) increase its use of Web-based Internet applications and other electronic information technologies to enhance the access to and delivery of government information and services to the public, and reduce the reliance on the department's fleet for the delivery of such information and services.

Subd. 2. [SMARTFLEET COMMITTEE.] (a) The commissioner of administration, or the commissioner's designee, shall chair a SmartFleet Committee consisting of representatives designated by the commissioners of the Pollution Control Agency, the Departments of Agriculture and Commerce, and other state departments that wish to participate. To ensure effective and efficient state participation, the SmartFleet Committee must assist state departments in implementing the requirements of this section, including providing information, guidance, sample policies and procedures, and technical and planning assistance.

(b) The SmartFleet Committee must evaluate the goals and directives established in this section by December 2006 and periodically thereafter. The committee may make recommendations to the governor and appropriate committees of the legislature for new or adjusted goals and directives, in light of the progress the state has made implementing this section, and of the availability of new or improved technologies.

(c) For the systematic and efficient monitoring of progress in implementing this section by the SmartFleet Committee, the Department of Administration shall implement a fleet reporting and information management system. Each department will use this management system to demonstrate its progress in complying with this section.

Subd. 3. [EXCLUSION.] Petroleum-based diesel fuel used in a vehicle which a department has retrofit to use ultra low sulfur diesel fuel and to add additional emissions control technologies is excluded when evaluating progress toward the reduction goals established in subdivision 1. This exclusion applies only to vehicles purchased before the model year in which the federal Environmental Protection Agency's new clean diesel emission reduction rules take effect.

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

Sec. 7. Minnesota Statutes 2004, section 17.03, subdivision 13, is amended to read:

Subd. 13. [SEMIANNUAL REPORTS.] (a) ~~By October 15 and April 15 of each year,~~ The commissioner shall submit to the legislative committees having jurisdiction over appropriations from the agricultural fund in section 16A.531 ~~a report~~ reports on the amount of revenue raised in each fee account within the fund, the expenditures from each account, and the purposes for which the expenditures were made. The reports must be issued in February and November each year, to coincide with the forecasts of revenue and expenditures prepared under section 16A.103.

(b) The report delivered ~~on October 15~~ in February of each year must include the commissioner's recommendations, if any, for changes in statutes relating to the fee accounts of the agricultural fund.

Sec. 8. Minnesota Statutes 2004, section 17.117, is amended by adding a subdivision to read:

Subd. 5b. [APPLICATION FEE.] The commissioner may impose a nonrefundable application fee of \$50 for each loan issued under the program. The fees must be credited to the agricultural best management practices administration account, which is hereby established in the agricultural fund. Interest earned in the account accrues to the account. Money in the account and interest earned in the accounts established in the agricultural fund under subdivision 5a are appropriated to the commissioner for administrative expenses of the program.

Sec. 9. Minnesota Statutes 2004, section 17.117, subdivision 11, is amended to read:

Subd. 11. [LOANS ISSUED TO BORROWER.] (a) Local lenders may issue loans only for projects that are approved and certified by the local government unit as meeting priority needs identified in a comprehensive water management plan or other local planning documents, are in compliance with accepted practices, standards, specifications, or criteria, and are eligible for financing under Environmental Protection Agency or other applicable guidelines.

(b) The local lender may use any additional criteria considered necessary to determine the eligibility of borrowers for loans.

(c) Local lenders shall set the terms and conditions of loans to borrowers, except that:

(1) no loan to a borrower may exceed \$50,000;

(2) no loan for a project may exceed \$50,000; and

(3) no borrower shall, at any time, have multiple loans from this program with a total outstanding loan balance of more than \$50,000.

(d) The maximum term length for conservation tillage ~~and individual sewage treatment system~~ projects is five years. The maximum term length for other projects in this paragraph is ten years.

(e) Notwithstanding paragraph (c), a local lender may issue a loan of up to \$100,000 for a community sewage treatment system serving two or more households.

(f) Fees charged at the time of closing must:

(1) be in compliance with normal and customary practices of the local lender;

(2) be in accordance with published fee schedules issued by the local lender;

(3) not be based on participation program; and

(4) be consistent with fees charged other similar types of loans offered by the local lender.

(f) (g) The interest rate assessed to an outstanding loan balance by the local lender must not exceed three percent per year.

Sec. 10. Minnesota Statutes 2004, section 17.452, is amended by adding a subdivision to read:

Subd. 5a. [OTHER APPLICABLE DEFINITIONS.] The definitions in section 35.153 apply to this section.

Sec. 11. Minnesota Statutes 2004, section 17.982, subdivision 1, is amended to read:

Subdivision 1. [CRIMINAL PENALTIES.] A person who violates a provision of chapter 28A, 29, 31, 31A, 31B, or 34 for which a penalty has not been prescribed is guilty of a misdemeanor.

Sec. 12. Minnesota Statutes 2004, section 17.983, subdivision 1, is amended to read:

Subdivision 1. [ADMINISTRATIVE PENALTIES; CITATION.] If a person has violated a provision of chapter 28A, 29, 31, 31A, 31B, 32, or 34, the commissioner may issue a written citation to the person by personal service or by certified mail. The citation shall must describe the nature of the violation and the statute or rule alleged to have been violated; state the time for correction, if applicable; and the amount of any proposed fine. The citation must advise the person to notify the commissioner in writing within 30 days if the person wishes to appeal the citation. If the person fails to appeal the citation, the citation is the final order and not subject to further review.

Sec. 13. Minnesota Statutes 2004, section 17.983, subdivision 3, is amended to read:

Subd. 3. [CONTESTED CASE.] If a person appeals a citation or a penalty assessment within the time limits in subdivisions subdivision 1 and 2, the commissioner, within 40 days after receiving the appeal, shall initiate a contested proceeding under chapter 14. The report of the administrative law judge is the final decision of the commissioner of agriculture.

Sec. 14. Minnesota Statutes 2004, section 17B.03, subdivision 1, is amended to read:

Subdivision 1. [COMMISSIONER'S POWERS.] The commissioner of agriculture shall exercise general supervision over the inspection, grading, weighing, sampling, and analysis of grain subject to the provisions of the United States Grain Standards Act of 1976 and the rules promulgated thereunder by the United States Department of Agriculture. This activity may take place within or outside the state of Minnesota. Scale testing must be performed at export locations or, upon request from and with the consent of the delegated authority, at domestic locations. Fees for the testing of scales and weighing equipment shall be fixed by the commissioner and must be uniform with those charged by the Division of Weights and Measures of the Department of Commerce.

Sec. 15. Minnesota Statutes 2004, section 18B.05, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT.] A pesticide regulatory account is established in the agricultural fund. Fees, assessments, and penalties collected under this chapter must be deposited in the agricultural fund and credited to the pesticide regulatory account. Money in the account, including interest, is appropriated to the commissioner for the administration and enforcement of this chapter.

Sec. 16. Minnesota Statutes 2004, section 18B.08, subdivision 4, is amended to read:

Subd. 4. [APPLICATION FEE.] A person initially applying for a chemigation permit must pay a nonrefundable application fee of \$50 \$250. A person who holds a fertilizer chemigation permit under section 18C.205, is exempt from the fee in this subdivision.

Sec. 17. Minnesota Statutes 2004, section 18B.26, subdivision 3, is amended to read:

Subd. 3. [APPLICATION FEE.] (a) A registrant shall pay an annual application fee for each pesticide to be registered, and this fee is set at ~~one-tenth of one percent for calendar year 1990, at one-fifth of one percent for calendar year 1991, and at two-fifths of one~~ 0.4 percent for calendar year 1992 and thereafter of annual gross sales within the state and annual gross sales of pesticides used in the state, with a minimum nonrefundable fee of \$250. The registrant shall determine when and which pesticides are sold or used in this state. The registrant shall secure sufficient sales information of pesticides distributed into this state from distributors and dealers, regardless of distributor location, to make a determination. Sales of pesticides in this state and sales of pesticides for use in this state by out-of-state distributors are not exempt and must be included in the registrant's annual report, as required under paragraph (c), and fees shall be paid by the registrant based upon those reported sales. Sales of pesticides in the state for use outside of the state are exempt from the application fee in this paragraph if the registrant properly documents the sale location and distributors. A registrant paying more than the minimum fee shall pay the balance due by March 1 based on the gross sales of the pesticide by the registrant for the preceding calendar year. The fee for disinfectants and sanitizers shall be the minimum. The minimum fee is due by December 31 preceding the year for which the application for registration is made. The commissioner shall spend at least \$300,000 per fiscal year from the pesticide regulatory account for the purposes of the waste pesticide collection program.

(b) An additional fee of \$100 must be paid by the applicant for each pesticide to be registered if the application is a renewal application that is submitted after December 31.

(c) A registrant must annually report to the commissioner the amount and type of each registered pesticide sold, offered for sale, or otherwise distributed in the state. The report shall be filed by March 1 for the previous year's registration. The commissioner shall specify the form of the report and require additional information deemed necessary to determine the amount and type of pesticides annually distributed in the state. The information required shall include the brand name, amount, and formulation of each pesticide sold, offered for sale, or otherwise distributed in the state, but the information collected, if made public, shall be reported in a manner which does not identify a specific brand name in the report.

(d) A registrant who is required to pay more than the minimum fee for any pesticide under paragraph (a) must pay a late fee penalty of \$100 for each pesticide application fee paid after March 1 in the year for which the license is to be issued.

Sec. 18. Minnesota Statutes 2004, section 18B.31, subdivision 5, is amended to read:

Subd. 5. [APPLICATION FEE.] (a) An application for a pesticide dealer license must be accompanied by a nonrefundable application fee of ~~\$50~~ \$150.

(b) If an application for renewal of a pesticide dealer license is not filed before January 1 of the year for which the license is to be issued, an additional fee of \$20 must be paid by the applicant before the license is issued.

Sec. 19. Minnesota Statutes 2004, section 18B.315, subdivision 6, is amended to read:

Subd. 6. [FEES.] (a) An applicant for an aquatic pest control license for a business must pay a nonrefundable application fee of ~~\$100~~ \$200. An employee of a licensed business must pay a nonrefundable application fee of \$50 for an individual aquatic pest control license.

(b) An application received after expiration of the aquatic pest control license is subject to a penalty of 50 percent of the application fee.

(c) An applicant that meets renewal requirements by reexamination instead of attending workshops must pay the equivalent workshop fee for the reexamination as determined by the commissioner.

Sec. 20. Minnesota Statutes 2004, section 18B.32, subdivision 6, is amended to read:

Subd. 6. [FEES.] (a) An applicant for a structural pest control license for a business must pay a nonrefundable application fee of ~~\$100~~ \$200. An employee of a licensed business must pay a nonrefundable application fee of \$50 for an individual structural pest control license.

(b) An application received after expiration of the structural pest control license is subject to a penalty fee of 50 percent of the application fee.

(c) An applicant that meets renewal requirements by reexamination instead of attending workshops must pay the equivalent workshop fee for the reexamination as determined by the commissioner.

Sec. 21. Minnesota Statutes 2004, section 18B.33, subdivision 7, is amended to read:

Subd. 7. [APPLICATION FEES.] (a) A person initially applying for or renewing a commercial applicator license must pay a nonrefundable application fee of \$50.

(b) If A license renewal application is not filed before received after March 1 of in the year for which the license is to be issued, an additional is subject to a penalty fee of \$10 must be paid before the commercial applicator 50 percent of the application fee. The penalty fee must be paid before the renewal license may be issued.

(c) An application for a duplicate commercial applicator license must be accompanied by a nonrefundable application fee of \$10.

Sec. 22. Minnesota Statutes 2004, section 18B.34, subdivision 5, is amended to read:

Subd. 5. [FEES.] (a) A person initially applying for or renewing a noncommercial applicator license must pay a nonrefundable application fee of \$50, except an applicant who is a government or Minnesota Conservation Corps employee who uses pesticides in the course of performing official duties must pay a nonrefundable application fee of \$10.

(b) If an A license renewal application for renewal of a noncommercial license is not filed before received after March 1 in the year for which the license is to be issued, an additional is subject to a penalty fee of \$10 must be paid before the 50 percent of the application fee. The penalty fee must be paid before the renewal license may be issued.

(c) An application for a duplicate noncommercial applicator license must be accompanied by a nonrefundable application fee of \$10.

Sec. 23. Minnesota Statutes 2004, section 18C.141, subdivision 1, is amended to read:

Subdivision 1. [PROGRAM ESTABLISHMENT.] The commissioner shall establish a program voluntary programs to certify the accuracy of analyses from soil and manure testing laboratories and promote standardization of soil and manure testing procedures and analytical results.

Sec. 24. Minnesota Statutes 2004, section 18C.141, subdivision 3, is amended to read:

Subd. 3. [ANALYSES REPORTING STANDARDS.] (a) The results obtained from soil, manure, or plant analysis must be reported in accordance with standard reporting units established by the commissioner by rule. The standard reporting units must conform as far as practical to uniform standards that are adopted on a regional or national basis.

(b) If a certified laboratory offers a recommendation for use in Minnesota, the University of Minnesota recommendation or that of another land grant college in a contiguous state must be offered in addition to other recommendations, and the source of the recommendation must be identified on the recommendation form. If relative levels such as low, medium, or high are presented to classify the analytical results, the corresponding relative levels based on the analysis as designated by the University of Minnesota or the land grant college in a contiguous state must also be presented.

Sec. 25. Minnesota Statutes 2004, section 18C.141, subdivision 5, is amended to read:

Subd. 5. [CERTIFICATION FEES.] (a) The commissioner may charge the actual costs for check sample preparation and shipping.

(b) A laboratory applying for certification shall pay an application fee of \$100 and a

certification fee of \$100 before the certification is issued may be charged a nonrefundable certification fee to cover the actual costs for administration of the program.

~~(b)~~ (c) Certification is valid for one year and the renewal fee is \$100. The commissioner shall charge an additional application fee of \$100 if a certified laboratory allows certification to lapse before applying for renewed certification renewable on an annual basis.

(e) The commissioner shall notify a certified lab that its certification lapses within 30 to 60 days of the date when the certification lapses.

(d) The commissioner may accept donations to support the development and operation of soil and manure programs.

(e) Revenues under this section are deposited in the fertilizer account of the agricultural fund.

Sec. 26. Minnesota Statutes 2004, section 18C.425, subdivision 6, is amended to read:

Subd. 6. [INSPECTION FEES.] The person responsible for payment of the inspection fees for fertilizers, soil amendments, or plant amendments sold and used in this state must pay an inspection fee of ~~15~~ 30 cents per ton of fertilizer, soil amendment, and plant amendment sold or distributed in this state, with a minimum of \$10 on all tonnage reports. Products sold or distributed to manufacturers or exchanged between them are exempt from the inspection fee imposed by this subdivision if the products are used exclusively for manufacturing purposes.

Sec. 27. Minnesota Statutes 2004, section 18E.03, subdivision 2, is amended to read:

Subd. 2. [EXPENDITURES.] (a) Money in the agricultural chemical response and reimbursement account may only be used:

(1) to pay for the commissioner's responses to incidents under chapters 18B, 18C, and 18D that are not eligible for payment under section 115B.20, subdivision 2;

(2) to pay for emergency responses that are otherwise unable to be funded;

(3) to reimburse and pay corrective action costs under section 18E.04; and

(4) by the board to reimburse the commissioner for board staff and other administrative costs up to ~~\$175,000~~ \$225,000 per fiscal year.

(b) Money in the agricultural chemical response and reimbursement account is appropriated to the commissioner to make payments as provided in this subdivision.

Sec. 28. Minnesota Statutes 2004, section 18G.03, subdivision 1, is amended to read:

Subdivision 1. [ENTRY AND INSPECTION.] (a) The commissioner may enter and inspect a public or private place that might harbor plant pests and may require that the owner destroy or treat plant pests, plants, or other material.

(b) If the owner fails to properly comply with a directive of the commissioner, the commissioner may have any necessary work done at the owner's expense. The commissioner shall notify the owner of the deadline for paying those expenses. If the owner does not reimburse the commissioner for an expense within a time specified by the commissioner, the expense is a charge upon the county as provided in subdivision 4.

(c) If a dangerous harmful plant pest infestation or infection threatens plants of an area in the state, the commissioner may take any measures necessary to eliminate or alleviate the danger potential significant damage or harm.

(d) The commissioner may collect fees required by this chapter.

(e) The commissioner may issue and enforce a written or printed "stop-sale" ~~order orders,~~ compliance agreements, and other directives and requests to the owner or custodian of any plants or articles infested or infected with dangerously injurious a harmful plant pests pest.

Sec. 29. Minnesota Statutes 2004, section 18G.10, subdivision 5, is amended to read:

Subd. 5. [CERTIFICATE FEES.] (a) The commissioner shall assess the fees in paragraphs (b) to (f) for the inspection, service, and work performed in carrying out the issuance of a phytosanitary certificate or export certificate. The inspection fee must be based on mileage and inspection time.

(b) Mileage charge: current United States Internal Revenue Service mileage rate.

(c) Inspection time: \$50 per hour minimum or fee necessary to cover department costs. Inspection time includes the driving time to and from the location in addition to the time spent conducting the inspection.

~~(d) A fee must be charged for any certificate issued that requires laboratory analysis before issuance. The fee must be deposited into the laboratory account as authorized in section 17.85. If laboratory analysis or other technical analysis is required to issue a certificate, the commissioner must set and collect the fee to recover this additional cost.~~

(e) Certificate fee for product value greater than \$250: \$75 for each phytosanitary or export certificate issued for any single shipment valued at more than \$250 in addition to any mileage or inspection time charges that are assessed.

(f) Certificate fee for product value less than \$250: \$25 for each phytosanitary or export certificate issued for any single shipment valued at less than \$250 in addition to any mileage or inspection time charges that are assessed.

~~(g) For services provided for in subdivision 7 that are goods and services provided for the direct and primary use of a private individual, business, or other entity, the commissioner must set and collect the fees to cover the cost of the services provided.~~

Sec. 30. Minnesota Statutes 2004, section 18G.10, subdivision 7, is amended to read:

Subd. 7. ~~[PLANT PROTECTION INSPECTIONS, SUPPLEMENTAL, ADDITIONAL, OR OTHER CERTIFICATES, AND PERMITS, AND FEES.]~~ (a) The commissioner may provide inspection, sampling, or certification services to ensure that Minnesota plant products or commodities meet import requirements of other states or countries.

~~(b) The state plant regulatory official may issue permits and certificates verifying that various Minnesota agricultural products or commodities meet specified phytosanitary plant health requirements, treatment requirements, or pest absence assurances based on determinations by the commissioner. The commissioner may collect fees sufficient to recover costs for these permits or certificates. The fees must be deposited in the nursery and phytosanitary account.~~

Sec. 31. Minnesota Statutes 2004, section 18G.16, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] (a) The definitions in this subdivision apply to this section.

(b) "Metropolitan area" means the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

(c) "Municipality" means a home rule charter or statutory city or a town located in the metropolitan area that exercises municipal powers under section 368.01 or any general or special law; a special park district organized under chapter 398; a special-purpose park and recreation board organized under the city charter of a city of the first class located in the metropolitan area; a county in the metropolitan area for the purposes of county-owned property or any portion of a county located outside the geographic boundaries of a city or a town exercising municipal powers; and a municipality or county located outside the metropolitan area with an approved disease control program.

~~(d) "Shade tree disease pest" means Dutch elm disease, oak wilt, or any disorder pests or pathogens affecting the growth and life of shade trees.~~

(e) "Wood utilization or disposal system" means facilities, equipment, or systems used for the removal and disposal of diseased or pest-infested shade trees, including collection, transportation, processing, or storage of wood and assisting in the recovery of materials or energy from wood.

(f) "Approved disease pest control program" means a municipal plan approved by the commissioner to control or eradicate a shade tree disease pest.

(g) "Disease Pest control area" means an area approved by the commissioner within which a municipality will conduct an approved disease pest control program.

(h) "Sanitation" means the identification, inspection, disruption of a common root system, girdling, trimming, removal, and disposal of dead, pest-infested or diseased wood of shade trees, including subsidies for trees removed pursuant to subdivision 4, on public or private property within a disease control area.

(i) "Reforestation" means the replacement of shade trees removed from public property and the planting of a tree as part of a municipal disease control program. For purposes of this paragraph, "public property" includes private property within five feet of the boulevard or street terrace in a city that enacted an ordinance on or before January 1, 1977, that prohibits or requires a permit for the planting of trees in the public right-of-way.

(j) "Shade tree" means a woody perennial grown primarily for aesthetic or environmental purposes.

Sec. 32. Minnesota Statutes 2004, section 18G.16, subdivision 2, is amended to read:

Subd. 2. [COMMISSIONER TO ADOPT RULES.] The commissioner may adopt rules relating to shade tree pest and disease control in any municipality. The rules must prescribe control measures to be used to prevent the spread of shade tree pests and diseases and must include the following:

- (1) a definition of shade tree;
- (2) qualifications for tree inspectors;
- (3) methods of identifying diseased or infested pest-infested shade trees;
- (4) procedures for giving reasonable notice of inspection of private real property;
- (5) measures for the removal of any shade tree which may contribute to the spread of shade tree pests or disease and for reforestation of pest or disease control areas;
- (6) approved methods of treatment of shade trees;
- (7) criteria for priority designation areas in an approved pest or disease control program; and
- (8) any other matters determined necessary by the commissioner to prevent the spread of shade tree pests or disease and enforce this section.

Sec. 33. Minnesota Statutes 2004, section 18G.16, subdivision 3, is amended to read:

Subd. 3. [DIAGNOSTIC LABORATORY.] The commissioner shall operate a diagnostic laboratory for culturing diseased or infested pest-infested trees for positive identification of diseased or infested pest-infested shade trees.

Sec. 34. Minnesota Statutes 2004, section 18G.16, subdivision 4, is amended to read:

Subd. 4. [COOPERATION BY UNIVERSITY.] The University of Minnesota College of Natural Resources shall cooperate with the department in control of shade tree disease, pests, and disorders and management of shade tree populations. The College of Natural Resources shall cooperate with the department to conduct tree inspector certification and recertification workshops for certified tree inspectors. The College of Natural Resources shall also conduct research into

means for identifying diseased or pest-infested shade trees, develop and evaluate control measures, and develop means for disposing of and using diseased or pest-infested shade trees.

Sec. 35. Minnesota Statutes 2004, section 18G.16, subdivision 5, is amended to read:

Subd. 5. [EXPERIMENTAL PROGRAMS.] The commissioner may establish experimental programs for sanitation or treatment of shade tree diseases and for research into tree varieties most suitable for municipal reforestation. The research must include considerations of disease resistance, energy conservation, and other factors considered appropriate. The commissioner may make grants to municipalities or enter into contracts with municipalities, nurseries, colleges, universities, or state or federal agencies in connection with experimental shade tree programs including research to assist municipalities in establishing priority designation areas for shade tree disease pest control and energy conservation.

Sec. 36. Minnesota Statutes 2004, section 18G.16, subdivision 6, is amended to read:

Subd. 6. [REMOVAL OF DISEASED OR INFESTED PEST-INFESTED TREES.] After reasonable notice of inspection, an owner of real property containing a shade tree that is diseased, infested, or may contribute to the spread of pests or disease, must remove or treat the tree within the period of time and in the manner established by the commissioner. Trees that are not removed in compliance with the commissioner's rules must be declared a public nuisance and removed or treated by approved methods by the municipality, which may assess all or part of the expense, limited to the lowest contract rates available that include wage levels which meet Minnesota minimum wage standards, to the property and the expense becomes a lien on the property. A municipality may assess not more than 50 percent of the expense of treating with an approved method or removing diseased or pest-infested shade trees located on street terraces or boulevards to the abutting properties and the assessment becomes a lien on the property.

Sec. 37. Minnesota Statutes 2004, section 18G.16, subdivision 7, is amended to read:

Subd. 7. [RULES; APPLICABILITY TO MUNICIPALITIES.] The rules of the commissioner apply in a municipality unless the municipality adopts an ordinance determined by the commissioner to be more stringent than the rules of the commissioner. The rules of the commissioner or the municipality apply to all state agencies, special purpose districts, and metropolitan commissions as defined in section 473.121, subdivision 5a, that own or control land adjacent to or within a shade tree disease pest control area.

Sec. 38. Minnesota Statutes 2004, section 18G.16, subdivision 8, is amended to read:

Subd. 8. [GRANTS TO MUNICIPALITIES.] (a) The commissioner may, in the name of the state and within the limit of appropriations provided, make a grant to a municipality with an approved disease pest control program for the partial funding of municipal sanitation and reforestation programs to replace trees lost to pest, disease, or natural disaster. The commissioner may make a grant to a home rule charter or statutory city, a special purpose park and recreation board organized under a charter of a city of the first class, a nonprofit corporation serving a city of the first class, or a county having an approved disease control program for the acquisition or implementation of a wood use or disposal system.

(b) The commissioner shall adopt rules for the administration of grants under this subdivision. The rules must contain:

- (1) procedures for grant applications;
- (2) conditions and procedures for the administration of grants;
- (3) criteria of eligibility for grants including, but not limited to, those specified in this subdivision; and
- (4) other matters the commissioner may find necessary to the proper administration of the grant program.

(c) Grants for wood utilization and disposal systems made by the commissioner under this subdivision must not exceed 50 percent of the total cost of the system. Grants for sanitation and reforestation must be combined into one grant program. Grants to a municipality for sanitation must not exceed 50 percent of sanitation costs approved by the commissioner including any amount of sanitation costs paid by special assessments, ad valorem taxes, federal grants, or other funds. A municipality must not specially assess a property owner an amount greater than the amount of the tree's sanitation cost minus the amount of the tree's sanitation cost reimbursed by the commissioner. Grants to municipalities for reforestation must not exceed 50 percent of the wholesale cost of the trees planted under the reforestation program; provided that a reforestation grant to a county may include 90 percent of the cost of the first 50 trees planted on public property in a town not included in the definition of municipality in subdivision 1 and with less than 1,000 population when the town applies to the county. Reforestation grants to towns and home rule charter or statutory cities of less than 4,000 population with an approved disease pest control program may include 90 percent of the cost of the first 50 trees planted on public property. The governing body of a municipality that receives a reforestation grant under this section must appoint up to seven residents of the municipality or designate an existing municipal board or committee to serve as a reforestation advisory committee to advise the governing body of the municipality in the administration of the reforestation program. For the purpose of this subdivision, "cost" does not include the value of a gift or dedication of trees required by a municipal ordinance but does include documented "in-kind" services or voluntary work for municipalities with a population of less than 1,000 according to the most recent federal census.

(d) Based upon estimates submitted by the municipality to the commissioner, which state the estimated costs of sanitation and reforestation in the succeeding quarter under an approved program, the commissioner shall direct quarterly advance payments to be made by the state to the municipality commencing April 1. The commissioner shall direct adjustment of any overestimate in a succeeding quarter. A municipality may elect to receive the proceeds of its sanitation and reforestation grants on a periodic cost reimbursement basis.

(e) A home rule charter or statutory city, county outside the metropolitan area, or any municipality, as defined in subdivision 1, may submit an application for a grant authorized by this subdivision concurrently with its request for approval of a disease pest control program.

(f) The commissioner shall not make grants for sanitation and reforestation or wood utilization and disposal systems in excess of 67 percent of the amounts appropriated for those purposes to the municipalities located within the metropolitan area, as defined in subdivision 1.

Sec. 39. Minnesota Statutes 2004, section 18G.16, subdivision 9, is amended to read:

Subd. 9. [SUBSIDIES TO CERTAIN OWNERS.] A municipality may provide subsidies to nonprofit organizations, to owners of private residential property of five acres or less, to owners of property used for a homestead of more than five acres but less than 20 acres, and to nonprofit cemeteries for the approved treatment or removal of diseased or pest-infested shade trees.

Notwithstanding any law to the contrary, an owner of property on which shade trees are located may contract with a municipality to provide protection against the cost of approved treatment or removal of diseased or pest-infested shade trees or shade trees that will contribute to the spread of shade tree diseases or pest infestations. Under the contract, the municipality must pay for the removal or approved treatment under terms and conditions determined by its governing body.

Sec. 40. Minnesota Statutes 2004, section 18G.16, subdivision 14, is amended to read:

Subd. 14. [MUNICIPAL OPTION TO PARTICIPATE IN PROGRAM.] The term "municipality" shall include only those municipalities which have informed the commissioner of their intent to continue an approved disease pest control program. Any municipality desiring to participate in the grants-in-aid for the partial funding of municipal sanitation and reforestation programs must notify the commissioner in writing before the beginning of the calendar year in which it wants to participate and must have an approved disease pest control program during any year in which it receives grants-in-aid. Notwithstanding the provisions of any law to the contrary, no municipality shall be required to have an approved disease control program after December 31, 1981.

Sec. 41. Minnesota Statutes 2004, section 18H.02, is amended by adding a subdivision to read:

Subd. 12a. [INDIVIDUAL.] "Individual" means a human being.

Sec. 42. Minnesota Statutes 2004, section 18H.02, subdivision 21, is amended to read:

Subd. 21. [NURSERY STOCK BROKER.] "Nursery stock broker" means a nursery stock dealer engaged in the business of selling or reselling certified nursery stock as a business transaction without taking ownership or handling the nursery stock.

Sec. 43. Minnesota Statutes 2004, section 18H.02, subdivision 22, is amended to read:

Subd. 22. [NURSERY STOCK DEALER.] "Nursery stock dealer" means a person involved in the acquisition and further distribution of certified nursery stock; the utilization of certified nursery stock for landscaping or purchase of certified nursery stock for other persons; or the distribution of certified nursery stock with a mechanical digger, commonly known as a tree spade, or by any other means. A person who purchases more than half of the certified nursery stock offered for sale at a sales location during the current certificate year is considered a nursery stock dealer rather than a nursery stock grower for the purposes of determining a proper fee schedule. Nursery stock brokers, landscapers, and tree spade operators are considered nursery stock dealers for purposes of determining proper certification.

Sec. 44. Minnesota Statutes 2004, section 18H.02, subdivision 23, is amended to read:

Subd. 23. [NURSERY STOCK GROWER.] "Nursery stock grower" includes, but is not limited to, a person who raises, grows, or propagates nursery stock, outdoors or indoors. A person who grows more than half of the certified nursery stock offered for sale at a sales location during the current certificate year is considered a nursery stock grower for the purpose of determining a proper fee schedule.

Sec. 45. Minnesota Statutes 2004, section 18H.02, subdivision 32, is amended to read:

Subd. 32. [SALES LOCATION.] "Sales location" means a fixed location from which certified nursery stock is displayed or distributed.

Sec. 46. Minnesota Statutes 2004, section 18H.02, subdivision 34, is amended to read:

Subd. 34. [TREE SPADE OPERATOR.] "Tree spade operator" means a ~~nursery stock dealer~~ person who uses a tree spade to dig ~~nursery stock and sells, offers offer~~ for sale, distributes ~~distribute, and transports or transport~~ certified nursery stock.

Sec. 47. Minnesota Statutes 2004, section 18H.05, is amended to read:

18H.05 [NURSERY CERTIFICATE REQUIREMENTS.]

(a) No person may offer for sale or distribute certified nursery stock as a nursery stock grower or dealer without first obtaining the appropriate nursery stock certificate from the commissioner. The commissioner may not issue a certificate to a person who does not sell certified nursery stock. Certificates are issued solely for these purposes and may not be used for other purposes.

(b) A certificate issued by the commissioner expires on December 31 of the year it is issued.

(c) A person required to be certified by this section must apply for a certificate or for renewal on a form furnished by the commissioner which must contain:

(1) the name and address of the applicant, the number of locations to be operated by the applicant and their addresses, and the assumed business name of the applicant;

(2) if other than an individual, a statement whether a person is a partnership, corporation, or other organization; ~~and~~

(3) the type of business to be operated and, if the applicant is an agent, the principals the applicant represents; and

(4) source or sources of purchased nursery stock.

(d) No person may:

(1) falsely claim to be a certified dealer, grower, broker, or agent; ~~or~~

(2) make willful false statements when applying for a certificate; or

(3) sell or distribute certified nursery stock to an uncertified nursery stock dealer who is required to be certified or nursery stock grower.

(e) Each application for a certificate must be accompanied by the appropriate certificate fee under section 18H.07.

(f) Certificates issued by the commissioner must be prominently displayed to the public in the place of business where certified nursery stock is sold or distributed.

(g) The commissioner may refuse to issue a certificate for cause.

(h) Each grower or dealer is entitled to one sales location under the certificate of the grower or dealer. Each additional sales location maintained by the person requires the payment of the full certificate fee for each additional sales outlet.

(i) A grower who is also a dealer is certified only as a grower for that specific site.

(j) A certificate is personal to the applicant and may not be transferred. A new certificate is necessary if the business entity is changed or if the membership of a partnership is changed, whether or not the business name is changed.

(k) The certificate issued to a dealer or grower applies to the particular premises named in the certificate. However, if prior approval is obtained from the commissioner, the place of business may be moved to the other premises or location without an additional certificate fee.

(l) A collector of nursery stock from the wild is required to obtain a dealer's certificate from the commissioner and is subject to all the requirements that apply to the inspection of nursery stock. All collected nursery stock must be labeled as "collected from the wild."

Sec. 48. Minnesota Statutes 2004, section 18H.06, is amended to read:

18H.06 [EXEMPT NURSERY SALES.]

Subdivision 1. [NOT-FOR-PROFIT SALES.] An organization or individual may offer for sale certified nursery stock and be exempt from the requirement to obtain a nursery stock dealer certificate if sales are conducted by a nonprofit charitable, educational, or religious organization that:

(1) conducts sales or distributions of certified nursery stock on ~~14~~ ten or fewer days in a calendar year; and

(2) uses the proceeds from its certified nursery stock sales or distribution for charitable, educational, or religious purposes.

Subd. 2. [~~NURSERY HOBBYIST OCCASIONAL SALES.~~] (a) ~~An organization or individual~~ may offer nursery stock for sale and be exempt from the requirement to obtain a nursery stock dealer certificate if:

(1) the gross sales of all nursery stock in a calendar year do not exceed \$2,000;

(2) all nursery stock sold or distributed by the ~~hobbyist~~ individual is intended for planting in Minnesota; ~~and~~

(3) all nursery stock purchased or procured for resale or distribution was grown in Minnesota and has been certified by the commissioner; and

(4) conducts sales or distributions of nursery stock on ten or fewer days in a calendar year.

(b) The commissioner may prescribe the conditions of the exempt nursery sales under this subdivision and may conduct routine inspections of the nursery stock offered for sale.

Sec. 49. Minnesota Statutes 2004, section 18H.07, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT OF FEES.] The commissioner shall establish fees sufficient to allow for the administration and enforcement of this chapter and rules adopted under this chapter, including the portion of general support costs and statewide indirect costs of the agency attributable to that function, with a reserve sufficient for up to six months. The commissioner shall review the fee schedule annually in consultation with the Minnesota Nursery and Landscape Advisory Committee. For the certificate year beginning January 1, ~~2004~~ 2006, the fees are as described in this section.

Sec. 50. Minnesota Statutes 2004, section 18H.07, subdivision 2, is amended to read:

Subd. 2. [NURSERY STOCK GROWER CERTIFICATE.] (a) A nursery stock grower must pay an annual fee based on the area of all acreage on which nursery stock is grown for certification as follows:

- (1) less than one-half acre, \$150;
- (2) from one-half acre to two acres, \$200;
- (3) over two acres up to five acres, \$300;
- (4) over five acres up to ten acres, \$350;
- (5) over ten acres up to 20 acres, \$500;
- (6) over 20 acres up to 40 acres, \$650;
- (7) over 40 acres up to 50 acres, \$800;
- (8) over 50 acres up to 200 acres, \$1,100;
- (9) over 200 acres up to 500 acres, \$1,500; and
- (10) over 500 acres, \$1,500 plus \$2 for each additional acre.

(b) In addition to the fees in paragraph (a), a penalty of ten percent of the fee due must be charged for each month, or portion thereof, that the fee is delinquent up to a maximum of 30 percent for any application for renewal not received by January 1 of the year following expiration of a certificate.

Sec. 51. Minnesota Statutes 2004, section 18H.07, subdivision 3, is amended to read:

Subd. 3. [NURSERY STOCK DEALER CERTIFICATE.] (a) A nursery stock dealer must pay an annual fee based on the dealer's gross sales of certified nursery stock per location during the ~~preceding~~ most recent certificate year. A certificate applicant operating for the first time must pay the minimum fee. The fees per sales location are:

- (1) gross sales up to ~~\$20,000~~ \$5,000, \$150;
- (2) gross sales over ~~\$20,000~~ \$5,000 up to ~~\$100,000~~ \$20,000, \$175;
- (3) gross sales over ~~\$100,000~~ \$20,000 up to ~~\$250,000~~ \$50,000, \$300;
- (4) gross sales over ~~\$250,000~~ \$50,000 up to ~~\$500,000~~ \$75,000, \$425;
- (5) gross sales over ~~\$500,000~~ \$75,000 up to ~~\$1,000,000~~ \$100,000, \$550;

(6) gross sales over ~~\$1,000,000~~ \$100,000 up to ~~\$2,000,000~~ \$200,000, \$675; and

(7) gross sales over ~~\$2,000,000~~ \$200,000, \$800.

(b) In addition to the fees in paragraph (a), a penalty of ten percent of the fee due must be charged for each month, or portion thereof, that the fee is delinquent up to a maximum of 30 percent for any application for renewal not received by January 1 of the year following expiration of a certificate.

Sec. 52. Minnesota Statutes 2004, section 18H.09, is amended to read:

18H.09 [NURSERY INSPECTIONS—REQUIRED STOCK CERTIFICATION REQUIREMENTS.]

(a) All nursery stock growing at sites in Minnesota must have had an identified by nursery stock growers and submitted for inspection must be inspected by the commissioner during within the previous 12 months prior to sale and found apparently free from quarantine and regulated nonquarantine pests as well as significantly dangerous or potentially damaging plant pests. The commissioner may waive a site inspection under the following conditions:

(1) the nursery stock is not going to be sold within 12 months;

(2) the nursery stock will not be moved out of Minnesota; and

(3) the nursery site or stock is not subject to certification requirements associated with a state or federally regulated or quarantined plant pest.

All nursery stock originating from out of state and offered for sale in Minnesota must have been inspected by the appropriate state or federal agency during the previous 12 months and found free from quarantine and regulated nonquarantine pests as well as significantly dangerous or potentially damaging plant pests. A nursery stock certificate is valid from January 1 to December 31.

(b) Nursery stock must be accessible to the commissioner for inspection during regular business hours. Weeds or other growth that hinder a proper inspection are grounds to suspend or withhold a certificate or require a reinspection.

(c) Inspection reports issued to growers must contain a list of the plant pests found at the time of inspection. Withdrawal-from-distribution orders are considered part of the inspection reports. A withdrawal-from-distribution order must contain a list of plants withdrawn from distribution and the location of the plants.

(d) The commissioner may post signs to delineate sections withdrawn from distribution. These signs must remain in place until the commissioner removes them or grants written permission to the grower to remove the signs.

(e) Inspection reports issued to dealers must outline the violations involved and corrective actions to be taken including withdrawal-from-distribution orders which would specify nursery stock that could not be distributed from a certain area.

(f) Optional inspections of plants may be conducted by the commissioner upon request by any persons desiring an inspection. A fee as provided in section 18H.07 must be charged for such an inspection.

Sec. 53. Minnesota Statutes 2004, section 18H.13, subdivision 1, is amended to read:

Subdivision 1. [LABELING IDENTIFICATION OF ORIGIN.] Plants, plant materials, or nursery stock distributed into Minnesota must be conspicuously labeled on the exterior with the name of the consignor, the state of origin, and the name of the consignee and must be accompanied by certification documents to satisfy all applicable state and federal quarantines. Proof of valid nursery certification and origin of all nursery stock must also accompany the shipment. It is the shared responsibility of both the consignee and consignor to examine all

shipments for the presence of current and applicable nursery stock certifications for all plant material from all sources of stock in each shipment.

Sec. 54. Minnesota Statutes 2004, section 18H.15, is amended to read:

18H.15 [VIOLATIONS.]

(a) A person who offers to distribute nursery stock that is uncertified, uninspected, or falsely labeled or advertised possesses an illegal regulated commodity that is considered infested or infected with harmful plant pests and subject to regulatory action and control. If the commissioner determines that the provisions of this section have been violated, the commissioner may order the destruction of all of the plants unless the person:

(1) provides proper phytosanitary preclearance, phytosanitary certification, or nursery stock certification;

(2) agrees to have the plants, plant materials, or nursery stock returned to the consignor; and

(3) provides proper documentation, certification, or compliance to support advertising claims.

(b) The plant owner is liable for all costs associated with a withdrawal-from-distribution order or the quarantine, treatment, or destruction of plants. The commissioner is not liable for actual or incidental costs incurred by a person due to the commissioner's actions. The commissioner must be reimbursed by the owner of the plants for the actual expenses incurred in carrying out a withdrawal-from-distribution order or the quarantine, treatment, or destruction of any plants.

(c) It is unlawful for a person to:

(1) misrepresent, falsify, or knowingly distribute, sell, advertise, or display damaged, mislabeled, misrepresented, infested, or infected nursery stock;

(2) fail to obtain a nursery certificate as required by the commissioner;

(3) fail to renew a nursery certificate, but continue business operations;

(4) fail to display a nursery certificate;

(5) misrepresent or falsify a nursery certificate;

(6) refuse to submit to a nursery inspection;

(7) fail to provide the cooperation necessary to conduct a successful nursery inspection;

(8) offer for sale uncertified plants, plant materials, or nursery stock;

(9) possess an illegal regulated commodity;

(10) violate or disobey a commissioner's order;

(11) violate a quarantine issued by the commissioner;

(12) fail to obtain phytosanitary certification for plant material or nursery stock brought into Minnesota;

(13) deface, mutilate, or destroy a nursery stock certificate, phytosanitary certificate, or phytosanitary preclearance certificate, or other commissioner mark, permit, or certificate;

(14) fail to notify the commissioner of an uncertified shipment of plants, plant materials, or nursery stock; or

(15) transport uncertified plants, plant materials, or nursery stock in Minnesota; or

(16) sell nursery stock to an uncertified nursery stock dealer who is required to be certified.

Sec. 55. Minnesota Statutes 2004, section 18H.18, subdivision 1, is amended to read:

Subdivision 1. [RESTRICTIONS ON COLLECTING.] No person shall distribute the state flower (~~Cypripedium reginae~~), or any species of lady slipper (~~Cypripedieae~~) orchids (~~Orchidaceae~~), any member of the orchid family, any gentian (~~Gentiana~~), arbutus (~~Epigaea repens~~), lilies (~~Lilium species~~), coneflowers (~~Echinacea species~~), bloodroot (~~Sanguinaria canadensis~~), mayapple (~~Podophyllum peltatum~~), any species of trillium (~~Trillium species~~), or lotus (~~Nelumbo lutea~~), which have been collected in any manner from any public or private property without the written permission of the property owner and written authorization from the commissioner.

Sec. 56. Minnesota Statutes 2004, section 19.64, subdivision 1, is amended to read:

Subdivision 1. [REGISTRATION.] Every person who owns, leases, or possesses colonies of bees or who intends to bring bees into the state under an entry permit shall register the bees with the commissioner on or before ~~April 15~~ June 1 of each year or within 15 days of entry into Minnesota or taking possession of hives, whichever comes first. The registration application shall include the name and address of the applicant, a description of the exact location of each of the applicant's apiaries by county, township, range and quarter section, and other information required by the commissioner. The fee for registration under this subdivision is ~~\$10~~ \$25 for beekeepers with fewer than 50 colonies and \$50 for beekeepers with 50 or more colonies maintained in the state. ~~The commissioner shall provide registered beekeepers with the Minnesota pest report. The registration required by this section is not transferable. At least one colony in each location must be plainly and legibly marked with the owner's name and telephone number and address, and other information required by the commissioner. The department shall provide information on colony locations as reported on the registrations on an Internet Web site or through other appropriate measures.~~

Sec. 57. Minnesota Statutes 2004, section 25.341, subdivision 2, is amended to read:

Subd. 2. [APPLICATION; FEE; TERM.] A person who is required to have a commercial feed license shall submit an application on a form provided or approved by the commissioner accompanied by a license fee of \$25 paid to the commissioner for each facility location. A license is not transferable from one person to another, from one ownership to another, or from one location to another. The license year is the calendar year. A license expires on December 31 of the year for which it is issued, except that a license is valid through January 31 of the next year or until the issuance of the renewal license, whichever comes first, if the licensee has filed a renewal application with the commissioner on or before December 31 of the year for which the current license was issued. ~~A new applicant who~~ Any person who is required to have, but fails to obtain a license within 15 working days of notification of the requirement to obtain a license, or a licensee who fails to comply with license renewal requirements, shall pay a \$50 late fee in addition to the license fee. ~~The commissioner may issue a withdrawal from distribution order on any commercial feed that an unlicensed person produces or distributes in the state until a license is issued.~~

Sec. 58. [25.342] [CERTIFICATES, FREE SALE.]

A nonrefundable application fee of \$25 must accompany all free sale certificate requests to facilitate the movement of Minnesota processed and manufactured feeds destined for export from the state. Each label submitted for review must be accompanied by a nonrefundable \$50 application fee.

Sec. 59. Minnesota Statutes 2004, section 25.39, subdivision 1, is amended to read:

Subdivision 1. [AMOUNT OF FEE.] (a) An inspection fee at the rate of 16 cents per ton must be paid to the commissioner on commercial feeds distributed in this state by the person who first distributes the commercial feed, except that:

(1) no fee needs to need be paid on:

(4) (i) a commercial feed if the payment has been made by a previous distributor; or

(2) (ii) customer formula feeds if the inspection fee is paid on the commercial feeds which are used as ingredients; or

(3) ~~commercial feeds used as ingredients for the manufacture of commercial feeds if the fee has been paid by a previous distributor. If the fee has already been paid, credit must be given for that payment.~~ (2) a Minnesota feed distributor who distributes can substantiate that greater than 50 percent of the distribution of commercial feed is to purchasers outside the state may purchase commercial feeds; without payment by any person of the inspection fee required on those purchases; under a tonnage fee exemption permit issued by the commissioner. Such location specific permits shall only be issued on a calendar year basis to commercial feed distributors who submit a \$100 nonrefundable application fee and comply with rules adopted by the commissioner relative to record keeping, tonnage of commercial feed distributed in Minnesota, total of all commercial feed tonnage distributed, and all other information which the commissioner may require so as to ensure that proper inspection fee payment has been made.

(b) In the case of pet food distributed in the state only in packages of ten pounds or less, a listing of each product and a current label for each product must be submitted annually on forms provided by the commissioner and accompanied by an annual fee of \$50 for each product in lieu of the inspection fee. This annual fee is due by July 1. The inspection fee required by paragraph (a) applies to pet food distributed in packages exceeding ten pounds.

(c) In the case of specialty pet food distributed in the state only in packages of ten pounds or less, a listing of each product and a current label for each product must be submitted annually on forms provided by the commissioner and accompanied by an annual fee of \$25 for each product in lieu of the inspection fee. This annual fee is due by July 1. The inspection fee required by paragraph (a) applies to specialty pet food distributed in packages exceeding ten pounds.

(d) The minimum inspection fee is \$10 per annual reporting period.

Sec. 60. Minnesota Statutes 2004, section 25.39, subdivision 4, is amended to read:

Subd. 4. [COMMERCIAL FEED INSPECTION ACCOUNT.] A commercial feed inspection account is established in the agricultural fund. Fees and penalties collected under ~~sections 25.35 to 25.43~~ this chapter and interest attributable to money in the account must be deposited in the agricultural fund and credited to the commercial feed inspection account. Money in the account, including interest earned, is appropriated to the commissioner for the administration and enforcement of ~~sections 25.341 to 25.43~~ this chapter.

Sec. 61. Minnesota Statutes 2004, section 31.94, is amended to read:

31.94 [COMMISSIONER DUTIES.]

(a) In order to promote opportunities for organic agriculture in Minnesota, the commissioner shall:

(1) survey producers and support services and organizations to determine information and research needs in the area of organic agriculture practices;

(2) work with the University of Minnesota to demonstrate the on-farm applicability of organic agriculture practices to conditions in this state;

(3) direct the programs of the department so as to work toward the promotion of organic agriculture in this state;

(4) inform agencies of how state or federal programs could utilize and support organic agriculture practices; and

(5) work closely with producers, the University of Minnesota, the Minnesota Trade Office, and other appropriate organizations to identify opportunities and needs as well as ensure coordination and avoid duplication of state agency efforts regarding research, teaching, marketing, and extension work relating to organic agriculture.

(b) By November 15 of each even-numbered year the commissioner, in conjunction with the task force created in paragraph (c), shall report on the status of organic agriculture in Minnesota to the legislative policy and finance committees and divisions with jurisdiction over agriculture. The report must include:

(1) a description of current state or federal programs directed toward organic agriculture, including significant results and experiences of those programs;

(2) a description of specific actions the department of agriculture is taking in the area of organic agriculture, including the proportion of the department's budget spent on organic agriculture;

(3) a description of current and future research needs at all levels in the area of organic agriculture;

(4) suggestions for changes in existing programs or policies or enactment of new programs or policies that will affect organic agriculture;

(5) a description of market trends and potential for organic products;

(6) available information, using currently reliable data, on the price received, yield, and profitability of organic farms, and a comparison with data on conventional farms; and

(7) available information, using currently reliable data, on the positive and negative impacts of organic production on the environment and human health.

(c) The commissioner shall appoint a Minnesota Organic Advisory Task Force to advise the commissioner on policies and practices to improve organic agriculture in Minnesota. The task force must consist of the following residents of the state:

(1) three farmers using organic agriculture methods;

(2) two organic food wholesalers, retailers, or distributors;

(3) one representative of organic food certification agencies;

(4) two organic food processors;

(5) one representative from the Minnesota Extension Service;

(6) one representative from a Minnesota postsecondary research institution;

(7) one representative from a nonprofit organization representing producers;

(8) one at-large member;

(9) one representative from the United States Department of Agriculture; and

(10) one organic consumer representative.

Terms, compensation, and removal of members are governed by section 15.059, subdivision 6. The task force must meet at least twice each year and expires on June 30, ~~2005~~ 2009.

(d) For the purposes of expanding, improving, and developing production and marketing of the organic products of Minnesota agriculture, the commissioner may receive funds from state and federal sources and spend them, including through grants or contracts, to assist producers and processors to achieve certification, to conduct education or marketing activities, to enter into research and development partnerships, or to address production or marketing obstacles to the growth and well-being of the industry.

(e) The commissioner may facilitate the registration of state organic production and handling operations including those exempt from organic certification according to Code of Federal Regulations, title 7, section 205.101, and certification agents operating within the state.

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

Sec. 62. Minnesota Statutes 2004, section 35.02, subdivision 1, is amended to read:

Subdivision 1. [MEMBERS; OFFICERS.] The board has five members appointed by the governor with the advice and consent of the senate, three of whom are producers of livestock in the state, and two of whom are practicing veterinarians licensed in Minnesota. The dean of the College of Veterinary Medicine and the director of the Veterinary Diagnostic Laboratory of the University of Minnesota may serve as ~~consultant~~ consultants to the board without vote. Appointments to fill unexpired terms must be made from the classes to which the retiring members belong. The board shall elect a president and a vice-president from among its members and a veterinarian licensed in Minnesota who is not a member to be its executive director for a term of one year and until a successor qualifies. The board shall set the duties of the director.

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

Sec. 63. Minnesota Statutes 2004, section 35.03, is amended to read:

35.03 [POWERS, DUTIES, AND REPORTS.]

The board shall protect the health of Minnesota domestic animals and carry out the provisions of this chapter. The board shall make rules necessary to protect the health of domestic animals. The board shall meet at least quarterly. Officers must be elected each April. On or before November 1 of each year the board shall publish an annual report. The University of Minnesota Veterinary Diagnostic Laboratory is the official laboratory for the board. At least quarterly, the director of the Veterinary Diagnostic Laboratory must report on the laboratory's activities.

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

Sec. 64. Minnesota Statutes 2004, section 35.05, is amended to read:

35.05 [AUTHORITY OF STATE BOARD.]

(a) The state board may quarantine or kill any domestic animal infected with, or which has been exposed to, a contagious or infectious dangerous disease if it is necessary to protect the health of the domestic animals of the state.

(b) The board may regulate or prohibit the arrival in and departure from the state of infected or exposed animals and, in case of violation of any rule or prohibition, may detain any animal at its owner's expense. The board may regulate or prohibit the importation of domestic animals which, in its opinion, may injure the health of Minnesota livestock.

(c) When the governor declares an emergency under section 35.0661, the board, through its executive director, may implement the United States Voluntary Johne's Disease Herd Status Program for Cattle assume control of such resources within the University of Minnesota's Veterinary Diagnostic Laboratory as necessary to effectively address the disease outbreak. The director of the laboratory and other laboratory personnel must cooperate fully in performing necessary functions related to the outbreak or threatened outbreak.

(d) Rules adopted by the board under authority of this chapter must be published in the State Register.

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

Sec. 65. [35.153] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] The definitions in this section apply to section 17.452, this section, and section 35.155.

Subd. 2. [CERVIDAE.] "Cervidae" means animals that are members of the family Cervidae and includes, but is not limited to, white-tailed deer, mule deer, red deer, elk, moose, caribou, reindeer, and muntjac.

Subd. 3. [FARMED CERVIDAE.] "Farmed cervidae" means cervidae that are:

- (1) raised for any purpose; and
- (2) registered in a manner approved by the Board of Animal Health.

Subd. 4. [OWNER.] "Owner" means a person who owns or is responsible for the raising of farmed cervidae.

Subd. 5. [HERD.] "Herd" means all cervidae:

- (1) maintained on common ground for any purpose; or
- (2) under common ownership or supervision, geographically separated, but that have an interchange or movement of animals without regard to whether the animals are infected with or exposed to diseases.

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

Sec. 66. Minnesota Statutes 2004, section 35.155, is amended to read:

35.155 [FARMED CERVIDAE.]

Subdivision 1. [RUNNING AT LARGE PROHIBITED.] (a) An owner may not allow farmed cervidae to run at large. The owner must make all reasonable efforts to return escaped farmed cervidae to their enclosures as soon as possible. The owner must notify the commissioner of natural resources of the escape of farmed cervidae if the farmed cervidae are not returned or captured by the owner within 24 hours of their escape.

(b) An owner is liable for expenses of another person in capturing, caring for, and returning farmed cervidae that have left their enclosures if the person capturing the farmed cervidae contacts the owner as soon as possible.

(c) If an owner is unwilling or unable to capture escaped farmed cervidae, the commissioner of natural resources may destroy the escaped farmed cervidae. The commissioner of natural resources must allow the owner to attempt to capture the escaped farmed cervidae prior to destroying the farmed cervidae. Farmed cervidae that are not captured by 24 hours after escape may be destroyed.

Subd. 2. [WILD CERVIDAE INSIDE CONFINEMENT AREA.] An owner or an employee or agent under the direction of the owner must destroy wild cervidae found within the owner's farmed cervidae confinement area. The owner, employee, or agent must report the wild cervidae destroyed to a conservation officer or an employee of the Department of Natural Resources, Division of Wildlife, within 24 hours. The wild cervidae must be disposed of as prescribed by the commissioner of natural resources.

Subd. 3. [FARMING IN NATIVE ELK AREA.] A person may not raise farmed red deer in the native elk area without written approval of the commissioner of natural resources. The native elk area is the area north of U.S. Highway 2 and west of U.S. Highway 71 and trunk highway 72. The commissioner of natural resources shall review the proposed farming operation and approve with any condition or deny approval based on risks to the native elk population.

Subd. 4. [FENCING.] Farmed cervidae must be confined in a manner designed to prevent escape. All perimeter fences for farmed cervidae must be at least 96 inches in height and be constructed and maintained in a way that prevents the escape of farmed cervidae or entry into the premises by free-roaming cervidae.

Subd. 5. [DISEASE CONTROL PROGRAMS.] Farmed cervidae are subject to this chapter and the rules of the Board of Animal Health in the same manner as other livestock and domestic animals, including provisions related to importation and transportation.

Subd. 6. [IDENTIFICATION.] (a) Farmed cervidae must be identified by means approved by

the Board of Animal Health. The identification must be visible to the naked eye during daylight under normal conditions at a distance of 50 yards. Newborn animals must be identified before December 31 of the year in which the animal is born or before movement from the premises, whichever occurs first.

(b) The Board of Animal Health shall register farmed cervidae. The owner must submit the registration request on forms provided by the board. The forms must include sales receipts or other documentation of the origin of the cervidae. The board shall provide copies of the registration information to the commissioner of natural resources upon request. The owner must keep written records of the acquisition and disposition of registered farmed cervidae.

Subd. 7. [INSPECTION.] The commissioner of agriculture and the Board of Animal Health may inspect farmed cervidae, farmed cervidae facilities, and farmed cervidae records. For each herd, the owner or owners must, on or before January 1, pay an annual inspection fee equal to \$10 for each cervid in the herd as reflected in the most recent inventory submitted to the Board of Animal Health, up to a maximum fee of \$100. The commissioner of natural resources may inspect farmed cervidae, farmed cervidae facilities, and farmed cervidae records with reasonable suspicion that laws protecting native wild animals have been violated and must notify the owner in writing at the time of the inspection of the reason for the inspection and must inform the owner in writing after the inspection of whether (1) the cause of the inspection was unfounded; or (2) there will be an ongoing investigation or continuing evaluation.

Subd. 8. [CERVIDAE INSPECTION ACCOUNT.] A cervidae inspection account is established in the state treasury. The fees collected under this section and interest attributable to money in the account must be deposited in the state treasury and credited to the cervidae inspection account in the special revenue fund. Money in the account, including interest earned, is appropriated to the Board of Animal Health for the administration and enforcement of this section.

Subd. 9. [CONTESTED CASE HEARING.] A person raising farmed cervidae that is aggrieved with any decision regarding the farmed cervidae may request a contested case hearing under chapter 14.

Subd. 10. [MANDATORY REGISTRATION.] A person may not possess live cervidae in Minnesota unless the person is registered with the Board of Animal Health and meets all the requirements for farmed cervidae under this section. Cervidae possessed in violation of this subdivision may be seized and destroyed by the commissioner of natural resources.

Subd. 11. [MANDATORY SURVEILLANCE FOR CHRONIC WASTING DISEASE.] (a) An inventory for each farmed cervidae herd must be verified by an accredited veterinarian and filed with the Board of Animal Health every 12 months.

(b) Movement of farmed cervidae from any premises to another location must be reported to the Board of Animal Health within 14 days of the movement on forms approved by the Board of Animal Health.

(c) All animals from farmed cervidae herds that are over 16 months of age that die or are slaughtered must be tested for chronic wasting disease.

Subd. 12. [IMPORTATION.] A person must not import cervidae into the state from a herd that is infected or exposed to chronic wasting disease or from a known chronic wasting disease endemic area, as determined by the board. A person may import cervidae into the state only from a herd that is not in a known chronic wasting disease endemic area, as determined by the board, and the herd has been subject to a state or provincial approved chronic wasting disease monitoring program for at least three years. Cervidae imported in violation of this section may be seized and destroyed by the commissioner of natural resources.

Subd. 13. [RULES.] The Board of Animal Health shall adopt rules as necessary to implement this section and to otherwise provide for the control of cervidae diseases.

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

Sec. 67. Minnesota Statutes 2004, section 38.01, is amended to read:

38.01 [COUNTY AGRICULTURAL SOCIETIES; FORMATION, POWERS.]

(a) An agricultural society or association may be incorporated by citizens of any county, or two or more counties jointly, but only one agricultural society shall be organized in any county. An agricultural society may sue and be sued in its corporate name; may adopt bylaws, rules, and regulations, alter and amend the same; may purchase and hold, lease and control any real or personal property deemed to promote the objects of the society, and may rent, lease, sell, and convey the same. Any income from the rental or lease of ~~such~~ real property may be used for any or all of the following purposes: (1) Acquisition of additional real property; (2) Construction of additional buildings; or (3) Maintenance and care of the society's property. This section shall not be construed to preclude the continuance of any agricultural society now existing or the granting of aid thereto to the society.

(b) An agricultural society shall have jurisdiction and control of the grounds upon which its fairs are held and of the streets and ~~grounds adjacent thereto~~ grounds during such the fair, so far as may be necessary for ~~such purpose~~ fair purposes, and are exempt from local zoning ordinances throughout the year as provided in section 38.16. ~~At or before the time of holding any fair, the agricultural society may appoint, in writing, as many persons to act as special constables as necessary, for and during the time of holding the same and for a reasonable time prior and subsequent thereto. These constables, before entering upon their duties, shall take and subscribe the usual oath of office, endorsed upon their appointment, and have and exercise upon the grounds of the society, and within one-half mile thereof, all the power and authority of constables at common law and, in addition thereto, may, within these limits, without warrant, arrest any person found violating any laws of the state, or any rule, regulation, or bylaw of the society, and summarily remove the persons and property of such offenders from the grounds and take them before any court of competent jurisdiction to be dealt with according to law. Each such peace officer shall wear an appropriate badge of office while acting as such.~~

(c) ~~As an alternative to the appointment of special constables, The society may contract with the sheriff or, local municipality, or security guard as defined in section 626.88 to provide the society with the same police service it may secure by appointing special constables. A person providing police service pursuant to such a contract is not, by reason of the contract, classified as an employee of the agricultural society for any purpose other than the discharge of powers and duties under the contract.~~

(d) Any person who shall willfully violate any rule or regulation made by ~~such~~ agricultural societies during the days of a fair shall be guilty of a misdemeanor.

The provisions of this section supersede all special laws on the same subject.

Sec. 68. Minnesota Statutes 2004, section 38.16, is amended to read:

38.16 [EXEMPTION FROM ZONING ORDINANCES.]

When lands lying within the corporate limits of towns or cities are owned by a county or agricultural society and used for agricultural fair purposes, the lands and the buildings now or hereafter erected are exempt from the zoning, building, and other ordinances of the town or city; provided, that no license or permit need be obtained from, nor fee paid to, the town or city in connection with the use of the lands. For the purposes of this section, "agricultural fair purposes" includes the management of property as provided in section 38.01, paragraph (a).

Sec. 69. Minnesota Statutes 2004, section 41A.09, subdivision 2a, is amended to read:

Subd. 2a. [DEFINITIONS.] For the purposes of this section, the terms defined in this subdivision have the meanings given them.

(a) "Ethanol" means fermentation ethyl alcohol derived from agricultural products, including potatoes, cereal grains, cheese whey, and sugar beets; forest products; or other renewable resources, including residue and waste generated from the production, processing, and marketing of agricultural products, forest products, and other renewable resources, that:

- (1) meets all of the specifications in ASTM specification D4806-01; and
- (2) is denatured as specified in Code of Federal Regulations, title 27, parts 20 and 21.
- (b) "Ethanol plant" means a plant at which ethanol is produced.
- (c) "Commissioner" means the commissioner of agriculture.

(d) "Rural economic infrastructure" means the development of activities that will enhance the value of agricultural crop or livestock commodities or by-products or waste from farming operations through new and improved value-added conversion processes and technologies, the development of more timely and efficient infrastructure delivery systems, and the enhancement of marketing opportunities. "Rural economic infrastructure" also means land, buildings, structures, fixtures, and improvements located or to be located in Minnesota and used or operated primarily for the processing or the support of production of marketable products from agricultural commodities or wind energy produced in Minnesota.

Sec. 70. Minnesota Statutes 2004, section 41A.09, subdivision 3a, is amended to read:

Subd. 3a. [ETHANOL PRODUCER PAYMENTS.] (a) The commissioner shall make cash payments to producers of ethanol located in the state that have begun production at a specific location by June 30, 2000. For the purpose of this subdivision, an entity that holds a controlling interest in more than one ethanol plant is considered a single producer. The amount of the payment for each producer's annual production, except as provided in paragraph (c), is 20 cents per gallon for each gallon of ethanol produced at a specific location on or before June 30, 2000, or ten years after the start of production, whichever is later. Annually, within 90 days of the end of its fiscal year, an ethanol producer receiving payments under this subdivision must file a disclosure statement on a form provided by the commissioner. The initial disclosure statement must include a summary description of the organization of the business structure of the claimant, a listing of the percentages of ownership by any person or other entity with an ownership interest of five percent or greater, and a copy of its annual audited financial statements, including the auditor's report and footnotes. The disclosure statement must include information demonstrating what percentage of the entity receiving payments under this section is owned by farmers or other entities eligible to farm or own agricultural land in Minnesota under the provisions of section 500.24. Subsequent annual reports must reflect noncumulative changes in ownership of ten percent or more of the entity. The report need not disclose the identity of the persons or entities eligible to farm or own agricultural land with ownership interests, individuals residing within 30 miles of the plant, or of any other entity with less than ten percent ownership interest, but the claimant must retain information within its files confirming the accuracy of the data provided. This data must be made available to the commissioner upon request. Not later than the 15th day of February in each year the commissioner shall deliver to the chairs of the standing committees of the senate and the house of representatives that deal with agricultural policy and agricultural finance issues an annual report summarizing aggregated data from plants receiving payments under this section during the preceding calendar year. Audited financial statements and notes and disclosure statements submitted to the commissioner are nonpublic data under section 13.02, subdivision 9. Notwithstanding the provisions of chapter 13 relating to nonpublic data, summaries of the submitted audited financial reports and notes and disclosure statements will be contained in the report to the committee chairs and will be public data.

(b) No payments shall be made for ethanol production that occurs after June 30, 2010. A producer of ethanol shall not transfer the producer's eligibility for payments under this section to an ethanol plant at a different location.

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

(d) Total payments under paragraphs (a) and (c) to a producer in a fiscal year may not exceed \$3,000,000.

(e) By the last day of October, January, April, and July, each producer shall file a claim for payment for ethanol production during the preceding three calendar months. A producer that files a claim under this subdivision shall include a statement of the producer's total ethanol production in Minnesota during the quarter covered by the claim. For each claim and statement of total ethanol production filed under this subdivision, the volume of ethanol production must be examined by an independent certified public accountant in accordance with standards established by the American Institute of Certified Public Accountants.

(f) Payments shall be made November 15, February 15, May 15, and August 15. A separate payment shall be made for each claim filed. Except as provided in paragraph (g), the total quarterly payment to a producer under this paragraph may not exceed \$750,000.

(g) Notwithstanding the quarterly payment limits of paragraph (f), the commissioner shall make an additional payment in the fourth quarter of each fiscal year to ethanol producers for the lesser of: (1) 20 cents per gallon of production in the fourth quarter of the year that is greater than 3,750,000 gallons; or (2) the total amount of payments lost during the first three quarters of the fiscal year due to plant outages, repair, or major maintenance. Total payments to an ethanol producer in a fiscal year, including any payment under this paragraph, must not exceed the total amount the producer is eligible to receive based on the producer's approved production capacity. The provisions of this paragraph apply only to production losses that occur in quarters beginning after December 31, 1999.

(h) The commissioner shall reimburse ethanol producers for any deficiency in payments during earlier quarters if the deficiency occurred because of unallotment or because appropriated money was insufficient to make timely payments in the full amount provided in paragraph (a). Notwithstanding the quarterly or annual payment limitations in this subdivision, the commissioner shall begin making payments for earlier deficiencies in each fiscal year that appropriations for ethanol payments exceed the amount required to make eligible scheduled payments. Payments for earlier deficiencies must continue until the deficiencies for each producer are paid in full.

(i) The commissioner may make direct payments to producers of rural economic infrastructure with any amount of the annual appropriation for ethanol producer payments and rural economic infrastructure that is in excess of the amount required to make scheduled ethanol producer payments and deficiency payments under paragraphs (a) to (h).

Sec. 71. Minnesota Statutes 2004, section 41A.09, is amended by adding a subdivision to read:

Subd. 9. [MOTOR VEHICLES; ETHANOL COMBUSTION EFFICIENCY GRANTS.] From within the appropriation for each fiscal year to the ethanol development program under this section, or from other appropriated money, the commissioner shall make up to two grants, each in an amount not exceeding \$50,000, to qualified applicants proposing to do research on, but not limited to, ethanol's effect on fuel system materials compatibility and ways to improve the energy efficiency of ethanol fuel blends in motor vehicles while meeting all requirements for control of tailpipe emissions. A grant recipient may receive funding for no more than two consecutive years. A research project must be matched by \$2 of nonstate money for each \$3 of state grant money.

Sec. 72. Minnesota Statutes 2004, section 41A.09, is amended by adding a subdivision to read:

Subd. 10. [GUIDELINES.] The commissioner shall establish guidelines not subject to chapter 14 for the submission and review of applications and the awarding of grants under subdivision 9.

Sec. 73. Minnesota Statutes 2004, section 41B.046, subdivision 5, is amended to read:

Subd. 5. [LOANS.] (a) The authority may participate in a stock loan with an eligible lender to a farmer who is eligible under subdivision 4. Participation is limited to 45 percent of the principal amount of the loan or \$40,000, whichever is less. The interest rates and repayment terms of the authority's participation interest may differ from the interest rates and repayment terms of the lender's retained portion of the loan, but the authority's interest rate must not exceed 50 percent of the lender's interest rate.

(b) No more than 95 percent of the purchase price of the stock may be financed under this program.

(c) Security for stock loans must be the stock purchased, a personal note executed by the borrower, and whatever other security is required by the eligible lender or the authority.

(d) The authority may impose a reasonable nonrefundable application fee for each application for a stock loan. The authority may review the fee annually and make adjustments as necessary. The application fee is initially \$50. Application fees received by the authority must be deposited in the value-added agricultural product revolving fund revolving loan account established in section 41B.06.

(e) Stock loans under this program will be made using money in the value-added agricultural product revolving fund loan account established under subdivision 3 in section 41B.06.

(f) The authority may not grant stock loans in a cumulative amount exceeding \$2,000,000 for the financing of stock purchases in any one cooperative.

(g) Repayments of financial assistance under this section, including principal and interest, must be deposited into the revolving loan account established in section 41B.06.

Sec. 74. Minnesota Statutes 2004, section 41B.049, subdivision 2, is amended to read:

Subd. 2. ~~[REVOLVING FUND DEPOSIT OF REPAYMENTS.] There is established in the state treasury a revolving fund, which is eligible to receive appropriations and the transfer of funds from other services. All repayments of financial assistance granted under subdivision 1, including principal and interest, must be deposited into this fund. Interest earned on money in the fund accrues to the fund, and money in the fund is appropriated to the commissioner of agriculture for purposes of the manure digester loan program, including costs incurred by the authority to establish and administer the program~~ the revolving loan account established in section 41B.06.

Sec. 75. Minnesota Statutes 2004, section 41B.049, subdivision 4, is amended to read:

Subd. 4. [LOANS.] (a) The authority may make a direct loan or participate in a loan with an eligible lender to a farmer who is eligible under subdivision 3. ~~The interest rates and Repayment terms of the authority's participation interest may differ from the interest rates and repayment terms of the lender's retained portion of the loan. The authority's interest rate for a direct loan or a loan participation must not exceed four percent. Loans made under this section before July 1, 2003, must be no-interest loans.~~

(b) Application for a direct loan or a loan participation must be made on forms prescribed by the authority.

(c) Standards for loan amortization shall be set by the Rural Finance Authority not to exceed ten years.

(d) Security for the loans must be a personal note executed by the borrower and whatever other security is required by the eligible lender or the authority.

(e) No loan proceeds may be used to refinance a debt existing prior to application.

(f) The authority may impose a reasonable nonrefundable application fee for each application for a direct loan or a loan participation. The authority may review the application fees annually and make adjustments as necessary. The application fee is initially set at \$100 for a loan under subdivision 1. The fees received by the authority must be deposited in the revolving fund ~~created in subdivision 2~~ loan account established in section 41B.06.

**[EFFECTIVE DATE.]** This section is effective retroactively for any loan made on or after July 1, 2003.

Sec. 76. [41B.055] [LIVESTOCK EQUIPMENT PILOT LOAN PROGRAM.]

Subdivision 1. [ESTABLISHMENT.] The authority must establish and implement a livestock equipment pilot loan program to help finance the first purchase of livestock-related equipment and make livestock facilities improvements.

Subd. 2. [ELIGIBILITY.] Notwithstanding section 41B.03, to be eligible for this program a borrower must:

(1) be a resident of Minnesota or general partnership or a family farm corporation, authorized farm corporation, family farm partnership, or authorized farm partnership as defined in section 500.24, subdivision 2;

(2) be the principal operator of a livestock farm;

(3) have a total net worth, including assets and liabilities of the borrower's spouse and dependents, no greater than the amount stipulated in section 41B.03, subdivision 3;

(4) demonstrate an ability to repay the loan; and

(5) hold an appropriate feedlot registration or be using the loan under this program to meet registration requirements. In addition to the requirements in clauses (1) to (5), preference must be given to applicants who have farmed less than ten years as evidenced by their filing of schedule F in their federal tax returns.

Subd. 3. [LOANS.] (a) The authority may participate in a livestock equipment loan equal to 90 percent of the purchased equipment value with an eligible lender to a farmer who is eligible under subdivision 2. Participation is limited to 45 percent of the principal amount of the loan or \$40,000, whichever is less. The interest rates and repayment terms of the authority's participation interest may differ from the interest rates and repayment terms of the lender's retained portion of the loan, but the authority's interest rate must not exceed three percent. The authority may review the interest annually and make adjustments as necessary.

(b) Standards for loan amortization must be set by the rural finance authority and must not exceed seven years.

(c) Security for a livestock equipment loan must be a personal note executed by the borrower and whatever other security is required by the eligible lender or the authority.

(d) Refinancing of existing debt is not an eligible purpose.

(e) The authority may impose a reasonable, nonrefundable application fee for a livestock equipment loan. The authority may review the fee annually and make adjustments as necessary. The initial application fee is \$50. Application fees received by the authority must be deposited in the revolving loan account established in section 41B.06.

(f) Loans under this program must be made using money in the revolving loan account established in section 41B.06.

Subd. 4. [ELIGIBLE EXPENDITURES.] Money may be used for loans for the acquisition of equipment for animal housing, confinement, animal feeding, milk production, and waste management, including the following, if related to animal husbandry:

(1) fences;

(2) watering facilities;

(3) feed storage and handling equipment;

(4) milking parlors;

(5) milking equipment;

(6) scales;

(7) milk storage and cooling facilities;

(8) manure pumping and storage facilities; and

(9) capital investment in pasture.

Sec. 77. [41B.06] [RURAL FINANCE AUTHORITY REVOLVING LOAN ACCOUNT.]

There is established in the rural finance administration fund a rural finance authority revolving loan account that is eligible to receive appropriations and the transfer of loan funds from other programs. All repayments of financial assistance granted from this account, including principal and interest, must be deposited into this account. Interest earned on money in the account accrues to the account, and the money in the account is appropriated to the commissioner of agriculture for purposes of the rural finance authority livestock equipment, methane digester, and value-added agricultural product loan programs, including costs incurred by the authority to establish and administer the programs.

Sec. 78. Minnesota Statutes 2004, section 116.07, subdivision 7a, is amended to read:

Subd. 7a. [NOTICE OF APPLICATION FOR LIVESTOCK FEEDLOT PERMIT.] (a) A person who applies to the Pollution Control Agency or a county board for a permit to construct or expand a feedlot with a capacity of 500 animal units or more shall, not less than 20 business days before the date on which a permit is issued, provide notice to each resident and each owner of real property within 5,000 feet of the perimeter of the proposed feedlot. The notice may be delivered by first class mail, in person, or by the publication in a newspaper of general circulation within the affected area and must include information on the type of livestock and the proposed capacity of the feedlot. Notification under this subdivision is satisfied under an equal or greater notification requirement of a county ~~e~~conditional-use or town permit process. A person must also send a copy of the notice by first class mail to the clerk of the town in which the feedlot is proposed not less than 20 business days before the date on which a permit is issued.

(b) The agency or a county board must verify that notice was provided as required under paragraph (a) prior to issuing a permit.

Sec. 79. Minnesota Statutes 2004, section 116O.09, subdivision 1a, is amended to read:

Subd. 1a. [BOARD OF DIRECTORS.] The board of directors of the Agricultural Utilization Research Institute is comprised of:

- (1) the chairs of the senate and the house of representatives standing committees with jurisdiction over agriculture finance or the chair's designee;
- (2) two representatives of statewide farm organizations;
- (3) two representatives of agribusiness; and
- (4) three representatives of the commodity promotion councils.

~~A member of the board of directors under clauses (2) to (4), including a member serving on July 1, 2003, may serve for a maximum of two three-year terms. The board's compensation is governed by section 15.0575, subdivision 3.~~

Sec. 80. [156.075] [REQUIREMENT FOR EQUINE TEETH FLOATERS.]

Subdivision 1. [DEFINITIONS.] For purposes of this section the following terms have the meanings given them.

(a) "Equine teeth floating" means:

- (1) removal of enamel points from teeth with handheld, nonmotorized, non-air-powered files or rasps;
- (2) reestablishing normal molar table angles and freeing up lateral excursion and other normal movements of the mandible;
- (3) shaping the lingual aspect of the lower arcades and the buccal aspect of the upper arcades to a rounded smooth surface; and

(4) removing points from the buccal aspect of the upper arcade and the lingual aspect of the lower arcade.

(b) "Indirect supervision" means a veterinarian must be available by telephone or other form of immediate communication. The veterinarian must be currently licensed under this chapter.

Subd. 2. [EQUINE TEETH FLOATING SERVICES.] (a) A person may perform equine teeth floating services after submitting to the board the following:

(1) proof of current certification from the International Association of Equine Dentistry or other professional equine dentistry association as determined by the board; and

(2) a written statement signed by a supervising veterinarian experienced in large animal medicine that the applicant will be under direct or indirect supervision of the veterinarian when floating equine teeth.

(b) The board must waive the requirement in paragraph (a), clause (1), and allow a person to perform equine teeth floating services if the person provides satisfactory evidence of being actively engaged in equine teeth floating for at least ten of the past 15 years and has generated at least \$5,000 annually in personal income from this activity.

Sec. 81. Minnesota Statutes 2004, section 168.27, is amended by adding a subdivision to read:

Subd. 29. [FLEXIBLE FUEL VEHICLE NOTICE.] At the time a dealer delivers a flexible fuel vehicle, the dealer must provide written notice to the consumer that the vehicle is capable of using alternative fuels, including E85 fuel.

Sec. 82. Minnesota Statutes 2004, section 169.87, subdivision 4, is amended to read:

Subd. 4. [VEHICLE TRANSPORTING MILK.] Until June 1, 2003 2007, a weight restriction imposed under subdivision 1 by the commissioner of transportation or a local road authority, or imposed by subdivision 2, does not apply to a vehicle transporting milk from the point of production to the point of first processing if, at the time the weight restriction is exceeded, the vehicle is carrying milk loaded at only one point of production. This subdivision does not authorize a vehicle described in this subdivision to exceed a weight restriction of five tons per axle by more than two tons per axle.

[EFFECTIVE DATE.] This section is effective July 1, 2005.

Sec. 83. Minnesota Statutes 2004, section 174.52, subdivision 5, is amended to read:

Subd. 5. [GRANT PROCEDURES AND CRITERIA.] The commissioner shall establish procedures for statutory or home rule charter cities, towns, and counties to apply for grants or loans from the fund and criteria to be used to select projects for funding. The commissioner shall establish these procedures and criteria in consultation with representatives appointed by the Association of Minnesota Counties, League of Minnesota Cities, and Minnesota Township Officers Association Association of Townships, and the appropriate state agency as needed. The criteria for determining project priority and the amount of a grant or loan must be based upon consideration of:

- (1) the availability of other state, federal, and local funds;
- (2) the regional significance of the route;
- (3) effectiveness of the proposed project in eliminating a transportation system deficiency;
- (4) the number of persons who will be positively impacted by the project;
- (5) the project's contribution to other local, regional, or state economic development or redevelopment efforts including livestock and other agricultural operations permitted after the effective date of this section; and

(6) ability of the local unit of government to adequately provide for the safe operation and maintenance of the facility upon project completion.

Sec. 84. Minnesota Statutes 2004, section 223.17, subdivision 3, is amended to read:

Subd. 3. [GRAIN BUYERS AND STORAGE ACCOUNT; FEES.] The commissioner shall set the fees for inspections under sections 223.15 to 223.22 at levels necessary to pay the expenses of administering and enforcing sections 223.15 to 223.22.

The fee for any license issued or renewed after June 30, 2004 2005, shall be set according to the following schedule:

(a) ~~\$125~~ \$140 plus ~~\$100~~ \$110 for each additional location for grain buyers whose gross annual purchases are less than \$100,000;

(b) ~~\$250~~ \$275 plus ~~\$100~~ \$110 for each additional location for grain buyers whose gross annual purchases are at least \$100,000, but not more than \$750,000;

(c) ~~\$375~~ \$415 plus ~~\$200~~ \$220 for each additional location for grain buyers whose gross annual purchases are more than \$750,000 but not more than \$1,500,000;

(d) ~~\$500~~ \$550 plus ~~\$200~~ \$220 for each additional location for grain buyers whose gross annual purchases are more than \$1,500,000 but not more than \$3,000,000; and

(e) ~~\$625~~ \$700 plus ~~\$200~~ \$220 for each additional location for grain buyers whose gross annual purchases are more than \$3,000,000.

A penalty amount not to exceed ten percent of the fees due may be imposed by the commissioner for each month for which the fees are delinquent.

There is created the grain buyers and storage account in the agricultural fund. Money collected pursuant to sections 223.15 to 223.19 shall be paid into the state treasury and credited to the grain buyers and storage account and is appropriated to the commissioner for the administration and enforcement of sections 223.15 to 223.22.

Sec. 85. Minnesota Statutes 2004, section 223.17, subdivision 6, is amended to read:

Subd. 6. [FINANCIAL STATEMENTS.] For the purpose of fixing or changing the amount of a required bond or for any other proper reason, the commissioner shall require an annual financial statement from a licensee which has been prepared in accordance with generally accepted accounting principles and which meets the following requirements:

(a) The financial statement shall include, but not be limited to the following: (1) a balance sheet; (2) a statement of income (profit and loss); (3) a statement of retained earnings; (4) a statement of changes in financial position; and (5) a statement of the dollar amount of grain purchased in the previous fiscal year of the grain buyer.

(b) The financial statement shall be accompanied by a reviewed financial statement or audit prepared by an independent public accountant or a compilation report prepared by a grain commission firm approved by the commissioner, in accordance with standards established by the American Institute of Certified Public Accountants. Grain buyers purchasing less than 150,000 bushels of grain per calendar year may submit a financial statement prepared by a public accountant who is not an employee or a relative within the third degree of kindred according to civil law.

(c) The financial statement shall be accompanied by a certification by the chief executive officer or the chief executive officer's designee of the licensee, under penalty of perjury, that the financial statement accurately reflects the financial condition of the licensee for the period specified in the statement.

Only one financial statement must be filed for a chain of warehouses owned or operated as a single business entity, unless otherwise required by the commissioner. Any grain buyer having a

net worth in excess of \$500,000,000 need not file the financial statement required by this subdivision but must provide the commissioner with a certified net worth statement. All financial statements filed with the commissioner are private or nonpublic data as provided in section 13.02.

Sec. 86. Minnesota Statutes 2004, section 231.16, is amended to read:

**231.16 [WAREHOUSE OPERATOR OR HOUSEHOLD GOODS WAREHOUSE OPERATOR TO OBTAIN LICENSE.]**

A warehouse operator or household goods warehouse operator must be licensed annually by the department. The department shall prescribe the form of the written application. If the department approves the license application and the applicant files with the department the necessary bond, in the case of household goods warehouse operators, or proof of warehouse operators legal liability insurance coverage in an amount of \$50,000 or more, as provided for in this chapter, the department shall issue the license upon payment of the license fee required in this section. A warehouse operator or household goods warehouse operator to whom a license is issued shall pay a fee as follows:

Building square footage used for public storage	
(1) 5,000 or less	\$100 <u>\$110</u>
(2) 5,001 to 10,000	\$200 <u>\$220</u>
(3) 10,001 to 20,000	\$300 <u>\$330</u>
(4) 20,001 to 100,000	\$400 <u>\$440</u>
(5) 100,001 to 200,000	\$500 <u>\$550</u>
(6) over 200,000	\$600 <u>\$660</u>

A penalty amount not to exceed ten percent of the fees due may be imposed by the commissioner for each month for which the fees are delinquent.

Fees collected under this chapter must be paid into the grain buyers and storage account established in section 232.22.

The license must be renewed annually on or before July 1, and always upon payment of the full license fee required in this section. No license shall be issued for any portion of a year for less than the full amount of the license fee required in this section. Each license obtained under this chapter must be publicly displayed in the main office of the place of business of the warehouse operator or household goods warehouse operator to whom it is issued. The license authorizes the warehouse operator or household goods warehouse operator to carry on the business of warehousing only in the one city or town named in the application and in the buildings therein described. The department, without requiring an additional bond and license, may issue permits from time to time to any warehouse operator already duly licensed under the provisions of this chapter to operate an additional warehouse in the same city or town for which the original license was issued during the term thereof, upon the filing an application for a permit in the form prescribed by the department.

A license may be refused for good cause shown and revoked by the department for violation of law or of any rule adopted by the department, upon notice and after hearing.

Sec. 87. Minnesota Statutes 2004, section 232.22, subdivision 3, is amended to read:

Subd. 3. [FEES; GRAIN BUYERS AND STORAGE ACCOUNT.] There is created in the agricultural fund an account known as the grain buyers and storage account. The commissioner shall set the fees for inspections, certifications and licenses under sections 232.20 to 232.25 at levels necessary to pay the costs of administering and enforcing sections 232.20 to 232.25. All money collected pursuant to sections 232.20 to 232.25 and chapters 233 and 236 shall be paid by the commissioner into the state treasury and credited to the grain buyers and storage account and is appropriated to the commissioner for the administration and enforcement of sections 232.20 to 232.25 and chapters 233 and 236. All money collected pursuant to chapter 231 shall be paid by the commissioner into the grain buyers and storage account and is appropriated to the commissioner for the administration and enforcement of chapter 231.

The fees for a license to store grain are as follows:

(a) For a license to store grain, \$110 for each home rule charter or statutory city or town in which a public grain warehouse is operated.

(b) A person with a license to store grain in a public grain warehouse is subject to an examination fee for each licensed location, based on the following schedule for one examination:

<u>Bushel Capacity</u>	<u>Examination Fee</u>
<u>Less than 150,001</u>	<u>\$300</u>
<u>150,001 to 250,000</u>	<u>\$425</u>
<u>250,001 to 500,000</u>	<u>\$545</u>
<u>500,001 to 750,000</u>	<u>\$700</u>
<u>750,001 to 1,000,000</u>	<u>\$865</u>
<u>1,000,001 to 1,200,000</u>	<u>\$1,040</u>
<u>1,200,001 to 1,500,000</u>	<u>\$1,205</u>
<u>1,500,001 to 2,000,000</u>	<u>\$1,380</u>
<u>More than 2,000,000</u>	<u>\$1,555</u>

(c) The fee for the second examination is \$55 per hour per examiner for warehouse operators who choose to have it performed by the commissioner.

(d) A penalty amount not to exceed ten percent of the fees due may be imposed by the commissioner for each month for which the fees are delinquent.

Sec. 88. Minnesota Statutes 2004, section 236.02, subdivision 4, is amended to read:

Subd. 4. [FEES.] The license fee is \$140 for each home rule charter or statutory city or town in which a private grain warehouse is operated and which will be used to operate a grain bank. A penalty amount not to exceed ten percent of the fees due may be imposed by the commissioner for each month for which the fees are delinquent. The license fee must be set by the commissioner in an amount sufficient to cover the costs of administering and enforcing this chapter. Fees collected under this chapter must be paid into the grain buyers and storage account established in section 232.22.

Sec. 89. Minnesota Statutes 2004, section 327.23, subdivision 2, is amended to read:

Subd. 2. [MANUFACTURED HOME PARK.] (a) The term "manufactured home park" shall not be construed to include:

(1) manufactured homes, buildings, tents or other structures temporarily maintained by any individual or company on premises associated with a work project and used exclusively to house labor or other personnel occupied in such work project; or

(2) two or fewer manufactured homes maintained by an individual or company on premises associated with an agricultural operation in an area zoned agricultural, provided the homes:

(i) are located within 100 yards of an existing residence on those premises;

(ii) are used exclusively to house either family of the individual, at least one of whose members is engaged in agricultural work on the premises, or agricultural labor as defined in section 3121(g) of the Internal Revenue Code; and

(iii) meet the requirements of sections 327.31 to 327.35, and Minnesota Rules, chapter 1350, and parts 4630.0600, subpart 1; 4630.0700; 4630.1200; 4630.3500; and 4715.0310.

(b) The state Department of Health may by rule prescribe such sanitary facilities as it may deem necessary to provide for the sanitation of such structures and the safety of the occupants thereof.

Sec. 90. Minnesota Statutes 2004, section 394.25, subdivision 3c, is amended to read:

Subd. 3c. [FEEDLOT ZONING ORDINANCES.] (a) A county proposing to adopt a new feedlot ordinance or amend an existing feedlot ordinance must notify the Pollution Control Agency and commissioner of agriculture at the beginning of the process, no later than the notice of the first hearing proposing to adopt or amend an ordinance purporting to address feedlots.

(b) Prior to final approval of a feedlot ordinance, a county board may submit a copy of the proposed ordinance to the Pollution Control Agency and to the commissioner of agriculture and request review, comment, and preparation of recommendations on the environmental and agricultural effects from specific provisions in the ordinance.

(c) The agencies' response to the county may include:

(1) any recommendations for improvements in the ordinance; and

(2) the legal, social, economic, or scientific justification for each recommendation under clause (1).

(d) At the request of the county board, the county must prepare a report on the environmental and agricultural economic effects from specific provisions in the ordinance. Economic analysis must state whether the ordinance will affect the local economy and describe the kinds of businesses affected and the projected impact the proposal will have on those businesses. To assist the county, the commissioner of agriculture, in cooperation with the Department of Employment and Economic Development, must develop a template for measuring local economic effects and make it available to the county. The report must be submitted to the commissioners of employment and economic development and agriculture along with the proposed ordinance.

(e) ~~The report may include:~~

~~(1) any recommendations for improvements in the ordinance; and~~

~~(2) the legal, social, economic, or scientific justification for each recommendation under clause (1).~~

~~(d)~~ (e) A local ordinance that contains a setback for new feedlots from existing residences must also provide for a new residence setback from existing feedlots located in areas zoned agricultural at the same distances and conditions specified in the setback for new feedlots, unless the new residence is built to replace an existing residence. A county may grant a variance from this requirement under section 394.27, subdivision 7.

Sec. 91. Minnesota Statutes 2004, section 462.355, subdivision 4, as amended by Laws 2005, chapter 41, section 17, is amended to read:

Subd. 4. [INTERIM ORDINANCE.] (a) If a municipality is conducting studies or has authorized a study to be conducted or has held or has scheduled a hearing for the purpose of considering adoption or amendment of a comprehensive plan or official controls as defined in section 462.352, subdivision 15, or if new territory for which plans or controls have not been adopted is annexed to a municipality, the governing body of the municipality may adopt an interim ordinance applicable to all or part of its jurisdiction for the purpose of protecting the planning process and the health, safety and welfare of its citizens. The interim ordinance may regulate, restrict, or prohibit any use, development, or subdivision within the jurisdiction or a portion thereof for a period not to exceed one year from the date it is effective.

(b) If a proposed interim ordinance purports to regulate, restrict, or prohibit activities relating to livestock production, a public hearing must be held following a ten-day notice given by publication in a newspaper of general circulation in the municipality before the interim ordinance takes effect.

(c) The period of an interim ordinance applicable to an area that is affected by a city's master plan for a municipal airport may be extended for such additional periods as the municipality may deem appropriate, not exceeding a total additional period of 18 months. In all other cases, no interim ordinance may halt, delay, or impede a subdivision that has been given preliminary

approval, nor may any interim ordinance extend the time deadline for agency action set forth in section 15.99 with respect to any application filed prior to the effective date of the interim ordinance. The governing body of the municipality may extend the interim ordinance after a public hearing and written findings have been adopted based upon one or more of the conditions in clause (1), (2), or (3). The public hearing must be held at least 15 days but not more than 30 days before the expiration of the interim ordinance, and notice of the hearing must be published at least ten days before the hearing. The interim ordinance may be extended for the following conditions and durations, but, except as provided in clause (3), an interim ordinance may not be extended more than an additional 18 months:

(1) up to an additional 120 days following the receipt of the final approval or review by a federal, state, or metropolitan agency when the approval is required by law and the review or approval has not been completed and received by the municipality at least 30 days before the expiration of the interim ordinance;

(2) up to an additional 120 days following the completion of any other process required by a state statute, federal law, or court order, when the process is not completed at least 30 days before the expiration of the interim ordinance; or

(3) up to an additional one year if the municipality has not adopted a comprehensive plan under this section at the time the interim ordinance is enacted.

Sec. 92. Minnesota Statutes 2004, section 462.357, is amended by adding a subdivision to read:

Subd. 1g. [FEEDLOT ZONING CONTROLS.] (a) A municipality proposing to adopt a new feedlot zoning control or to amend an existing feedlot zoning control must notify the Pollution Control Agency and commissioner of agriculture at the beginning of the process, no later than the date notice is given of the first hearing proposing to adopt or amend a zoning control purporting to address feedlots.

(b) Prior to final approval of a feedlot zoning control, the governing body of a municipality may submit a copy of the proposed zoning control to the Pollution Control Agency and to the commissioner of agriculture and request review, comment, and recommendations on the environmental and agricultural effects from specific provisions in the ordinance.

(c) The agencies' response to the municipality may include:

(1) any recommendations for improvements in the ordinance; and

(2) the legal, social, economic, or scientific justification for each recommendation under clause (1).

(d) At the request of the municipality's governing body, the municipality must prepare a report on the economic effects from specific provisions in the ordinance. Economic analysis must state whether the ordinance will affect the local economy and describe the kinds of businesses affected and the projected impact the proposal will have on those businesses. To assist the municipality, the commissioner of agriculture, in cooperation with the Department of Employment and Economic Development, must develop a template for measuring local economic effects and make it available to the municipality. The report must be submitted to the commissioners of employment and economic development and agriculture along with the proposed ordinance.

(e) A local ordinance that contains a setback for new feedlots from existing residences must also provide for a new residence setback from existing feedlots located in areas zoned agricultural at the same distances and conditions specified in the setback for new feedlots, unless the new residence is built to replace an existing residence. A municipality may grant a variance from this requirement under section 462.358, subdivision 6.

Sec. 93. [TRANSFER OF FUNDS; DEPOSIT OF REPAYMENTS.]

The remaining balances in the revolving accounts in Minnesota Statutes, sections 41B.046 and 41B.049, that are dedicated to rural finance authority loan programs under those sections, are

transferred to the revolving loan account established in Minnesota Statutes, section 41B.06, on the effective date of this section. All future receipts from value-added agricultural product loans and methane digester loans originated under Minnesota Statutes, sections 41B.046 and 41B.049, must be deposited in the revolving loan account established in Minnesota Statutes, section 41B.06.

Sec. 94. [AGRICULTURAL NUTRIENT TASK FORCE.]

(a) There is created an Agricultural Nutrient Task Force consisting of two members of the senate appointed by the chair of the senate Committee on Agriculture, Veterans and Gaming; two members of the house of representatives appointed by the chair of the house Committee on Agriculture and Rural Development; the commissioner of agriculture or the commissioner's designee; and 15 public members appointed by the commissioner. The public members must be broadly representative of the diverse range of persons interested in and knowledgeable about agricultural soil nutrients and must include representatives of agricultural crop growers, fertilizer retailers, soil nutrient consultants, and agricultural soil and nutrient researchers. Public members of the task force must serve without compensation or reimbursement of personal expenses.

(b) The commissioner of agriculture must convene the first meeting of the task force and must provide office support services to the task force as needed. The task force may determine the date, location, and agenda of additional meetings.

(c) The task force must review and make recommendations on at least the following topics and practices:

(1) the need for research, education, and training in the selection and application of agricultural fertilizer and soil nutrients in the state;

(2) the imposition of a tonnage fee on all agricultural fertilizer applied in Minnesota and the designated uses of the proceeds from the fee;

(3) the desirability of amending statutes and rules that apply to the selection, purchase, storage, and application of agricultural fertilizer and soil nutrients, including the reasonableness of rules for their on-farm storage; and

(4) methods of inspection and monitoring for compliance with fertilizer regulations to protect against the theft of anhydrous ammonia for production of methamphetamine.

(d) On behalf of the task force, not later than February 15, 2006, the commissioner of agriculture shall prepare and deliver to the standing agriculture policy committees of the senate and the house of representatives a report and list of recommendations for changes in statutes and rules.

(e) The task force expires June 30, 2006.

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

Sec. 95. [STUDY; BIODIESEL FUEL FOR RESIDENTIAL, COMMERCIAL, AND INDUSTRIAL HEATING.]

(a) From the money available to the commissioner of commerce for purposes of studies and technical assistance by the reliability administrator under Minnesota Statutes, section 216C.052, and in conformity with the goals and directives of Minnesota Statutes, section 16B.325, the reliability administrator shall perform a comprehensive technical and economic analysis of the benefits to be derived from using biodiesel fuel as defined in Minnesota Statutes, section 239.77, subdivision 1, or biodiesel fuel blends, as a residential, commercial, and industrial heating fuel. The analysis must consider blends ranging from B2 to B100. No more than \$25,000 may be expended for the analysis.

(b) Not later than March 15, 2007, the reliability administrator shall report the results of the study and analysis to the appropriate standing committees of the Minnesota senate and house of representatives.

Sec. 96. [CONTINUED SUPPORT FOR SUSTAINABLE AND ORGANIC AGRICULTURE.]

The University of Minnesota is requested to continue providing support for sustainable and organic agriculture initiatives including, but not limited to, the alternative swine systems program.

Sec. 97. [REVISOR'S INSTRUCTION.]

The revisor of statutes shall change cross-references in Minnesota Statutes and Minnesota Rules to reflect the amendments and repealers in this act and Minnesota Statutes, sections 17.452, subdivision 5a; 35.153; and 35.155, as amended in this article.

Sec. 98. [REPEALER.]

(a) Minnesota Statutes 2004, section 41B.046, subdivision 3, is repealed effective the day following final enactment.

(b) Minnesota Statutes 2004, sections 18B.065, subdivision 5; and 19.64, subdivision 4a, are repealed.

(c) Minnesota Statutes 2004, section 18H.02, subdivisions 15 and 19, are repealed.

(d) Minnesota Statutes 2004, section 17.983, subdivision 2, is repealed.

(e) Minnesota Statutes 2004, section 35.0661, subdivision 4, is repealed.

(f) Minnesota Statutes 2004, sections 17.451; and 17.452, subdivisions 6, 6a, 7, 10, 11, 12, 13, 13a, 14, 15, and 16, are repealed.

## ARTICLE 2

### ENVIRONMENT AND NATURAL RESOURCES

Section 1. [ENVIRONMENT AND NATURAL RESOURCES APPROPRIATIONS.]

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or another named fund, to the agencies and for the purposes specified in this article, to be available for the fiscal years indicated for each purpose. The figures "2006" and "2007," where used in this article, mean that the appropriation or appropriations listed under them are available for the fiscal year ending June 30, 2006, or June 30, 2007, respectively. The term "the first year" means the year ending June 30, 2006, and the term "the second year" means the year ending June 30, 2007.

#### SUMMARY BY FUND

	2006	2007	TOTAL
General	\$113,313,000	\$111,865,000	\$225,178,000
State Government			
Special Revenue	48,000	48,000	96,000
Environmental	56,031,000	56,338,000	112,369,000
Natural Resources	68,443,000	68,671,000	137,114,000
Game and Fish	86,928,000	87,773,000	174,701,000
Remediation	11,504,000	11,504,000	23,008,000
Permanent School	200,000	200,000	400,000
State Land and Water Conservation Account (LAWCON)	1,600,000	-0-	1,600,000
Environment and Natural Resources Trust Fund	18,829,000	18,829,000	37,658,000

Great Lakes Protection Account	28,000	-0-	28,000
TOTAL	\$356,924,000	\$355,228,000	\$712,152,000

APPROPRIATIONS  
Available for the Year  
Ending June 30  
2006 2007

Sec. 2. POLLUTION CONTROL  
AGENCY

Subdivision 1. Total Appropriation		\$78,836,000	\$79,154,000
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Summary by Fund

General	11,353,000	11,364,000
State Government Special Revenue	48,000	48,000
Environmental	56,031,000	56,338,000
Remediation	11,404,000	11,404,000

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Water

25,428,000	25,439,000
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Summary by Fund

General	7,506,000	7,517,000
State Government Special Revenue	48,000	48,000
Environmental	17,874,000	17,874,000

\$2,348,000 the first year and \$2,348,000 the second year are for the clean water partnership program. Any balance remaining in the first year does not cancel and is available for the second year. This appropriation may be used for grants to local units of government for the purpose of restoring impaired waters listed under section 303(d) of the federal Clean Water Act in accordance with adopted total maximum daily loads (TMDLs), including implementation of approved clean water partnership diagnostic study work plans that will assist in restoration of such impaired waters.

\$335,000 the first year and \$335,000 the second year are for community technical assistance and education, including grants and technical assistance to communities for local and basinwide water quality protection.

\$405,000 the first year and \$405,000 the second

year are for individual sewage treatment system (ISTS) administration and grants. Of this amount, \$86,000 each year is for assistance to counties through grants for ISTS program administration. Any unexpended balance in the first year does not cancel but is available in the second year.

\$480,000 the first year and \$480,000 the second year are from the environmental fund to address the need for continued increased activity in the areas of new technology review, technical assistance for local governments, and enforcement under Minnesota Statutes, sections 115.55 to 115.58, and to complete the requirements of Laws 2003, chapter 128, article 1, sections 164 and 165. Of this amount, \$48,000 each year is for administration of individual septic tank fees, as provided in Minnesota Statutes, section 115.551.

\$2,324,000 the first year and \$2,324,000 the second year must be distributed as grants to delegated counties to administer the county feedlot program. Distribution of the funds must be conducted according to the following three-part formula:

(1) Number of feedlots in the county: 60 percent of the total appropriation must be distributed according to the number of feedlots that are required to be registered in the county. Grants awarded under this clause must be matched with a combination of local cash and in-kind contributions.

(2) Minimum program requirements: 25 percent of the total appropriation must be distributed based on the county (i) conducting an annual number of inspections at feedlots that is equal to or greater than seven percent of the total number of registered feedlots that are required to be registered in the county; and (ii) meeting noninspection minimum program requirements as identified in the county feedlot workplan form. Counties that do not meet the inspection requirement must not receive 50 percent of the eligible funding under this clause. Counties must receive funding for noninspection requirements under this clause according to a scoring system checklist administered by the department. The commissioner, in consultation with the Minnesota Association of County Feedlot Officers executive team, shall make a final decision regarding any appeal by a county regarding the terms and conditions of this clause.

(3) Performance credits: 15 percent of the total appropriation must be distributed according to work that has been done by the counties during the fiscal year. The amount must be determined by the number of performance credits a county accumulates during the year based on a performance credit matrix jointly agreed upon by the commissioner in consultation with the Minnesota Association of County Feedlot Officers executive team. To receive an award under this clause the county must meet the requirements of clause (2)(i) and achieve 90 percent of the requirements according to clause (2)(ii) of the formula. The rate of reimbursement per performance credit item must not exceed \$200.

Delegated counties are eligible for a minimum grant of \$7,500. To receive the full \$7,500 amount a county must meet the requirements under clause (2) of the formula. Nondelegated counties that apply for delegation shall receive a grant prorated according to the number of full quarters remaining in the program year from the date of commissioner approval of the delegation. Funds for awards to any newly delegated counties must be made out of the appropriation reserved for clause (3) of the formula. The commissioner, in consultation with the Minnesota Association of County Feedlot Officers executive team, may decide to use funds reserved for clause (3) of the formula in an amount not to exceed five percent of the total annual appropriation for initiatives to enhance existing delegated county feedlot programs, information and education, or technical assistance efforts to reduce feedlot-related pollution hazards. Any funds remaining after distribution under clauses (1) and (2) of the formula must be transferred to clause (3) of the formula. Any money remaining after the first year is available for the second year.

Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered under contract on or before June 30, 2007, for clean water partnership, individual sewage treatment systems (ISTS), Minnesota River, total maximum daily loads (TMDLs), and local and basinwide water quality protection grants in this subdivision are available until June 30, 2009.

Subd. 3. Air

9,297,000

9,604,000

Summary by Fund

Environmental	9,297,000	9,604,000
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Up to \$150,000 the first year and \$150,000 the second year may be transferred to the environmental fund for the small business environmental improvement loan program established in Minnesota Statutes, section 116.993.

\$200,000 the first year and \$200,000 the second year are from the environmental fund for a monitoring program under Minnesota Statutes, section 116.454.

\$125,000 the first year and \$125,000 the second year are from the environmental fund for monitoring ambient air for hazardous pollutants in the metropolitan area.

Subd. 4. Land

18,469,000	18,469,000
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Summary by Fund

Environmental	7,065,000	7,065,000
Remediation	11,404,000	11,404,000

All money for environmental response, compensation, and compliance in the remediation fund not otherwise appropriated is appropriated to the commissioners of the Pollution Control Agency and the Department of Agriculture for purposes of Minnesota Statutes, section 115B.20, subdivision 2, clauses (1), (2), (3), (6), and (7). At the beginning of each fiscal year, the two commissioners shall jointly submit an annual spending plan to the commissioner of finance that maximizes the utilization of resources and appropriately allocates the money between the two agencies. This appropriation is available until June 30, 2007.

\$3,616,000 the first year and \$3,616,000 the second year are from the petroleum tank fund to be transferred to the remediation fund for purposes of the leaking underground storage tank program to protect the land.

\$200,000 the first year and \$200,000 the second year are from the remediation fund to be transferred to the Department of Health for private water supply monitoring and health assessment costs in areas contaminated by unpermitted mixed municipal solid waste disposal facilities.

In fiscal years 2006 and 2007, of the money appropriated from the remediation fund under Minnesota Statutes, section 116.155, subdivision

2, at least \$2,000,000 must be used for cleanup at Valentine Clark and Reserve Mining.

Subd. 5. Multimedia

4,305,000	4,305,000	
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Summary by Fund

General	2,264,000	2,264,000
Environmental	2,041,000	2,041,000

Subd. 6. Environmental Assistance

19,754,000	19,754,000	
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Summary by Fund

Environmental	19,754,000	19,754,000
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\$12,500,000 each year is from the environmental fund for SCORE block grants to counties.

Any unencumbered grant and loan balances in the first year do not cancel but are available for grants and loans in the second year.

All money deposited in the environmental fund for the metropolitan solid waste landfill fee in accordance with Minnesota Statutes, section 473.843, and not otherwise appropriated, is appropriated for the purposes of Minnesota Statutes, section 473.844.

\$119,000 the first year and \$119,000 the second year are for environmental assistance grants or loans under Minnesota Statutes, section 115A.0716.

Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered under contract on or before June 30, 2007, for environmental assistance grants awarded under Minnesota Statutes, section 115A.0716, and for technical and research assistance under Minnesota Statutes, section 115A.152, technical assistance under Minnesota Statutes, section 115A.52, and pollution prevention assistance under Minnesota Statutes, section 115D.04, are available until June 30, 2009.

Subd. 7. Administrative Support

1,583,000	1,583,000	
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Summary by Fund

General	1,583,000	1,583,000
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By December 1, 2005, the commissioner shall submit a report to the Environment and Natural Resources Policy and Finance Committees of the house and senate that provides a benchmarking matrix and analysis that compares the

environmental review and permitting requirements for forest products and mining industry projects in Minnesota with requirements in other states and countries. The matrix and analysis must include an assessment of whether the requirements in Minnesota and other relevant states and countries that have similar industries are more strict, less strict, or equivalent to requirements of the federal Environmental Protection Agency and requirements under the National Environmental Policy Act.

The commissioner may transfer money from the environmental fund to the remediation fund as necessary for the purposes of the remediation fund under Minnesota Statutes, section 116.155, subdivision 2.

### Sec. 3. NATURAL RESOURCES

#### Subdivision 1. Total Appropriation

226,157,000

225,980,000

#### Summary by Fund

General	75,681,000	74,431,000
Natural Resources	63,248,000	63,476,000
Game and Fish	86,928,000	87,773,000
Remediation	100,000	100,000
Permanent School	200,000	200,000

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

#### Subd. 2. Land and Mineral Resources Management

8,903,000

8,675,000

#### Summary by Fund

General	5,498,000	5,248,000
Natural Resources	2,222,000	2,222,000
Game and Fish	983,000	1,005,000
Permanent School	200,000	200,000

\$275,000 the first year and \$275,000 the second year are for iron ore cooperative research, of which \$137,500 the first year and \$137,500 the second year are available only as matched by \$1 of nonstate money for each \$1 of state money. The match may be cash or in-kind.

\$86,000 the first year and \$86,000 the second year are for minerals cooperative environmental research, of which \$43,000 the first year and \$43,000 the second year are available only as

matched by \$1 of nonstate money for each \$1 of state money. The match may be cash or in-kind.

\$2,046,000 the first year and \$2,046,000 the second year are from the minerals management account in the natural resources fund for only the purposes specified in new Minnesota Statutes, section 93.2236, paragraph (c). Of this amount, \$1,526,000 the first year and \$1,526,000 the second year are for mineral resource management, \$420,000 the first year and \$420,000 the second year are for projects to enhance future income and promote new opportunities, including value-added iron products, geological mapping, and mercury research, and \$100,000 the first year and \$100,000 the second year are for environmental review and the processing of permits for mining projects that involve state-owned mineral rights. The appropriation is from the revenue deposited in the minerals management account under Minnesota Statutes, section 93.22, subdivision 1, paragraph (b). \$100,000 each year is a onetime appropriation.

\$150,000 the first year and \$150,000 the second year are from the state forest suspense account in the permanent school fund to accelerate land exchanges, land sales, and commercial leasing of school trust lands. This appropriation is to be used toward meeting the provisions of Minnesota Statutes, section 92.121, to exchange school trust lands or put alternatives in effect when management practices have diminished or prohibited revenue generation, and the direction of Minnesota Statutes, section 127A.31, to secure maximum long-term economic return from the school trust lands consistent with fiduciary responsibilities and sound natural resources conservation and management principles.

\$50,000 the first year and \$50,000 the second year are from the state forest suspense account in the permanent school fund to identify, evaluate, and lease construction aggregate located on school trust lands.

\$250,000 the first year is for a grant to the Board of Regents of the University of Minnesota to drill a 5,000 foot core sampling bore hole at the Tower-Soudan mine complex in support of a National Science Foundation grant. This is a onetime appropriation

Subd. 3. Water Resources Management

11,092,000

11,092,000

## Summary by Fund

General	10,812,000	10,812,000
Natural Resources	280,000	280,000

\$210,000 the first year and \$210,000 the second year are for grants associated with the implementation of the Red River mediation agreement.

\$65,000 the first year and \$65,000 the second year are for a grant to the Mississippi Headwaters Board for up to 50 percent of the cost of implementing the comprehensive plan for the upper Mississippi within areas under its jurisdiction.

\$5,000 the first year and \$5,000 the second year are for payment to the Leech Lake Band of Chippewa Indians to implement its portion of the comprehensive plan for the upper Mississippi.

\$125,000 the first year and \$125,000 the second year are for the construction of ring dikes under Minnesota Statutes, section 103F.161. The ring dikes may be publicly or privately owned. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

## Subd. 4. Forest Management

35,526,000

35,126,000

## Summary by Fund

General	24,961,000	24,561,000
Natural Resources	10,315,000	10,315,000
Game and Fish	250,000	250,000

\$7,217,000 the first year and \$7,217,000 the second year are for prevention, presuppression, and suppression costs of emergency firefighting and other costs incurred under Minnesota Statutes, section 88.12. If the appropriation for either year is insufficient to cover all costs of presuppression and suppression, the amount necessary to pay for these costs during the biennium is appropriated from the general fund. By November 15 of each year, the commissioner of natural resources shall submit a report to the chairs of the house of representatives Ways and Means Committee, the senate Finance Committee, the Environment and Agriculture Budget Division of the senate Finance Committee, and the house of representatives Agriculture, Environment and Natural Resources

Finance Committee, identifying all firefighting costs incurred and reimbursements received in the prior fiscal year. These appropriations may not be transferred. Any reimbursement of firefighting expenditures made to the commissioner from any source other than federal mobilizations shall be deposited into the general fund.

\$10,315,000 the first year and \$10,315,000 the second year are from the forest management investment account in the natural resources fund for only the purposes specified in Minnesota Statutes, section 89.039, subdivision 2.

\$730,000 the first year and \$730,000 the second year are for the Forest Resources Council for implementation of the Sustainable Forest Resources Act.

\$350,000 the first year and \$350,000 the second year are for the FORIST Timber Management Information System and for increased forestry management. The amount in the second year is also available in the first year.

\$250,000 the first year and \$250,000 the second year are from the game and fish fund to implement Ecological Classification Systems (ECS) standards on forested landscapes. This appropriation is from revenue deposited in the game and fish fund under Minnesota Statutes, section 297A.94, paragraph (e), clause (1).

\$400,000 the first year is for grants to the Natural Resources Research Institute for silvicultural research to improve the quality and quantity of timber fiber. The appropriation must be matched in the amount of \$400,000, in cash or in-kind contributions, from the forest products industry members of the Minnesota Forest Productivity Research Cooperative. This is a onetime appropriation.

Subd. 5. Parks and Recreation  
Management

33,001,000                      33,161,000

Summary by Fund

General	19,279,000	19,279,000
Natural Resources	13,722,000	13,882,000

\$640,000 the first year and \$640,000 the second year are from the water recreation account in the natural resources fund for state park water access projects.

\$3,811,000 the first year and \$3,971,000 the

second year are from the natural resources fund for state park and recreation area operations. This appropriation is from the revenue deposited in the natural resources fund under Minnesota Statutes, section 297A.94, paragraph (e), clause (2).

Subd. 6. Trails and Waterways  
Management

26,971,000                      26,660,000

Summary by Fund

General	1,684,000	1,284,000
Natural Resources	23,196,000	23,289,000
Game and Fish	2,091,000	2,087,000

\$7,224,000 the first year and \$7,224,000 the second year are from the snowmobile trails and enforcement account in the natural resources fund for snowmobile grants-in-aid. The additional money under this item may be used for new grant-in-aid trails. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

\$925,000 the first year and \$825,000 the second year are from the natural resources fund for off-highway vehicle grants-in-aid. Of this amount, \$575,000 each year is from the all-terrain vehicle account; \$150,000 each year is from the off-highway motorcycle account; and \$200,000 the first year and \$100,000 the second year are from the off-road vehicle account. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

\$261,000 the first year and \$261,000 the second year are from the water recreation account in the natural resources fund for a safe harbor program on Lake Superior.

\$742,000 the first year and \$760,000 the second year are from the natural resources fund for state trail operations. This appropriation is from the revenue deposited in the natural resources fund under Minnesota Statutes, section 297A.94, paragraph (e), clause (2).

\$655,000 the first year and \$655,000 the second year are from the natural resources fund for trail grants to local units of government on land to be maintained for at least 20 years for the purposes of the grant. This appropriation is from the revenue deposited in the natural resources fund under Minnesota Statutes, section 297A.94, paragraph (e), clause (4).

By June 30, 2007, the department shall establish a boat launch and ramp at Horseshoe Bay in Cook County, and rehabilitate the historic fishing pier on Dower Lake in Todd County.

\$1,600,000 the first year and \$1,900,000 the second year are from the water recreation account in the natural resources fund for the acquisition, development, maintenance, and rehabilitation of existing sites for public access and boating facilities on public waters. This money is from the watercraft license fee increases in this act.

\$100,000 the first year is for a grant to the Duluth Port Authority to determine the cause of freshwater corrosion of harbor sheet piling, provided these state funds are matched on a dollar-for-dollar basis by nonstate funds. This is a onetime appropriation.

\$300,000 is for a grant to the St. Louis and Lake Counties Regional Railroad Authority to complete constructing, furnishing, and equipping Mesabi Station along the 132-mile recreational trail known as Mesabi Trail and located at the intersection of U.S. Highway 53 and marked Trunk Highway 37. This appropriation is dependent upon a matching contribution of \$800,000 from other sources, public or private. This is a onetime appropriation.

\$75,000 the first year is from the all-terrain vehicle account in the natural resources fund for a study to determine the amount of gasoline used each year by all-terrain vehicle riders in the state, except for riders with vehicles registered for private use. The commissioners of natural resources, revenue, and transportation shall jointly determine the amount of unrefunded gasoline tax attributable to all-terrain vehicle use in the state and shall report to the legislature by March 1, 2006, with an appropriate proposed revision to Minnesota Statutes, section 296A.18.

\$50,000 is appropriated from the all-terrain vehicle account in the natural resources fund to the commissioner of natural resources for fiscal year 2006 for a feasibility study on the use of all-terrain vehicles on the North Shore Trail. All data and information compiled for this study may be used in any future master trail plan revision. The study shall be reported back to the house and senate environment committee chairs by March 1, 2006.

The appropriation in Laws 2003, chapter 128,

article 1, section 5, subdivision 6, from the water recreation account in the natural resources fund for a cooperative project with the United States Army Corps of Engineers to develop the Mississippi Whitewater Park is available until June 30, 2007.

By February 15, 2006, the commissioner shall report to the senate Environment, Agriculture and Economic Development Budget Division and the house Environment, Natural Resources, and Agriculture Finance Committees on the management and operational responsibilities for the Mississippi Whitewater Park authorized by Minnesota Statutes, section 85.0156. The report shall identify who the potential operators, owners, and managers of the park will be as well as related issues.

Subd. 7. Fish and Wildlife Management

62,688,000

62,866,000

Summary by Fund

General	2,166,000	1,966,000
Natural Resources	1,740,000	1,740,000
Game and Fish	58,782,000	59,160,000

\$407,000 the first year and \$412,000 the second year are for resource population surveys in the 1837 treaty area. Of this amount, \$265,000 the first year and \$270,000 the second year are from the game and fish fund.

\$3,013,000 the first year and \$3,013,000 the second year are from the wildlife acquisition surcharge account for only the purposes specified in Minnesota Statutes, section 97A.071, subdivision 2a. This appropriation is available until spent.

\$7,233,000 the first year and \$7,233,000 the second year are from the heritage enhancement account in the game and fish fund for only the purposes specified in Minnesota Statutes, section 297A.94, paragraph (e), clause (1).

Notwithstanding Minnesota Statutes, section 84.943, \$13,000 the first year and \$13,000 the second year from the critical habitat private sector matching account may be used to publicize the critical habitat license plate match program.

Notwithstanding Minnesota Statutes, section 297A.94, this appropriation may be used for hunter recruitment and retention and public land user facilities.

\$1,030,000 the first year and \$880,000 the second year are from the trout and salmon management account for only the purposes specified in Minnesota Statutes, section 97A.075, subdivision 3.

\$1,411,000 the first year and \$1,411,000 the second year are from the deer habitat improvement account for only the purposes specified in Minnesota Statutes, section 97A.075, subdivision 1, paragraph (b).

\$397,000 the first year and \$397,000 the second year are from the deer and bear management account for only the purposes specified in Minnesota Statutes, section 97A.075, subdivision 1, paragraph (c).

\$851,000 the first year and \$851,000 the second year are from the waterfowl habitat improvement account for only the purposes specified in Minnesota Statutes, section 97A.075, subdivision 2.

\$890,000 the first year and \$890,000 the second year are from the pheasant habitat improvement account for only the purposes specified in Minnesota Statutes, section 97A.075, subdivision 4.

\$142,000 the first year and \$142,000 the second year are from the wild turkey management account for only the purposes specified in Minnesota Statutes, section 97A.075, subdivision 5. Of this amount, \$8,000 the first year and \$8,000 the second year are appropriated from the game and fish fund for transfer to the wild turkey management account for purposes specified in Minnesota Statutes, section 97A.075, subdivision 5.

\$200,000 the first year is for coordination and implementation of the roadsides for wildlife program, including roadside wildlife management training for road managers and adjacent landowners, development of local partnerships to maximize roadside habitat benefits, identification and cataloguing of existing and needed technical resources, and development of a steering group to monitor the progress of the program and identify and resolve issues of concern for wildlife management in roadsides. This is a onetime appropriation.

Notwithstanding Minnesota Statutes, section 297A.94, paragraph (e), clause (1), \$325,000 is from the revenue deposited to the game and fish fund under Minnesota Statutes, section 297A.94,

paragraph (e), clause (1), for a grant to "Let's Go Fishing" of Minnesota to promote opportunities for fishing. The grant recipient must report back to the commissioner by February 1, 2006, on the use and results of the appropriation. This is a onetime appropriation.

Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered under contract on or before June 30, 2007, for aquatic restoration grants and wildlife habitat grants are available until June 30, 2008.

Subd. 8. Ecological Services

10,196,000                      10,235,000

Summary by Fund

General	3,275,000	3,275,000
Natural Resources	3,215,000	3,215,000
Game and Fish	3,706,000	3,745,000

\$1,128,000 the first year and \$1,128,000 the second year are from the nongame wildlife management account in the natural resources fund for the purpose of nongame wildlife management.

Notwithstanding Minnesota Statutes, section 290.431, \$100,000 the first year and \$100,000 the second year may be used for nongame information, education, and promotion.

\$477,000 the first year and \$477,000 the second year are for the reinvest in Minnesota programs of game and fish, critical habitat, and wetlands established under Minnesota Statutes, section 84.95, subdivision 2.

\$1,588,000 the first year and \$1,588,000 the second year are from the heritage enhancement account in the game and fish fund for only the purposes specified in Minnesota Statutes, section 297A.94, paragraph (e), clause (1).

Subd. 9. Enforcement

28,492,000                      28,817,000

Summary by Fund

General	3,106,000	3,106,000
Natural Resources	6,963,000	6,938,000
Game and Fish	18,323,000	18,673,000
Remediation	100,000	100,000

\$1,082,000 the first year and \$1,082,000 the second year are from the water recreation account in the natural resources fund for grants to counties for boat and water safety.

\$100,000 the first year and \$100,000 the second year are from the remediation fund for solid waste enforcement activities under Minnesota Statutes, section 116.073.

\$315,000 the first year and \$315,000 the second year are from the snowmobile trails and enforcement account in the natural resources fund for grants to local law enforcement agencies for snowmobile enforcement activities.

The unexpended balance of money from Laws 1999, chapter 231, section 5, subdivision 6, must be credited to the snowmobile trails and enforcement account and the appropriation for the repair of public trails damaged by snowmobiles shall be canceled.

\$1,164,000 the first year and \$1,164,000 the second year are from the heritage enhancement account in the game and fish fund for only the purposes specified in Minnesota Statutes, section 297A.94, paragraph (e), clause (1).

Overtime must be distributed to conservation officers at historical levels; however, a reasonable reduction or addition may be made to the officer's allocation, if justified, based on an individual officer's workload. If funding for enforcement is reduced because of an unallotment, the overtime bank may be reduced in proportion to reductions made in other areas of the budget.

\$225,000 the first year and \$225,000 the second year are from the natural resources fund for grants to county law enforcement agencies for off-highway vehicle enforcement and public education activities based on off-highway vehicle use in the county. Of this amount, \$213,000 each year is from the all-terrain vehicle account; \$11,000 each year is from the off-highway motorcycle account; and \$1,000 each year is from the off-road vehicle account. The county enforcement agencies may use money received under this appropriation to make grants to other local enforcement agencies within the county that have a high concentration of off-highway vehicle use. Of this appropriation, \$25,000 each year is for administration of these grants.

\$15,000 the first year is from the off-highway motorcycle account in the natural resources fund to produce an interactive CD-ROM training tool for the off-highway motorcycle education and training program under Minnesota Statutes, section 84.791.

\$15,000 the first year and \$5,000 the second year are from the off-road vehicle account in the natural resources fund to establish the off-road vehicle environment and safety education and training program under Minnesota Statutes, section 84.8015.

Subd. 10. Operations Support

9,288,000                      9,348,000

Summary by Fund

General	4,900,000	4,900,000
Natural Resources	1,595,000	1,595,000
Game and Fish	2,793,000	2,853,000

\$270,000 the first year and \$270,000 the second year are from the natural resources fund for grants to be divided equally between the city of St. Paul for the Como Zoo and Conservatory and the city of Duluth Zoo. This appropriation is from the revenue deposited to the fund under Minnesota Statutes, section 297A.94, paragraph (e), clause (5).

Sec. 4. MINNESOTA  
CONSERVATION CORPS

840,000                      840,000

Summary by Fund

General	350,000	350,000
Natural Resources	490,000	490,000

The Minnesota Conservation Corps may receive money appropriated from the natural resources fund under this section only as provided in an agreement with the commissioner of natural resources.

Sec. 5. BOARD OF WATER  
AND SOIL RESOURCES

15,440,000                      15,231,000

\$4,102,000 the first year and \$4,102,000 the second year are for natural resources block grants to local governments.

The board may reduce the amount of the natural resources block grant to a county by an amount equal to any reduction in the county's general services allocation to a soil and water conservation district from the county's previous year allocation when the board determines that the reduction was disproportionate.

Grants must be matched with a combination of local cash or in-kind contributions. The base grant portion related to water planning must be matched by an amount that would be raised by a levy under Minnesota Statutes, section 103B.3369.

\$3,566,000 the first year and \$3,566,000 the second year are for grants to soil and water conservation districts for general purposes, nonpoint engineering, and implementation of the reinvest in Minnesota conservation reserve program. Upon approval of the board, expenditures may be made from these appropriations for supplies and services benefiting soil and water conservation districts.

\$3,285,000 the first year and \$3,285,000 the second year are for grants to soil and water conservation districts for cost-sharing contracts for erosion control and water quality management. For base grant allocations made prior to January 1, 2007, up to 100 percent of this appropriation may be used for technical assistance. Of this amount, at least \$1,500,000 the first year and \$1,500,000 the second year are for grants for cost-sharing contracts for water quality management on feedlots.

Any balance in the board's cost share program that remains from the fiscal year 2005 appropriation is available in an amount of up to \$15,000 for a grant to the Mower County Soil and Water Conservation District to create a small pond demonstration project in the Cedar River Watershed for purposes of water retention and flood control. The Mower County Soil and Water Conservation District must seek other sources of funding, including federal and private sources, to ensure that the demonstration project is educational and complete.

\$100,000 the first year and \$100,000 the second year are for a grant to the Red River Basin Commission to develop a Red River basin plan and to coordinate water management activities in the states and provinces bordering the Red River. The unencumbered balance in the first year does not cancel but is available for the second year.

\$105,000 the first year and \$105,000 the second year are for a grant to Area II, Minnesota River Basin Projects, Inc., for floodplain management, including administration of programs. If the appropriation in either year is insufficient, the appropriation in the other year is available for it.

\$109,000 the first year is for an implementation assessment of public drainage system buffers and their use, maintenance, and benefits. The assessment must be done in consultation with farm groups, watershed districts, soil and water conservation districts, counties, and conservation organizations, as well as federal agencies

implementing voluntary buffer programs. The board shall report the results to the senate and house of representatives committees with jurisdiction over drainage systems by January 15, 2006. This is a onetime appropriation.

\$100,000 the first year is for beaver damage control grants under new Minnesota Statutes, section 103F.950. This is a onetime appropriation.

The appropriations for grants in this section are available until expended. If an appropriation for grants in either year is insufficient, the appropriation in the other year is available for it.

Sec. 6. ZOOLOGICAL BOARD	6,574,000	6,574,000
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Summary by Fund

General	6,439,000	6,439,000
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Natural Resources	135,000	135,000
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\$135,000 the first year and \$135,000 the second year are from the natural resources fund from the revenue deposited under Minnesota Statutes, section 297A.94, paragraph (e), clause (5). This is a onetime appropriation.

Sec. 7. SCIENCE MUSEUM  
OF MINNESOTA

750,000	750,000
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Sec. 8. METROPOLITAN COUNCIL

7,870,000	7,870,000
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Summary by Fund

General	3,300,000	3,300,000
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Natural Resources	4,570,000	4,570,000
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\$3,300,000 the first year and \$3,300,000 the second year are for metropolitan area regional parks maintenance and operations.

\$4,570,000 the first year and \$4,570,000 the second year are from the natural resources fund for metropolitan area regional parks and trails maintenance and operations. This appropriation is from the revenue deposited in the natural resources fund under Minnesota Statutes, section 297A.94, paragraph (e), clause (3).

Sec. 9. FUND TRANSFER

By June 30, 2007, the commissioner of the Pollution Control Agency shall transfer \$1,459,000 from the environmental fund to the commissioner of finance for cancellation to the general fund.

Sec. 10. MINNESOTA FUTURE  
RESOURCES FUND

By June 30, 2006, and by June 30, 2007, the commissioner of finance shall transfer any remaining unappropriated balance from the Minnesota future resources fund to the general fund.

## Sec. 11. MINNESOTA RESOURCES

### Subdivision 1. Total Appropriation

	20,457,000	18,829,000
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#### Summary by Fund

State Land and Water Conservation Account (LAWCON)	1,600,000	-0-
Environment and Natural Resources Trust Fund	18,829,000	18,829,000
Great Lakes Protection Account	28,000	-0-

Appropriations from the LAWCON account and Great Lakes protection account are available for either year of the biennium.

For appropriations from the environment and natural resources trust fund, any unencumbered balance remaining in the first year does not cancel and is available for the second year of the biennium. Unless otherwise provided, the amounts in this section are available until June 30, 2007, when projects must be completed and final products delivered.

### Subd. 2. Definitions

(a) "State land and water conservation account (LAWCON)" means the state land and water conservation account in the natural resources fund referred to in Minnesota Statutes, section 116P.14.

(b) "Great Lakes protection account" means the Great Lakes protection account referred to in Minnesota Statutes, section 116Q.02, subdivision 1.

(c) "Trust fund" means the Minnesota environment and natural resources trust fund referred to in Minnesota Statutes, section 116P.02, subdivision 6.

Subd. 3. Administration	524,000	525,000
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#### Summary by Fund

Trust Fund	524,000	525,000
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(a) Legislative Commission on Minnesota Resources  
\$449,000 the first year and \$450,000 the second

year are from the trust fund for administration as provided in Minnesota Statutes, section 116P.09, subdivision 5.

(b) Contract Administration

\$75,000 the first year and \$75,000 the second year are from the trust fund to the commissioner of natural resources for contract administration activities assigned to the commissioner in this section. This appropriation is available until June 30, 2008.

Subd. 4. Citizen Advisory Committee	10,000	10,000
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Summary by Fund

Trust Fund	10,000	10,000
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\$10,000 the first year and \$10,000 the second year are from the trust fund to the Legislative Commission on Minnesota Resources for expenses of the citizen advisory committee as provided in Minnesota Statutes, section 116P.06. Notwithstanding Minnesota Statutes, section 16A.281, the availability of \$15,000 of the appropriation from Laws 2003, chapter 128, article 1, section 9, subdivision 4, advisory committee, is extended to June 30, 2007.

Subd. 5. Fish and Wildlife Habitat	5,038,000	5,038,000
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Summary by Fund

Trust Fund	5,038,000	5,038,000
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(a) Restoring Minnesota's Fish and Wildlife Habitat Corridors-Phase III

\$2,031,000 the first year and \$2,031,000 the second year are from the trust fund to the commissioner of natural resources for the third biennium for acceleration of agency programs and cooperative agreements with Pheasants Forever, Minnesota Deer Hunters Association, Ducks Unlimited, Inc., National Wild Turkey Federation, the Nature Conservancy, Minnesota Land Trust, the Trust for Public Land, Minnesota Valley National Wildlife Refuge Trust, Inc., U.S. Fish and Wildlife Service, Red Lake Band of Chippewa, Leech Lake Band of Chippewa, Fond du Lac Band of Chippewa, USDA-Natural Resources Conservation Service, and the Board of Water and Soil Resources to plan, restore, and acquire fragmented landscape corridors that connect areas of quality habitat to sustain fish, wildlife, and plants. Expenditures are limited to the 11 project areas as defined in the work program. Land acquired with this appropriation must be sufficiently improved to meet at least

minimum habitat and facility management standards as determined by the commissioner of natural resources. This appropriation may not be used for the purchase of residential structures, unless expressly approved in the work program. Any land acquired in fee title by the commissioner of natural resources with money from this appropriation must be designated: (1) as an outdoor recreation unit under Minnesota Statutes, section 86A.07; or (2) as provided in Minnesota Statutes, sections 89.018, subdivision 2, paragraph (a); 97A.101; 97A.125; 97C.001; and 97C.011. The commissioner may similarly designate any lands acquired in less than fee title. This appropriation is available until June 30, 2008, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(b) Metropolitan Area Wildlife  
Corridors-Phase II

\$1,765,000 the first year and \$1,765,000 the second year are from the trust fund to the commissioner of natural resources for the second biennium for acceleration of agency programs and cooperative agreements with the Trust for Public Land, Ducks Unlimited, Inc., Friends of the Mississippi River, Great River Greening, Minnesota Land Trust, Minnesota Valley National Wildlife Refuge Trust, Inc., Pheasants Forever, Inc., and Friends of the Minnesota Valley for the purposes of planning, improving, and protecting important natural areas in the metropolitan region, as defined by Minnesota Statutes, section 473.121, subdivision 2, and portions of the surrounding counties, through grants, contracted services, conservation easements, and fee acquisition. Land acquired with this appropriation must be sufficiently improved to meet at least minimum management standards as determined by the commissioner of natural resources. Expenditures are limited to the identified project areas as defined in the work program. This appropriation may not be used for the purchase of residential structures, unless expressly approved in the work program. Any land acquired in fee title by the commissioner of natural resources with money from this appropriation must be designated: (1) as an outdoor recreation unit under Minnesota Statutes, section 86A.07; or (2) as provided in Minnesota Statutes, sections 89.018, subdivision 2, paragraph (a); 97A.101; 97A.125; 97C.001; and 97C.011. The commissioner may similarly

designate any lands acquired in less than fee title. This appropriation is available until June 30, 2008, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(c) Development of Scientific and Natural Areas

\$67,000 the first year and \$67,000 the second year are from the trust fund to the commissioner of natural resources to develop and enhance lands designated as scientific and natural areas. This appropriation is available until June 30, 2008, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(d) Prairie Stewardship of Private Lands

\$50,000 the first year and \$50,000 the second year are from the trust fund to the commissioner of natural resources to develop stewardship plans and implement prairie management on private prairie lands on a cost-share basis with private or federal funds. This appropriation is available until June 30, 2008, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(e) Local Initiative Grants-Conservation Partners and Environmental Partnerships

\$250,000 the first year and \$250,000 the second year are from the trust fund to the commissioner of natural resources to provide matching grants of up to \$20,000 to local government and private organizations for enhancement, restoration, research, and education associated with natural habitat and environmental service projects. Subdivision 16 applies to grants awarded in the approved work program. This appropriation is available until June 30, 2008, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(f) Minnesota ReLeaf Community Forest Development and Protection

\$250,000 the first year and \$250,000 the second year are from the trust fund to the commissioner of natural resources for acceleration of the agency program and a cooperative agreement with Tree Trust to protect forest resources, develop inventory-based management plans, and provide matching grants to communities to plant native trees. At least \$390,000 of this

appropriation must be used for grants to communities. For the purposes of this paragraph, the match must be a nonstate contribution, but may be either cash or qualifying in-kind. This appropriation is available until June 30, 2008, at which time the project must be completed and final projects delivered, unless an earlier date is specified in the work program.

(g) Integrated and Pheromonal Control of Common Carp

\$275,000 the first year and \$275,000 the second year are from the trust fund to the University of Minnesota for the second biennium to research new options for controlling common carp. This appropriation is available until June 30, 2009, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(h) Biological Control of European Buckthorn and Garlic Mustard

\$100,000 the first year and \$100,000 the second year are from the trust fund to the commissioner of natural resources to research potential insects for biological control of invasive European buckthorn species for the second biennium and to introduce and evaluate insects for biological control of garlic mustard. This appropriation is available until June 30, 2008, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(i) Land Exchange Revolving Fund for Aitkin, Cass, and Crow Wing Counties

\$250,000 the first year and \$250,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with Aitkin County for a six-year revolving loan fund to improve public and private land ownership patterns, increase management efficiency, and protect critical habitat in Aitkin, Cass, and Crow Wing Counties. By June 30, 2011, Aitkin County shall repay the \$500,000 to the commissioner of finance for deposit in the environment and natural resources trust fund.

Subd. 6. Recreation		7,160,000	5,559,000
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Summary by Fund

Trust Fund	5,560,000	5,559,000
State Land and Water Conservation Account (LAWCON)	1,600,000	-0-

(a) State Park and Recreation Area  
Land Acquisition

\$1,000,000 the first year and \$1,000,000 the second year are from the trust fund to the commissioner of natural resources to acquire in-holdings for state park and recreation areas. Land acquired with this appropriation must be sufficiently improved to meet at least minimum management standards as determined by the commissioner of natural resources. This appropriation is available until June 30, 2008, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(b) LAWCON Federal Reimbursements

\$1,600,000 is from the State Land and Water Conservation Account (LAWCON) in the natural resources fund to the commissioner of natural resources for priorities established by the commissioner for eligible state projects and administrative and planning activities consistent with Minnesota Statutes, section 116P.14, and the federal Land and Water Conservation Fund Act. Subdivision 16 applies to grants awarded in the approved work program. This appropriation is contingent upon receipt of the federal obligation and remains available until June 30, 2008, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(c) State Park and Recreation Area  
Revenue-Enhancing Development

\$100,000 the first year and \$100,000 the second year are from the trust fund to the commissioner of natural resources to enhance revenue generation in the state's park and recreation system.

(d) Best Management Practices for Parks  
and Outdoor Recreation

\$100,000 the first year and \$100,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with the Minnesota Recreation and Park Association to develop and evaluate opportunities to more efficiently manage Minnesota's parks and outdoor recreation areas.

(e) Metropolitan Regional Parks Acquisition,  
Rehabilitation, and Development

\$1,000,000 the first year and \$1,000,000 the second year are from the trust fund to the

Metropolitan Council for subgrants for the acquisition, development, and rehabilitation in the metropolitan regional park system, consistent with the Metropolitan Council regional recreation open space capital improvement plan. This appropriation may not be used for the purchase of residential structures, may be used to reimburse implementing agencies for acquisition as expressly approved in the work program, and must be matched by at least 40 percent of nonstate money. Subdivision 16 applies to grants awarded in the approved work program. This appropriation is available until June 30, 2008, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program. If a project financed under this program receives a federal grant award, the availability of the financing from this paragraph for that project is extended to equal the period of the federal grant.

(f) Gitchi-Gami State Trail

\$250,000 the first year and \$250,000 the second year are from the trust fund to the commissioner of natural resources, in cooperation with the Gitchi-Gami Trail Association, for the fourth biennium, to design and construct approximately two miles of Gitchi-Gami State Trail segments. This appropriation is available until June 30, 2008, at which time the project must be completed and final products delivered. If this project receives a federal grant award, the availability of the financing from this paragraph for the project is extended to equal the period of the federal grant.

(g) Casey Jones State Trail

\$600,000 the first year and \$600,000 the second year are from the trust fund to the commissioner of natural resources in cooperation with the Friends of the Casey Jones Trail Association for land acquisition and development of the Casey Jones State Trail in southwest Minnesota. This appropriation is available until June 30, 2008, at which time the project must be completed and final products delivered. If this project receives a federal grant award, the availability of the financing from this paragraph for the project is extended to equal the period of the federal grant.

(h) Paul Bunyan State Trail Connection

\$200,000 the first year and \$200,000 the second year are from the trust fund to the commissioner of natural resources to acquire land to connect

the Paul Bunyan State Trail within the city of Bemidji.

(i) Minnesota River Trail Planning

\$100,000 the first year and \$100,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with the University of Minnesota to provide trail planning assistance to three communities along the Minnesota River State Trail.

(j) Local Initiative Grants-Parks and Natural Areas

\$600,000 the first year and \$600,000 the second year are from the trust fund to the commissioner of natural resources to provide matching grants to local governments for acquisition and development of natural and scenic areas and local parks as provided in Minnesota Statutes, section 85.019, subdivisions 2 and 4a, and regional parks outside of the metropolitan area. Grants may provide up to 50 percent of the nonfederal share of the project cost, except nonmetropolitan regional park grants may provide up to 60 percent of the nonfederal share of the project cost. \$500,000 of this appropriation is for land acquisition for a proposed county regional park on Kraemer Lake in Stearns County. The commission will monitor the grants for approximate balance over extended periods of time between the metropolitan area, under Minnesota Statutes, section 473.121, subdivision 2, and the nonmetropolitan area through work program oversight and periodic allocation decisions. For the purposes of this paragraph, the match must be a nonstate contribution, but may be either cash or qualifying in-kind. Recipients may receive funding for more than one project in any given grant period. Subdivision 16 applies to grants awarded in the approved work program. This appropriation is available until June 30, 2008, at which time the project must be completed and final products delivered.

(k) Regional Park Planning for Nonmetropolitan Urban Areas

\$43,000 the first year and \$43,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with the University of Minnesota to develop a plan for a system of regional recreation areas for major outstate urban complexes in Minnesota.

(l) Local and Regional Trail Grant Initiative Program

\$350,000 the first year and \$350,000 the second year are from the trust fund to the commissioner of natural resources to provide matching grants to local units of government for the cost of acquisition, development, engineering services, and enhancement of existing and new trail facilities. Subdivision 16 applies to grants awarded in the approved work program. This appropriation is available until June 30, 2008, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program. In addition, if a project financed under this program receives a federal grant award, the availability of the financing from this paragraph for that project is extended to equal the period of the federal grant.

(m) Mesabi Trail

\$500,000 the first year and \$500,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with St. Louis and Lake Counties Regional Rail Authority for the seventh biennium to acquire and develop segments for the Mesabi Trail. This appropriation is available until June 30, 2008, at which time the project must be completed and final products delivered. If this project receives a federal grant award, the availability of the financing from this paragraph for the project is extended to equal the period of the federal grant.

(n) Cannon Valley Trail Belle Creek Bridge Replacement

\$150,000 the first year and \$150,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with the Cannon Valley Trail Joint Powers Board for bridge replacement of the Belle Creek Bridge on the Cannon Valley Trail. This appropriation must be matched by at least \$44,000 of nonstate money.

(o) Arrowhead Regional Bike Trail Connections Plan

\$42,000 the first year and \$41,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with the Arrowhead Regional Development Commission to analyze the Arrowhead's major bike trails and plan new trail connections.

(p) Land Acquisition, Minnesota Landscape Arboretum

\$325,000 the first year and \$325,000 the second year are from the trust fund to the University of Minnesota for an agreement with the University

of Minnesota Landscape Arboretum Foundation for the sixth biennium to acquire land from willing sellers. This appropriation must be matched by an equal amount of nonstate money. This appropriation is available until June 30, 2008, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(q) Development and Rehabilitation of Minnesota Shooting Ranges

\$150,000 the first year and \$150,000 the second year are from the trust fund to the commissioner of natural resources to provide technical assistance and matching grants to local communities and recreational shooting and archery clubs for the purpose of developing or rehabilitating shooting and archery facilities for public use. Recipient facilities must be open to the general public at reasonable times and for a reasonable fee on a walk-in basis. This appropriation is available until June 30, 2008, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(r) Birding Maps

\$50,000 the first year and \$50,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with Audubon Minnesota to create a new birding trail guide for the North Shore/Arrowhead region and reprint and distribute guides for three existing birding trails.

Subd. 7. Water Resources	3,027,000	3,000,000
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Summary by Fund

Trust Fund	2,999,000	3,000,000
Great Lakes Protection Account		28,000

(a) Local Water Management Matching Challenge Grants

\$500,000 the first year and \$500,000 the second year are from the trust fund to the Board of Water and Soil Resources to accelerate the local water management challenge grant program under Minnesota Statutes, sections 103B.3361 to 103B.3369, through matching grants to implement high priority activities in state-approved comprehensive water management plans. For the purposes of this paragraph, the match must be a nonstate contribution, but may be either cash or

qualifying in-kind. The grants may be provided on an advance basis as specified in the work program. This appropriation is available until June 30, 2008, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(b) Accelerating and Enhancing Surface Water Monitoring for Lakes and Streams

\$300,000 the first year and \$300,000 the second year are from the trust fund to the commissioner of the Pollution Control Agency for acceleration of agency programs and cooperative agreements with the Minnesota Lakes Association, Rivers Council of Minnesota, and the University of Minnesota to accelerate monitoring efforts through assessments, citizen training, and implementation grants. This appropriation is available until June 30, 2008, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(c) Effects of Land Retirements on the Minnesota River

\$150,000 the first year and \$150,000 the second year are from the trust fund to the Board of Water and Soil Resources for a cooperative agreement with the U.S. Geological Survey to evaluate effects of retired or set-aside agricultural lands on the water quality and aquatic habitat of streams in the Minnesota River Basin in order to enhance prioritization of future land retirements. This appropriation must be matched by an equal amount of nonstate money. This appropriation is available until June 30, 2008, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(d) Recycling Treated Municipal Wastewater for Industrial Water Use

\$150,000 the first year and \$150,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with the Metropolitan Council to determine the feasibility of recycling treated municipal wastewater for industrial use, characterize industrial water demand and quality, and determine the costs to treat municipal wastewater to meet specific industrial needs.

(e) Unwanted Hormone Therapy: Protecting Water and Public Health

\$150,000 the first year and \$150,000 the second year are from the trust fund to the University of Minnesota to determine where behavior-altering estrogenic compounds come from and how they are distributed in wastewater treatment plants. This appropriation is available until June 30, 2008, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(f) Climate Change Impacts on Minnesota's Aquatic Resources

\$125,000 the first year and \$125,000 the second year are from the trust fund to the University of Minnesota, Natural Resources Research Institute, to quantify climate, hydrologic, and ecological variability and trends; and identify indicators of future climate change effects on aquatic systems. This appropriation is available until June 30, 2008, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(g) Green Roof Cost Share and Monitoring

\$175,000 the first year and \$175,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with Ramsey Conservation District to install green, vegetated roofs on four commercial or industrial buildings in Roseville and Falcon Heights and to monitor their effectiveness for stormwater management, flood reduction, water quality, and energy efficiency. The cost of the installations must be matched by at least 50 percent nonstate money.

(h) Woodchip Biofilter Treatment of Feedlot Runoff

\$135,000 the first year and \$135,000 the second year are from the trust fund to the commissioner of natural resources for agreements with Stearns County Soil and Water Conservation District and the University of Minnesota to treat feedlot runoff with woodchip biofilters to remove pollutants and assess improvements to surface water quality. This appropriation is available until June 30, 2008, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(i) Improving Water Quality on the Central Sands

\$294,000 the first year and \$293,000 the second year are from the trust fund to the commissioner of natural resources for agreements with the

University of Minnesota and the Central Lakes College Agricultural Center to reduce nitrate and phosphorus losses to groundwater and surface waters of sandy ecoregions through the development, promotion, and adoption of new farming and land management practices and techniques. This appropriation is available until June 30, 2008, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(j) Improving Impaired Watersheds: Conservation Drainage Research

\$150,000 the first year and \$150,000 the second year are from the trust fund to the commissioner of agriculture to analyze conservation drainage systems at University of Minnesota research and outreach centers for opportunities to retrofit drainage infrastructure with water quality improvement technologies. This appropriation is available until June 30, 2008, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(k) Hydrology, Habitat, and Energy Potential of Mine Lakes

\$188,000 the first year and \$211,000 the second year are from the trust fund to the commissioner of natural resources for agency work and agreements with Architectural Resources, Inc., and Northeast Technical Services, Inc., for a coordinated effort of the Central Iron Range Initiative to establish ultimate mine water elevations, outflows, and quality; design optimum future mineland configurations for fish habitat and lakeshore development; and evaluate wind-pumped hydropower potential. \$62,000 the first year and \$39,000 the second year are from the trust fund to the Minnesota Geological Survey at the University of Minnesota to assess the geology and mine pit morphometry.

(l) Hennepin County Beach Water Quality Monitoring Project

\$50,000 the first year and \$50,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with Hennepin County to develop a predictive model for on-site determination of beach water quality to prevent outbreaks of waterborne illnesses and provide related water safety outreach to the public.

(m) Southwest Minnesota Floodwater Retention Projects

\$250,000 the first year and \$250,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with Area II MN River Basin Projects, Inc., to acquire easements and construct four floodwater retention projects in the Minnesota River Basin to improve water quality and waterfowl habitat.

(n) Upgrades to Blue Heron Research Vessel

\$28,000 is from the Great Lakes protection account in the first year and \$133,000 the first year and \$134,000 the second year are from the trust fund to the University of Minnesota, Large Lakes Observatory, to upgrade and overhaul the Blue Heron Research Vessel.

(o) Bassett Creek Valley Channel Restoration

\$87,000 the first year and \$88,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with the city of Minneapolis for design and engineering activities for habitat restoration and water quality and channel improvements for Bassett Creek Valley.

(p) Restoration of Indian Lake

\$100,000 the first year and \$100,000 the second year are from the trust fund to the commissioner of natural resources for agreements with Indian Lake Improvement District and Bemidji State University to demonstrate the removal of excess nutrients from Indian Lake in Wright County. This appropriation is available until June 30, 2008, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program, and is contingent on all appropriate permits being obtained.

Subd. 8. Land Use and Natural Resource Information

1,000,000

1,000,000

Summary by Fund

Trust Fund

1,000,000

1,000,000

(a) Minnesota County Biological Survey

\$500,000 the first year and \$500,000 the second year are from the trust fund to the commissioner of natural resources for the tenth biennium to accelerate the survey that identifies significant natural areas and systematically collects and interprets data on the distribution and ecology of native plant communities, rare plants, and rare animals.

(b) Soil Survey

\$250,000 the first year and \$250,000 the second year are from the trust fund to the Board of Water and Soil Resources to accelerate digitizing of completed soil surveys for Web-based user application and for agreements with Pine and Crow Wing Counties to begin soil surveys. The new soil surveys must be done on a cost-share basis with local and federal funds. This appropriation is available until June 30, 2008, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(c) Land Cover Mapping for Natural Resource Protection

\$125,000 the first year and \$125,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with Hennepin County to develop GIS tools for prioritizing natural areas for protection and restoration and to update and complete land cover classification mapping.

(d) Open Space Planning and Protection

\$125,000 the first year and \$125,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with Anoka Conservation District to protect open space by identifying high priority natural resource corridors through planning, conservation easements, and land dedication as part of development processes.

Subd. 9. Agriculture and Natural Resource Industries

	1,342,000	1,341,000
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Summary by Fund

Trust Fund	1,342,000	1,341,000
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(a) Completing Third-Party Certification of DNR Forest Lands

\$125,000 the first year and \$125,000 the second year are from the trust fund to the commissioner of natural resources for third-party assessment and certification of 4,470,000 acres of DNR-administered lands under forest sustainability standards established by two internationally recognized forest certification systems, the Forest Stewardship Council system, and the Sustainable Forestry Initiative system.

(b) Third-Party Certification of Private Woodlands

\$188,000 the first year and \$188,000 the second year are from the trust fund to the University of Minnesota, Cloquet Forestry Center, to pilot a third-party certification assessment framework for nonindustrial private forest owners.

## (c) Sustainable Management of Private Forest Lands

\$437,000 the first year and \$437,000 the second year are from the trust fund to the commissioner of natural resources to develop stewardship plans for private forested lands, implement stewardship plans on a cost-share basis and for conservation easements matching federal funds. This appropriation is available until June 30, 2008, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

## (d) Evaluating Riparian Timber Harvesting Guidelines: Phase 2

\$167,000 the first year and \$166,000 the second year are from the trust fund to the University of Minnesota for a second biennium to assess the timber harvesting riparian management guidelines for postharvest impacts on terrestrial, aquatic, and wildlife habitat. This appropriation is available until June 30, 2008, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

## (e) Third Crops for Water Quality-Phase 2

\$250,000 the first year and \$250,000 the second year are from the trust fund to the commissioner of natural resources for cooperative agreements with Rural Advantage and the University of Minnesota to accelerate adoption of third crops to enhance water quality, diversify cropping systems, supply bioenergy, and provide wildlife habitat through demonstration, research, and education. This appropriation is available until June 30, 2008, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

## (f) Bioconversion of Potato Waste into Marketable Biopolymers

\$175,000 the first year and \$175,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with Bemidji State University to evaluate the bioconversion of potato waste into plant-based plastics. This appropriation is available until June 30, 2008, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

Subd. 10. Energy

1,896,000

1,896,000

Summary by Fund

Trust Fund	1,896,000	1,896,000
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(a) Clean Energy Resource Teams and Community Wind Energy Rebate Program

\$350,000 the first year and \$350,000 the second year are from the trust fund to the commissioner of commerce. \$300,000 of this appropriation is to provide technical assistance to implement cost-effective conservation, energy efficiency, and renewable energy projects. \$400,000 of this appropriation is to assist two Minnesota communities in developing locally owned wind energy projects by offering financial assistance rebates.

(b) Planning for Economic Development via Energy Independence

\$120,000 the first year and \$120,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with the University of Minnesota-Duluth to evaluate the socioeconomic benefits of statewide and community renewable energy production and distribution by analyzing system installation, technical capabilities, cost-competitiveness, economic impacts, and policy incentives.

(c) Manure Methane Digester Compatible Wastes and Electrical Generation

\$50,000 the first year and \$50,000 the second year are from the trust fund to the commissioner of agriculture to research the potential for a centrally located, multifarm manure digester and the potential use of compatible waste streams with manure digesters.

(d) Dairy Farm Digesters

\$168,000 the first year and \$168,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with the Minnesota Project for a pilot project to evaluate anaerobic digester technology on average size dairy farms of 50 to 300 cows.

(e) Wind to Hydrogen Demonstration

\$400,000 the first year and \$400,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with the University of Minnesota, West Central Research and Outreach Center, to develop a model community-scale wind-to-hydrogen facility.

(f) Natural Gas Production from Agricultural Biomass

\$50,000 the first year and \$50,000 the second

year are from the trust fund to the commissioner of natural resources for an agreement with Sebesta Blomberg and Associates to demonstrate potential natural gas yield using anaerobic digestion of blends of chopped grasses or crop residue with hog manure and determine optimum operating conditions for conversion to natural gas.

(g) Biomass-Derived Oils for Generating Electricity and Reducing Emissions

\$75,000 the first year and \$75,000 the second year are from the trust fund to the University of Minnesota to evaluate the environmental and performance benefits of using renewable biomass-derived oils, such as soybean oil, for generating electricity.

(h) Phillips Biomass Community Energy System

\$450,000 the first year and \$450,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with Phillips Community Energy Cooperative to assist in the distribution system equipment and construction costs for a biomass district energy system. This appropriation is contingent on all appropriate permits being obtained and a signed commitment of financing for the biomass electrical generating facility being in place.

(i) Laurentian Energy Authority Biomass Project

\$233,000 the first year and \$233,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with Virginia Public Utility to lease land and plant approximately 1,000 acres of trees to support a proposed conversion to a biomass power plant.

Subd. 11. Environmental Education	360,000	360,000
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Summary by Fund

Trust Fund	360,000	360,000
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(a) Enhancing Civic Understanding of Groundwater

\$75,000 the first year and \$75,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with the Science Museum of Minnesota to create groundwater exhibits and a statewide traveling groundwater classroom program. This appropriation is available until June 30, 2008, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(b) Cedar Creek Natural History Area Interpretive Center and Restoration

\$200,000 the first year and \$200,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with the University of Minnesota, Cedar Creek Natural History Area, to restore 400 acres of savanna and prairie; construct a Science Interpretive Center to publicly demonstrate technologies for energy efficiency; and create interpretive trails. This appropriation is available until June 30, 2008, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(c) Environmental Problem-Solving Model for Twin Cities Schools

\$38,000 the first year and \$37,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with Eco Education to train high school students and teachers on environmental problem solving.

(d) Tamarack Nature Center Exhibits

\$47,000 the first year and \$48,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with Ramsey County Parks and Recreation Department to develop interactive ecological exhibits at Tamarack Nature Center.

Subd. 12. Children’s Environmental Health

	100,000	100,000
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Summary by Fund

Trust Fund	100,000	100,000
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Minnesota Children’s Pesticide Exposure Reduction Initiative

\$100,000 the first year and \$100,000 the second year are appropriated to the commissioner of agriculture to reduce children’s pesticide exposure through parent education on alternative pest control methods and safe pesticide use.

Subd. 13. Data Availability Requirements

(a) During the biennium ending June 30, 2007, data collected by the projects funded under this section that have value for planning and management of natural resource, emergency preparedness, and infrastructure investments must conform to the enterprise information architecture developed by the Office of Technology. Spatial data must conform to geographic information system guidelines and standards outlined in that architecture and adopted by the Minnesota Geographic Data

Clearinghouse at the Land Management Information Center. A description of these data that adheres to Office of Technology geographic metadata standards must be submitted to the Land Management Information Center to be made available online through the clearinghouse, and the data themselves must be accessible and free to the public unless made private under the Data Practices Act, Minnesota Statutes, chapter 13.

(b) To the extent practicable, summary data and results of projects funded under this section should be readily accessible on the Internet and identified as an environment and natural resources trust fund project.

(c) As part of project expenditures, recipients of land acquisition appropriations must provide the information necessary to update public recreation information maps to the Department of Natural Resources in the form specified by the department.

#### Subd. 14. Project Requirements

It is a condition of acceptance of the appropriations in this section that any agency or entity receiving the appropriation must comply with Minnesota Statutes, chapter 116P, and vegetation planted must be native to Minnesota and preferably of the local ecotype unless the work program approved by the commission expressly allows the planting of species that are not native to Minnesota. Bridges that are constructed with appropriations under this section must be made out of metal, concrete, or wood.

#### Subd. 15. Match Requirements

Unless specifically authorized, appropriations in this section that must be matched and for which the match has not been committed by December 31, 2005, are canceled, and in-kind contributions may not be counted as matching funds.

#### Subd. 16. Payment Conditions and Capital Equipment Expenditures

All agreements, grants, or contracts referred to in this section must be administered on a reimbursement basis unless otherwise provided in this section. Notwithstanding Minnesota Statutes, section 16A.41, expenditures made on or after July 1, 2005, or the date the work program is approved, whichever is later, are eligible for reimbursement unless otherwise provided in this section. Payment must be made

upon receiving documentation that project-eligible, reimbursable dollar amounts have been expended, except that reasonable amounts may be advanced to projects to accommodate cash flow needs or match federal funds. The advances must be approved as part of the work program. No expenditures for capital equipment are allowed unless expressly authorized in the project work program.

Subd. 17. Purchase of Recycled and Recyclable Materials

A political subdivision, public or private corporation, or other entity that receives an appropriation in this section must use the appropriation in compliance with Minnesota Statutes, sections 16B.121 and 16B.122, requiring the purchase of recycled, repairable, and durable materials; the purchase of uncoated paper stock; and the use of soy-based ink, the same as if it were a state agency.

Subd. 18. Energy Conservation

A recipient to whom an appropriation is made in this section for a capital improvement project shall ensure that the project complies with the applicable energy conservation standards contained in law, including Minnesota Statutes, sections 216C.19 and 216C.20, and rules adopted thereunder. The recipient may use the energy planning, advocacy, and state energy office units of the Department of Commerce to obtain information and technical assistance on energy conservation and alternative energy development relating to the planning and construction of the capital improvement project.

Subd. 19. Accessibility

Structural and nonstructural facilities must meet the design standards in the Americans with Disability Act (ADA) accessibility guidelines.

Sec. 12. Minnesota Statutes 2004, section 16A.125, subdivision 5, is amended to read:

Subd. 5. [FOREST TRUST LANDS.] (a) The term "state forest trust fund lands" as used in this subdivision, means public land in trust under the Constitution set apart as "forest lands under the authority of the commissioner" of natural resources as defined by section 89.001, subdivision 13.

(b) The commissioner of finance shall credit the revenue from the forest trust fund lands to the forest suspense account. The account must specify the trust funds interested in the lands and the respective receipts of the lands.

(c) After a fiscal year, the commissioner of finance shall certify the total costs incurred for forestry during that year under appropriations for the protection, improvement, administration, and management of state forest trust fund lands and construction and improvement of forest roads to enhance the forest value of the lands. The certificate must specify the trust funds interested in the lands. The commissioner of natural resources shall supply the commissioner of finance with the information needed for the certificate.

(d) After a fiscal year, the commissioner shall distribute the receipts credited to the suspense account during that fiscal year as follows:

(a) (1) the amount of the certified costs incurred by the state for forest management, forest improvement, and road improvement during the fiscal year shall be transferred to the general fund. forest management investment account established under section 89.039;

(2) the balance of the certified costs incurred by the state during the fiscal year shall be transferred to the general fund; and

(b) (3) ~~the balance of the receipts shall then be returned prorated to the trust funds in proportion to their respective interests in the lands which produced the receipts.~~

Sec. 13. Minnesota Statutes 2004, section 84.027, subdivision 12, is amended to read:

Subd. 12. [PROPERTY DISPOSAL; GIFT ACKNOWLEDGMENT; ADVERTISING SALES.] (a) The commissioner may give away to members of the public items with a value of less than \$10 \$50 that are intended to promote conservation of natural resources or create awareness of the state and its resources or natural resource management programs. The total value of items given to the public under this paragraph may not exceed \$25,000 per year.

(b) The commissioner may recognize the contribution of money or in-kind services on plaques, signs, publications, audio-visual materials, and media advertisements by allowing the organization's contribution to be acknowledged in print of readable size.

(c) The commissioner may accept paid advertising for departmental publications. Advertising revenues received are appropriated to the commissioner to be used to defray costs of publications, media productions, or other informational materials. The commissioner may not accept paid advertising from any elected official or candidate for elective office.

Sec. 14. Minnesota Statutes 2004, section 84.027, subdivision 15, is amended to read:

Subd. 15. [ELECTRONIC TRANSACTIONS.] (a) The commissioner may receive an application for, sell, and issue any license, stamp, permit, pass, sticker, duplicate safety training certification, registration, or transfer under the jurisdiction of the commissioner by electronic means, including by telephone. Notwithstanding section 97A.472, electronic and telephone transactions may be made outside of the state. The commissioner may:

(1) provide for the electronic transfer of funds generated by electronic transactions, including by telephone;

(2) assign a license an identification number to an applicant who purchases a hunting or fishing license or recreational vehicle registration by electronic means, to serve as temporary authorization to engage in the licensed activity requiring a license or registration until the license or registration is received or expires;

(3) charge and permit agents to charge a fee of individuals who make electronic transactions and transactions by telephone or Internet, including the issuing fee under section 97A.485, subdivision 6, fees and an additional transaction fee not to exceed \$3.50;

(4) collect issuing or filing fees as provided under sections 84.788, subdivision 3, paragraph (e); 84.798, subdivision 3, paragraph (b); 84.82, subdivision 2, paragraph (d); 84.8205, subdivisions 5 and 6; 84.922, subdivision 2, paragraph (e); 85.41, subdivision 5; 86B.415, subdivision 8; and 97A.485, subdivision 6, and collect establish, by written order, an electronic licensing system commission on to be paid by revenues generated from all sales of licenses as provided under sections 85.43, paragraph (b), and 97A.485, subdivision 7 made through the electronic licensing system. The commissioner shall establish the commission in a manner that neither significantly overrecovers nor underrecovers costs involved in providing the electronic licensing system; and

(5) adopt rules to administer the provisions of this subdivision.

(b) Establishment of The transaction fee fees established under paragraph (a), clause (3), and the commission established under paragraph (a), clause (4), is are not subject to the rulemaking procedures of chapter 14 and section 14.386 does not apply.

(c) Money received from fees and commissions collected under this subdivision, including interest earned, is annually appropriated from the game and fish fund and the natural resources fund to the commissioner for the cost of electronic licensing.

**[EFFECTIVE DATE.]** This section is effective July 6, 2005.

Sec. 15. Minnesota Statutes 2004, section 84.0274, is amended by adding a subdivision to read:

Subd. 9. [EXCEPTION FOR NONPROFIT ORGANIZATIONS AND GOVERNMENTAL ENTITIES.] When the commissioner acquires land or interests in land from a nonprofit organization or governmental entity, any or all of the provisions of this section may be waived by mutual agreement of the commissioner and the nonprofit organization or governmental entity.

Sec. 16. Minnesota Statutes 2004, section 84.0274, is amended by adding a subdivision to read:

Subd. 10. [RIGHT OF FIRST REFUSAL AGREEMENT.] The commissioner may enter into a right of first refusal agreement with a landowner prior to determining the value of the land. No right of first refusal agreement shall be made for a period of greater than two years and payment to the landowner for entry into the agreement shall not exceed \$5,000.

Sec. 17. Minnesota Statutes 2004, section 84.0911, subdivision 2, is amended to read:

Subd. 2. [RECEIPTS.] Money received from the sale of wild rice licenses issued by the commissioner under section 84.091, subdivision 3, paragraph (a), clauses (1), (3), and (4), and subdivision 3, paragraph (b), except for the electronic licensing system commission established by the commissioner under section 84.027, subdivision 15, shall be credited to the wild rice management account.

**[EFFECTIVE DATE.]** This section is effective July 6, 2005.

Sec. 18. Minnesota Statutes 2004, section 84.631, is amended to read:

84.631 [ROAD EASEMENTS ACROSS STATE LANDS.]

(a) Except as provided in section 85.015, subdivision 1b, the commissioner, on behalf of the state, may convey a road easement across state land under the commissioner's jurisdiction other than school trust land, to a private person requesting an easement for access to property owned by the person only if the following requirements are met: (1) there are no reasonable alternatives to obtain access to the property; and (2) the exercise of the easement will not cause significant adverse environmental or natural resource management impacts.

(b) The commissioner shall:

- (1) require the applicant to pay the market value of the easement;
- (2) provide that the easement reverts to the state in the event of nonuse; and
- (3) impose other terms and conditions of use as necessary and appropriate under the circumstances.

(c) An applicant shall submit a fee of up to \$2,000 with each application for a road easement across state land. The commissioner must give the applicant an estimate of the costs of the road easement before the applicant submits the fee. The application fee is nonrefundable, even if the application is withdrawn or denied.

(d) Fees collected under paragraph (c) must be deposited in the land management account in the natural resources fund.

Sec. 19. Minnesota Statutes 2004, section 84.775, subdivision 1, is amended to read:

Subdivision 1. [CIVIL CITATION; AUTHORITY TO ISSUE.] (a) A conservation officer or other licensed peace officer may issue a civil citation to a person who operates:

(1) an off-highway motorcycle in violation of sections 84.773, subdivision 1 or 2, clause (1); 84.777; 84.788 to 84.795; or 84.90;

(2) an off-road vehicle in violation of sections 84.773, subdivision 1 or 2, clause (1); 84.777; 84.798 to 84.804; or 84.90; or

(3) an all-terrain vehicle in violation of sections 84.773, subdivision 1 or 2, clause (1); 84.777; 84.90; or 84.922 to 84.928.

(b) A civil citation under paragraph (a) shall require restitution for public and private property damage and impose a penalty of:

(1) \$100 for the first offense;

(2) \$200 for the second offense; and

(3) \$500 for third and subsequent offenses.

(c) A conservation officer or other licensed peace officer may issue a civil citation to a person who operates an off-highway motorcycle, off-road vehicle, or all-terrain vehicle in violation of section 84.773, subdivision 2, clause (2) or (3). A civil citation under this paragraph shall require restitution for damage to wetlands and impose a penalty of:

(1) \$100 for the first offense;

(2) \$500 for the second offense; and

(3) \$1,000 for third and subsequent offenses.

(d) If the peace officer determines that there is damage to property requiring restitution, the commissioner must send a written explanation of the extent of the damage and the cost of the repair by first class mail to the address provided by the person receiving the citation within 15 days of the date of the citation.

(e) An off-road vehicle or all-terrain vehicle that is equipped with a snorkel device and receives a civil citation under this section is subject to twice the penalty amounts in paragraphs (b) and (c).

Sec. 20. Minnesota Statutes 2004, section 84.780, is amended to read:

84.780 [OFF-HIGHWAY VEHICLE DAMAGE ACCOUNT.]

(a) The off-highway vehicle damage account is created in the natural resources fund. Money in the off-highway vehicle damage account is appropriated to the commissioner of natural resources for the repair or restoration of property damaged by the operation of off-highway vehicles in an unpermitted area after August 1, 2003, and for the costs of administration for this section. Before the commissioner may make a payment from this account, the commissioner must determine whether the damage to the property was caused by the unpermitted use of off-highway vehicles, that the applicant has made reasonable efforts to identify the responsible individual and obtain payment from the individual, and that the applicant has made reasonable efforts to prevent reoccurrence. By June 30, ~~2005~~ 2008, the commissioner of finance must transfer the remaining balance in the account to the off-highway motorcycle account under section 84.794, the off-road vehicle account under section 84.803, and the all-terrain vehicle account under section 84.927. The amount transferred to each account must be proportionate to the amounts received in the damage account from the relevant off-highway vehicle accounts.

(b) Determinations of the commissioner under this section may be made by written order and are exempt from the rulemaking provisions of chapter 14. Section 14.386 does not apply.

(c) This section expires July 1, 2005 2008.

Sec. 21. [84.781] [USE OF DEPARTMENT RESOURCES.]

The commissioner of natural resources may permit Department of Natural Resources personnel and equipment from the Division of Trails and Waterways to be used to assist local units of government in developing and maintaining off-highway vehicle grant-in-aid trails located on property owned by or under the control of the local unit of government.

Sec. 22. Minnesota Statutes 2004, section 84.788, subdivision 3, is amended to read:

Subd. 3. [APPLICATION; ISSUANCE; REPORTS.] (a) Application for registration or continued registration must be made to the commissioner or an authorized deputy registrar of motor vehicles in a form prescribed by the commissioner. The form must state the name and address of every owner of the off-highway motorcycle.

(b) A person who purchases from a retail dealer an off-highway motorcycle shall make application for registration to the dealer at the point of sale. The dealer shall issue a dealer temporary ten-day registration permit to each purchaser who applies to the dealer for registration. The dealer shall submit the completed registration applications and fees to the deputy registrar at least once each week. No fee may be charged by a dealer to a purchaser for providing the temporary permit.

(c) Upon receipt of the application and the appropriate fee, the commissioner or deputy registrar shall issue to the applicant, or provide to the dealer, ~~a 60-day temporary receipt and shall assign a~~ an assigned registration number that or a commissioner or deputy registrar temporary ten-day permit. Once issued, the registration number must be affixed to the motorcycle in a manner prescribed by the commissioner according to paragraph (f). A dealer subject to paragraph (b) shall provide the registration materials and or temporary receipt permit to the purchaser within the ten-day temporary permit period.

(d) The commissioner shall develop a registration system to register vehicles under this section. A deputy registrar of motor vehicles acting under section 168.33, is also a deputy registrar of off-highway motorcycles. The commissioner of natural resources in agreement with the commissioner of public safety may prescribe the accounting and procedural requirements necessary to ensure efficient handling of registrations and registration fees. Deputy registrars shall strictly comply with the accounting and procedural requirements.

(e) In addition to other fees prescribed by law, a filing fee of \$4.50 is charged for each off-highway motorcycle registration renewal, duplicate or replacement registration card, and replacement decal and a filing fee of \$7 is charged for each off-highway motorcycle registration and registration transfer issued by:

(1) a deputy registrar and must be deposited in the treasury of the jurisdiction where the deputy is appointed, or kept if the deputy is not a public official; or

(2) the commissioner and must be deposited in the state treasury and credited to the off-highway motorcycle account.

(f) Unless exempted in paragraph (g), the owner of an off-highway motorcycle must display a registration decal issued by the commissioner. If the motorcycle is licensed as a motor vehicle, a registration decal must be affixed on the upper left corner of the rear license plate. If the motorcycle is not licensed as a motor vehicle, the decal must be attached on the side of the motorcycle and may be attached to the fork tube. The decal must be attached in a manner so that it is visible while a rider is on the motorcycle. The issued decals must be of a size to work within the constraints of the electronic licensing system, not to exceed three inches high and three inches wide.

(g) Display of a registration decal is not required for an off-highway motorcycle:

(1) while being operated on private property; or

(2) while competing in a closed-course competition event.

Sec. 23. Minnesota Statutes 2004, section 84.788, is amended by adding a subdivision to read:

Subd. 11. [REFUNDS.] The commissioner may issue a refund on a registration, not including any issuing fees paid under subdivision 3, paragraph (e), or section 84.027, subdivision 15, paragraph (a), clause (3), if the refund request is received within 12 months of the original registration and:

(1) the off-highway motorcycle was registered incorrectly by the commissioner or the deputy registrar; or

(2) the off-highway motorcycle was registered twice, once by the dealer and once by the customer.

Sec. 24. Minnesota Statutes 2004, section 84.789, is amended by adding a subdivision to read:

Subd. 3. [SOUND EMISSIONS.] (a) On and after July 1, 2006, off-highway motorcycles, when operating on public lands, shall at all times be equipped with a silencer or other device that limits sound emissions according to this subdivision.

(b) Sound emissions of competition off-highway motorcycles manufactured on or after January 1, 1998, are limited to not more than 96 dbA and, if manufactured prior to January 1, 1998, to not more than 99 dbA, when measured from a distance of 20 inches using test procedures established by the Society of Automotive Engineers under Standard J-1287, as applicable.

(c) Sound emissions of all other off-highway motorcycles are limited to not more than 96 dbA if manufactured on or after January 1, 1986, and not more than 99 dbA if manufactured prior to January 1, 1986, when measured from a distance of 20 inches using test procedures established by the Society of Automotive Engineers under Standard J-1287, as applicable.

(d) Off-highway motorcycles operating in closed course competition events are excluded from the requirements of this subdivision.

Sec. 25. Minnesota Statutes 2004, section 84.791, subdivision 1, is amended to read:

Subdivision 1. [PROGRAM ESTABLISHED; WHEN REQUIRED.] (a) The commissioner shall establish a comprehensive off-highway motorcycle environment and safety education and training program, including the preparation and dissemination of vehicle information and safety advice to the public, the training of off-highway motorcycle operators, and the issuance of off-highway motorcycle safety certificates to operators under the age of 16 years who successfully complete the off-highway motorcycle environment and safety education and training courses.

(b) An individual who is convicted of violating a law related to the operation of an off-highway motorcycle must successfully complete the environment and safety education and training program established under paragraph (a) before continuing operation of an off-highway motorcycle.

Sec. 26. Minnesota Statutes 2004, section 84.791, subdivision 2, is amended to read:

Subd. 2. [FEES.] For the purposes of administering the program and to defray a portion of the expenses of training and certifying vehicle operators, the commissioner shall collect a fee not to exceed \$5 from each person who receives the training. The commissioner shall collect a fee for issuing a duplicate off-highway motorcycle safety certificate. The commissioner shall establish the fee for a duplicate off-highway motorcycle safety certificate, to include a \$1 issuing fee for licensing agents, that neither significantly overrecovers nor underrecovers costs, including overhead costs, involved in providing the service. The fees must, except for the issuing fee for licensing agents under this subdivision, shall be deposited in the state treasury and credited to the off-highway motorcycle account in the natural resources fund.

Sec. 27. Minnesota Statutes 2004, section 84.798, subdivision 1, is amended to read:

Subdivision 1. [GENERAL REQUIREMENTS.] (a) Unless exempted under paragraph (b) or subdivision 2, after January 1, 1995, a person may not operate and an owner may not give permission for another to operate a vehicle off-road, nor may a person have an off-road vehicle not registered under chapter 168 in possession at an off-road vehicle staging area, or designated trail on off-road vehicle-designated trails or area areas on land administered by the commissioner, or on off-road vehicle grant-in-aid trails and areas funded under section 84.803, unless the vehicle has been registered under this section.

(b) Annually on the third Saturday of May, nonregistered off-road vehicles may be operated at the Iron Range Off-Highway Vehicle Recreation Area.

Sec. 28. [84.8015] [EDUCATION AND TRAINING.]

Subdivision 1. [PROGRAM ESTABLISHED WHEN REQUIRED.] (a) The commissioner shall establish a comprehensive off-road vehicle environment and safety education and training program, including the preparation and dissemination of vehicle information and safety advice to the public, the training of off-road vehicle operators, and the issuance of off-road vehicle safety certificates to operators 16 to 18 years of age who successfully complete the off-road vehicle environment and safety education and training courses.

(b) Beginning July 1, 2006, an individual who is convicted of violating a law related to the operation of an off-road vehicle must successfully complete the environment and safety education and training program established under paragraph (a) before continuing operation of an off-road vehicle.

Subd. 2. [FEES.] For the purposes of administering the program and to defray a portion of the expenses of training and certifying vehicle operators, the commissioner shall collect a fee not to exceed \$15 from each person who receives the training. The commissioner shall collect a fee for issuing a duplicate off-road vehicle safety certificate. The commissioner shall establish the fee for a duplicate off-road vehicle safety certificate that neither significantly overrecovers nor underrecovers costs, including overhead costs, involved in providing the service. The fees must be deposited in the state treasury and credited to the off-road vehicle account.

Subd. 3. [COOPERATION AND CONSULTATION.] The commissioner shall cooperate with private organizations and associations, private and public corporations, and local governmental units in furtherance of the program established under this section. The commissioner shall consult with the commissioner of public safety in regard to training program subject matter and performance testing that leads to the certification of off-road vehicle operators.

Subd. 4. [RECIPROCITY WITH OTHER STATES.] The commissioner may enter into reciprocity agreements or otherwise certify off-road vehicle environment and safety education and training courses from other states that are substantially similar to in-state courses. Proof of completion of a course subject to a reciprocity agreement or certified as substantially similar is adequate to meet the safety certificate requirements of this section.

Sec. 29. Minnesota Statutes 2004, section 84.798, is amended by adding a subdivision to read:

Subd. 10. [REFUNDS.] The commissioner may issue a refund on a registration, not including any issuing fees paid under subdivision 3, paragraph (b), or section 84.027, subdivision 15, paragraph (a), clause (3), if the refund request is received within 12 months of the original registration and the vehicle was registered incorrectly by the commissioner or the deputy registrar.

Sec. 30. Minnesota Statutes 2004, section 84.82, subdivision 2, is amended to read:

Subd. 2. [APPLICATION, ISSUANCE, REPORTS, ADDITIONAL FEE.] (a) Application for registration or reregistration shall be made to the commissioner or an authorized deputy registrar of motor vehicles in a format prescribed by the commissioner and shall state the legal name and address of every owner of the snowmobile.

(b) A person who purchases a snowmobile from a retail dealer shall make application for registration to the dealer at the point of sale. The dealer shall issue a dealer temporary ten-day

registration permit to each purchaser who applies to the dealer for registration. ~~The temporary registration is valid for 60 days from the date of issue.~~ Each retail dealer shall submit completed registration and fees to the deputy registrar at least once a week. No fee may be charged by a dealer to a purchaser for providing the temporary permit.

~~(c)~~ Upon receipt of the application and the appropriate fee as hereinafter provided, such snowmobile shall be registered and a the commissioner or deputy registrar shall issue to the applicant, or provide to the dealer, an assigned registration number assigned which shall or a commissioner or deputy registrar temporary ten-day permit. Once issued, the registration number must be affixed to the snowmobile in a clearly visible and permanent manner for enforcement purposes as the commissioner of natural resources shall prescribe. A dealer subject to paragraph (b) shall provide the registration materials or temporary permit to the purchaser within the temporary ten-day permit period. The registration is not valid unless signed by at least one owner.

~~(e)~~ (d) Each deputy registrar of motor vehicles acting pursuant to section 168.33, shall also be a deputy registrar of snowmobiles. The commissioner of natural resources in agreement with the commissioner of public safety may prescribe the accounting and procedural requirements necessary to assure efficient handling of registrations and registration fees. Deputy registrars shall strictly comply with these accounting and procedural requirements.

~~(d)~~ (e) A fee of \$2 in addition to that otherwise prescribed by law shall be charged for:

(1) each snowmobile registered by the registrar or a deputy registrar and the additional fee shall be disposed of in the manner provided in section 168.33, subdivision 2; or

(2) each snowmobile registered by the commissioner and the additional fee shall be deposited in the state treasury and credited to the snowmobile trails and enforcement account in the natural resources fund.

Sec. 31. Minnesota Statutes 2004, section 84.82, is amended by adding a subdivision to read:

Subd. 11. [REFUNDS.] The commissioner may issue a refund on a registration, not including any issuing fees paid under subdivision 2, paragraph (e), or section 84.027, subdivision 15, paragraph (a), clause (3), if the refund request is received within 12 months of the original registration and:

(1) the snowmobile was registered incorrectly by the commissioner or the deputy registrar; or

(2) the snowmobile was registered twice, once by the dealer and once by the customer.

Sec. 32. Minnesota Statutes 2004, section 84.8205, subdivision 1, is amended to read:

Subdivision 1. [STICKER REQUIRED; FEE.] A person may not operate a snowmobile that is not registered in this state on a state or grant-in-aid snowmobile trail unless a snowmobile state trail sticker is affixed to the snowmobile. The commissioner of natural resources shall issue a sticker upon application and payment of a \$15 fee. The fee for a three-year snowmobile state trail sticker that is purchased at the time of snowmobile registration is \$30. In addition to other penalties prescribed by law, a person in violation of this subdivision must purchase an annual state trail sticker for a fee of \$30. The sticker is valid from November 1 through April 30. Fees collected under this section, except for the issuing fee for licensing agents under this section and for the electronic licensing system commission established by the commissioner under section 84.027, subdivision 15, shall be deposited in the state treasury and credited to the snowmobile trails and enforcement account in the natural resources fund and must be used for grants-in-aid, trail maintenance, grooming, and easement acquisition.

**[EFFECTIVE DATE.]** This section is effective July 6, 2005.

Sec. 33. Minnesota Statutes 2004, section 84.8205, subdivision 3, is amended to read:

Subd. 3. [LICENSE AGENTS.] County auditors are appointed agents of the commissioner for the sale of snowmobile state trail stickers. The commissioner may appoint other state agencies as

~~agents for the sale of the to issue and sell state trail stickers. A county auditor may appoint subagents within the county or within adjacent counties to sell stickers. Upon appointment of a subagent, the auditor shall notify the commissioner of the name and address of the subagent. The auditor may revoke the appointment of a subagent, and The commissioner may revoke the appointment of a state agency an agent at any time. The commissioner may require an auditor to revoke a subagent's appointment. The auditor shall furnish stickers on consignment to any subagent who furnishes a surety bond in favor of the county in an amount at least equal to the value of the stickers to be consigned to that subagent. A surety bond is not required for a state agency appointed by the commissioner. The county auditor shall be responsible for all stickers issued to and user fees received by agents except in a county where the county auditor does not retain fees paid for license purposes. In these counties, the responsibilities imposed by this section upon the county auditor are imposed upon the county. The commissioner may promulgate adopt additional rules governing the accounting and procedures for handling state trail stickers as provided in section 97A.485, subdivision 11.~~

~~Any resident desiring to sell snowmobile state trail stickers may either purchase for cash or obtain on consignment stickers from a county auditor in groups of not less than ten individual stickers. In selling stickers, the resident shall be deemed a subagent of the county auditor and the commissioner, and An agent shall observe all rules promulgated adopted by the commissioner for accounting and handling of licenses and stickers pursuant to section 97A.485, subdivision 11.~~

~~The county auditor An agent shall promptly deposit and remit all money received from the sale of the stickers with the county treasurer and shall promptly transmit any reports required by the commissioner, plus 96 percent of the price paid by each stickerholder, exclusive of the issuing fee, for each sticker sold or consigned by the auditor and subsequently sold to a stickerholder during the accounting period. The county auditor shall retain as a commission four percent of all sticker fees, excluding the issuing fee for stickers consigned to subagents and the issuing fee on stickers sold by the auditor to stickerholders to the commissioner.~~

~~Unsold stickers in the hands of any subagent shall be redeemed by the commissioner if presented for redemption within the time prescribed by the commissioner. Any stickers not presented for redemption within the period prescribed shall be conclusively presumed to have been sold, and the subagent possessing the same or to whom they are charged shall be accountable.~~

**[EFFECTIVE DATE.]** This section is effective July 6, 2005.

Sec. 34. Minnesota Statutes 2004, section 84.8205, subdivision 4, is amended to read:

Subd. 4. **[DISTRIBUTION ISSUANCE OF STICKERS.]** The commissioner and agents shall provide issue and sell snowmobile state trail stickers to all agents authorized to issue stickers by the commissioner.

**[EFFECTIVE DATE.]** This section is effective July 6, 2005.

Sec. 35. Minnesota Statutes 2004, section 84.8205, subdivision 6, is amended to read:

Subd. 6. **[DUPLICATE STATE TRAIL STICKERS.]** The commissioner and agents shall issue a duplicate sticker to persons whose sticker is lost or destroyed using the process established under section 97A.405, subdivision 3, and rules promulgated thereunder. The fee for a duplicate state trail sticker is \$2, with an issuing fee of 50 cents.

**[EFFECTIVE DATE.]** This section is effective July 6, 2005.

Sec. 36. Minnesota Statutes 2004, section 84.83, subdivision 3, is amended to read:

Subd. 3. **[PURPOSES FOR THE ACCOUNT.]** The money deposited in the account and interest earned on that money may be expended only as appropriated by law for the following purposes:

(1) for a grant-in-aid program to counties and municipalities for construction and maintenance

of snowmobile trails, including maintenance of trails on lands and waters of Voyageurs National Park, on Lake of the Woods, on Rainy Lake, and on the following lakes in St. Louis County: Burntside, Crane, Little Long, Mud, Pelican, Shagawa, and Vermilion;

- (2) for acquisition, development, and maintenance of state recreational snowmobile trails;
- (3) for snowmobile safety programs; and
- (4) for the administration and enforcement of sections 84.81 to 84.91 and appropriated grants to local law enforcement agencies.

Sec. 37. Minnesota Statutes 2004, section 84.83, subdivision 4, is amended to read:

Subd. 4. [PROVISIONS APPLICABLE TO FUNDING RECIPIENTS.] (a) Recipients of Minnesota trail assistance program funds must be afforded the same protection and be held to the same standard of liability as a political subdivision under chapter 466 for activities associated with the administration, design, construction, maintenance, and grooming of snowmobile trails.

(b) Recipients of Minnesota trail assistance program funds who maintain ice trails on public waters listed under subdivision 3, clause (1), or on waters of Voyageurs National Park are expressly immune from liability under section 466.03, subdivision 6e.

Sec. 38. Minnesota Statutes 2004, section 84.86, subdivision 1, is amended to read:

Subdivision 1. [REQUIRED RULES.] With a view of achieving maximum use of snowmobiles consistent with protection of the environment the commissioner of natural resources shall adopt rules in the manner provided by chapter 14, for the following purposes:

- (1) Registration of snowmobiles and display of registration numbers.
- (2) Use of snowmobiles insofar as game and fish resources are affected.
- (3) Use of snowmobiles on public lands and waters, or on grant-in-aid trails.
- (4) Uniform signs to be used by the state, counties, and cities, which are necessary or desirable to control, direct, or regulate the operation and use of snowmobiles.
- (5) Specifications relating to snowmobile mufflers.
- (6) A comprehensive snowmobile information and safety education and training program, including but not limited to the preparation and dissemination of snowmobile information and safety advice to the public, the training of snowmobile operators, and the issuance of snowmobile safety certificates to snowmobile operators who successfully complete the snowmobile safety education and training course. For the purpose of administering such program and to defray expenses of training and certifying snowmobile operators, the commissioner shall collect a fee from each person who receives the youth or adult training. The commissioner shall collect a fee, to include a \$1 issuing fee for licensing agents, for issuing a duplicate snowmobile safety certificate. The commissioner shall establish both fees in a manner that neither significantly overrecovers nor underrecovers costs, including overhead costs, involved in providing the services. The fees are not subject to the rulemaking provisions of chapter 14 and section 14.386 does not apply. The fees may be established by the commissioner notwithstanding section 16A.1283. The fees must, except for the issuing fee for licensing agents under this subdivision, shall be deposited in the snowmobile trails and enforcement account in the natural resources fund and the amount thereof, except for the electronic licensing system commission established by the commissioner under section 84.027, subdivision 15, and issuing fees collected by the commissioner, is appropriated annually to the Enforcement Division of the Department of Natural Resources for the administration of such programs. In addition to the fee established by the commissioner, instructors may charge each person up to the established fee amount for class materials and expenses. The commissioner shall cooperate with private organizations and associations, private and public corporations, and local governmental units in furtherance of the program established under this clause. School districts may cooperate with the commissioner and volunteer instructors

to provide space for the classroom portion of the training. The commissioner shall consult with the commissioner of public safety in regard to training program subject matter and performance testing that leads to the certification of snowmobile operators.

(7) The operator of any snowmobile involved in an accident resulting in injury requiring medical attention or hospitalization to or death of any person or total damage to an extent of \$500 or more, shall forward a written report of the accident to the commissioner on such form as the commissioner shall prescribe. If the operator is killed or is unable to file a report due to incapacitation, any peace officer investigating the accident shall file the accident report within ten business days.

**[EFFECTIVE DATE.]** This section is effective July 6, 2005.

Sec. 39. Minnesota Statutes 2004, section 84.922, subdivision 2, is amended to read:

Subd. 2. **[APPLICATION, ISSUANCE, REPORTS.]** (a) Application for registration or continued registration shall be made to the commissioner of ~~natural resources, the commissioner of public safety~~ or an authorized deputy registrar of motor vehicles in a form prescribed by the commissioner. The form must state the name and address of every owner of the vehicle.

(b) A person who purchases an all-terrain vehicle from a retail dealer shall make application for registration to the dealer at the point of sale. The dealer shall issue a dealer temporary ten-day registration permit to each purchaser who applies to the dealer for registration. The dealer shall submit the completed registration application and fees to the deputy registrar at least once each week. No fee may be charged by a dealer to a purchaser for providing the temporary permit.

(c) Upon receipt of the application and the appropriate fee, the commissioner or deputy registrar shall issue to the applicant, or provide to the dealer, ~~a 60-day temporary receipt and shall assign a~~ an assigned registration number that or a commissioner or deputy registrar temporary ten-day permit. Once issued, the registration number must be affixed to the vehicle in a manner prescribed by the commissioner. A dealer subject to paragraph (b) shall provide the registration materials and or temporary receipt permit to the purchaser within the ten-day temporary permit period. The commissioner shall use the snowmobile registration system to register vehicles under this section.

(d) Each deputy registrar of motor vehicles acting under section 168.33, is also a deputy registrar of all-terrain vehicles. The commissioner of natural resources in agreement with the commissioner of public safety may prescribe the accounting and procedural requirements necessary to assure efficient handling of registrations and registration fees. Deputy registrars shall strictly comply with the accounting and procedural requirements.

(e) In addition to other fees prescribed by law, a filing fee of \$4.50 is charged for each all-terrain vehicle registration renewal, duplicate or replacement registration card, and replacement decal and a filing fee of \$7 is charged for each all-terrain vehicle registration and registration transfer issued by:

(1) a deputy registrar and shall be deposited in the treasury of the jurisdiction where the deputy is appointed, or retained if the deputy is not a public official; or

(2) the commissioner and shall be deposited to the state treasury and credited to the all-terrain vehicle account in the natural resources fund.

Sec. 40. Minnesota Statutes 2004, section 84.922, is amended by adding a subdivision to read:

Subd. 12. **[REFUNDS.]** The commissioner may issue a refund on a registration, not including any issuing fees paid under subdivision 2, paragraph (e), or section 84.027, subdivision 15, paragraph (a), clause (3), if the refund request is received within 12 months of the original registration and:

(1) the vehicle was registered incorrectly by the commissioner or the deputy registrar; or

(2) the vehicle was registered twice, once by the dealer and once by the customer.

Sec. 41. Minnesota Statutes 2004, section 84.925, subdivision 1, is amended to read:

Subdivision 1. [PROGRAM ESTABLISHED.] (a) The commissioner shall establish a comprehensive all-terrain vehicle environmental and safety education and training program, including the preparation and dissemination of vehicle information and safety advice to the public, the training of all-terrain vehicle operators, and the issuance of all-terrain vehicle safety certificates to vehicle operators over the age of 12 years who successfully complete the all-terrain vehicle environmental and safety education and training course.

(b) For the purpose of administering the program and to defray a portion of the expenses of training and certifying vehicle operators, the commissioner shall collect a fee of \$15 from each person who receives the training. The commissioner shall collect a fee, to include a \$1 issuing fee for licensing agents, for issuing a duplicate all-terrain vehicle safety certificate. The commissioner shall establish the fee for a duplicate all-terrain vehicle safety certificate that neither significantly overrecovers nor underrecovers costs, including overhead costs, involved in providing the service. Fee proceeds, except for the issuing fee for licensing agents under this subdivision, shall be deposited in the all-terrain vehicle account in the natural resources fund. In addition to the fee established by the commissioner, instructors may charge each person the cost of class material and expenses.

(c) The commissioner shall cooperate with private organizations and associations, private and public corporations, and local governmental units in furtherance of the program established under this section. School districts may cooperate with the commissioner and volunteer instructors to provide space for the classroom portion of the training. The commissioner shall consult with the commissioner of public safety in regard to training program subject matter and performance testing that leads to the certification of vehicle operators. By June 30, 2003, the commissioner shall incorporate a riding component in the safety education and training program.

**[EFFECTIVE DATE.]** This section, except for the the last sentence in paragraph (b), is effective July 6, 2005.

Sec. 42. Minnesota Statutes 2004, section 84.925, is amended by adding a subdivision to read:

Subd. 5. [TRAINING REQUIREMENTS.] (a) An individual who was born after July 1, 1987, and who is 16 years of age or older, must successfully complete the independent study course component of all-terrain vehicle safety training before operating an all-terrain vehicle on public lands.

(b) An individual who is convicted of violating a law related to the operation of an all-terrain vehicle must successfully complete the independent study course component of all-terrain vehicle safety training before continuing operation of an all-terrain vehicle.

(c) An individual who is convicted for a second or subsequent excess speed, trespass, or wetland violation in an all-terrain vehicle season, or any conviction for careless or reckless operation of an all-terrain vehicle, must successfully complete the independent study and the testing and operating course components of all-terrain vehicle safety training before continuing operation of an all-terrain vehicle.

(d) An individual who receives three or more citations and convictions for violating a law related to the operation of an all-terrain vehicle in a two-year period must successfully complete the independent study and the testing and operating course components of all-terrain vehicle safety training before continuing operation of an all-terrain vehicle.

(e) An individual must present evidence of compliance with this subdivision before an all-terrain vehicle registration is issued or renewed.

**[EFFECTIVE DATE.]** This section is effective January 1, 2006.

Sec. 43. Minnesota Statutes 2004, section 84.9256, subdivision 1, as amended by Laws 2005, chapter 146, section 5, is amended to read:

Subdivision 1. [PROHIBITIONS ON YOUTHFUL OPERATORS.] (a) Except for operation on public road rights-of-way that is permitted under section 84.928, a driver's license issued by the state or another state is required to operate an all-terrain vehicle along or on a public road right-of-way.

(b) A person under 12 years of age shall not:

- (1) make a direct crossing of a public road right-of-way;
- (2) operate an all-terrain vehicle on a public road right-of-way in the state; or
- (3) operate an all-terrain vehicle on public lands or waters, except as provided in paragraph (e).

(c) Except for public road rights-of-way of interstate highways, a person 12 years of age but less than 16 years may make a direct crossing of a public road right-of-way of a trunk, county state-aid, or county highway or operate on public lands and waters, only if that person possesses a valid all-terrain vehicle safety certificate issued by the commissioner and is accompanied on another all-terrain vehicle by a person 18 years of age or older who holds a valid driver's license.

(d) ~~To be issued an all-terrain vehicle safety certificates issued by the commissioner to persons certificate, a person at least 12 years old, but less than 16 years old, are not valid for machines in excess of 90cc engine capacity unless must:~~

(1) ~~the person successfully completed~~ complete the safety education and training program under section 84.925, subdivision 1, including a riding component; and

(2) ~~the person is~~ be able to properly reach and control the handle bars and reach the foot pegs while sitting upright on the seat of the all-terrain vehicle.

(e) A person at least ten years of age but under 12 years of age may operate an all-terrain vehicle with an engine capacity up to 90cc on public lands or waters if accompanied by a parent or legal guardian.

Sec. 44. Minnesota Statutes 2004, section 84.9257, is amended to read:

84.9257 [PASSENGERS.]

(a) A parent or guardian may operate an all-terrain vehicle carrying one passenger who is under 16 years of age and who wears a safety helmet approved by the commissioner of public safety.

(b) For the purpose of this section, "guardian" means a legal guardian of a person under age 16, or a person 18 or older who has been authorized by the parent or legal guardian to supervise the person under age 16.

(c) A person 18 years of age or older may operate an all-terrain vehicle carrying one passenger who is 16 or 17 years of age and wears a safety helmet approved by the commissioner of public safety.

(d) A person 18 years of age or older may operate an all-terrain vehicle carrying one passenger who is 18 years of age or older.

Sec. 45. Minnesota Statutes 2004, section 84.926, is amended to read:

84.926 [VEHICLE USE ALLOWED ON PUBLIC LANDS BY THE COMMISSIONER; EXCEPTIONS.]

Subdivision 1. [EXCEPTION BY PERMIT.] Notwithstanding section sections 84.773, subdivision 1, and 84.777, on a case by case basis, the commissioner may issue a permit authorizing a person to operate an off-highway vehicle on individual public trails under the commissioner's jurisdiction during specified times and for specified purposes.

Subd. 2. [ALL-TERRAIN VEHICLES; MANAGED OR LIMITED FORESTS; OFF TRAIL.]

Notwithstanding section 84.777, but subject to the commissioner's authority under subdivision 5, on state forest lands classified as managed or limited, other than the Richard J. Dorer Memorial Hardwood Forest, a person may use an all-terrain vehicle off forest trails or forest roads when:

- (1) hunting big game or transporting or installing hunting stands during October, November, and December, when in possession of a valid big game hunting license;
- (2) retrieving big game in September, when in possession of a valid big game hunting license;
- (3) tending traps during an open trapping season for protected furbearers, when in possession of a valid trapping license; or
- (4) trapping minnows, when in possession of a valid minnow dealer, private fish hatchery, or aquatic farm license.

Subd. 3. [ALL-TERRAIN VEHICLES; CLOSED FORESTS; HUNTING.] Notwithstanding section 84.777, the commissioner may determine whether all-terrain vehicles are allowed on specific forest roads, on state forest lands classified as closed, for the purpose of hunting big game during an open big game season. The determination shall be by written order as published in the State Register and is exempt from chapter 14. Section 14.386 does not apply.

Subd. 4. [OFF-ROAD AND ALL-TERRAIN VEHICLES; LIMITED OR MANAGED FORESTS; TRAILS.] Notwithstanding section 84.777, but subject to the commissioner's authority under subdivision 5, on state forest lands classified as limited or managed, other than the Richard J. Dorer Memorial Hardwood Forest, a person may use vehicles registered under chapter 168 or section 84.798 or 84.922 on forest trails that are not designated for a specific use when:

- (1) hunting big game or transporting or installing hunting stands during October, November, and December, when in possession of a valid big game hunting license;
- (2) retrieving big game in September, when in possession of a valid big game hunting license;
- (3) tending traps during an open trapping season for protected furbearers, when in possession of a valid trapping license; or
- (4) trapping minnows, when in possession of a valid minnow dealer, private fish hatchery, or aquatic farm license.

Subd. 5. [LIMITATIONS ON OFF-TRAIL AND UNDESIGNATED TRAIL USE.] The commissioner may designate areas on state forest lands that are not subject to the exceptions provided in subdivisions 2 and 4. Such designations are not subject to the rulemaking provisions of chapter 14 and section 14.386 does not apply. Before designating such areas, the commissioner shall hold a public meeting in the county where the largest portion of the forest lands are located to provide information to and receive comment from the public regarding the proposed designation. Sixty days before the public meeting, notice of the proposed designation shall be published in the legal newspapers that serve the counties in which the lands are located, in a statewide Department of Natural Resources news release, and in the State Register.

Sec. 46. Minnesota Statutes 2004, section 84.928, subdivision 1, is amended to read:

Subdivision 1. [OPERATION ON ROADS AND RIGHTS-OF-WAY.] (a) Unless otherwise allowed in sections 84.92 to 84.929, a person shall not operate an all-terrain vehicle in this state along or on the roadway, shoulder, or inside bank or slope of a public road right-of-way of a trunk, county state-aid, or county highway other than in the ditch or the outside bank or slope of a trunk, county state-aid, or county highway unless prohibited under paragraph (b).

(b) A road authority as defined under section 160.02, subdivision 25, may after a public hearing restrict the use of all-terrain vehicles in the ditch or outside bank or slope of a public road right-of-way under its jurisdiction.

(c) The restrictions in paragraphs (a), (b), (g), (h), and (i) do not apply to the operation of an

all-terrain vehicle on the shoulder, inside bank or slope, ditch, or outside bank or slope of a trunk, interstate, county state-aid, or county highway when the all-terrain vehicle is:

(1) owned by or operated under contract with a publicly or privately owned utility or pipeline company; and

(2) used for work on utilities or pipelines.

(d) The commissioner may limit the use of a right-of-way for a period of time if the commissioner determines that use of the right-of-way causes:

(1) degradation of vegetation on adjacent public property;

(2) siltation of waters of the state;

(3) impairment or enhancement to the act of taking game; or

(4) a threat to safety of the right-of-way users or to individuals on adjacent public property.

~~(d)~~ (e) The commissioner must notify the road authority as soon as it is known that a closure will be ordered. The notice must state the reasons and duration of the closure.

~~(e)~~ (f) A person may operate an all-terrain vehicle registered for private use and used for agricultural purposes on a public road right-of-way of a trunk, county state-aid, or county highway in this state if the all-terrain vehicle is operated on the extreme right-hand side of the road, and left turns may be made from any part of the road if it is safe to do so under the prevailing conditions.

~~(f)~~ (g) A person shall not operate an all-terrain vehicle within the public road right-of-way of a trunk, county state-aid, or county highway from April 1 to August 1 in the agricultural zone unless the vehicle is being used exclusively as transportation to and from work on agricultural lands. This paragraph does not apply to an agent or employee of a road authority, as defined in section 160.02, subdivision 25, or the Department of Natural Resources when performing or exercising official duties or powers.

~~(g)~~ (h) A person shall not operate an all-terrain vehicle within the public road right-of-way of a trunk, county state-aid, or county highway between the hours of one-half hour after sunset to one-half hour before sunrise, except on the right-hand side of the right-of-way and in the same direction as the highway traffic on the nearest lane of the adjacent roadway.

~~(h)~~ (i) A person shall not operate an all-terrain vehicle at any time within the right-of-way of an interstate highway or freeway within this state.

Sec. 47. Minnesota Statutes 2004, section 84.928, subdivision 2, is amended to read:

Subd. 2. [OPERATION GENERALLY.] A person may not drive or operate an all-terrain vehicle:

(1) at a rate of speed greater than reasonable or proper under the surrounding circumstances;

(2) in a careless, reckless, or negligent manner so as to endanger or to cause injury or damage to the person or property of another;

(3) without headlight and taillight lighted at all times if the vehicle is equipped with headlight and taillight;

(4) without a functioning stoplight if so equipped;

(5) in a tree nursery or planting in a manner that damages or destroys growing stock;

(6) without a brake operational by either hand or foot;

(7) with more persons than one person on the vehicle than it was designed for, except as allowed under section 84.9257;

(8) at a speed exceeding ten miles per hour on the frozen surface of public waters within 100 feet of a person not on an all-terrain vehicle or within 100 feet of a fishing shelter; or

(9) with a snorkel device that has a raised air intake six inches or more above the vehicle manufacturer's original air intake, except within the Iron Range Off-Highway Vehicle Recreation Area as described in section 85.013, subdivision 12a, or other public off-highway vehicle recreation areas; or

(10) in a manner that violates operation rules adopted by the commissioner.

Sec. 48. Minnesota Statutes 2004, section 84D.03, subdivision 4, is amended to read:

Subd. 4. [COMMERCIAL FISHING AND TURTLE, FROG, AND CRAYFISH HARVESTING RESTRICTIONS IN INFESTED AND NONINFESTED WATERS.] (a) All nets, traps, buoys, anchors, stakes, and lines used for commercial fishing or turtle, frog, or crayfish harvesting in an infested waters, water that is designated because the waters contain it contains invasive fish or invertebrates, may not be used in noninfested any other waters. If a commercial licensee operates in both noninfested waters and an infested waters water designated because the waters contain it contains invasive fish or invertebrates and other waters, all nets, traps, buoys, anchors, stakes, and lines used for commercial fishing or turtle, frog, or crayfish harvesting in noninfested waters not designated as infested with invasive fish or invertebrates must be tagged with tags provided by the commissioner, as specified in the commercial licensee's license or permit, and may not be used in infested waters designated because the waters contain invasive fish or invertebrates.

(b) In infested waters designated solely because the waters contain Eurasian water milfoil, All nets, traps, buoys, anchors, stakes, and lines used for commercial fishing or turtle, frog, or crayfish harvesting in an infested water that is designated solely because it contains Eurasian water milfoil must be dried for a minimum of ten days or frozen for a minimum of two days before they are used in noninfested any other waters, except as provided in this paragraph. Commercial operators licensees must notify the department's regional or area fisheries office or a conservation officer when before removing nets or equipment from an infested waters water designated solely because it contains Eurasian water milfoil and before resetting those nets or equipment in noninfested any other waters. All aquatic macrophytes Upon notification, the commissioner may authorize a commercial licensee to move nets or equipment to another water without freezing or drying, if that water is designated as infested solely because it contains Eurasian water milfoil.

(c) A commercial licensee must be removed remove all aquatic macrophytes from nets and other equipment when the nets and equipment are removed from infested waters of the state.

(d) The commissioner shall provide a commercial licensee with a current listing of designated infested waters at the time that a license or permit is issued.

Sec. 49. Minnesota Statutes 2004, section 85.015, subdivision 5, is amended to read:

Subd. 5. [GLACIAL LAKES TRAIL, KANDIYOHI, POPE, AND DOUGLAS COUNTIES.]

(a) The trail shall originate at Kandiyohei County Park on the north shore of Green Lake in Kandiyohei County and thence extend northwesterly to Sibley State Park, thence northwesterly to Glacial Lakes State Park in Pope County, thence northeasterly to Lake Carlos State Park in Douglas County, and there terminate.

(b) Trails may be established that extend the Glacial Lakes Trail system from New London to Cold Spring.

(c) The trail shall be developed primarily for riding and hiking.

Sec. 50. Minnesota Statutes 2004, section 85.053, subdivision 1, is amended to read:

Subdivision 1. [FORM, ISSUANCE, VALIDITY.] (a) The commissioner shall prepare and provide state park permits for each calendar year that state a motor vehicle may enter and use state parks, state recreation areas, and state waysides over 50 acres in area. State park permits must be

available and placed on sale by January 1 of the calendar year that the permit is valid. A separate motorcycle permit may be prepared and provided by the commissioner.

(b) An annual state park permit ~~must be affixed when purchased and~~ may be used from the time it is affixed purchased for a 12-month period. State park permits in each category must be numbered consecutively for each year of issue.

(c) State park permits shall be issued by employees of the Division of Parks and Recreation as designated by the commissioner. State park permits also may be consigned to and issued by agents designated by the commissioner who are not employees of the Division of Parks and Recreation. All proceeds from the sale of permits and all unsold permits consigned to agents shall be returned to the commissioner at such times as the commissioner may direct, but no later than the end of the calendar year for which the permits are effective. No part of the permit fee may be retained by an agent. An additional charge or fee in an amount to be determined by the commissioner, but not to exceed four percent of the price of the permit, may be collected and retained by an agent for handling or selling the permits.

Sec. 51. Minnesota Statutes 2004, section 85.053, subdivision 2, is amended to read:

Subd. 2. [REQUIREMENT.] Except as provided in section 85.054, a motor vehicle may not enter a state park, state recreation area, or state wayside over 50 acres in area, without a state park permit issued under this section. Except for vehicles permitted under subdivision 7, paragraph (a), clause (2), the state park permit must be affixed to the lower right corner windshield of the motor vehicle and must be completely affixed by its own adhesive to the windshield, or the commissioner may, by written order, provide an alternative means to display and validate annual permits.

Sec. 52. Minnesota Statutes 2004, section 85.054, subdivision 1, is amended to read:

Subdivision 1. [STATE PARK OPEN HOUSE DAY.] (a) A state park permit is not required for a motor vehicle to enter a state park, state monument, state recreation area, or state wayside, on one day each calendar year at each park, which the commissioner may designate as State Park Open House Day. The commissioner may designate two consecutive days as State Park Open House Day, if the open house is held in conjunction with a special pageant described in section 85.052, subdivision 2.

(b) The commissioner shall announce the date of each state park open house day at least 30 days in advance of the date it occurs.

(c) The state park open house day is to acquaint the public with state parks, recreation areas, and waysides.

Sec. 53. Minnesota Statutes 2004, section 85.054, is amended by adding a subdivision to read:

Subd. 11. [BIG BOG STATE RECREATION AREA.] A state park permit is not required and a fee may not be charged for motor vehicle entry or parking at the parking area located north of Tamarac River in the southern unit of Big Bog State Recreation Area, Beltrami County.

Sec. 54. Minnesota Statutes 2004, section 85.055, is amended by adding a subdivision to read:

Subd. 1b. [DISCOUNTS.] Except as otherwise specified in law, and notwithstanding section 16A.1285, subdivision 2, the commissioner may by written order authorize waiver or reduction of state park entrance fees.

Sec. 55. Minnesota Statutes 2004, section 85.055, subdivision 2, is amended to read:

Subd. 2. [FEE DEPOSIT AND APPROPRIATION.] The fees collected under this section shall be deposited in the natural resources fund and credited to a the state parks account. Money in the account, except for the electronic licensing system commission established by the commissioner under section 84.027, subdivision 15, is available for appropriation to the commissioner to operate and maintain the state park system.

**[EFFECTIVE DATE.]** This section is effective July 6, 2005.

Sec. 56. Minnesota Statutes 2004, section 85.42, is amended to read:

85.42 [USER FEE; VALIDITY.]

(a) The fee for an annual cross-country ski pass is \$9 \$14 for an individual age 16 and over. The fee for a three-year pass is \$24 \$39 for an individual age 16 and over. This fee shall be collected at the time the pass is purchased. Three-year passes are valid for three years beginning the previous July 1. Annual passes are valid for one year beginning the previous July 1.

(b) The cost for a daily cross-country skier pass is \$2 \$4 for an individual age 16 and over. This fee shall be collected at the time the pass is purchased. The daily pass is valid only for the date designated on the pass form.

(c) A pass must be signed by the skier across the front of the pass to be valid and becomes nontransferable on signing.

Sec. 57. Minnesota Statutes 2004, section 85.43, is amended to read:

85.43 [DISPOSITION OF RECEIPTS; PURPOSE.]

(a) Fees from cross-country ski passes shall be deposited in the state treasury and credited to a cross-country ski account in the natural resources fund and, except as ~~provided in paragraph (b)~~ for the electronic licensing system commission established by the commissioner under section 84.027, subdivision 15, are appropriated to the commissioner of natural resources for:

(1) grants-in-aid for cross-country ski trails sponsored by local units of government and special park districts as provided in section 85.44; and

~~(2) maintenance, winter grooming, and associated administrative costs for cross-country ski trails under the jurisdiction of the commissioner.~~

~~(b) The commissioner shall retain for the operation of the electronic licensing system a commission of 4.7 percent of all cross-country ski pass fees collected.~~

**[EFFECTIVE DATE.]** This section is effective July 6, 2005.

Sec. 58. Minnesota Statutes 2004, section 86B.415, subdivision 1, is amended to read:

Subdivision 1. [WATERCRAFT 19 FEET OR LESS.] The fee for a watercraft license for watercraft 19 feet or less in length is \$18 \$27 except:

(1) for watercraft, other than personal watercraft, 19 feet in length or less that is offered for rent or lease, the fee is \$6 \$9;

(2) for a canoe, kayak, sailboat, sailboard, paddle boat, or rowing shell 19 feet in length or less, the fee is \$7 \$10.50;

(3) for a watercraft 19 feet in length or less used by a nonprofit corporation for teaching boat and water safety, the fee is as provided in subdivision 4;

(4) for a watercraft owned by a dealer under a dealer's license, the fee is as provided in subdivision 5;

(5) for a personal watercraft, the fee is \$25 \$37.50; and

(6) for a watercraft less than 17 feet in length, other than a watercraft listed in clauses (1) to (5), the fee is \$12 \$18.

Sec. 59. Minnesota Statutes 2004, section 86B.415, subdivision 2, is amended to read:

Subd. 2. [WATERCRAFT OVER 19 FEET.] Except as provided in subdivisions 3, 4, and 5, the watercraft license fee:

- (1) for a watercraft more than 19 feet but less than 26 feet in length is ~~\$30~~ \$45;
- (2) for a watercraft 26 feet but less than 40 feet in length is ~~\$45~~ \$67.50; and
- (3) for a watercraft 40 feet in length or longer is ~~\$60~~ \$90.

Sec. 60. Minnesota Statutes 2004, section 86B.415, subdivision 3, is amended to read:

Subd. 3. [WATERCRAFT OVER 19 FEET FOR HIRE.] The license fee for a watercraft more than 19 feet in length for hire with an operator is ~~\$50~~ \$75 each.

Sec. 61. Minnesota Statutes 2004, section 86B.415, subdivision 4, is amended to read:

Subd. 4. [WATERCRAFT USED BY NONPROFIT CORPORATION FOR TEACHING.] The watercraft license fee for a watercraft used by a nonprofit organization for teaching boat and water safety is ~~\$3~~ \$4.50 each.

Sec. 62. Minnesota Statutes 2004, section 86B.415, subdivision 5, is amended to read:

Subd. 5. [DEALER'S LICENSE.] There is no separate fee for watercraft owned by a dealer under a dealer's license. The fee for a dealer's license is ~~\$45~~ \$67.50.

Sec. 63. Minnesota Statutes 2004, section 86B.415, subdivision 6, is amended to read:

Subd. 6. [TRANSFER OR DUPLICATE LICENSE.] The fee to transfer a watercraft license or be issued a duplicate license is ~~\$3~~ \$4.50.

Sec. 64. Minnesota Statutes 2004, section 86B.415, is amended by adding a subdivision to read:

Subd. 11. [REFUNDS.] The commissioner may issue a refund on a license or title, not including any issuing fees paid under subdivision 8 or section 84.027, subdivision 15, paragraph (a), clause (3), or 86B.870, subdivision 1, paragraph (b), if the refund request is received within 12 months of the original license or title and:

- (1) the watercraft was licensed or titled incorrectly by the commissioner or the deputy registrar;
- (2) the customer was incorrectly charged a title fee; or
- (3) the watercraft was licensed or titled twice, once by the dealer and once by the customer.

Sec. 65. [86B.706] [WATER RECREATION ACCOUNT; RECEIPTS AND PURPOSE.]

Subdivision 1. [CREATION.] The water recreation account is created in the state treasury in the natural resources fund.

Subd. 2. [MONEY DEPOSITED IN ACCOUNT.] The following shall be deposited in the state treasury and credited to the water recreation account:

- (1) fees and surcharges from titling and licensing of watercraft under this chapter;
- (2) fines, installment payments, and forfeited bail according to section 86B.705, subdivision 2;
- (3) civil penalties according to section 84D.13;
- (4) mooring fees and receipts from the sale of marine gas at state-operated or state-assisted small craft harbors and mooring facilities according to section 86A.21;
- (5) the unrefunded gasoline tax attributable to watercraft use under section 296A.18; and
- (6) fees for permits issued to control or harvest aquatic plants other than wild rice under section 103G.615, subdivision 2.

Subd. 3. [PURPOSES.] The money in the account may be expended only as appropriated by law for the following purposes:

(1) as directed under section 296A.18, subdivision 2, for acquisition, development, maintenance, and rehabilitation of public water access and boating facilities on public waters; lake and river improvements; and boat and water safety;

(2) from the fees collected at state-operated or state-assisted small craft harbors and mooring facilities from daily and seasonal moorings and the sale of marine gas, for maintenance, operation, replacement, and expansion of these facilities and for the debt service on state bonds sold to finance these facilities;

(3) for administration and enforcement of this chapter as it pertains to titling and licensing of watercraft and use and safe operation of watercraft; grants for county-sponsored and administered boat and water safety programs; and state boat and water safety efforts;

(4) for management of aquatic invasive species and the implementation of chapter 84D as it pertains to aquatic invasive species, including control, public awareness, law enforcement, assessment and monitoring, management planning, and research; and

(5) for management of aquatic plants and the implementation of section 103G.615 as it pertains to aquatic plants, including plant removal permitting, control, public awareness, law enforcement, assessment and monitoring, management planning, and research.

Sec. 66. Minnesota Statutes 2004, section 88.17, subdivision 1, is amended to read:

Subdivision 1. [PERMIT REQUIRED.] (a) A permit to start a fire to burn vegetative materials and other materials allowed by Minnesota Statutes or official state rules and regulations may be given by the commissioner or the commissioner's agent. This permission shall be in the form of:

(1) a written permit signed issued by a forest officer, fire warden, authorized Minnesota pollution control agent, or other person authorized by the forest officer, or town fire warden, and commissioner; or

(2) an electronic permit issued by the commissioner, an agent authorized by the commissioner, or an Internet site authorized by the commissioner.

(b) Burning permits shall set the time and conditions by which the fire may be started and burned. The permit shall also specifically list the materials that may be burned. The permittee must have the permit on their person and shall produce the permit for inspection when requested to do so by a forest officer, town fire warden, conservation officer, or other peace officer. The permittee shall remain with the fire at all times and before leaving the site shall completely extinguish the fire. A person shall not start or cause a fire to be started on any land that is not owned or under their legal control without the written permission of the owner, lessee, or an agent of the owner or lessee of the land. Violating or exceeding the permit conditions shall constitute a misdemeanor and shall be cause for the permit to be revoked.

Sec. 67. Minnesota Statutes 2004, section 88.17, is amended by adding a subdivision to read:

Subd. 4. [ACCOUNT CREATED.] There is created in the state treasury a burning permit account within the natural resources fund where all fees collected under this section shall be deposited.

Sec. 68. Minnesota Statutes 2004, section 88.17, is amended by adding a subdivision to read:

Subd. 5. [PERMIT FEES.] (a) The annual fees for an electronic burning permit are:

(1) \$5 for a noncommercial burning permit; and

(2) for commercial enterprises that obtain multiple permits, \$5 per permit for each burning site, up to a maximum of \$50 per individual business enterprise per year.

(b) Except for the issuing fee under paragraph (c), and for the electronic licensing system commission established by the commissioner under section 84.027, subdivision 15, money received from permits issued under this section shall be deposited in the state treasury and credited

to the burning permit account and is annually appropriated to the commissioner of natural resources for the costs of operating the burning permit system.

(c) Of the fee amount collected under paragraph (a), \$1 shall be retained by the permit agent as a commission for issuing electronic permits.

(d) Fire wardens who issue written permits may charge a fee of up to \$1 for each permit issued, to be retained by the fire warden as a commission for issuing the permit. This paragraph does not limit a local government unit from charging an administrative fee for issuing open burning permits within its jurisdiction.

Sec. 69. Minnesota Statutes 2004, section 88.6435, subdivision 4, is amended to read:

Subd. 4. [FOREST BOUGH ACCOUNT; DISPOSITION OF PERMIT FEES AND PENALTIES.] (a) The forest bough account is established in the state treasury within the natural resources fund.

(b) Fees for permits issued under this section shall be deposited in the state treasury and credited to the special revenue fund forest bough account and, except for the electronic licensing system commission established by the commissioner under section 84.027, subdivision 15, are annually appropriated to the commissioner of natural resources for costs associated with balsam bough educational programs for harvesters and buyers.

**[EFFECTIVE DATE.]** This section is effective July 6, 2005.

Sec. 70. Minnesota Statutes 2004, section 89.039, subdivision 1, is amended to read:

Subdivision 1. [ACCOUNT ESTABLISHED; SOURCES.] The forest management investment account is created in the natural resources fund in the state treasury and money in the account may be spent only for the purposes provided in subdivision 2. The following revenue shall be deposited in the forest management investment account:

(1) timber sales receipts transferred from the consolidated conservation areas account as provided in section 84A.51, subdivision 2;

(2) timber sales receipts from forest lands as provided in section 89.035; and

(3) money transferred from the forest suspense account according to section 16A.125, subdivision 5; and

(4) interest accruing from investment of the account.

Sec. 71. Minnesota Statutes 2004, section 89.19, subdivision 2, is amended to read:

Subd. 2. [RULEMAKING EXEMPTION.] Designations of forest trails and changes to the designations by the commissioner shall be by written order published in the State Register. Designations and changes to designations are not subject to the rulemaking provisions of chapter 14 and section 14.386 does not apply. Before designating or changing a designation of forest trails, the commissioner shall hold a public meeting in the county where the largest portion of the forest lands are located to provide information to and receive comment from the public regarding the proposed trail designation or change in designation. Sixty days before the public meeting, notice of the proposed forest trail designation or change in designation shall be published in the legal newspapers that serve the counties in which the lands are located, in a statewide Department of Natural Resources news release, and in the State Register.

Sec. 72. Minnesota Statutes 2004, section 89.36, subdivision 2, is amended to read:

Subd. 2. [PURCHASE OF STOCK.] The commissioner of natural resources may purchase tree planting stock for the purposes herein authorized under the provisions of sections 89.35 to 89.39, or any other applicable law now or hereafter in force. The commissioner must give preference for Minnesota grown planting stock.

Sec. 73. Minnesota Statutes 2004, section 89.37, subdivision 4, is amended to read:

Subd. 4. [PROCEEDS OF SALE.] All money received in payment for tree planting stock supplied under this section shall be deposited in the state treasury and credited to a forest nursery account and are available to the commissioner of natural resources for the purposes of sections 89.35 to 89.37, including up to \$250,000 per year for forestry education and technical assistance.

Sec. 74. Minnesota Statutes 2004, section 90.195, is amended to read:

90.195 [SPECIAL USE PERMIT.]

The commissioner may issue a permit to salvage or cut not to exceed 12 cords of fuelwood per year for personal use from either or both of the following sources: (1) dead, down, and diseased trees; (2) other trees that are of negative value under good forest management practices. The permits may be issued for a period not to exceed one year. The commissioner shall charge a fee, not less than \$5, in an amount up to the stumpage for the permit that shall cover the commissioner's cost of issuing the permit and shall not exceed the current market value of fuelwood of similar species, grade, and volume that is being sold in the area where the salvage or cutting is authorized under the permit.

Sec. 75. Minnesota Statutes 2004, section 92.03, subdivision 4, is amended to read:

Subd. 4. [INTERNAL IMPROVEMENT LANDS.] When lands donated to the state under the eighth section of an act of Congress entitled "An act to appropriate the proceeds of the sales of the public lands, and to grant preemption rights," approved September 4, 1841, must be are sold and, the money derived from its sale must be invested, as provided by the Minnesota Constitution, article XI, section 8.

Sec. 76. [92.685] [LAND MANAGEMENT ACCOUNT.]

The land management account is created in the natural resources fund. Money credited to the account is appropriated annually to the commissioner of natural resources for the Lands and Minerals Division to administer the road easement program under section 84.631.

Sec. 77. [93.2236] [MINERALS MANAGEMENT ACCOUNT.]

(a) The minerals management account is created as an account in the natural resources fund. Interest earned on money in the account accrues to the account. Money in the account may be spent or distributed only as provided in paragraphs (b) and (c).

(b) If the balance in the minerals management account exceeds \$3,000,000 on June 30, the amount exceeding \$3,000,000 must be distributed to the permanent school fund and the permanent university fund. The amount distributed to each fund must be in the same proportion as the total mineral lease revenue received in the previous biennium from school trust lands and university lands.

(c) Subject to appropriation by the legislature, money in the minerals management account may be spent by the commissioner of natural resources for mineral resource management and projects to enhance future mineral income and promote new mineral resource opportunities.

Sec. 78. Minnesota Statutes 2004, section 94.342, subdivision 1, is amended to read:

Subdivision 1. [CLASS A.] All land owned by the state and controlled or administered by the commissioner or by any division ~~or agency~~ of the Department of Natural Resources shall be known as Class A land for the purposes of sections 94.341 to 94.347. Class A land shall include school, swamp, internal improvement, and other land granted to the state by acts of Congress, state forest land, tax-forfeited land held by the state free from any trust in favor of taxing districts, and other land acquired by the state in any manner and controlled or administered as aforesaid; but this enumeration shall not be deemed exclusive.

Sec. 79. Minnesota Statutes 2004, section 94.342, subdivision 3, is amended to read:

Subd. 3. [~~CLASS C~~ ADDITIONAL RESTRICTIONS ON RIPARIAN LAND.] Land bordering on or adjacent to any meandered or other public waters and withdrawn from sale by law is ~~Class C~~ riparian land. ~~Class C~~ Riparian land may not be given in exchange unless expressly authorized by the legislature or unless through the same exchange the state acquires land on the same or other public waters in the same general vicinity affording at least equal opportunity for access to the waters and other riparian use by the public; provided, that any exchange with the United States or any agency thereof may be made free from this limitation upon condition that the state land given in exchange bordering on public waters shall be subject to reservations by the state for public travel along the shores as provided by section 92.45, unless waived as provided in this subdivision, and that there shall be reserved by the state such additional rights of public use upon suitable portions of such state land as the commissioner of natural resources, with the approval of the Land Exchange Board, may deem necessary or desirable for camping, hunting, fishing, access to the water, and other public uses. In regard to Class B or ~~Class C~~ riparian land that is contained within that portion of the Superior National Forest that is designated as the Boundary Waters Canoe Area Wilderness, the condition that state land given in exchange bordering on public waters must be subject to the public travel reservations provided in section 92.45, may be waived by the Land Exchange Board upon the recommendation of the commissioner of natural resources and, if the land is Class B land, the additional recommendation of the county board in which the land is located.

Sec. 80. Minnesota Statutes 2004, section 94.342, subdivision 4, is amended to read:

Subd. 4. [ADDITIONAL RESTRICTIONS ON STATE PARK LAND.] Land specifically designated by law as a state park may not be given in exchange unless the land is school trust land that is exchanged for Class A or ~~Class C~~ land located outside a state park.

Sec. 81. Minnesota Statutes 2004, section 94.342, subdivision 5, is amended to read:

Subd. 5. [ADDITIONAL RESTRICTIONS ON SCHOOL TRUST LAND.] School trust land may be exchanged with other state Class A land only if the Permanent School Fund Advisory Committee is appointed as temporary trustee of the school trust land for purposes of the exchange. The committee shall provide independent legal counsel to review the exchanges.

Sec. 82. Minnesota Statutes 2004, section 94.343, subdivision 1, is amended to read:

Subdivision 1. [GENERAL EXCHANGE PROVISIONS.] ~~Except as otherwise herein provided,~~ (a) Any Class A land may, with the unanimous approval of the board, be exchanged for any publicly held or privately owned land in the manner and subject to the conditions herein prescribed. Class A land may be exchanged only if it meets the requirements of subdivision 3 or 5.

(b) The commissioner, with the approval of the board, shall formulate general programs of exchange of Class A land designed to serve the best interests of the state in the acquisition, development, and use of lands for purposes within the province of the Department of Natural Resources.

Sec. 83. Minnesota Statutes 2004, section 94.343, is amended by adding a subdivision to read:

Subd. 2a. [VALUATION OF LAND.] The commissioner shall cause the state land and the land proposed to be exchanged therefor to be examined and value determined as provided in section 84.0272; provided, that in exchanges with the United States or any agency thereof the examination and value determination may be made in the manner as the Land Exchange Board may direct. The determined values shall not be conclusive, but shall be taken into consideration by the commissioner and the board, together with such other matters as they deem material, in determining the values for the purposes of exchange.

Sec. 84. Minnesota Statutes 2004, section 94.343, subdivision 3, is amended to read:

Subd. 3. [EXCHANGING LAND OF SUBSTANTIALLY EQUAL VALUE REQUIRED OR LOWER VALUE.] (a) ~~Except as otherwise herein provided,~~ Class A land shall be exchanged only for land of at least substantially equal value to the state, as determined by the commissioner, with the approval of the board. ~~For the purposes of such determination, the commissioner shall cause~~

~~the state land and the land proposed to be exchanged therefor to be examined and appraised by qualified state appraisers as provided in section 84.0272; provided, that in exchanges with the United States or any agency thereof the examination and appraisal may be made in such manner as the Land Exchange Board may direct. The appraisers shall determine the fair market value of the lands involved, disregarding any minimum value fixed for state land by the state Constitution or by law, and shall make a report thereof, together with such other pertinent information respecting the use and value of the lands to the state as they deem pertinent or as the commissioner or the board may require. Such reports shall be filed and preserved in the same manner as other reports of appraisal of state lands. The appraised values shall not be conclusive, but shall be taken into consideration by the commissioner and the board, together with such other matters as they deem material, in determining the values for the purposes of exchange.~~

(b) For the purposes of this subdivision, "substantially equal value" means:

(1) where the lands being exchanged are both over 100 acres, their values do not differ by more than ten percent; and

(2) in other cases, the values of the exchanged lands do not differ by more than 20 percent.

(c) Other than school trust land, Class A land may be exchanged for land of lesser value if the other party to the exchange pays to the state the amount of the difference in value. Money received by the commissioner in such cases shall be credited to the same fund as in the case of sale of the land, if such a fund exists, otherwise to the special fund, if any, from which the cost of the land was paid, otherwise to the general fund.

Sec. 85. Minnesota Statutes 2004, section 94.343, subdivision 7, is amended to read:

~~Subd. 7. [PUBLIC HEARING.] Before giving final approval to any exchange of Class A land, the board commissioner shall hold a public hearing thereon at the capital city or at some place which it may designate in the general area where the lands involved are situated; provided, that the board may direct such hearing to be held in its behalf by any of its members or by the commissioner or by a referee appointed by the board. The commissioner shall furnish to the auditor of each county affected a notice of the hearing signed by the state auditor as secretary of the board commissioner, together with a list of all the lands proposed to be exchanged and situated in the county, and the county auditor shall post the same in the auditor's office at least two weeks before the hearing. The county auditor commissioner shall also cause a copy of the notice, referring to the list of lands posted, to be published at least two weeks before the hearing in a legal newspaper published in the county. The cost of publication of the notice shall be paid by the state out of any moneys appropriated for the expenses of the board commissioner.~~

Sec. 86. Minnesota Statutes 2004, section 94.343, subdivision 8, is amended to read:

~~Subd. 8. [PROPOSALS FOR EXCHANGE.] The commissioner, with the approval of the board, may submit a proposal for exchange of Class A land to any land owner concerned. Any land owner may submit to the commissioner and the board a proposal for exchange in such form as the commissioner, with the approval of the board, may prescribe.~~

Sec. 87. Minnesota Statutes 2004, section 94.343, is amended by adding a subdivision to read:

Subd. 8a. [FEES.] (a) When a private landowner or governmental unit, except the state, presents to the commissioner an offer to exchange privately or publicly held land for Class A land, the private landowner or governmental unit shall pay to the commissioner a determination of value fee and survey fee of not less than one-half of the cost of the determination of value and survey fees as determined by the commissioner.

(b) Except as provided in paragraph (c), any payment made under paragraph (a) shall be credited to the account from which the expenses are paid and is appropriated for expenditure in the same manner as other money in the account.

(c) The fees shall be refunded if the land exchange offer is withdrawn by a private landowner or governmental unit before the money is obligated to be spent.

Sec. 88. Minnesota Statutes 2004, section 94.343, subdivision 10, is amended to read:

Subd. 10. [CONVEYANCE.] Conveyance of Class A land given in exchange shall be made by deed executed by the commissioner in the name of the state, ~~with a certificate of unanimous approval by the board appended.~~ All such deeds received by the state shall be recorded or registered in the county in which the lands lie, ~~and all recorded deeds and certificates of registered title shall be filed in the office having custody of the state public land records in the Department of Natural Resources.~~

Sec. 89. Minnesota Statutes 2004, section 94.344, subdivision 1, is amended to read:

Subdivision 1. [GENERAL EXCHANGE PROVISIONS.] ~~Except as otherwise provided,~~ Class B land, by resolution of the county board of the county where the land is located and with the unanimous approval of the Land Exchange Board, may be exchanged for any publicly held or privately owned land in the same county. Class B land may be exchanged only if it meets the requirements of subdivision 3 or 5.

Sec. 90. Minnesota Statutes 2004, section 94.344, is amended by adding a subdivision to read:

Subd. 2a. [VALUATION OF LANDS.] For an exchange involving Class B land for Class A land, the value of the lands shall be determined by the commissioner, with approval of the Land Exchange Board. For purposes of the determination, the commissioner shall determine the value of the state and tax-forfeited land proposed to be exchanged in the same manner as Class A land. For all other purposes, the county board shall appraise the state land and the land in the proposed exchange in the same manner as tax-forfeited land to be offered for sale. The determined values shall not be conclusive, but shall be taken into consideration, together with such other matters as may be deemed material, in determining the values for the purposes of exchange.

Sec. 91. Minnesota Statutes 2004, section 94.344, subdivision 3, is amended to read:

Subd. 3. [EXCHANGING LAND OF SUBSTANTIALLY EQUAL VALUE REQUIRED OR LOWER VALUE.] (a) ~~Except as otherwise provided, Class B land may be exchanged only for land of substantially equal value or greater value to the state, as determined by the county board, with the approval of the commissioner and the Land Exchange Board. For an exchange involving Class B land for Class A or Class C land, the value of the lands shall be determined by the commissioner, with approval of the Land Exchange Board. For purposes of the determination, the commissioner shall appraise the state and tax-forfeited land proposed to be exchanged in the same manner as Class A land. For all other purposes, the county board shall appraise the state land and the land in the proposed exchange in the same manner as tax-forfeited land to be offered for sale. The appraised values shall not be conclusive, but shall be taken into consideration, together with such other matters as may be deemed material, in determining the values for the purposes of exchange.~~

(b) For the purposes of this subdivision, "substantially equal value" means:

(1) where the lands being exchanged are both over 100 acres, their values do not differ by more than ten percent; and

(2) in other cases, the values of the exchanged lands do not differ by more than 20 percent.

(c) Class B land may be exchanged for land of lesser value if the other party to the exchange pays to the state the amount of the difference in value. Money received by the county treasurer shall be disposed of in like manner as the proceeds of a sale of tax-forfeited land.

Sec. 92. Minnesota Statutes 2004, section 94.344, subdivision 5, is amended to read:

Subd. 5. [OBTAINING EXCHANGING LAND OF GREATER VALUE.] (a) Class B land may be exchanged for land of greater value ~~only in case if~~ the other party to the exchange shall ~~waive~~ waives payment for the difference.

(b) Except for Class A school trust land, Class B land may be exchanged for Class A land of greater value if the county pays to the state the difference in value.

(c) Class B land may be exchanged for United States-owned land of greater value if the county agrees to pay the difference in value.

Sec. 93. Minnesota Statutes 2004, section 94.344, subdivision 8, is amended to read:

Subd. 8. [PROPOSALS FOR EXCHANGE.] By direction of the county board, the county auditor may submit a proposal for exchange of Class B land to any land owner concerned. Any land owner may file with the county auditor a proposal for exchange for consideration by the county board. ~~Forms for such proposals shall be prescribed by the commissioner.~~

Sec. 94. Minnesota Statutes 2004, section 94.344, subdivision 10, is amended to read:

Subd. 10. [APPROVAL; CONVEYANCE.] After approval by the county board, every proposal for the exchange of Class B land shall be transmitted to the commissioner in such form and with such information as the commissioner may prescribe for consideration by the commissioner and by the board. The county attorney's opinion on the title, with the abstract and other evidence of title, if any, shall accompany the proposal. If the proposal ~~be~~ is approved by the commissioner and the board and the title ~~be~~ is approved by the attorney general, the same shall be certified to the commissioner of revenue, who shall execute a deed in the name of the state conveying the land given in exchange, ~~with a certificate of unanimous approval by the board appended,~~ and transmit the deed to the county auditor to be delivered upon receipt of a deed conveying to the state the land received in exchange, approved by the county attorney; provided, that if any amount is due the state under the terms of the exchange, the deed from the state shall not be executed or delivered until such amount is paid in full and a certificate thereof by the county auditor is filed with the commissioner of revenue. The county auditor shall cause all deeds received by the state in such exchanges to be recorded or registered, ~~and thereafter shall file the deeds or the certificates of registered title in the auditor's office.~~ If the land received by the county in the exchange is either Class A or Class C land, the commissioner of revenue shall deliver the deed for the Class B land to the commissioner of natural resources and following the recording of this deed, the commissioner of natural resources shall deliver to the county auditor a deed conveying the Class A or Class C land to the county auditor to be recorded or registered, ~~and afterwards file the deeds or the certificate of registered title in the auditor's office.~~

Sec. 95. Minnesota Statutes 2004, section 97A.055, subdivision 4b, is amended to read:

Subd. 4b. [CITIZEN OVERSIGHT SUBCOMMITTEES.] (a) The commissioner shall appoint subcommittees of affected persons to review the reports prepared under subdivision 4; review the proposed work plans and budgets for the coming year; propose changes in policies, activities, and revenue enhancements or reductions; review other relevant information; and make recommendations to the legislature and the commissioner for improvements in the management and use of money in the game and fish fund.

(b) The commissioner shall appoint the following subcommittees, each comprised of at least three affected persons:

(1) a Fisheries Operations Subcommittee to review fisheries funding, excluding activities related to trout and salmon stamp funding;

(2) a Wildlife Operations Subcommittee to review wildlife funding, excluding activities related to migratory waterfowl, pheasant, and turkey stamp funding and excluding review of the amounts available under section 97A.075, subdivision 1, paragraphs (b) and (c);

(3) a Big Game Subcommittee to review the report required in subdivision 4, paragraph (a), clause (2);

(4) an Ecological Services Operations Subcommittee to review ecological services funding;

(5) a subcommittee to review game and fish fund funding of enforcement, support services, and Department of Natural Resources administration;

(6) a subcommittee to review the trout and salmon stamp report and address funding issues related to trout and salmon;

(7) a subcommittee to review the report on the migratory waterfowl stamp and address funding issues related to migratory waterfowl;

(8) a subcommittee to review the report on the pheasant stamp and address funding issues related to pheasants; and

(9) a subcommittee to review the report on the turkey stamp and address funding issues related to wild turkeys.

(c) The chairs of each of the subcommittees shall form a Budgetary Oversight Committee to coordinate the integration of the subcommittee reports into an annual report to the legislature; recommend changes on a broad level in policies, activities, and revenue enhancements or reductions; provide a forum to address issues that transcend the subcommittees; and submit a report for any subcommittee that fails to submit its report in a timely manner.

(d) The Budgetary Oversight Committee shall develop recommendations for a biennial budget plan and report for expenditures on game and fish activities. By August 15 of each even-numbered year, the committee shall submit the budget plan recommendations to the commissioner and to the senate and house committees with jurisdiction over natural resources finance.

(e) Each subcommittee shall choose its own chair, except that the chair of the Budgetary Oversight Committee shall be appointed by the commissioner and may not be the chair of any of the subcommittees.

(f) The Budgetary Oversight Committee must make recommendations to the commissioner and to the senate and house committees with jurisdiction over natural resources finance for outcome goals from expenditures.

(g) Notwithstanding section 15.059, subdivision 5, or other law to the contrary, the Budgetary Oversight Committee and subcommittees do not expire until June 30, 2005 2010.

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

Sec. 96. Minnesota Statutes 2004, section 97A.061, subdivision 1, is amended to read:

Subdivision 1. **[APPLICABILITY; AMOUNT.]** (a) The commissioner shall annually make a payment to each county having public hunting areas and game refuges. Money to make the payments is annually appropriated for that purpose from the general fund. Except as provided in paragraph (b), this section does not apply to state trust fund land and other state land not purchased for game refuge or public hunting purposes. Except as provided in paragraph (b), the payment shall be the greatest of:

(1) 35 percent of the gross receipts from all special use permits and leases of land acquired for public hunting and game refuges;

(2) 50 cents per acre on land purchased actually used for public hunting or game refuges; or

(3) three-fourths of one percent of the appraised value of purchased land actually used for public hunting and game refuges.

(b) The payment shall be 50 percent of the dollar amount adjusted for inflation as determined under section 477A.12, subdivision 1, paragraph (a), clause (1), multiplied by the number of acres of land in the county that are owned by another state agency for military purposes and designated as a game refuge under section 97A.085.

(c) The payment must be reduced by the amount paid under subdivision 3 for croplands managed for wild geese.

(e) (d) The appraised value is the purchase price for five years after acquisition. The appraised value shall be determined by the county assessor every five years after acquisition.

**[EFFECTIVE DATE.]** This section is effective for aids paid in calendar year 2007 and thereafter.

Sec. 97. Minnesota Statutes 2004, section 97A.075, subdivision 3, is amended to read:

Subd. 3. [TROUT AND SALMON STAMP.] (a) Ninety percent of the revenue from trout and salmon stamps must be credited to the trout and salmon management account. Money in the account may be used only for:

(1) the development, restoration, maintenance, improvement, protection, and preservation of habitat for trout and salmon in trout streams and lakes, including, but not limited to, evaluating habitat; stabilizing eroding stream banks; adding fish cover; modifying stream channels; managing vegetation to protect, shade, or reduce runoff on stream banks; and purchasing equipment to accomplish these tasks;

(2) rearing of trout and salmon and, including utility and service costs associated with coldwater hatchery buildings and systems; stocking of trout and salmon in streams and lakes and Lake Superior; and monitoring and evaluating stocked trout and salmon;

(3) acquisition of easements and fee title along trout waters;

(4) identifying easement and fee title areas along trout waters; and

(5) research and special management projects on trout streams, trout lakes, and Lake Superior and the anadromous portions of its tributaries.

(b) Money in the account may not be used for costs unless they are directly related to a specific parcel of land or body of water under paragraph (a) ~~or~~ to specific fish rearing activities under paragraph (a), clause (2), or for costs associated with supplies and equipment to implement trout and salmon management activities under paragraph (a).

Sec. 98. Minnesota Statutes 2004, section 97A.135, subdivision 2a, is amended to read:

Subd. 2a. [DISPOSAL OF LAND IN WILDLIFE MANAGEMENT AREAS.] (a) The commissioner may sell or exchange land in a wildlife management area authorized by designation under section 86A.07, subdivision 3, 97A.133, or 97A.145 if the commissioner vacates the designation before the sale or exchange in accordance with this subdivision. The designation may be vacated only if the commissioner finds, after a public hearing, that the disposal of the land is in the public interest.

(b) A sale under this subdivision is subject to sections 94.09 to 94.16. An exchange under this subdivision is subject to sections 94.341 to 94.348 94.347.

(c) Revenue received from a sale authorized under paragraph (a) is appropriated to the commissioner for acquisition of replacement wildlife management lands.

(d) Land acquired by the commissioner under this subdivision must meet the criteria in section 86A.05, subdivision 8, and as soon as possible after the acquisition must be designated as a wildlife management area under section 86A.07, subdivision 3, 97A.133, or 97A.145.

(e) In acquiring land under this subdivision, the commissioner must give priority to land within the same geographic region of the state as the land conveyed.

Sec. 99. Minnesota Statutes 2004, section 97A.4742, subdivision 4, is amended to read:

Subd. 4. [ANNUAL REPORT.] By December 15 each year, the commissioner shall submit a report to the legislative committees having jurisdiction over environment and natural resources appropriations and environment and natural resources policy. The report shall state the amount of revenue received in and expenditures made from revenue transferred from the lifetime fish and wildlife trust fund to the game and fish fund ~~and shall describe projects funded, locations of the projects, and results and benefits from the projects.~~ The report may be included in the game and fish fund report required by section 97A.055, subdivision 4. The commissioner shall make the annual report available to the public.

Sec. 100. Minnesota Statutes 2004, section 97A.475, subdivision 3, is amended to read:

Subd. 3. [NONRESIDENT HUNTING.] Fees for the following licenses, to be issued to nonresidents, are:

- (1) to take small game, \$73;
- (2) to take deer with firearms, \$135;
- (3) to take deer by archery, the greater of:
  - (i) an amount equal to the total amount of license fees and surcharges charged to a Minnesota resident to take deer by archery in the person's state or province of residence; or
  - (ii) \$135;
- (4) to take bear, \$195;
- (5) to take turkey, \$73;
- (6) to take raccoon, bobcat, fox, or coyote, ~~or lynx~~, \$155;
- (7) to take antlered deer in more than one zone, \$270; and
- (8) to take Canada geese during a special season, \$4.

Sec. 101. Minnesota Statutes 2004, section 97A.482, is amended to read:

97A.482 [LICENSE APPLICATIONS; COLLECTION OF SOCIAL SECURITY NUMBERS.]

(a) All applicants for individual noncommercial game and fish licenses under this chapter and chapters 97B and 97C must include the applicant's social security number on the license application. If an applicant does not have a Social Security number, the applicant must certify that the applicant does not have a Social Security number.

(b) The Social Security numbers collected by the commissioner on game and fish license applications are private data under section 13.355, subdivision 1, and must be provided by the commissioner to the commissioner of human services for child support enforcement purposes. Title IV-D of the Social Security Act, United States Code, title 42, section 666(a)(13), requires the collection of Social Security numbers on game and fish license applications for child support enforcement purposes.

(c) The commissioners of human services and natural resources shall request a waiver from the secretary of health and human services to exclude any applicant under the age of 16 from the requirement under this section and under cross-country ski licensing sections to provide the applicant's Social Security number. If a waiver is granted, this section will be so amended effective January 1, 2006, or upon the effective date of the waiver, whichever is later.

Sec. 102. Minnesota Statutes 2004, section 97A.485, subdivision 6, is amended to read:

Subd. 6. [LICENSES TO BE SOLD AND ISSUING FEES.] (a) Persons authorized to sell licenses under this section must issue the following licenses for the license fee and the following issuing fees:

- (1) to take deer or bear with firearms and by archery, the issuing fee is \$1;
- (2) Minnesota sporting, the issuing fee is \$1; and
- (3) to take small game, to take fish by angling or by spearing, and to trap fur-bearing animals, the issuing fee is \$1;
- (4) for a ~~trout and salmon~~ stamp that is not issued simultaneously with an ~~angling or sporting~~ a license, an issuing fee of 50 cents may be charged at the discretion of the authorized seller;

(5) for stamps ~~other than a trout and salmon stamp, and for a special season Canada goose license~~ issued simultaneously with a license, there is no fee; and

(6) for licenses, seals, tags, or coupons issued without a fee under section 97A.441 or 97A.465, ~~there is no~~ an issuing fee of 50 cents may be charged at the discretion of the authorized seller;

(7) for lifetime licenses, there is no fee; and

(8) for all other licenses, permits, renewals, or applications or any other transaction through the electronic licensing system under this chapter or any other chapter when an issuing fee is not specified, an issuing fee of 50 cents may be charged at the discretion of the authorized seller.

(b) An issuing fee may not be collected for issuance of a trout and salmon stamp if a stamp validation is issued simultaneously with the related angling or sporting license. Only one issuing fee may be collected when selling more than one trout and salmon stamp in the same transaction after the end of the season for which the stamp was issued.

(c) The agent shall keep the issuing fee as a commission for selling the licenses.

(d) The commissioner shall collect the issuing fee on licenses sold by the commissioner.

(e) A license, except stamps, must state the amount of the issuing fee and that the issuing fee is kept by the seller as a commission for selling the licenses.

(f) For duplicate licenses, including licenses issued without a fee, the issuing fees are:

(1) for licenses to take big game, 75 cents; and

(2) for other licenses, 50 cents.

(g) The commissioner may issue one-day angling licenses in books of ten licenses each to fishing guides operating charter boats upon receipt of payment of all license fees, excluding the issuing fee required under this section. Copies of sold and unsold licenses shall be returned to the commissioner. The commissioner shall refund the charter boat captain for the license fees of all unsold licenses. Copies of sold licenses shall be maintained by the commissioner for one year.

Sec. 103. Minnesota Statutes 2004, section 97A.485, subdivision 7, is amended to read:

Subd. 7. [ELECTRONIC LICENSING SYSTEM COMMISSION.] The commissioner shall retain for the operation of the electronic licensing system ~~a commission of 4.7 percent of the commission established under section 84.027, subdivision 15, and issuing fees collected by the commissioner on~~ all license fees collected, excluding:

(1) the small game surcharge; and

(2) ~~all issuing fees;~~ and

(3) \$2.50 of the license fee for the licenses in section 97A.475, subdivisions 6, clauses (1), (2), and (4), 7, 8, 12, and 13.

**[EFFECTIVE DATE.]** This section is effective July 6, 2005.

Sec. 104. Minnesota Statutes 2004, section 97A.551, is amended by adding a subdivision to read:

Subd. 6. [TAGGING AND REGISTRATION.] The commissioner may, by rule, require persons taking, possessing, and transporting certain species of fish to tag the fish with a special fish management tag and may require registration of tagged fish. A person may not possess or transport a fish species taken in the state for which a special fish management tag is required unless a tag is attached to the fish in a manner prescribed by the commissioner. The commissioner shall prescribe the manner of issuance and the type of tag as authorized under section 97C.087. The tag must be attached to the fish as prescribed by the commissioner immediately upon reducing

the fish to possession and must remain attached to the fish until the fish is processed or consumed. Species for which a special fish management tag is required must be transported undressed.

Sec. 105. Minnesota Statutes 2004, section 97B.005, subdivision 1, as amended by Laws 2005, chapter 146, section 21, is amended to read:

Subdivision 1. [FIELD TRAINING.] A person may not train hunting dogs afield on public lands administered by the commissioner from April 16 to July 14 except as specifically authorized by permit or rule.

Sec. 106. Minnesota Statutes 2004, section 97B.015, subdivision 7, is amended to read:

Subd. 7. [FEE FOR DUPLICATE CERTIFICATE.] The commissioner shall collect a fee, to include a \$1 issuing fee for licensing agents, for issuing a duplicate firearms safety certificate. The commissioner shall establish a fee that neither significantly overrecovers nor underrecovers costs, including overhead costs, involved in providing the service. The fee is not subject to the rulemaking provisions of chapter 14 and section 14.386 does not apply. The commissioner may establish the fee notwithstanding section 16A.1283. The duplicate certificate fees, except for the issuing fee for licensing agents under this subdivision, shall be deposited in the game and fish fund and, except for the electronic licensing system commission established by the commissioner under section 84.027, subdivision 15, and issuing fees collected by the commissioner, are appropriated annually to the Enforcement Division of the Department of Natural Resources for the administration of the firearm safety course program.

[EFFECTIVE DATE.] This section is effective July 6, 2005.

Sec. 107. Minnesota Statutes 2004, section 97B.020, is amended to read:

97B.020 [FIREARMS SAFETY CERTIFICATE REQUIRED.]

(a) Except as provided in this section and section 97A.451, subdivision 3a, a person born after December 31, 1979, may not obtain an annual license to take wild animals by firearms unless the person has:

- (1) a firearms safety certificate or equivalent certificate;
- (2) a driver's license or identification card with a valid firearms safety qualification indicator issued under section 171.07, subdivision 13;
- (3) a previous hunting license, with a valid firearms safety qualification indicator; or
- (4) other evidence indicating that the person has completed in this state or in another state a hunter safety course recognized by the department under a reciprocity agreement or certified by the department as substantially similar.

(b) A person who is on active duty and has successfully completed basic training in the United States armed forces, reserve component, or National Guard may obtain a hunting license or approval authorizing hunting regardless of whether the person is issued a firearms safety certificate.

(c) A person born after December 31, 1979, may not use a lifetime license to take wild animals by firearms, unless the person meets the requirements for obtaining an annual license under paragraph (a) or (b).

Sec. 108. Minnesota Statutes 2004, section 97B.025, as amended by Laws 2005, chapter 146, section 26, is amended to read:

97B.025 [HUNTER AND TRAPPER EDUCATION.]

(a) The commissioner may establish education courses for hunters. The commissioner shall collect a fee from each person attending a course. A fee, to include a \$1 issuing fee for licensing agents, shall be collected for issuing a duplicate certificate. The commissioner shall establish the

fees in a manner that neither significantly overrecovers nor underrecovers costs, including overhead costs, involved in providing the services. The fees are not subject to the rulemaking provisions of chapter 14 and section 14.386 does not apply. The commissioner may establish the fees notwithstanding section 16A.1283. The fees, except for the issuing fee for licensing agents under this subdivision, shall be deposited in the game and fish fund and the amount thereof, except for the electronic licensing system commission established by the commissioner under section 84.027, subdivision 15, is appropriated annually to the Enforcement Division of the Department of Natural Resources for the administration of the program. In addition to the fee established by the commissioner for each course, instructors may charge each person up to the established fee amount for class materials and expenses. School districts may cooperate with the commissioner and volunteer instructors to provide space for the classroom portion of the training.

(b) The commissioner shall enter into an agreement with a statewide nonprofit trappers association to conduct a trapper education program. At a minimum, the program must include at least six hours of classroom, electronic, or correspondence instruction and in the field training. The program must include a review of state trapping laws and regulations, trapping ethics, the setting and tending of traps and snares, tagging and registration requirements, and the preparation of pelts. The association shall issue a certificate to persons who complete the program. The association shall be responsible for all costs of conducting the education program, and shall not charge any fee for attending the course.

**[EFFECTIVE DATE.]** This section is effective July 6, 2005.

Sec. 109. Minnesota Statutes 2004, section 97B.601, subdivision 3, is amended to read:

Subd. 3. [NONRESIDENTS: RACCOON, BOBCAT, FOX, COYOTE, ~~CANADA LYNX.~~] A nonresident may not take raccoon, bobcat, fox, or coyote, ~~or Canada lynx~~ by firearms without a separate license to take that animal in addition to a small game license.

Sec. 110. Minnesota Statutes 2004, section 97B.605, is amended to read:

97B.605 [COMMISSIONER MAY RESTRICT TAKING OF CERTAIN SMALL GAME ANIMALS.]

The commissioner may prescribe restrictions on and designate areas where gray and fox squirrels, cottontail and jack rabbits, snowshoe hare, raccoon, ~~lynx~~, bobcat, red fox and gray fox, fisher, pine marten, opossum, and badger may be taken and possessed.

Sec. 111. Minnesota Statutes 2004, section 97B.625, as amended by Laws 2005, chapter 146, section 34, is amended to read:

97B.625 [~~LYNX AND BOBCAT.~~]

Subdivision 1. [SEASON.] Based upon population estimates, the commissioner may set the open season for ~~lynx or~~ bobcat.

Subd. 2. [USE OF A SNARE.] A person may use a snare to take ~~lynx or~~ bobcat, as prescribed by the commissioner, without a permit.

Sec. 112. Minnesota Statutes 2004, section 97B.641, is amended to read:

97B.641 [COUGAR, LYNX, AND WOLVERINE.]

There is no open season for cougar, lynx, or wolverine.

Sec. 113. Minnesota Statutes 2004, section 97B.655, subdivision 1, is amended to read:

Subdivision 1. [OWNERS AND OCCUPANTS MAY TAKE CERTAIN ANIMALS.] A person may take mink, squirrel, rabbit, hare, raccoon, ~~lynx~~, bobcat, fox, opossum, muskrat, or beaver on land owned or occupied by the person where the animal is causing damage. The person may take the animal without a license and in any manner except by poison, or artificial lights in the closed season. Raccoons may be taken under this subdivision with artificial lights during open

season. A person that kills mink, raccoon, ~~lynx~~, bobcat, fox, opossum, muskrat, or beaver under this subdivision must notify a conservation officer or employee of the Wildlife Division within 24 hours after the animal is killed.

Sec. 114. Minnesota Statutes 2004, section 97C.085, is amended to read:

97C.085 [PERMIT REQUIRED FOR TAGGING FISH.]

A person may not tag or otherwise mark a live fish for identification without a permit from the commissioner, except for special fish management tags as authorized under section 97A.551.

Sec. 115. [97C.087] [SPECIAL FISH MANAGEMENT TAGS.]

Subdivision 1. [TAGS TO BE ISSUED.] If the commissioner determines it is necessary to require that a species of fish be tagged with a special fish management tag, the commissioner shall prescribe, by rule, the species to be tagged, tagging procedures, and eligibility requirements.

Subd. 2. [APPLICATION FOR TAG.] Application for special fish management tags must be accompanied by a \$5, nonrefundable application fee for each tag. A person may not make more than one tag application each year. If a person makes more than one application, the person is ineligible for a special fish management tag for that season after determination by the commissioner, without a hearing.

Sec. 116. Minnesota Statutes 2004, section 103B.101, subdivision 9, is amended to read:

Subd. 9. [POWERS AND DUTIES.] In addition to the powers and duties prescribed elsewhere, the board shall:

(1) coordinate the water and soil resources planning activities of counties, soil and water conservation districts, watershed districts, watershed management organizations, and any other local units of government through its various authorities for approval of local plans, administration of state grants, and by other means as may be appropriate;

(2) facilitate communication and coordination among state agencies in cooperation with the Environmental Quality Board, and between state and local units of government, in order to make the expertise and resources of state agencies involved in water and soil resources management available to the local units of government to the greatest extent possible;

(3) coordinate state and local interests with respect to the study in southwestern Minnesota under United States Code, title 16, section 1009;

(4) develop information and education programs designed to increase awareness of local water and soil resources problems and awareness of opportunities for local government involvement in preventing or solving them;

(5) provide a forum for the discussion of local issues and opportunities relating to water and soil resources management;

(6) adopt an annual budget and work program that integrate the various functions and responsibilities assigned to it by law; and

(7) report to the governor and the legislature by October 15 of each even-numbered year with an assessment of board programs and recommendations for any program changes and board membership changes necessary to improve state and local efforts in water and soil resources management.

The board may accept grants, gifts, donations, or contributions in money, services, materials, or otherwise from the United States, a state agency, or other source to achieve an authorized purpose. The board may enter into a contract or agreement necessary or appropriate to accomplish the transfer. The board may receive and expend money to acquire conservation easements, as defined in chapter 84C, on behalf of the state and federal government consistent with the Camp Ripley's Army Compatible Use Buffer Project.

Any money received is hereby appropriated and dedicated for the purpose for which it is granted.

Sec. 117. Minnesota Statutes 2004, section 103E.081, is amended by adding a subdivision to read:

Subd 2a. [PLANTING TREES OVER PUBLIC TILE.] A person must not knowingly plant trees over a public drain tile, unless the person planting the trees receives permission from the drainage authority.

Sec. 118. Minnesota Statutes 2004, section 103E.081, is amended by adding a subdivision to read:

Subd. 2b. [PLANTING TREES OVER PRIVATE TILE.] A person must not knowingly plant trees over a private drain tile that provides for the drainage of land owned or leased by another person, unless the person planting the trees receives permission from all persons who receive drainage benefits from the drain tile.

Sec. 119. Minnesota Statutes 2004, section 103F.535, subdivision 1, is amended to read:

Subdivision 1. [RESERVATION OF MARGINAL LAND AND WETLANDS.] (a) Marginal land and wetlands are withdrawn from sale or exchange unless:

(1) notice of the existence of the nonforested marginal land or wetlands, in a form prescribed by the Board of Water and Soil Resources, is provided to prospective purchasers; and

(2) the deed contains a restrictive covenant, in a form prescribed by the Board of Water and Soil Resources, that precludes enrollment of the land in a state-funded program providing compensation for conservation of marginal land or wetlands.

(b) This section does not apply to transfers of land by the Board of Water and Soil Resources to correct errors in legal descriptions under section 103F.515, subdivision 8, or to transfers by the commissioner of natural resources for:

(1) land that is currently in nonagricultural commercial use if a restrictive covenant would interfere with the commercial use;

(2) land in platted subdivisions;

(3) conveyances of land to correct errors in legal descriptions under section 84.0273;

(4) exchanges of nonagricultural land with the federal government, or exchanges of Class A, Class B, and ~~Class C~~ riparian nonagricultural land with local units of government under sections 94.342, 94.343, and 94.344, and 94.349;

(5) land transferred to political subdivisions for public purposes under sections 84.027, subdivision 10, and 94.10; and

(6) land not needed for trail purposes that is sold to adjacent property owners and lease holders under section 85.015, subdivision 1, paragraph (b).

(c) This section does not apply to transfers of land by the commissioner of administration or transportation or by the Minnesota Housing Finance Agency, or to transfers of tax-forfeited land under chapter 282 if:

(1) the land is in platted subdivisions; or

(2) the conveyance is a transfer to correct errors in legal descriptions.

(d) This section does not apply to transfers of land by the commissioner of administration or by the Minnesota Housing Finance Agency for:

(1) land that is currently in nonagricultural commercial use if a restrictive covenant would interfere with the commercial use; or

(2) land transferred to political subdivisions for public purposes under sections 84.027, subdivision 10, and 94.10.

Sec. 120. [103F.950] [BEAVER DAMAGE CONTROL GRANTS.]

Subdivision 1. [ESTABLISHMENT.] The Board of Water and Soil Resources shall establish a beaver damage control grant program to provide grants for the control of beaver activities causing damage to public waters, roads, and ditches and adjacent private property. The grants may be made to:

(1) a joint powers board established under section 471.59 by two or more governmental units;

(2) soil and water conservation districts; and

(3) Indian tribal governments.

Subd. 2. [GRANT AMOUNT.] The board may provide up to 50 percent of the costs of implementing a beaver damage control program by a joint powers board.

Subd. 3. [AWARDING OF GRANTS.] Applications for grants must be made to the board on forms prescribed by the board. The board shall consult with town supervisors and county commissioners representing different areas of the state in developing the application form. A joint powers board seeking a grant may be required to supply information on the beaver control program it has adopted, the extent of the problem in the geographic area covered by the joint powers agreement, and the ability of the joint powers board to match the state grant. The board may prioritize the grant applications based upon the information requested as part of the grant application.

Subd. 4. [REPORT.] (a) Within one year after receiving a grant under this section, a joint powers board must report to the Board of Water and Soil Resources on the joint powers board's efforts to control beaver in the area.

(b) By December 15 of each even-numbered year, the board shall report to the senate and house environment and natural resources policy and finance committees on the efforts under this section to control beaver.

Sec. 121. Minnesota Statutes 2004, section 103G.271, subdivision 6, is amended to read:

Subd. 6. [WATER USE PERMIT PROCESSING FEE.] (a) Except as described in paragraphs (b) to (f), a water use permit processing fee must be prescribed by the commissioner in accordance with the schedule of fees in this subdivision for each water use permit in force at any time during the year. The schedule is as follows, with the stated fee in each clause applied to the total amount appropriated:

(1) \$101 for amounts not exceeding 50,000,000 gallons per year;

(2) \$3 per 1,000,000 gallons for amounts greater than 50,000,000 gallons but less than 100,000,000 gallons per year;

(3) \$3.50 per 1,000,000 gallons for amounts greater than 100,000,000 gallons but less than 150,000,000 gallons per year;

(4) \$4 per 1,000,000 gallons for amounts greater than 150,000,000 gallons but less than 200,000,000 gallons per year;

(5) \$4.50 per 1,000,000 gallons for amounts greater than 200,000,000 gallons but less than 250,000,000 gallons per year;

(6) \$5 per 1,000,000 gallons for amounts greater than 250,000,000 gallons but less than 300,000,000 gallons per year;

(7) \$5.50 per 1,000,000 gallons for amounts greater than 300,000,000 gallons but less than 350,000,000 gallons per year;

(8) \$6 per 1,000,000 gallons for amounts greater than 350,000,000 gallons but less than 400,000,000 gallons per year;

(9) \$6.50 per 1,000,000 gallons for amounts greater than 400,000,000 gallons but less than 450,000,000 gallons per year;

(10) \$7 per 1,000,000 gallons for amounts greater than 450,000,000 gallons but less than 500,000,000 gallons per year; and

(11) \$7.50 per 1,000,000 gallons for amounts greater than 500,000,000 gallons per year.

(b) For once-through cooling systems, a water use processing fee must be prescribed by the commissioner in accordance with the following schedule of fees for each water use permit in force at any time during the year:

(1) for nonprofit corporations and school districts, \$150 per 1,000,000 gallons; and

(2) for all other users, ~~\$200~~ \$300 per 1,000,000 gallons.

(c) The fee is payable based on the amount of water appropriated during the year and, except as provided in paragraph (f), the minimum fee is \$100.

(d) For water use processing fees other than once-through cooling systems:

(1) the fee for a city of the first class may not exceed \$250,000 per year;

(2) the fee for other entities for any permitted use may not exceed:

(i) \$50,000 per year for an entity holding three or fewer permits;

(ii) \$75,000 per year for an entity holding four or five permits;

(iii) \$250,000 per year for an entity holding more than five permits;

(3) the fee for agricultural irrigation may not exceed \$750 per year;

(4) the fee for a municipality that furnishes electric service and cogenerates steam for home heating may not exceed \$10,000 for its permit for water use related to the cogeneration of electricity and steam; and

(5) no fee is required for a project involving the appropriation of surface water to prevent flood damage or to remove flood waters during a period of flooding, as determined by the commissioner.

(e) Failure to pay the fee is sufficient cause for revoking a permit. A penalty of two percent per month calculated from the original due date must be imposed on the unpaid balance of fees remaining 30 days after the sending of a second notice of fees due. A fee may not be imposed on an agency, as defined in section 16B.01, subdivision 2, or federal governmental agency holding a water appropriation permit.

(f) The minimum water use processing fee for a permit issued for irrigation of agricultural land is \$20 for years in which:

(1) there is no appropriation of water under the permit; or

(2) the permit is suspended for more than seven consecutive days between May 1 and October 1.

(g) A surcharge of \$20 per million gallons in addition to the fee prescribed in paragraph (a) shall be applied to the volume of water used in June, July, and August that exceeds the volume of water used in January for municipal water use, irrigation of golf courses, and landscape irrigation.

Sec. 122. Minnesota Statutes 2004, section 103G.301, subdivision 2, is amended to read:

Subd. 2. [PERMIT APPLICATION FEES.] (a) An application for a permit authorized under this chapter, and each request to amend or transfer an existing permit, must be accompanied by a permit application fee to defray the costs of receiving, recording, and processing the application or request to amend or transfer.

(b) The fee to apply for a permit to appropriate water, a permit to construct or repair a dam that is subject to dam safety inspection, or a state general permit or to apply for the state water bank program is ~~\$75~~ \$150. The application fee for a permit to work in public waters or to divert waters for mining must be at least ~~\$75~~ \$150, but not more than ~~\$500~~ \$1,000, according to a schedule of fees adopted under section 16A.~~1285~~.

Sec. 123. Minnesota Statutes 2004, section 103G.615, subdivision 2, is amended to read:

Subd. 2. [FEES.] (a) The commissioner shall establish a fee schedule for permits to control or harvest aquatic plants other than wild rice. The fees must be set by rule, and section 16A.1283 does not apply. The fees may not exceed \$750 per permit based upon the cost of receiving, processing, analyzing, and issuing the permit, and additional costs incurred after the application to inspect and monitor the activities authorized by the permit, and enforce aquatic plant management rules and permit requirements.

(b) The fee for a permit for the control of rooted aquatic vegetation is \$35 for each contiguous parcel of shoreline owned by an owner. This fee may not be charged for permits issued in connection with purple loosestrife control or lakewide Eurasian water milfoil control programs.

(c) A fee may not be charged to the state or a federal governmental agency applying for a permit.

(d) The money received for the permits under this subdivision shall be deposited in the treasury and credited to the ~~game and fish fund~~ water recreation account.

Sec. 124. Minnesota Statutes 2004, section 103I.681, subdivision 11, is amended to read:

Subd. 11. [PERMIT FEE SCHEDULE.] (a) The commissioner of natural resources shall adopt a permit fee schedule under chapter 14. The schedule may provide minimum fees for various classes of permits, and additional fees, which may be imposed subsequent to the application, based on the cost of receiving, processing, analyzing, and issuing the permit, and the actual inspecting and monitoring of the activities authorized by the permit, including costs of consulting services.

(b) A fee may not be imposed on a state or federal governmental agency applying for a permit.

(c) The fee schedule may provide for the refund of a fee, in whole or in part, under circumstances prescribed by the commissioner of natural resources. ~~Permit Fees received must be deposited in the state treasury and credited to the general fund. The amount of money necessary to pay the refunds is~~ Permit fees received are appropriated annually from the general fund to the commissioner of natural resources for the costs of inspecting and monitoring the activities authorized by the permit, including costs of consulting services.

Sec. 125. Minnesota Statutes 2004, section 115.06, subdivision 4, is amended to read:

Subd. 4. [CITIZEN MONITORING OF WATER QUALITY.] (a) The agency may encourage citizen monitoring of ambient water quality for public waters by:

- (1) providing technical assistance to citizen and local group water quality monitoring efforts;
- (2) integrating citizen monitoring data into water quality assessments and agency programs, provided that the data adheres to agency quality assurance and quality control protocols; and
- (3) seeking public and private funds to:
  - (i) collaboratively develop clear guidelines for water quality monitoring procedures and data management practices for specific data and information uses;

- (ii) distribute the guidelines to citizens, local governments, and other interested parties;
- (iii) improve and expand water quality monitoring activities carried out by the agency; and
- (iv) continue to improve electronic and Web access to water quality data and information about public waters that have been either fully or partially assessed.

(b) This subdivision does not authorize a citizen to enter onto private property for any purpose.

(c) By January 15 of each odd-numbered year, the commissioner shall report to the senate and house of representatives committees with jurisdiction over environmental policy and finance on activities under this section.

~~(d) This subdivision shall sunset June 30, 2005.~~

Sec. 126. Minnesota Statutes 2004, section 115.55, subdivision 5, is amended to read:

Subd. 5. [INSPECTION.] (a) An inspection shall be required for all new construction or replacement of a system to determine compliance with agency rule or local standards. The manner and timing of inspection may be determined by the applicable local ordinance. The inspection requirement may be satisfied by a review by the designated local official of video, electronic, photographic, or other evidence of compliance provided by the installer.

(b) Except as provided in subdivision 5b, paragraph (b), a local unit of government may not issue a building permit or variance for the addition of a bedroom on property served by a system unless the system is in compliance with the applicable requirements, as evidenced by a certificate of compliance issued by a licensed inspector or site evaluator or designer. A local unit of government may temporarily waive the certificate of compliance requirement for a building permit or variance for which application is made during the period from November 1 to April 30, provided that an inspection of the system is performed by the following June 1 and the applicant submits a certificate of compliance by the following September 30. This paragraph does not apply if the local unit of government does not have an ordinance requiring a building permit to add a bedroom.

(c) A certificate of compliance for an existing system is valid for three years from the date of issuance unless the local unit of government finds evidence of an imminent threat to public health or safety requiring removal and abatement under section 145A.04, subdivision 8.

(d) A certificate of compliance for a new system is valid for five years from the date of issuance unless the local unit of government finds evidence of an imminent threat to public health or safety requiring removal and abatement under section 145A.04, subdivision 8.

(e) A licensed inspector who inspects an existing system may subsequently design and install a new system for that property, provided the inspector is licensed to install individual sewage treatment systems.

(f) No system professional may use the professional's position with government, either as an employee or a contractor, to solicit business for the professional's private system enterprise.

Sec. 127. Minnesota Statutes 2004, section 115.551, is amended to read:

115.551 [TANK FEE.]

(a) An installer shall pay a fee of \$25 for each septic system tank installed in the previous calendar year. The fees required under this section must be paid to the commissioner by January 30 of each year. The revenue derived from the fee imposed under this section shall be deposited in the environmental fund and is exempt from section 16A.1285.

(b) Notwithstanding paragraph (a), for the purposes of performance-based individual sewage treatment systems, the tank fee is limited to \$25 per household system installation.

Sec. 128. Minnesota Statutes 2004, section 115A.072, subdivision 1, is amended to read:

Subdivision 1. [ENVIRONMENTAL EDUCATION ADVISORY BOARD.] (a) The director shall provide for the development and implementation of environmental education programs that are designed to meet the goals listed in section 115A.073.

(b) The Environmental Education Advisory Board shall advise the director in carrying out the director's responsibilities under this section. The board consists of 20 members as follows:

(1) a representative of the Pollution Control Agency, appointed by the commissioner of the agency;

(2) a representative of the Department of Education, appointed by the commissioner of education;

(3) a representative of the Department of Agriculture, appointed by the commissioner of agriculture;

(4) a representative of the Department of Health, appointed by the commissioner of health;

(5) a representative of the Department of Natural Resources, appointed by the commissioner of natural resources;

(6) a representative of the Board of Water and Soil Resources, appointed by that board;

(7) a representative of the Environmental Quality Board, appointed by that board;

(8) a representative of the Board of Teaching, appointed by that board;

(9) a representative of the University of Minnesota Extension Service, appointed by the director of the service;

(10) a citizen member from each congressional district, of which two must be licensed teachers currently teaching in the K-12 system, appointed by the director; and

(11) three at-large citizen members, appointed by the director.

The citizen members shall serve two-year terms. Compensation of board members is governed by section 15.059, subdivision 6. The board expires on June 30, ~~2003~~ 2008.

Sec. 129. Minnesota Statutes 2004, section 115A.12, is amended to read:

115A.12 [ADVISORY COUNCILS.]

(a) ~~The director shall establish a Solid Waste Management Advisory Council and a Prevention, Reduction, and Recycling an Environmental Innovations Advisory Council that are~~ is broadly representative of the geographic areas and interests of the state.

~~(b) The solid waste council shall have not less than nine nor more than 21 members. The membership of the solid waste council shall consist of one-third citizen representatives, one-third representatives from local government units, and one-third representatives from private solid waste management firms. The solid waste council shall contain at least three members experienced in the private recycling industry and at least one member experienced in each of the following areas: state and municipal finance; solid waste collection, processing, and disposal; and solid waste reduction and resource recovery.~~

~~(c) The Prevention, Reduction, and Recycling Environmental Innovations Advisory Council shall have not less than nine nor or more than 24 members. The membership shall consist of one-third citizen representatives, one-third representatives of government, institutional, and one-third representatives of business and industry representatives. The director may appoint nonvoting members from other environmental and business assistance providers in the state.~~

~~(d) The chairs chair of the advisory councils council shall be appointed by the director. The director shall provide administrative and staff services for the advisory councils council.~~ council. The

~~advisory councils council shall have such duties as are assigned by law or the director. The Solid Waste Advisory Council shall make recommendations to the office on its solid waste management activities. The Prevention, Reduction, and Recycling Environmental Innovations Advisory Council shall make recommendations to the office on policy, programs, and legislation in pollution prevention, waste reduction, reuse and recycling, and resource conservation, and the management of hazardous waste. The Environmental Innovations Advisory Council shall focus on developing and implementing innovative programs that improve Minnesota's environment by emphasizing front-end preventative, and resource conservation approaches to preventing waste and pollution. The council shall emphasize partnerships of government, citizens, institutions, and business to develop and implement these programs. Members of the advisory councils council shall serve without compensation but shall be reimbursed for their reasonable expenses as determined by the director. Notwithstanding section 15.059, subdivision 5, the Solid Waste Management Advisory Council and the Prevention, Reduction, and Recycling Environmental Innovations Advisory Council expire expires June 30, 2003 2009.~~

Sec. 130. Minnesota Statutes 2004, section 115A.554, is amended to read:

115A.554 [AUTHORITY OF SANITARY DISTRICTS.]

A sanitary district has the authorities and duties of counties within the district's boundary for purposes of sections 115A.0716; 115A.46, subdivisions 4 and 5; 115A.48; 115A.545; 115A.551; 115A.552; 115A.553; 115A.919; 115A.929; 115A.93; 115A.96, subdivision 6; 115A.961; 116.072; 375.18, subdivision 14; 400.04; 400.06; 400.07; 400.08; 400.16; and 400.161.

Sec. 131. Minnesota Statutes 2004, section 115A.929, is amended to read:

115A.929 [FEES; ACCOUNTING.]

Each political subdivision that provides for solid waste management shall account for all revenue collected from waste management fees, together with interest earned on revenue from the fees, separately from other revenue collected by the political subdivision and shall report revenue collected from the fees and use of the revenue separately from other revenue and use of revenue in any required financial report or audit. ~~Each political subdivision must file with the director, on or before June 30 annually, the separate report of all revenue collected from waste management fees, together with interest on revenue from the fees, for the previous year.~~ For the purposes of this section, "waste management fees" means:

(1) all fees, charges, and surcharges collected under sections 115A.919, 115A.921, and 115A.923;

(2) all tipping fees collected at waste management facilities owned or operated by the political subdivision;

(3) all charges imposed by the political subdivision for waste collection and management services; and

(4) any other fees, charges, or surcharges imposed on waste or for the purpose of waste management, whether collected directly from generators or indirectly through property taxes or as part of utility or other charges for services provided by the political subdivision.

Sec. 132. Minnesota Statutes 2004, section 115A.9565, is amended to read:

115A.9565 [CATHODE-RAY TUBE PROHIBITION.]

Effective July 1, ~~2005~~ 2006, a person may not place in mixed municipal solid waste an electronic product containing a cathode-ray tube.

Sec. 133. Minnesota Statutes 2004, section 115B.48, subdivision 8, is amended to read:

Subd. 8. [FULL-TIME EQUIVALENCE.] "Full-time equivalence" means 2,000 hours worked by employees, owners, and others in a dry cleaning facility during a 12-month period beginning

July 1 of the preceding year and running through June 30 of the year in which the annual registration fee is due. For those dry cleaning facilities that were in business less than the 12-month period, full-time equivalence means the total of all of the hours worked in the dry cleaning facility, divided by 2,000 and multiplied by a fraction, the numerator of which is 50 and the denominator of which is the number of weeks in business during the reporting period. For the purposes of section 115B.49, an owner working 2,000 hours or more shall be considered as one full-time equivalent.

Sec. 134. Minnesota Statutes 2004, section 115D.04, subdivision 3, is amended to read:

Subd. 3. [ADMINISTRATION.] (a) The pollution prevention assistance program must be coordinated with other public and private programs that provide management and technical assistance to eligible recipients.

(b) The director may make grants to public or private entities to operate elements of the program. Grantees shall provide periodic reports on their efforts to assist eligible recipients to reduce pollution.

(c) A person, when operating or participating in elements of the technical assistance program pursuant to a grant or contract with the office under this section or other law, is an employee of the state, certified to be acting within the scope of employment, for purposes of the indemnification provisions of section 3.736, subdivision 9, for claims that arise out of the information, assistance, and recommendations covered by the grant or contract. The state is not obligated to defend or indemnify a grantee or contractor under this subdivision to the extent of the grantee's or contractor's liability insurance. The grantee's or contractor's right to indemnity is not a waiver of limitations, defenses, and immunities available to either the grantee or contractor or the state by law.

Sec. 135. Minnesota Statutes 2004, section 116P.05, subdivision 2, is amended to read:

Subd. 2. [DUTIES.] (a) The commission shall recommend a budget plan for expenditures from the environment and natural resources trust fund and shall adopt a strategic plan as provided in section 116P.08.

(b) The commission shall recommend expenditures to the legislature from the state land and water conservation account in the natural resources fund.

(c) It is a condition of acceptance of the appropriations made from the Minnesota environment and natural resources trust fund, and oil overcharge money under section 4.071, subdivision 2, that the agency or entity receiving the appropriation must submit a work program and semiannual progress reports in the form determined by the Legislative Commission on Minnesota Resources, and comply with applicable reporting requirements under section 116P.16. None of the money provided may be spent unless the commission has approved the pertinent work program.

(d) The peer review panel created under section 116P.08 must also review, comment, and report to the commission on research proposals applying for an appropriation from the oil overcharge money under section 4.071, subdivision 2.

(e) The commission may adopt operating procedures to fulfill its duties under chapter 116P.

[EFFECTIVE DATE.] This section is effective for interests in land acquired after June 30, 2005.

Sec. 136. [116P.16] [REAL PROPERTY INTEREST REPORT.]

By December 1 each year, a recipient of an appropriation from the trust fund, that is used for the acquisition of an interest in real property, must submit annual reports on the status of the real property to the Legislative Commission on Minnesota Resources in a form determined by the commission. The responsibility for reporting under this section may be transferred by the recipient of the appropriation to another person who holds the interest in the real property. To complete the transfer of reporting responsibility, the recipient of the appropriation must:

(1) inform the person to whom the responsibility is transferred of that person's reporting responsibility;

(2) inform the person to whom the responsibility is transferred of the property restrictions under section 116P.15; and

(3) provide written notice to the commission of the transfer of reporting responsibility, including contact information for the person to whom the responsibility is transferred.

After the transfer, the person who holds the interest in the real property is responsible for reporting requirements under this section.

**[EFFECTIVE DATE.]** This section is effective for interests in land acquired after June 30, 2005.

Sec. 137. Minnesota Statutes 2004, section 160.232, is amended to read:

160.232 [MOWING DITCHES OUTSIDE CITIES.]

(a) To provide enhanced roadside habitat for nesting birds and other small wildlife, road authorities may not mow or till the right-of-way of a highway located outside of a home rule charter or statutory city except as allowed in this section and section 160.23.

(b) On any highway, the first eight feet away from the road surface, or shoulder if one exists, may be mowed at any time.

(c) An entire right-of-way may be mowed after July 31. From August 31 to the following July 31, the entire right-of-way may only be mowed if necessary for safety reasons, and but may not be mowed to a height of less than 12 inches.

(d) A right-of-way may be mowed as necessary to maintain sight distance for safety and may be mowed at other times under rules of the commissioner, or by ordinance of a local road authority not conflicting with the rules of the commissioner.

(e) A right-of-way may be mowed, burned, or tilled to prepare the right-of-way for the establishment of permanent vegetative cover or for prairie vegetation management.

(f) When feasible, road authorities are encouraged to utilize low maintenance, native vegetation that reduces the need to mow, provides wildlife habitat, and maintains public safety.

(g) The commissioner of natural resources shall cooperate with the commissioner of transportation to provide enhanced roadside habitat for nesting birds and other small wildlife.

Sec. 138. Minnesota Statutes 2004, section 168.1296, subdivision 1, is amended to read:

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

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

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

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

(4) pays the fees required under this chapter;

(5) contributes a minimum of \$30 annually to the Minnesota critical habitat private sector matching account established in section 84.943; and

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

(b) The critical habitat license application form must clearly indicate that the annual

contribution specified under paragraph (a), clause (5), is a minimum contribution to receive the license plate and that the applicant may make an additional contribution to the account.

(c) Owners of recreational equipment under paragraph (a), clause (1), are eligible only for special critical habitat license plates for which the designs are selected under subdivision 2, on or after January 1, 2006.

(d) Special critical habitat license plates, the designs for which are selected under subdivision 2, on or after January 1, 2006, may be personalized according to section 168.12, subdivision 2a.

Sec. 139. Minnesota Statutes 2004, section 169A.63, subdivision 6, is amended to read:

Subd. 6. [VEHICLE SUBJECT TO FORFEITURE.] (a) A motor vehicle is subject to forfeiture under this section if it was used in the commission of a designated offense or was used in conduct resulting in a designated license revocation.

(b) Motorboats subject to seizure and forfeiture under this section also include their trailers.

Sec. 140. Minnesota Statutes 2004, section 216B.2424, subdivision 1a, as added by Laws 2005, chapter 97, article 5, section 2, is amended to read:

Subd. 1a. [MUNICIPAL WASTE-TO-ENERGY PROJECT.] (a) This subdivision applies only to a biomass project owned or controlled, directly or indirectly, by two municipal utilities as described in subdivision 5a, paragraph (b).

(b) Woody biomass from state-owned land must be harvested in compliance with an adopted management plan and a program of ecologically based third-party certification.

(c) The project must prepare a fuel plan on an annual basis after commercial operation of the project as described in the power contract between the project and the public utility, and must also prepare annually certificates reflecting the types of fuel used in the preceding year by the project, as described in the power contract. The fuel plans and certificates shall also be filed with the Minnesota Department of Natural Resources and the Minnesota Department of Commerce within 30 days after being provided to the public utility, as provided by the power contract. Any person who believes the fuel plans, as amended, and certificates show that the project does not or will not comply with the fuel requirements of this subdivision may file a petition with the commission seeking such a determination.

(d) The wood procurement process must utilize third-party audit certification systems to verify that applicable best management practices were utilized in the procurement of the sustainably managed biomass. If there is a failure to so verify in any two consecutive years during the original contract term, the farm-grown closed-loop biomass requirements of subdivision 2 must be increased to 50 percent for the remaining contract term period; however, if in two consecutive subsequent years after the increase has been implemented, it is verified that the conditions in this subdivision have been met, then for the remaining original contract term the closed-loop biomass mandate reverts to 25 percent. If there is a subsequent failure to verify in a year after the first failure and implementation of the 50 percent requirement, then the closed-loop percentage shall remain at 50 percent for each remaining year of the contract term.

(e) In the closed-loop plantation, no transgenic plants may be used.

(f) No wood may be harvested from any lands identified by the final or preliminary Minnesota County Biological Survey as having statewide significance as native plant communities, large populations or concentrations of rare species, or critical animal habitat.

(g) A wood procurement plan must be prepared every five years and public meetings must be held and written comments taken on the plan and documentation must be provided on why or why not the public inputs were used.

(h) Guidelines or best management practices for sustainably managed woody biomass must be adopted by:

(1) the Minnesota Department of Natural Resources for managing and maintaining brushland and open land habitat on public and private lands, including, but not limited to, provisions of sections 84.941, 84.942, and 97A.125; and

(2) the Minnesota Forest Resources Council for logging slash, using the most recent available scientific information regarding the removal of woody biomass from forest lands, to sustain the management of forest resources as defined by section 89.001, subdivisions 8 and 9, with particular attention to soil productivity, biological diversity as defined by section 89A.01, subdivision 3, and wildlife habitat.

These guidelines must be completed by July 1, 2007, and the process of developing them must incorporate public notification and comment.

(i) The University of Minnesota Initiative for Renewable Energy and the Environment is encouraged to solicit and fund high-quality research projects to develop and consolidate scientific information regarding the removal of woody biomass from forest and brush lands, with particular attention to the environmental impacts on soil productivity, biological diversity, and sequestration of carbon. The results of this research shall be made available to the public.

(j) The two utilities owning or controlling, directly or indirectly, the biomass project described in subdivision 5a, paragraph (b), shall fund or obtain funding from nonstate sources of up to \$150,000 by April 1, 2006, to complete the guidelines or best management practices described in paragraph (h). The expenditures to be funded under this paragraph do not include any of the expenditures to be funded under paragraph (i).

Sec. 141. Minnesota Statutes 2004, section 282.04, subdivision 1, is amended to read:

Subdivision 1. [TIMBER SALES; LAND LEASES AND USES.] (a) The county auditor may sell timber upon any tract that may be approved by the natural resources commissioner. The sale of timber shall be made for cash at not less than the appraised value determined by the county board to the highest bidder after not less than one week's published notice in an official paper within the county. Any timber offered at the public sale and not sold may thereafter be sold at private sale by the county auditor at not less than the appraised value thereof, until the time as the county board may withdraw the timber from sale. The appraised value of the timber and the forestry practices to be followed in the cutting of said timber shall be approved by the commissioner of natural resources.

(b) Payment of the full sale price of all timber sold on tax-forfeited lands shall be made in cash at the time of the timber sale, except in the case of oral or sealed bid auction sales, the down payment shall be no less than 15 percent of the appraised value, and the balance shall be paid prior to entry. In the case of auction sales that are partitioned and sold as a single sale with predetermined cutting blocks, the down payment shall be no less than 15 percent of the appraised price of the entire timber sale which may be held until the satisfactory completion of the sale or applied in whole or in part to the final cutting block. The value of each separate block must be paid in full before any cutting may begin in that block. With the permission of the county contract administrator the purchaser may enter unpaid blocks and cut necessary timber incidental to developing logging roads as may be needed to log other blocks provided that no timber may be removed from an unpaid block until separately scaled and paid for. If payment is provided as specified in this paragraph as security under paragraph (a) and no cutting has taken place on the contract, the county auditor may credit the security provided, less any down payment required for an auction sale under this paragraph, to any other contract issued to the contract holder by the county under this chapter to which the contract holder requests in writing that it be credited, provided the request and transfer is made within the same calendar year as the security was received.

(c) The county board may require final settlement on the basis of a scale of cut products. Any parcels of land from which timber is to be sold by scale of cut products shall be so designated in the published notice of sale under paragraph (a), in which case the notice shall contain a description of the parcels, a statement of the estimated quantity of each species of timber, and the appraised price of each species of timber for 1,000 feet, per cord or per piece, as the case may be.

In those cases any bids offered over and above the appraised prices shall be by percentage, the percent bid to be added to the appraised price of each of the different species of timber advertised on the land. The purchaser of timber from the parcels shall pay in cash at the time of sale at the rate bid for all of the timber shown in the notice of sale as estimated to be standing on the land, and in addition shall pay at the same rate for any additional amounts which the final scale shows to have been cut or was available for cutting on the land at the time of sale under the terms of the sale. Where the final scale of cut products shows that less timber was cut or was available for cutting under terms of the sale than was originally paid for, the excess payment shall be refunded from the forfeited tax sale fund upon the claim of the purchaser, to be audited and allowed by the county board as in case of other claims against the county. No timber, except hardwood pulpwood, may be removed from the parcels of land or other designated landings until scaled by a person or persons designated by the county board and approved by the commissioner of natural resources. Landings other than the parcel of land from which timber is cut may be designated for scaling by the county board by written agreement with the purchaser of the timber. The county board may, by written agreement with the purchaser and with a consumer designated by the purchaser when the timber is sold by the county auditor, and with the approval of the commissioner of natural resources, accept the consumer's scale of cut products delivered at the consumer's landing. No timber shall be removed until fully paid for in cash. Small amounts of timber not exceeding \$3,000 in appraised valuation may be sold for not less than the full appraised value at private sale to individual persons without first publishing notice of sale or calling for bids, provided that in case of a sale involving a total appraised value of more than \$200 the sale shall be made subject to final settlement on the basis of a scale of cut products in the manner above provided and not more than two of the sales, directly or indirectly to any individual shall be in effect at one time.

(d) As directed by the county board, the county auditor may lease tax-forfeited land to individuals, corporations or organized subdivisions of the state at public or private sale, and at the prices and under the terms as the county board may prescribe, for use as cottage and camp sites and for agricultural purposes and for the purpose of taking and removing of hay, stumpage, sand, gravel, clay, rock, marl, and black dirt from the land, and for garden sites and other temporary uses provided that no leases shall be for a period to exceed ten years; provided, further that any leases involving a consideration of more than \$12,000 per year, except to an organized subdivision of the state shall first be offered at public sale in the manner provided herein for sale of timber. Upon the sale of any leased land, it shall remain subject to the lease for not to exceed one year from the beginning of the term of the lease. Any rent paid by the lessee for the portion of the term cut off by the cancellation shall be refunded from the forfeited tax sale fund upon the claim of the lessee, to be audited and allowed by the county board as in case of other claims against the county.

(e) As directed by the county board, the county auditor may lease tax-forfeited land to individuals, corporations, or organized subdivisions of the state at public or private sale, at the prices and under the terms as the county board may prescribe, for the purpose of taking and removing for use for road construction and other purposes tax-forfeited stockpiled iron-bearing material. The county auditor must determine that the material is needed and suitable for use in the construction or maintenance of a road, tailings basin, settling basin, dike, dam, bank fill, or other works on public or private property, and that the use would be in the best interests of the public. No lease shall exceed ten years. The use of a stockpile for these purposes must first be approved by the commissioner of natural resources. The request shall be deemed approved unless the requesting county is notified to the contrary by the commissioner of natural resources within six months after receipt of a request for approval for use of a stockpile. Once use of a stockpile has been approved, the county may continue to lease it for these purposes until approval is withdrawn by the commissioner of natural resources.

(f) The county auditor, with the approval of the county board is authorized to grant permits, licenses, and leases to tax-forfeited lands for the depositing of stripping, lean ores, tailings, or waste products from mines or ore milling plants, upon the conditions and for the consideration and for the period of time, not exceeding 15 years, as the county board may determine. The permits, licenses, or leases are subject to approval by the commissioner of natural resources.

(g) Any person who removes any timber from tax-forfeited land before said timber has been scaled and fully paid for as provided in this subdivision is guilty of a misdemeanor.

(h) The county auditor may, with the approval of the county board, and without first offering at public sale, grant leases, for a term not exceeding 25 years, for the removal of peat and for the production or removal of farm-grown closed-loop biomass as defined in section 216B.2424, subdivision 1, or short-rotation woody crops from tax-forfeited lands upon the terms and conditions as the county board may prescribe. Any lease for the removal of peat, farm-grown closed-loop biomass, or short-rotation woody crops from tax-forfeited lands must first be reviewed and approved by the commissioner of natural resources if the lease covers 320 or more acres. No lease for the removal of peat, farm-grown closed-loop biomass, or short-rotation woody crops shall be made by the county auditor pursuant to this section without first holding a public hearing on the auditor's intention to lease. One printed notice in a legal newspaper in the county at least ten days before the hearing, and posted notice in the courthouse at least 20 days before the hearing shall be given of the hearing.

(i) Notwithstanding any provision of paragraph (c) to the contrary, the St. Louis County auditor may, at the discretion of the county board, sell timber to the party who bids the highest price for all the several kinds of timber, as provided for sales by the commissioner of natural resources under section 90.14. Bids offered over and above the appraised price need not be applied proportionately to the appraised price of each of the different species of timber.

(j) In lieu of any payment or deposit required in paragraph (b), as directed by the county board and under terms set by the county board, the county auditor may accept an irrevocable bank letter of credit in the amount equal to the amount otherwise determined in paragraph (b), exclusive of the down payment required for an auction sale in paragraph (b). If an irrevocable bank letter of credit is provided under this paragraph, at the written request of the purchaser, the county may periodically allow the bank letter of credit to be reduced by an amount proportionate to the value of timber that has been harvested and for which the county has received payment. The remaining amount of the bank letter of credit after a reduction under this paragraph must not be less than 20 percent of the value of the timber purchased. If no cutting of timber has taken place on the contract for which a letter of credit has been provided, the county may allow the transfer of the letter of credit to any other contract issued to the contract holder by the county under this chapter to which the contract holder requests in writing that it be credited.

Sec. 142. Minnesota Statutes 2004, section 282.08, as amended by Laws 2005, chapter 151, article 5, section 32, is amended to read:

282.08 [APPORTIONMENT OF PROCEEDS TO TAXING DISTRICTS.]

The net proceeds from the sale or rental of any parcel of forfeited land, or from the sale of products from the forfeited land, must be apportioned by the county auditor to the taxing districts interested in the land, as follows:

(1) the portion required to pay any amounts included in the appraised value under section 282.01, subdivision 3, as representing increased value due to any public improvement made after forfeiture of the parcel to the state, but not exceeding the amount certified by the clerk of the municipality must be apportioned to the municipal subdivision entitled to it;

(2) the portion required to pay any amount included in the appraised value under section 282.019, subdivision 5, representing increased value due to response actions taken after forfeiture of the parcel to the state, but not exceeding the amount of expenses certified by the Pollution Control Agency or the commissioner of agriculture, must be apportioned to the agency or the commissioner of agriculture and deposited in the fund from which the expenses were paid;

(3) the portion of the remainder required to discharge any special assessment chargeable against the parcel for drainage or other purpose whether due or deferred at the time of forfeiture, must be apportioned to the municipal subdivision entitled to it; and

(4) any balance must be apportioned as follows:

(i) The county board may annually by resolution set aside no more than 30 percent of the receipts remaining to be used for timber forest development on tax-forfeited land and dedicated

memorial forests, to be expended under the supervision of the county board. It must be expended only on projects approved by the commissioner of natural resources improving the health and management of the forest resource.

(ii) The county board may annually by resolution set aside no more than 20 percent of the receipts remaining to be used for the acquisition and maintenance of county parks or recreational areas as defined in sections 398.31 to 398.36, to be expended under the supervision of the county board.

(iii) Any balance remaining must be apportioned as follows: county, 40 percent; town or city, 20 percent; and school district, 40 percent, provided, however, that in unorganized territory that portion which would have accrued to the township must be administered by the county board of commissioners.

Sec. 143. Minnesota Statutes 2004, section 282.38, subdivision 1, is amended to read:

Subdivision 1. [DEVELOPMENT.] In any county where the county board by proper resolution sets aside funds for ~~timber~~ forest development pursuant to section 282.08, clause ~~(3)(a)~~ (5), item (i), or section 459.06, subdivision 2, the ~~Commission~~ commissioner of Iron Range resources and rehabilitation with the approval of the board may upon request of the county board assist said county in carrying out any project for the long range development of its ~~timber~~ forest resources through matching of funds or otherwise, ~~provided that any such project shall first be approved by the commissioner of natural resources.~~

Sec. 144. Minnesota Statutes 2004, section 296A.18, subdivision 2, is amended to read:

Subd. 2. [MOTORBOAT.] Approximately 1-1/2 percent of all gasoline received in this state and 1-1/2 percent of all gasoline produced or brought into this state, except gasoline used for aviation purposes, is being used as fuel for the operation of motorboats on the waters of this state and of the total revenue derived from the imposition of the gasoline fuel tax for uses other than for aviation purposes, 1-1/2 percent of ~~such revenues~~ the revenue is the amount of tax on fuel used in motorboats operated on the waters of this state. The amount of unrefunded tax paid on gasoline used for motor boat purposes as computed in this chapter shall be paid into the state treasury and credited to a water recreation account in the special revenue fund for acquisition, development, maintenance, and rehabilitation of sites for public access and boating facilities on public waters; lake and river improvement; ~~state park development;~~ and boat and water safety.

Sec. 145. Minnesota Statutes 2004, section 297H.13, subdivision 2, is amended to read:

Subd. 2. [ALLOCATION OF REVENUES.] (a) ~~\$22,000,000~~ \$33,760,000, or 50 70 percent, whichever is greater, of the amounts remitted under this chapter must be credited to the environmental fund established in section 16A.531, subdivision 1.

(b) The remainder must be deposited into the general fund.

Sec. 146. Minnesota Statutes 2004, section 462.357, subdivision 1e, is amended to read:

Subd. 1e. [NONCONFORMITIES.] (a) Any nonconformity, including the lawful use or occupation of land or premises existing at the time of the adoption of an additional control under this chapter, may be continued, including through repair, replacement, restoration, maintenance, or improvement, but not including expansion, unless:

(1) the nonconformity or occupancy is discontinued for a period of more than one year; or

(2) any nonconforming use is destroyed by fire or other peril to the extent of greater than 50 percent of its market value, and no building permit has been applied for within 180 days of when the property is damaged. In this case, a municipality may impose reasonable conditions upon a building permit in order to mitigate any newly created impact on adjacent property.

(b) Any subsequent use or occupancy of the land or premises shall be a conforming use or occupancy. A municipality may, by ordinance, permit an expansion or impose upon

nonconformities reasonable regulations to prevent and abate nuisances and to protect the public health, welfare, or safety. This subdivision does not prohibit a municipality from enforcing an ordinance that applies to adults-only bookstores, adults-only theaters, or similar adults-only businesses, as defined by ordinance.

(c) Notwithstanding paragraph (a), a municipality shall regulate the repair, replacement, maintenance, improvement, or expansion of nonconforming uses and structures in floodplain areas to the extent necessary to maintain eligibility in the National Flood Insurance Program and not increase flood damage potential or increase the degree of obstruction to flood flows in the floodway.

Sec. 147. [473.1565] [METROPOLITAN AREA WATER SUPPLY PLANNING ACTIVITIES; ADVISORY COMMITTEE.]

Subdivision 1. [PLANNING ACTIVITIES.] (a) The Metropolitan Council must carry out planning activities addressing the water supply needs of the metropolitan area as defined in section 473.121, subdivision 2. The planning activities must include, at a minimum:

(1) development and maintenance of a base of technical information needed for sound water supply decisions including surface and groundwater availability analyses, water demand projections, water withdrawal and use impact analyses, modeling, and similar studies;

(2) development and periodic update of a metropolitan area master water supply plan that:

(i) provides guidance for local water supply systems and future regional investments;

(ii) emphasizes conservation, interjurisdictional cooperation, and long-term sustainability; and

(iii) addresses the reliability, security, and cost-effectiveness of the metropolitan area water supply system and its local and subregional components;

(3) recommendations for clarifying the appropriate roles and responsibilities of local, regional, and state government in metropolitan area water supply;

(4) recommendations for streamlining and consolidating metropolitan area water supply decision-making and approval processes; and

(5) recommendations for the ongoing and long-term funding of metropolitan area water supply planning activities and capital investments.

(b) The council must carry out the planning activities in this subdivision in consultation with the metropolitan area water supply advisory committee established in subdivision 2.

Subd. 2. [ADVISORY COMMITTEE.] (a) A metropolitan area water supply advisory committee is established to assist the council in its planning activities in subdivision 1. The advisory committee has the following membership:

(1) the commissioner of agriculture or the commissioner's designee;

(2) the commissioner of health or the commissioner's designee;

(3) the commissioner of natural resources or the commissioner's designee;

(4) the commissioner of the pollution control agency or the commissioner's designee;

(5) two officials of counties that are located in the metropolitan area, appointed by the governor;

(6) five officials of noncounty local governmental units that are located in the metropolitan area, appointed by the governor; and

(7) the chair of the Metropolitan Council or the chair's designee, who is chair of the advisory committee.

A local government unit in each of the seven counties in the metropolitan area must be represented in the seven appointments made under clauses (5) and (6).

(b) Members of the advisory committee appointed by the governor serve at the pleasure of the governor. Members of the advisory committee serve without compensation but may be reimbursed for their reasonable expenses as determined by the Metropolitan Council. The advisory committee expires December 31, 2008.

(c) The council must consider the work and recommendations of the advisory committee when the council is preparing its regional development framework.

Subd. 3. [REPORTS TO LEGISLATURE.] The council must submit reports to the legislature regarding its findings, recommendations, and continuing planning activities under subdivision 1. The first report must be submitted to the legislature by the date the legislature convenes in 2007 and subsequent reports must be submitted by such date every five years thereafter.

[EFFECTIVE DATE.] This section is effective the day following final enactment and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 148. Minnesota Statutes 2004, section 473.197, subdivision 4, is amended to read:

Subd. 4. [DEBT RESERVE; LEVY.] To provide money to pay debt service on bonds issued under the credit enhancement program if pledged revenues are insufficient to pay debt service in repealed subdivision 1 of Minnesota Statutes 2004, section 473.197, the council must maintain a debt reserve fund in the manner and with the effect provided by section 118A.04 for public funds until the reserve is no longer pledged or otherwise needed to pay debt service on such bonds. To provide funds for the debt reserve fund, the council may use up to \$3,000,000 of the proceeds of solid waste bonds issued by the council under section 473.831 before its repeal. To provide additional funds for the debt reserve fund, the council may levy a tax on all taxable property in the metropolitan area and must levy the tax. If sums in the debt reserve fund are insufficient to cure any deficiency in the debt service fund established for the bonds, the council must levy a tax on all taxable property in the metropolitan area in the amount needed to liquidate the deficiency. The tax authorized by this section does not affect the amount or rate of taxes that may be levied by the council for other purposes and is not subject to limit as to rate or amount.

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

Sec. 149. Laws 1998, chapter 389, article 16, section 31, subdivision 4, as amended by Laws 1999, chapter 180, section 3, and Laws 2001, chapter 164, section 5, is amended to read:

Subd. 4. [COUNTY ENVIRONMENTAL TRUST FUND.] Notwithstanding the provisions of Minnesota Statutes, chapter 282, and any other law relating to the apportionment of proceeds from the sale of tax-forfeited land, and except as otherwise provided in this section, a county board must deposit the money received from the sale of land under subdivision 3 into an environmental trust fund established by the county under this subdivision. The county board may: (1) deposit part or all of the environmental trust fund money as provided in Minnesota Statutes, chapter 118A; or (2) enter into an agreement with the State Board of Investment to invest all or part of the money in investments under Minnesota Statutes, section 11A.24, subdivisions 1 to 5, on behalf of the county. The following may be withheld by a county board and are not required to be deposited into an environmental trust fund: the costs of appraisal, abstracts, and surveys; money received from a sale which is attributable to land owned by a county in fee; amounts paid to lessees for improvements; amounts paid to acquire land which is included in a county plan for exchange and is conveyed to the state in the exchange, including the purchase price, appraisal, abstract, survey, and closing costs; and the costs of sale to lessees or other parties, including the costs of advertising, realtors, and closing services. If the proceeds from the sale of tax-forfeited land in a county is are \$250,000 or more, the principal from the sale of the land may not be expended, amount the county may spend from the fund each calendar year may not exceed 5-1/2 percent of the market value of the fund on January 1 of the preceding calendar year, and the county board may spend interest earned on the principal money from the fund only for purposes related to the improvement of natural resources. To the extent money received from the sale is attributable to

tax-forfeited land from another county, the money must be deposited in an environmental trust fund established under this section by that county board.

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

Sec. 150. Laws 2003, chapter 128, article 1, section 9, subdivision 6, is amended to read:

Subd. 6. Recreation	7,622,000	5,870,000
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Summary by Fund

Trust Fund	5,622,000	5,870,000
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State Land and Conservation

Account (LAWCON)	2,000,000
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(a) State Park and Recreation Area Land Acquisition

\$750,000 the first year and \$750,000 the second year are from the trust fund to the commissioner of natural resources to acquire in-holdings for state park and recreation areas. Land acquired with this appropriation must be sufficiently improved to meet at least minimum management standards as determined by the commissioner of natural resources. This appropriation is available until June 30, 2006, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(b) LAWCON Federal Reimbursements

\$2,000,000 is from the state land and water conservation account (LAWCON) in the natural resources fund to the commissioner of natural resources for eligible state projects and administrative and planning activities consistent with Minnesota Statutes, section 116P.14, and the federal Land and Water Conservation Fund Act. This appropriation is contingent upon receipt of the federal obligation and remains available until June 30, 2006, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(c) Local Initiative Grants-Parks and Natural Areas

\$1,290,000 the first year and \$1,289,000 the second year are from the trust fund to the commissioner of natural resources for matching grants to local governments for acquisition and development of natural and scenic areas and local parks as provided in Minnesota Statutes, section 85.019, subdivisions 2 and 4a, and regional parks outside of the metropolitan area. Grants may provide up to 50 percent of the

nonfederal share of the project cost, except nonmetropolitan regional park grants may provide up to 60 percent of the nonfederal share of the project cost. The commission will monitor the grants for approximate balance over extended periods of time between the metropolitan area, under Minnesota Statutes, section 473.121, subdivision 2, and the nonmetropolitan area through work program oversight and periodic allocation decisions. For the purposes of this paragraph, the match must be a nonstate contribution, but may be either cash or qualifying in-kind. Recipients may receive funding for more than one project in any given grant period. This appropriation is available until June 30, 2006, at which time the project must be completed and final products delivered.

(d) Metropolitan Regional Parks Acquisition, Rehabilitation, and Development

\$1,670,000 the first year and \$1,669,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with the metropolitan council for subgrants for the acquisition, development, and rehabilitation in the metropolitan regional park system, consistent with the metropolitan council regional recreation open space capital improvement plan. This appropriation may not be used for the purchase of residential structures. This appropriation may be used to reimburse implementing agencies for acquisition of nonresidential property as expressly approved in the work program. This appropriation is available until June 30, 2006, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program. In addition, if a project financed under this program receives a federal grant, the availability of the financing from this paragraph for that project is extended to equal the period of the federal grant.

(e) Local and Regional Trail Grant Initiative Program

\$160,000 the first year and \$160,000 the second year are from the trust fund to the commissioner of natural resources to provide matching grants to local units of government for the cost of acquisition, development, engineering services, and enhancement of existing and new trail facilities. This appropriation is available until June 30, 2006, at which time the project must be completed and final products delivered, unless an

earlier date is specified in the work program. In addition, if a project financed under this program receives a federal grant, the availability of the financing from this paragraph for that project is extended to equal the period of the federal grant.

(f) Gitchi-Gami State Trail

\$650,000 the first year and \$650,000 the second year are from the trust fund to the commissioner of natural resources, in cooperation with the Gitchi-Gami Trail Association, for the third biennium, to design and construct approximately five miles of Gitchi-Gami state trail segments. This appropriation must be matched by at least \$400,000 of nonstate money. The availability of the financing from this paragraph is extended to equal the period of any federal money received.

(g) Water Recreation: Boat Access, Fishing Piers, and Shore-fishing

\$450,000 the first year and \$700,000 the second year are from the trust fund to the commissioner of natural resources to acquire and develop public water access sites statewide, construct shore-fishing and pier sites, and restore shorelands at public accesses. This appropriation is available until June 30, 2006, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(h) Mesabi Trail

\$190,000 the first year and \$190,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with St. Louis and Lake Counties Regional Rail Authority for the sixth biennium to acquire and develop segments of the Mesabi trail. If a federal grant is received, the availability of the financing from this paragraph is extended to equal the period of the federal grant.

(i) Linking Communities Design, Technology, and DNR Trail Resources

\$92,000 the first year and \$92,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with the University of Minnesota to provide designs for up to three state trails incorporating recreation, natural, and cultural features.

(j) Ft. Ridgley Historic Site Interpretive Trail

\$75,000 the first year and \$75,000 the second year are from the trust fund to the Minnesota

historical society to construct a trail through the original fort site and install interpretive markers. This appropriation is available until June 30, 2006, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(k) Development and Rehabilitation of Minnesota Shooting Ranges

\$120,000 the first year and \$120,000 the second year are from the trust fund to the commissioner of natural resources to provide technical assistance and matching cost-share grants to local recreational shooting and archery clubs for the purpose of developing or rehabilitating shooting and archery facilities for public use. Recipient facilities must be open to the general public at reasonable times and for a reasonable fee on a walk-in basis. This appropriation is available until June 30, 2006, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(l) Land Acquisition, Minnesota Landscape Arboretum

\$175,000 the first year and \$175,000 the second year are from the trust fund to the University of Minnesota for an agreement with the University of Minnesota Landscape Arboretum Foundation for the fifth biennium to acquire ~~in holdings within the arboretum's boundary~~ land from willing sellers. This appropriation must be matched by an equal amount of nonstate money. This appropriation is available until June 30, 2006, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

Sec. 151. Laws 2003, chapter 128, article 1, section 156, is amended to read:

Sec. 156. [WATER QUALITY ASSESSMENT PROCESS.]

Subdivision 1. [RULEMAKING.] (a) By ~~January~~ October 1, 2006, the pollution control agency shall adopt rules under Minnesota Statutes, chapter 14, relating to water quality assessment for the waters of the state. The adopted rules must, at a minimum, satisfy paragraphs (b) to (h).

(b) The rules must apply to the determination of impaired waters as required by Section 303(d) of the Clean Water Act of 1977, United States Code, title 33, chapter 26, section 1313(d).

(c) The rules must define the terms "altered materially," "material increase," "material manner," "seriously impaired," and "significant increase," contained in Minnesota Rules, part 7050.0150, subpart 3.

(d) The rules must define the terms "normal fishery" and "normally present," contained in Minnesota Rules, part 7050.0150, subpart 3.

(e) The rules must specify that for purposes of the determination of impaired waters, the agency will make an impairment determination based only on pollution of waters of the state that has resulted in degradation of the physical, chemical, or biological qualities of the water body to the extent that attainable or previously existing beneficial uses are actually or potentially lost.

(f) The rules must provide that when a person presents information adequately demonstrating that a beneficial use for the water body does not exist and is not attainable due to the natural condition of the water body, the agency shall initiate an administrative process for reclassification of the water to remove the beneficial use.

(g) The rules must provide that the agency, in considering impairment due to nutrients and application of nutrient objectives and effluent limitations related to riverine systems or riverine impoundments, must consider temperature and detention time effects on algal populations when the discharge of nutrients is expected to cause or contribute to algal growth that impairs existing or attainable uses.

(h) The agency shall apply Minnesota Rules, part 7050.0150, consistent with paragraphs (e) and (g).

Subd. 2. [REPORT TO LEGISLATURE.] By February 1, 2004, and by February 1, 2005, the commissioner shall report to the environment and natural resources finance committees of the house and senate on the status of discussions with stakeholders and the development of the rules required under subdivision 1.

Subd. 3. [TIME LIMIT.] Notwithstanding the time limit in Minnesota Statutes, section 14.125, the authority of the commissioner to publish a notice of intent to adopt rules and adopt rules is revived.

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

Sec. 152. Laws 2003, chapter 128, article 1, section 167, subdivision 1, is amended to read:

Sec. 167. [FOREST LAND OFF-HIGHWAY VEHICLE USE RECLASSIFICATION.]

Subdivision 1. [FOREST CLASSIFICATION STATUS REVIEW.] (a) By December 31, 2006, the commissioner of natural resources shall complete a review of the forest classification status of all state forests classified as managed or limited, all forest lands under the authority of the commissioner as defined in Minnesota Statutes, section 89.001, subdivision 13, and lands managed by the commissioner under Minnesota Statutes, section 282.011. The review must be conducted on a forest-by-forest and area-by-area basis in accordance with the process and criteria under Minnesota Rules, part 6100.1950. Except as provided in paragraph (d), after each forest is reviewed, the commissioner must change its status to limited or closed, and must provide a similar status for each of the other areas subject to review under this section after each individual review is completed.

(b) If the commissioner determines on January 1, 2005, that the review required under this section cannot be completed by December 31, 2006, the completion date for the review shall be extended to December 31, 2008. By January 15, 2005, the commissioner shall report to the chairs of the legislative committees with jurisdiction over natural resources policy and finance regarding the status of the process required by this section.

(c) Until December 31, 2010, the state forests and areas subject to review under this section are exempt from Minnesota Statutes, section 84.777, unless an individual forest or area has been classified as limited or closed.

(d) Notwithstanding the restrictions in paragraph (a), and Minnesota Statutes, section 84.777, all forest lands under the authority of the commissioner as defined in Minnesota Statutes, section 89.001, subdivision 13, and lands managed by the commissioner under Minnesota Statutes, section 282.011, that are north of U.S. Highway 2 shall maintain their present classification unless the commissioner reclassifies the lands under Minnesota Rules, part 6100.1950. The commissioner shall provide for seasonal trail closures when conditions warrant them. By December 31, 2008, the

commissioner shall complete the review and designate trails on forest lands north of Highway 2 as provided in this section.

Sec. 153. [REQUIRED RULEMAKING.]

(a) The commissioner of natural resources shall amend Minnesota Rules, part 6232.0300, subpart 7, to permit an individual to operate an all-terrain vehicle on privately owned land in an area open to taking deer by firearms during the legal shooting hours of the deer season, regardless of whether the individual is licensed to take deer on the day of operation, if the individual is:

- (1) pursuing an occupation when operating the all-terrain vehicle;
- (2) not in possession of a firearm; and

(3) the owner of the land on which the all-terrain vehicle is operated, an employee of the land owner, or an immediate family member of the land owner.

(b) The commissioner may use the good cause exemption under Minnesota Statutes, section 14.388, subdivision 1, clause (3), in amending the rule under paragraph (a). Minnesota Statutes, section 14.386, does not apply, except to the extent provided under Minnesota Statutes, section 14.388.

Sec. 154. [DISPOSITION OF MINERAL PAYMENTS; FISCAL YEARS 2006 AND 2007.]

(a) Notwithstanding Minnesota Statutes, section 93.22, subdivision 1, in fiscal years 2006 and 2007, all payments under Minnesota Statutes, sections 93.14 to 93.285, shall be made to the Department of Natural Resources and shall be credited according to this section.

(b) Twenty percent of all payments under Minnesota Statutes, sections 93.14 to 93.285, shall be credited to the minerals management account in the natural resources fund as costs for the administration and management of state mineral resources by the commissioner of natural resources.

(c) The remainder of the payments shall be credited as follows:

(1) if the lands or minerals and mineral rights covered by a lease are held by the state by virtue of an act of Congress, payments made under the lease shall be credited to the permanent fund of the class of land to which the leased premises belong;

(2) if a lease covers the bed of navigable waters, payments made under the lease shall be credited to the permanent school fund of the state;

(3) if the lands or minerals and mineral rights covered by a lease are held by the state in trust for the taxing districts, payments made under the lease shall be distributed annually on the first day of September to the respective counties in which the lands lie, to be apportioned among the taxing districts interested therein as follows: county, three-ninths; town or city, two-ninths; and school district, four-ninths;

(4) if the lands or mineral rights covered by a lease became the absolute property of the state under the provisions of Minnesota Statutes, chapter 84A, payments made under the lease shall be distributed as follows: county containing the land from which the income was derived, five-eighths; and general fund of the state, three-eighths; and

(5) except as provided under this section and except where the disposition of payments may be otherwise directed by law, payments made under a lease shall be paid into the general fund of the state.

Sec. 155. [WASTE MANAGEMENT TASK FORCE.]

Subdivision 1. [CREATION; MEMBERSHIP.] A waste management task force is created. The chairs of the house and senate committees with primary jurisdiction over environmental policy and environmental finance shall appoint members to the task force. Five members shall be appointed

from each legislative body, including at least two each from the minority caucus. The chairs of the house committees shall appoint the house co-chair of the task force. The chairs of the senate committees shall appoint the senate co-chair of the task force. The Legislative Coordinating Commission shall provide administrative support to the task force.

Subd. 2. [CHARGE.] (a) The waste management task force is charged to examine the management of organic waste in Minnesota. In developing its findings and recommendations, the task force may consider the following issues:

(1) the need for a hierarchy for organic waste that reflects the state's priorities for organic waste disposal;

(2) the economics of managing organic waste, and the role of state-funded incentives;

(3) the current systems for transporting, processing, and disposing of organic wastes; and

(4) how a state organic waste management system would fit into the existing state and county solid waste management systems.

(b) The waste management task force is charged to examine alternative methods of establishing a statewide system for the disposal of electronic waste. In developing its findings and recommendations, the task force may consider the following issues:

(1) approaches that place the burden of funding collection and recycling of electronic waste on, respectively, manufacturers, wholesalers, and consumers;

(2) approaches similar to the system used to recycle other appliances.

(c) The waste management task force is charged to examine prospects for expanding current landfills and siting new landfills.

Subd. 3. [REPORT.] The task force shall report to the house and senate committees with primary jurisdiction over environmental policy and environmental finance any findings and recommendations, including suggested legislation, by January 15, 2006.

Subd. 4. [EXPIRATION.] The waste management task force expires July 1, 2006.

Sec. 156. [ENVIRONMENT AND NATURAL RESOURCES TRUST FUND; ADVISORY TASK FORCE.]

Subdivision 1. [ESTABLISHMENT.] (a) An advisory task force to examine the process for making recommendations on expenditures from the environment and natural resources trust fund is created, consisting of:

(1) four former members of the current Legislative Commission on Minnesota Resources from the house of representatives, appointed by the executive committee of the commission;

(2) four former members of the current Legislative Commission on Minnesota Resources from the senate, appointed by the executive committee of the commission; and

(3) eight public members who are not current or past members of the Legislative Commission on Natural Resources or the Citizens Advisory Council, established under Minnesota Statutes, section 116P.06, but who have submitted trust fund proposals for funding, appointed by the governor.

(b) The members of the task force shall select a chair who shall preside and convene meetings of the task force. At least two house members and two senate members appointed must be from the minority caucus. Current legislative members of the task force are entitled to reimbursement for per diem expenses plus travel expenses incurred in the services of the task force. Public members of the task force shall be compensated as provided in Minnesota Statutes, section 15.0575.

(c) The task force shall examine the current process for recommending appropriations from the environment and natural resources trust fund and make recommendations for changes in the process.

(d) By February 15, 2006, the task force shall report on its recommendations to the governor and the legislative committees and divisions with jurisdiction over environment and natural resources policy and finance.

Subd. 2. [SUNSET.] The duties of the Legislative Commission on Minnesota Resources to recommend expenditures from the environment and natural resources trust fund expire on June 30, 2006.

Sec. 157. [CONTINUATION OF AGREEMENTS.]

An agreement entered into between the Metropolitan Council and a participant in the credit enhancement program under Minnesota Statutes 2004, section 473.197, subdivision 5, with respect to bonds issued prior to the effective date of this section, shall continue in effect in accordance with its terms; provided that no provision in such agreement shall be construed to require or allow the council to pledge its full faith and credit and taxing powers to the payment of additional bonds issued after the effective date of this section.

[EFFECTIVE DATE.] This section is effective the day following final enactment and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 158. [USE OF CREDIT ENHANCEMENT PROGRAM FUNDS.]

The Metropolitan Council must transfer any funds originating from the proceeds of solid waste bonds and available for the credit enhancement program under Minnesota Statutes 2004, section 473.197, subdivision 4, to the council's general fund to the extent such funds are no longer pledged or otherwise needed by the council to maintain a debt reserve fund as provided for in ongoing Minnesota Statutes, section 473.197, subdivision 4. The council must first use the transferred funds for carrying out the metropolitan area water supply planning activities required by Minnesota Statutes, section 473.1565, for staff support of the advisory committee established under that section, and for related purposes. If the council determines that the transferred funds are no longer needed for such purposes, the council may use any such funds for any general purposes of the council.

[EFFECTIVE DATE.] This section is effective the day following final enactment and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 159. [APPLICATION FOR DISABILITY BENEFITS.]

Subdivision 1. [ELIGIBLE PERSON.] For purposes of this section, an eligible person is a person who was employed by the Minnesota Department of Natural Resources as a photo lab supervisor beginning in April 1977 and ending in June 1998.

Subd. 2. [APPLICATION PROCEDURE.] Notwithstanding any contrary provision in Minnesota Statutes, section 352.113, or any other law, an eligible person may file an application for disability benefits from the Minnesota State Retirement System within 60 days of the effective date of this section. Upon filing of the application, the director must act on the application as if it had been filed within 180 days of termination of the person's employment with the Department of Natural Resources. The director may approve the disability benefit only if the eligible person establishes that the person became disabled while still a state employee. If the director approves the disability benefit, the benefit begins to accrue on the date it is approved.

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

Sec. 160. [PCA/OEA MERGER.]

The responsibilities of the Office of Environmental Assistance are transferred to the Pollution Control Agency under Minnesota Statutes, section 15.039. In addition to the provisions of

Minnesota Statutes, section 15.039, no employee in the classified service shall suffer job loss, have a salary reduced, or have employment benefits reduced as a result of the reorganization in this article.

Sec. 161. [REVISOR'S INSTRUCTION.]

Except as otherwise provided in this article, the revisor shall make the following changes, with appropriate grammatical corrections, in Minnesota Statutes and Minnesota Rules:

(1) delete references to the Office of Environmental Assistance or its director and insert references to the Pollution Control Agency or its commissioner;

(2) delete language that is made superfluous by the merger of the agency and the office;

(3) in Minnesota Statutes, chapters 115A to 116, delete references to obsolete names of committees in the senate and house of representatives and insert generic references to committees with jurisdiction over the specified areas of governance; and

(4) in Minnesota Statutes, chapters 115A to 116, delete obsolete references to reports required to be submitted to the legislature.

Sec. 162. [REPEALER.]

Subdivision 1. [METROPOLITAN COUNCIL.] Minnesota Statutes 2004, sections 473.156; and 473.197, subdivisions 1, 2, 3, and 5, are repealed effective the day following final enactment.

Subd. 2. [STATE LANDS.] Minnesota Statutes 2004, sections 94.343, subdivision 6; 94.344, subdivision 6; 94.348; and 94.349, are repealed.

Subd. 3. [PCA/OEA MERGER.] Minnesota Statutes 2004, sections 115A.03, subdivisions 8a and 22a; 115A.055, subdivision 1; 115D.03, subdivision 4; and 473.801, subdivision 6, are repealed.

Subd. 4. [OFF-HIGHWAY VEHICLE SAFETY AND CONSERVATION PROGRAM.] Minnesota Statutes 2004, section 84.901, is repealed.

ARTICLE 3

JOBS AND ECONOMIC DEVELOPMENT APPROPRIATIONS

Section 1. [JOBS AND ECONOMIC DEVELOPMENT APPROPRIATIONS.]

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or another named fund, to the agencies and for the purposes specified in this article, to be available for the fiscal years indicated for each purpose. The figures "2006" and "2007," where used in this article, mean that the appropriation or appropriations listed under them are available for the fiscal year ending June 30, 2006, or June 30, 2007, respectively. The term "first year" means the fiscal year ending June 30, 2006, and the term "second year" means the fiscal year ending June 30, 2007.

SUMMARY BY FUND

	2006	2007	TOTAL
General	\$161,219,000	\$146,559,000	\$307,778,000
Workforce Development	16,627,000	16,827,000	33,454,000
Remediation	700,000	700,000	1,400,000
Petroleum Tank Cleanup	1,084,000	1,084,000	2,168,000
Workers' Compensation	21,750,000	21,750,000	43,500,000

TOTAL	\$201,380,000	\$186,920,000	\$388,300,000
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APPROPRIATIONS

Available for the Year

Ending June 30

2006

2007

Sec. 2. EMPLOYMENT AND  
ECONOMIC DEVELOPMENT

Subdivision 1. Total

Appropriation

\$69,825,000

\$54,549,000

Summary by Fund

General	54,448,000	38,972,000
Remediation	700,000	700,000
Workforce Development	14,677,000	14,877,000

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Business and  
Community Development

23,359,000

7,883,000

Summary by Fund

General	22,659,000	7,183,000
Remediation	700,000	700,000

\$150,000 the first year and \$150,000 the second year are from the general fund for a grant under Minnesota Statutes, section 116J.421, to the Rural Policy and Development Center at St. Peter, Minnesota. The grant shall be used for research and policy analysis on emerging economic and social issues in rural Minnesota, to serve as a policy resource center for rural Minnesota communities, to encourage collaboration across higher education institutions to provide interdisciplinary team approaches to research and problem-solving in rural communities, and to administer overall operations of the center.

The grant shall be provided upon the condition that each state-appropriated dollar be matched with a nonstate dollar. Acceptable matching funds are nonstate contributions that the center has received and have not been used to match previous state grants. Any funds not spent the first year are available the second year.

\$155,000 the first year and \$155,000 the second year are from the general fund for a grant to the Metropolitan Economic Development Association for continuing minority business development programs in the metropolitan area.

\$150,000 the first year and \$150,000 the second year are from the general fund for a grant to WomenVenture for women's business development programs.

\$250,000 the first year and \$250,000 the second year are to establish a methamphetamine laboratory cleanup revolving loan fund pursuant to Minnesota Statutes, section 446A.083. This is a onetime appropriation. This appropriation is available until spent.

\$18,000 in the first year and \$17,000 in the second year are for onetime grants to the Riverbend Center for Entrepreneurial Facilitation in Blue Earth County. The grants must be used to continue a program to assist in the development of entrepreneurs and small businesses. The grants must be provided on the condition that each state-appropriated dollar be matched with a nonstate dollar. Any balance in the first year does not cancel but is available in the second year.

Grant recipients must report to the commissioner by February 1 in each of the two years after the year of receipt of the grant. The report must detail the number of customers served; the number of businesses started, stabilized, or expanded; the number of jobs created and retained; and business success rates. The commissioner shall report to the legislature on the program's assistance to entrepreneurs and small businesses. The report shall contain an evaluation of the results.

\$15,000,000 the first year is for the direct and indirect expenses of the collaborative research partnership between the University of Minnesota and the Mayo Foundation for research in biotechnology and medical genomics. This is a onetime appropriation. An annual report on the expenditure of this appropriation must be submitted to the governor and the chairs of the senate Higher Education Budget Division, the house of representatives Higher Education Finance Committee, the senate Environment, Agriculture, and Economic Development Budget Division, and the house of representatives Jobs and Economic Opportunity Policy and Finance Committee, by June 30 of each fiscal year until the appropriation is expended. This appropriation is available until expended.

\$100,000 the first year and \$100,000 the second year are to help small businesses access federal funds through the federal Small Business

Innovation Research Program and the federal Small Business Technology Transfer Program. Department services must include maintaining connections to 11 federal programs, assessment of specific funding opportunities, review of funding proposals, referral to specific consulting services, and training workshops throughout the state. The appropriation is added to the agency's base. Unless prohibited by federal law, the department must implement fees for services that help companies seek federal Phase II Small Business Innovation Research grants. The recommended fee schedule must be reported to the chairs of the house of representatives finance committee and senate budget division with jurisdiction over economic development by February 1, 2006.

\$60,000 the first year and \$60,000 the second year are for grants to the Minnesota Inventors Congress. Of this amount, \$10,000 each year is for the Student Inventors Congress.

\$15,000 the first year from the base is for a onetime grant to La Creche Early Childhood Centers, Inc. of Minneapolis.

\$125,000 the first year is for a grant to the Northwest Regional Development Commission at Warren to do field research on the planting and production of cold-hardy grape cultivars. This is a onetime appropriation and is available until expended.

This vineyard production research project is to select cold-hardy cultivars and cultural practices that can diversify the agricultural landscape of Minnesota and stimulate economic development with subsequent expansion into value-added businesses and the winery industry. Treatments used in this research project must focus on development of cultural and management practices that include trials on planting depths, vine root care, cultivation techniques, mulching, and other methods that will enhance productivity and winter survival in subzero temperatures.

An annual report is required, including an economic assessment that compares the input requirements and feasibility of each overwintering technique and its contribution to the success of the vines. The report must be submitted to the chairs of the house of representatives and senate policy committees with jurisdiction over agriculture. The Northwest Regional Development Commission is encouraged to work with the University of

Minnesota and the North Dakota State University experiment stations and on-farm sites to evaluate the suitability of regionally developed grape cultivars in areas of harsh winters and short growing seasons.

\$250,000 the first year is for a onetime grant to the Blandin Foundation for the "get broadband" program. This appropriation must be matched equally by nonstate funds and is available until expended. Expenditures made by the Blandin Foundation beginning December 1, 2004, may be used as match for this appropriation. The "get broadband" program must be designed to increase the use of broadband-based technologies by businesses, schools, health care organizations, government organizations, and the general public.

\$100,000 the first year is for a onetime grant to the Children's Discovery Museum for furnishing and equipping the new Children's Discovery Museum in Grand Rapids.

Subd. 3. Workforce Partnerships		15,229,000	15,229,000
	Summary by Fund		
General	8,347,000	8,347,000	
Workforce Development	6,882,000	6,882,000	

\$6,785,000 the first year and \$6,785,000 the second year are from the general fund for the Minnesota job skills partnership program under Minnesota Statutes, sections 116L.01 to 116L.17. If the appropriation for either year is insufficient, the appropriation for the other year is available. This appropriation does not cancel.

\$305,000 the first year and \$305,000 the second year are from the general fund for a grant under Minnesota Statutes, section 116J.8747, to Twin Cities RISE! to provide training to hard-to-train individuals.

\$875,000 the first year and \$875,000 the second year are from the workforce development fund for opportunities industrialization center programs.

\$500,000 the first year and \$500,000 the second year are from the workforce development fund for a onetime grant to the Minnesota Opportunities Industrialization Centers State Council. The grant shall be used by the American Indian Opportunities Industrialization Centers of Minneapolis, and the Northwestern

Opportunities Industrialization Centers of Bemidji, to provide training to American Indians on personal financial management and investment and to become small businesspersons. The opportunities industrialization centers may contract with any accredited state or private educational institution to deliver training.

\$500,000 the first year and \$500,000 the second year are from the workforce development fund for a onetime grant to the Minnesota Opportunity Industrialization Centers State Council. The grant shall be used to initiate and expand health occupation training at Minnesota Opportunity Industrialization Centers. The grant shall be distributed evenly among those Minnesota Opportunity Industrialization Centers that have plans to either initiate or expand health occupations and career ladder training programs for individuals seeking employment as nurses, nursing assistants, home health aides, phlebotomists, or in the field of medical coding.

The first \$1,450,000 deposited in each year of the biennium and in each year of subsequent bienniums into the contingent account created under Minnesota Statutes, section 268.196, subdivision 3, shall be transferred upon deposit to the workforce development fund created under Minnesota Statutes, section 116L.20. Deposits in excess of the \$1,450,000 shall be transferred upon deposit to the general fund.

\$1,069,000 the first year and \$1,069,000 the second year are from the general fund and \$3,000,000 the first year and \$3,000,000 the second year are from the workforce development fund for a onetime grant for the Minnesota youth program. If the appropriation in either year is insufficient, the appropriation for the other year is available.

\$183,000 the first year and \$183,000 the second year are for a onetime grant for the learn-to-earn summer youth employment program. This appropriation is available until spent.

\$757,000 the first year and \$757,000 the second year are from the workforce development fund for a onetime grant for the youthbuild program under Minnesota Statutes, sections 268.361 to 268.366. A Minnesota Youthbuild program funded under this section as authorized in Minnesota Statutes, sections 116L.361 to 116L.366, qualifies as an approved training program under Minnesota Rules, part 5200.0930, subpart 1.

\$1,000,000 the first year and \$1,000,000 the second year are from the workforce development fund for a onetime grant to the Minnesota Alliance of Boys and Girls Clubs to administer a statewide project of youth job skills development. This project, which may have career guidance components, is to encourage, train, and assist youth in job-seeking skills, workplace orientation, and job-site knowledge through coaching. This grant requires a 25 percent match from nonstate resources.

\$5,000 the first year and \$5,000 the second year are for a onetime grant to the Northwest Regional Curfew Center under the youth intervention program in Minnesota Statutes, section 116L.30.

\$8,500 in the first year and \$8,500 in the second year are from the department's base for a grant to the Twin Cities Community Voice Mail to maintain the toll-free telephone number for the Greater Minnesota Project. The commissioner must ensure that the telephone number is not changed for the 2006-2007 biennium.

\$250,000 the first year and \$250,000 the second year are from the workforce development fund for a grant to Lifetrack Resources for its immigrant and refugee collaborative programs, including those related to job-seeking skills and workplace orientation, intensive job development, functional work English, and on-site job coaching.

Subd. 4. Workforce Services	27,960,000	28,160,000
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Summary by Fund

General	20,165,000	20,165,000
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Workforce Development	7,795,000	7,995,000
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\$4,864,000 the first year and \$4,864,000 the second year are from the general fund and \$7,420,000 the first year and \$7,420,000 the second year are from the workforce development fund for extended employment services for persons with severe disabilities or related conditions under Minnesota Statutes, section 268A.15. Of the amount from the workforce development fund, \$500,000 each year is onetime.

\$1,690,000 the first year and \$1,690,000 the second year are from the general fund for grants under Minnesota Statutes, section 268A.11, for the eight centers for independent living. Money

not expended the first year is available the second year.

\$150,000 the first year and \$150,000 the second year are from the general fund and \$175,000 the first year and \$175,000 the second year are from the workforce development fund for grants under Minnesota Statutes, section 268A.03, to Rise, Inc. for the Minnesota Employment Center for People Who are Deaf or Hard-of-Hearing. Money not expended the first year is available the second year. Of the amount from the workforce development fund, \$150,000 each year is onetime.

\$1,000,000 the first year and \$1,000,000 the second year are from the general fund and \$200,000 the first year and \$400,000 the second year are from the workforce development fund for grants for programs that provide employment support services to persons with mental illness under Minnesota Statutes, sections 268A.13 and 268A.14. Up to \$77,000 each year may be used for administrative and salary expenses. The appropriation from the workforce development fund is onetime.

\$4,940,000 the first year and \$4,940,000 the second year are from the general fund for state services for the blind activities.

\$7,521,000 the first year and \$7,521,000 the second year are from the general fund for the state's vocational rehabilitation program for people with significant disabilities to assist with employment, under Minnesota Statutes, chapter 268A.

On or after July 1, 2005, the commissioner of finance shall cancel the unencumbered balance in the contaminated site cleanup and development account to the unrestricted fund balance in the general fund.

Subd. 5. State-Funded  
Administration

3,277,000 3,277,000

Sec. 3. MINNESOTA CONSERVATION CORPS

1,200,000 1,200,000

This appropriation is from the workforce development fund for a onetime appropriation for the purposes of Minnesota Statutes, section 84.991.

Sec. 4. COMMERCE

Subdivision 1. Total  
Appropriation

22,065,000 22,065,000

Summary by Fund

General	20,146,000	20,146,000	
Petroleum Cleanup	1,084,000	1,084,000	
Workers' Compensation	835,000	835,000	

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Financial Examinations		5,994,000	5,994,000
Subd. 3. Petroleum Tank Release Cleanup Board		1,084,000	1,084,000

This appropriation is from the petroleum tank release cleanup fund.

Subd. 4. Administrative Services		5,418,000	5,418,000
Subd. 5. Market Assurance		5,757,000	5,757,000

Summary by Fund

General	4,922,000	4,922,000	
Workers' Compensation	835,000	835,000	
Subd. 6. Energy and Telecommunications		3,812,000	3,812,000

Subd. 7. Fair Housing Education

Of the money appropriated for fair housing education under Laws 2001, chapter 208, section 28, the unencumbered balance is canceled and transferred to the general fund.

Subd. 8. Mortgage Consumer Education

Of the unexpended balance in the consumer education account established under Minnesota Statutes, section 58.10, subdivision 3, \$200,000 is transferred to the general fund.

Subd. 9. Liquefied Petroleum Gas Account

The unexpended balance in the liquefied petroleum gas account established under Minnesota Statutes, section 239.785, subdivision 6, is canceled and transferred to the general fund.

Sec. 5. HOUSING FINANCE AGENCY

Subdivision 1. Total Appropriation		35,235,000	35,235,000
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The amounts that may be spent from this appropriation for certain programs are specified in the following subdivisions.

This appropriation is for transfer to the housing development fund for the programs specified.

Except as otherwise indicated, this transfer is part of the agency's permanent budget base.

Subd. 2. Challenge Program

10,907,000	10,907,000
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For the economic development and housing challenge program under Minnesota Statutes, section 462A.33. Of this amount, \$1,285,000 each year shall be made available during the first eight months of the fiscal year exclusively for housing projects for American Indians. Any funds not committed to housing projects for American Indians in the first eight months of the fiscal year, shall be available for any eligible activity under Minnesota Statutes, section 462A.33.

Subd. 3. Housing Trust Fund

\$6,305,000 the first year and \$6,305,000 the second year are for the housing trust fund to be deposited in the housing trust fund account created under Minnesota Statutes, section 462A.201, and used for the purposes provided in that section. The base funding for this program shall be \$8,305,000 each year in the 2008-2009 biennium.

Subd. 4. Rental Assistance for Mentally Ill

1,638,000	1,638,000
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For a rental housing assistance program for persons with a mental illness or families with an adult member with a mental illness under Minnesota Statutes, section 462A.2097. The agency must not reduce the funding under this subdivision.

Subd. 5. Family Homeless Prevention

3,715,000	3,715,000
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For family homeless prevention and assistance programs under Minnesota Statutes, section 462A.204. Any balance in the first year does not cancel but is available in the second year.

As provided in Minnesota Statutes, section 462A.20, subdivision 3, the agency may transfer unencumbered balances from one appropriated account to another as necessary to implement the business plan of the working group on long-term homelessness established in Laws 2003, chapter 128, article 15, section 9.

Subd. 6. Home Ownership Assistance Fund

The budget base for the home ownership

assistance fund shall be \$885,000 in fiscal year 2008 and \$885,000 in fiscal year 2009.

Subd. 7. Affordable Rental  
Investment Fund

\$8,996,000 the first year and \$8,996,000 the second year are for the affordable rental investment fund program under Minnesota Statutes, section 462A.21, subdivision 8b.

This appropriation is to finance the acquisition, rehabilitation, and debt restructuring of federally assisted rental property and for making equity take-out loans under Minnesota Statutes, section 462A.05, subdivision 39. This appropriation also may be used to finance the acquisition, rehabilitation, and debt restructuring of existing supportive housing properties. For purposes of this subdivision, "supportive housing" means affordable rental housing with links to services necessary for individuals, youth, and families with children to maintain housing stability.

The owner of the federally assisted rental property must agree to participate in the applicable federally assisted housing program and to extend any existing low-income affordability restrictions on the housing for the maximum term permitted. The owner must also enter into an agreement that gives local units of government, housing and redevelopment authorities, and nonprofit housing organizations the right of first refusal if the rental property is offered for sale. Priority must be given among comparable federally assisted rental properties to properties with the longest remaining term under an agreement for federal rental assistance. Priority must also be given among comparable rental housing developments to developments that are or will be owned by local government units, a housing and redevelopment authority, or a nonprofit housing organization.

Subd. 8. Housing Rehabilitation  
and Accessibility

\$2,654,000 the first year and \$2,654,000 the second year are for the housing rehabilitation and accessibility program under Minnesota Statutes, section 462A.05, subdivisions 14a and 15a. The budget base for the housing rehabilitation and accessibility program shall be \$3,972,000 in fiscal year 2008 and \$3,972,000 in fiscal year 2009.

Subd. 9. Home Ownership Education,  
Counseling, and Training

770,000

770,000

For the home ownership education, counseling, and training program under Minnesota Statutes, section 462A.209.

Subd. 10. Capacity Building Grants

\$250,000 the first year and \$250,000 the second year are for nonprofit capacity building grants under Minnesota Statutes, section 462A.21, subdivision 3b.

Sec. 6. EXPLORE MINNESOTA TOURISM

8,701,000

9,701,000

To develop maximum private sector involvement in tourism, \$4,000,000 each year must be matched by Explore Minnesota tourism from nonstate sources. Up to one-half of the total match requirement may include in-kind contributions. Cash match is defined as revenue to the state or documented case expenditures directly expended to support Explore Minnesota tourism programs.

In the second year, for every dollar generated from nonstate sources in the previous year in excess of \$4,000,000, an amount of up to \$1,000,000 is appropriated from the general fund to Explore Minnesota tourism for marketing purposes. This incentive is ongoing. In order to maximize marketing grant benefits, the director must give priority for organizational partnership marketing grants to organizations with year-round sustained tourism activities. For programs and projects submitted, the director must give priority to those that encompass two or more areas or that attract nonresident travelers to the state.

Funding for the marketing grants is available either year of the biennium. Unexpended grant funds from the first year are available in the second year.

The director may use grant dollars or the value of in-kind services to provide the state contribution for the partnership grant program.

Any unexpended money from the general fund appropriations made under this section does not cancel but must be placed in a special marketing account for use by Explore Minnesota tourism for additional marketing activities.

Of this amount, \$50,000 the first year from the base is for a onetime grant to the Mississippi

River Parkway Commission to support the increased promotion of tourism along the Great River Road. This appropriation is available until June 30, 2007.

\$250,000 the first year and \$250,000 the second year are for the Minnesota Film Board. The appropriation in each year is available only upon receipt by the board of \$1 in matching contributions of money or in-kind from nonstate sources for every \$3 provided by this appropriation.

Of this amount, \$60,000 the first year is for a onetime grant to the city of Winona for the Great River Shakespeare Festival. The funds must be used to promote and market the Great River Shakespeare Festival. To develop maximum private sector involvement in marketing the festival, \$60,000 must be matched by nonstate sources.

#### Sec. 7. LABOR AND INDUSTRY

Subdivision 1. Total Appropriation	22,919,000	22,919,000
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##### Summary by Fund

General	2,872,000	2,872,000
Workers' Compensation	19,297,000	19,297,000
Workforce Development	750,000	750,000

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

#### Subd. 2. Workers' Compensation

10,371,000	10,371,000
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This appropriation is from the workers' compensation fund.

Up to \$150,000 the first year and up to \$150,000 the second year are for grants to the Vinland Center for rehabilitation services. The grants shall be distributed as the department refers injured workers to the Vinland Center to receive rehabilitation services.

#### Subd. 3. Workplace Services

7,261,000	7,261,000
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##### Summary by Fund

General	2,872,000	2,872,000
Workers' Compensation	3,639,000	3,639,000

Workforce Development	750,000	750,000
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\$650,000 each year is from the workforce development fund for the apprenticeship program under Minnesota Statutes, chapter 178.

\$100,000 the first year and \$100,000 the second year are for labor education and advancement program grants. This appropriation is from the workforce development fund.

The annual license fees authorized under Minnesota Statutes, section 326.48, and detailed in Minnesota Rules, part 5230.0100, subpart 3, shall increase \$20 for a journeyman high-pressure piping pipefitter license, \$20 for a high-pressure piping contracting pipefitter, \$10 for an inactive license, and \$100 for a high-pressure pipefitting business license.

The permit filing and inspection fees authorized under Minnesota Statutes, section 326.47, and detailed in Minnesota Rules, part 5230.0100, subpart 4, shall be increased as follows: the filing of a permit application shall be increased \$50, the minimum high-pressure piping inspection fee shall be increased \$50, and the schedule of inspection fee rates shall be increased by ten percent.

#### Subd. 4. General Support

5,287,000	5,287,000
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This appropriation is from the workers' compensation fund.

The commissioner of labor and industry shall report to the 2006 legislature on the safety and education program for Minnesota loggers under Minnesota Statutes, section 176.130.

### Sec. 8. BUREAU OF MEDIATION SERVICES

Subdivision 1. Total Appropriation	1,773,000	1,773,000
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The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

#### Subd. 2. Mediation Services

1,673,000	1,673,000
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#### Subd. 3. Labor Management Cooperation Grants

100,000	100,000
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\$100,000 each year is for onetime grants to area labor-management committees. Grants may be

awarded for a 12-month period beginning July 1 of each year. Any unencumbered balance remaining at the end of the first year does not cancel but is available for the second year.

Sec. 9. WORKERS' COMPENSATION  
COURT OF APPEALS

1,618,000                      1,618,000

This appropriation is from the workers' compensation fund.

Sec. 10. MINNESOTA HISTORICAL  
SOCIETY

Subdivision 1. Total  
Appropriation

23,317,000                      23,133,000

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Education and  
Outreach

13,191,000                      13,191,000

Of this amount, \$60,000 each year is to offset the revenue loss from not charging fees for general tours at the Capitol. Notwithstanding Minnesota Statutes, section 138.668, the Minnesota Historical Society may not charge a fee for its general tours at the Capitol, but may charge fees for special programs other than general tours. This appropriation is part of the society's budget base.

\$700,000 the first year and \$700,000 the second year are to operate historic sites including: Kelley Farm, Hill House, Lower Sioux Agency, Fort Ridgely, Historic Forestville, the Forest History Center, and the Comstock House. In order to maximize public access to historic sites, the Minnesota Historical Society shall work with interested communities or individuals who are willing to provide financial or in-kind support for site operations. This appropriation is part of the Minnesota Historical Society's base budget. This paragraph is effective the day following final enactment.

\$50,000 the first year and \$50,000 the second year are to assist the Minnesota Sesquicentennial Commission for planning and support of its mission. This is a onetime appropriation and is available until January 30, 2009.

Subd. 3. Preservation and Access

9,772,000                      9,772,000

Subd. 4. Fiscal Agent

	354,000	170,000
(a) Minnesota International Center		
	43,000	42,000
(b) Minnesota Air National Guard Museum		
	16,000	-0-
(c) Minnesota Military Museum		
	67,000	-0-
(d) Farmamerica		
	128,000	128,000

Notwithstanding any other law, this appropriation may be used for operations.

(e) \$100,000 is appropriated from the general fund to the Minnesota Historical Society for a onetime grant to Otter Tail County for the redesign, furnishing, and equipping of a Veterans Museum in Perham. This appropriation is available until spent.

(f) Balances Forward

Any unencumbered balance remaining in this subdivision the first year does not cancel but is available for the second year of the biennium.

Subd. 5. Fund Transfer

The Minnesota Historical Society may reallocate funds appropriated in and between subdivisions 2 and 3 for any program purposes.

Sec. 11. BOARD OF THE ARTS

Subdivision 1. Total Appropriation	8,593,000	8,593,000
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If the appropriation for either year is insufficient, the appropriation for the other year is available.

Subd. 2. Operations and Services

	404,000	404,000
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Subd. 3. Grants Programs

	5,767,000	5,767,000
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Subd. 4. Regional Arts  
Councils

	2,422,000	2,422,000
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Sec. 12. BOARD OF  
ACCOUNTANCY

	487,000	487,000
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Effective the day following final enactment and no later than June 30, 2006, the Board of Accountancy shall combine its administrative

functions with those of the Board of Architecture, Engineering, Land Surveying, Landscape Architecture, Geoscience, and Interior Design. Both appointed boards shall remain intact, and both shall maintain their status as separate state boards.

Sec. 13. BOARD OF ARCHITECTURE,  
ENGINEERING, LAND SURVEYING,  
LANDSCAPE ARCHITECTURE, GEOSCIENCE,  
AND INTERIOR DESIGN

785,000 785,000

Sec. 14. BOARD OF BARBER  
AND COSMETOLOGISTS EXAMINERS

699,000 699,000

Sec. 15. PUBLIC UTILITIES  
COMMISSION

4,163,000 4,163,000

Sec. 16. BOARD OF ELECTRICITY

On or before June 30, 2006, the board shall transfer \$4,000,000 from the special revenue fund to the general fund.

Sec. 17. [FUND TRANSFER.]

By June 30, 2007, the commissioner of the Pollution Control Agency shall transfer \$4,000,000 from the metropolitan landfill contingency action trust account within the remediation fund to the commissioner of finance for transfer to the renewable development account, under Minnesota Statutes, section 116C.779. This is a onetime transfer from the metropolitan landfill contingency action trust account to the renewable development account. It is the intent of the legislature to restore these funds to the metropolitan landfill contingency action trust account as revenues become available in the future to ensure the state meets future financial obligations under Minnesota Statutes, section 473.845. The funds provided for in this transfer may only be used to make the incentive payments for wind energy conversion systems authorized under Minnesota Statutes, section 116C.779, subdivision 2.

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

#### ARTICLE 4

### JOBS AND ECONOMIC DEVELOPMENT

#### POLICY PROVISIONS

Section 1. Minnesota Statutes 2004, section 3.303, is amended by adding a subdivision to read:

Subd. 7. [ECONOMIC STATUS OF WOMEN.] The commission shall study and report to the legislature on all matters relating to the economic status of women in Minnesota, including:

- (1) the contributions of women to the economy;
- (2) economic security of homemakers and women in the labor force;
- (3) opportunities for education and vocational training;
- (4) employment opportunities;
- (5) women's access to benefits and services provided to citizens of this state; and
- (6) laws and business practices constituting barriers to the full participation by women in the economy.

The commission shall also study the adequacy of programs and services relating to families in

Minnesota. The commission shall communicate its findings and make recommendations to the legislature on an ongoing basis.

Sec. 2. Minnesota Statutes 2004, section 41A.09, subdivision 2a, is amended to read:

Subd. 2a. [DEFINITIONS.] For the purposes of this section, the terms defined in this subdivision have the meanings given them.

(a) "Ethanol" means fermentation ethyl alcohol derived from agricultural products, including potatoes, cereal grains, cheese whey, and sugar beets; forest products; or other renewable resources, including residue and waste generated from the production, processing, and marketing of agricultural products, forest products, and other renewable resources, that:

- (1) meets all of the specifications in ASTM specification ~~D4806-04~~ D4806-04a; and
  - (2) is denatured as specified in Code of Federal Regulations, title 27, parts 20 and 21.
- (b) "Ethanol plant" means a plant at which ethanol is produced.
- (c) "Commissioner" means the commissioner of agriculture.

Sec. 3. [45.22] [LICENSE EDUCATION.]

The following fees must be paid to the commissioner:

(1) initial course approval, \$10 for each hour or fraction of one hour of education course approval sought. Initial course approval expires on the last day of the 24th month after the course is approved;

(2) renewal of course approval, \$10 per course. Renewal of course approval expires on the last day of the 24th month after the course is renewed;

(3) initial coordinator approval, \$100. Initial coordinator approval expires on the last day of the 24th month after the coordinator is approved; and

(4) renewal of coordinator approval, \$10. Renewal of coordinator approval expires on the last day of the 24th month after the coordinator is renewed.

Sec. 4. Minnesota Statutes 2004, section 60A.14, subdivision 1, is amended to read:

Subdivision 1. [FEES OTHER THAN EXAMINATION FEES.] In addition to the fees and charges provided for examinations, the following fees must be paid to the commissioner for deposit in the general fund:

(a) by township mutual fire insurance companies;

(1) for filing certificate of incorporation \$25 and amendments thereto, \$10;

(2) for filing annual statements, \$15;

(3) for each annual certificate of authority, \$15;

(4) for filing bylaws \$25 and amendments thereto, \$10;

(b) by other domestic and foreign companies including fraternal and reciprocal exchanges;

(1) for filing an application for an initial certification of authority to be admitted to transact business in this state, \$1,500;

(2) for filing certified copy of certificate of articles of incorporation, \$100;

(2) (3) for filing annual statement, \$225;

(3) ~~(4)~~ for filing certified copy of amendment to certificate or articles of incorporation, \$100;

(4) ~~(5)~~ for filing bylaws, \$75 or amendments thereto, \$75;

(5) ~~(6)~~ for each company's certificate of authority, \$575, annually;

(c) the following general fees apply:

(1) for each certificate, including certified copy of certificate of authority, renewal, valuation of life policies, corporate condition or qualification, \$25;

(2) for each copy of paper on file in the commissioner's office 50 cents per page, and \$2.50 for certifying the same;

(3) for license to procure insurance in unadmitted foreign companies, \$575;

(4) for valuing the policies of life insurance companies, one cent per \$1,000 of insurance so valued, provided that the fee shall not exceed \$13,000 per year for any company. The commissioner may, in lieu of a valuation of the policies of any foreign life insurance company admitted, or applying for admission, to do business in this state, accept a certificate of valuation from the company's own actuary or from the commissioner of insurance of the state or territory in which the company is domiciled;

(5) for receiving and filing certificates of policies by the company's actuary, or by the commissioner of insurance of any other state or territory, \$50;

(6) for each appointment of an agent filed with the commissioner, \$10;

(7) for filing forms and rates, \$75 per filing, which may be paid on a quarterly basis in response to an invoice. Billing and payment may be made electronically;

(8) for annual renewal of surplus lines insurer license, \$300;

(9) \$250 filing fee for a large risk alternative rating option plan that meets the \$250,000 threshold requirement.

The commissioner shall adopt rules to define filings that are subject to a fee.

Sec. 5. Minnesota Statutes 2004, section 60K.55, subdivision 2, is amended to read:

Subd. 2. [LICENSING FEES.] (a) In addition to fees provided for examinations, each insurance producer licensed under this chapter shall pay to the commissioner a fee of:

(1) ~~\$40~~ \$50 for an initial life, accident and health, property, or casualty license issued to an individual insurance producer, and a fee of ~~\$40~~ \$50 for each renewal;

(2) ~~\$75~~ \$50 for an initial variable life and variable annuity license issued to an individual insurance producer, and a fee of \$50 for each renewal;

(3) ~~\$80~~ \$50 for an initial personal lines license issued to an individual insurance producer, and a fee of ~~\$80~~ \$50 for each renewal;

(4) ~~\$80~~ \$50 for an initial limited lines license issued to an individual insurance producer, and a fee of ~~\$80~~ \$50 for each renewal;

(5) \$200 for an initial license issued to a business entity, and a fee of ~~\$150~~ \$200 for each renewal; and

(6) \$500 for an initial surplus lines license, and a fee of \$500 for each renewal.

(b) Initial licenses issued under this chapter are valid for a period not to exceed 24 months and expire on October 31 of the renewal year assigned by the commissioner. Each renewal insurance producer license is valid for a period of 24 months. Licensees who submit renewal applications

postmarked or delivered on or before October 15 of the renewal year may continue to transact business whether or not the renewal license has been received by November 1. Licensees who submit applications postmarked or delivered after October 15 of the renewal year must not transact business after the expiration date of the license until the renewal license has been received.

(c) All fees are nonreturnable, except that an overpayment of any fee may be refunded upon proper application.

Sec. 6. Minnesota Statutes 2004, section 72B.04, subdivision 10, is amended to read:

Subd. 10. [FEES.] A fee of ~~\$80~~ \$50 is imposed for each initial license or temporary permit and ~~\$80~~ \$50 for each renewal thereof or amendment thereto. A fee of \$20 is imposed for the registration of each nonlicensed adjuster who is required to register under section 72B.06. All fees shall be transmitted to the commissioner and shall be payable to the Department of Commerce.

Sec. 7. Minnesota Statutes 2004, section 82B.05, subdivision 1, is amended to read:

Subdivision 1. [MEMBERS.] The Real Estate Appraiser Advisory Board consists of 15 members appointed by the commissioner of commerce. Three of the members must be public members, four must be consumers of appraisal services, and eight must be real estate appraisers of whom not less than two members shall be registered real property appraisers, licensed real property appraisers, or certified residential real property appraisers ~~and~~, not less than two members shall be certified general real property appraisers, and ~~not less than one member shall be certified by the Appraisal Qualification Board of the Appraisal Foundation to teach the Uniform Standards of Professional Appraisal Practice.~~ The board is governed by section 15.0575.

Sec. 8. Minnesota Statutes 2004, section 82B.05, subdivision 5, is amended to read:

Subd. 5. [CONDUCT OF MEETINGS.] Places of regular board meetings must be decided by the vote of members. Written notice must be given to each member of the time and place of each meeting of the board at least ten days before the scheduled date of regular board meetings. The board shall establish procedures for emergency board meetings and other operational procedures, subject to the approval of the commissioner.

The members of the board shall elect a chair from among the members to preside at board meetings.

A quorum of the board is eight members.

The board shall meet at least once every six months as determined by a majority vote of the members or a call of the commissioner.

Sec. 9. Minnesota Statutes 2004, section 82B.09, subdivision 1, is amended to read:

Subdivision 1. [AMOUNTS.] The following fees must be paid to the commissioner:

(1) ~~\$150 for each initial individual real estate appraiser's license: \$150 if the license expires more than 12 months after issuance, \$100 if the license expires less than 12 months after issuance; and a fee of~~

(2) \$100 for each renewal.

Sec. 10. Minnesota Statutes 2004, section 115C.07, subdivision 3, is amended to read:

Subd. 3. [RULES.] (a) The board shall adopt rules regarding its practices and procedures, the form and procedure for applications for compensation from the fund, procedures for investigation of claims and specifying the costs that are eligible for reimbursement from the fund.

(b) The board may adopt rules requiring certification of environmental consultants.

(c) The board may adopt other rules necessary to implement this chapter.

(d) The board may use section 14.389 to adopt rules specifying the competitive bidding requirements for consultant services proposals.

(e) The board may use section 14.389 to adopt rules specifying the written proposal and invoice requirements for consultant services.

Sec. 11. Minnesota Statutes 2004, section 115C.09, subdivision 3h, is amended to read:

Subd. 3h. [REIMBURSEMENT; ABOVEGROUND TANKS IN BULK PLANTS.] (a) As used in this subdivision, "bulk plant" means an aboveground or underground tank facility with a storage capacity of more than 1,100 gallons but less than 1,000,000 gallons that is used to dispense petroleum into cargo tanks for transportation and sale at another location.

(b) Notwithstanding any other provision in this chapter and any rules adopted pursuant to this chapter, the board shall reimburse 90 percent of an applicant's cost for bulk plant upgrades or closures completed between June 1, 1998, and November 1, 2003, to comply with Minnesota Rules, chapter 7151, provided that the board determines the costs were incurred and reasonable. The reimbursement may not exceed \$10,000 per bulk plant. The board may provide reimbursement under this paragraph for work completed after November 1, 2003, if the work was contracted for prior to that date and was not completed by that date as a result of an unanticipated situation, provided that an application for reimbursement under this paragraph, which may be a renewal of an application previously denied, is submitted prior to December 31, 2005.

(c) For corrective action at a bulk plant located on what is or was railroad right-of-way, the board shall reimburse 90 percent of total reimbursable costs on the first \$40,000 of reimbursable costs and 100 percent of any remaining reimbursable costs when the applicant can document that more than one bulk plant was operated on the same section of right-of-way, as determined by the commissioner of commerce.

Sec. 12. Minnesota Statutes 2004, section 115C.09, subdivision 3j, is amended to read:

Subd. 3j. [RETAIL LOCATIONS AND TRANSPORT VEHICLES.] (a) As used in this subdivision, "retail location" means a facility located in the metropolitan area as defined in section 473.121, subdivision 2, where gasoline is offered for sale to the general public for use in automobiles and trucks. "Transport vehicle" means a liquid fuel cargo tank used to deliver gasoline into underground storage tanks during 2002 and 2003 at a retail location.

(b) Notwithstanding any other provision in this chapter, and any rules adopted under this chapter, the board shall reimburse 90 percent of an applicant's cost for retrofits of retail locations and transport vehicles completed between January 1, 2001, and January 1, 2006, to comply with section 116.49, subdivisions 3 and 4, provided that the board determines the costs were incurred and reasonable. The reimbursement may not exceed \$3,000 per retail location and \$3,000 per transport vehicle.

Sec. 13. Minnesota Statutes 2004, section 115C.13, is amended to read:

115C.13 [REPEALER.]

Sections 115C.01, 115C.02, 115C.021, 115C.03, 115C.04, 115C.045, 115C.05, 115C.06, 115C.065, 115C.07, 115C.08, 115C.09, 115C.093, 115C.094, 115C.10, 115C.11, 115C.111, 115C.112, 115C.113, 115C.12, and 115C.13, are repealed effective June 30, 2007 2012.

Sec. 14. Minnesota Statutes 2004, section 116C.779, subdivision 2, is amended to read:

Subd. 2. [RENEWABLE ENERGY PRODUCTION INCENTIVE.] (a) Until January 1, 2018, up to ~~\$6,000,000~~ \$10,900,000 annually must be allocated from available funds in the account to fund renewable energy production incentives. ~~\$4,500,000~~ \$9,400,000 of this annual amount is for incentives for up to ~~400~~ 200 megawatts of electricity generated by wind energy conversion systems that are eligible for the incentives under section 216C.41. The balance of this amount, up to \$1,500,000 annually, may be used for production incentives for on-farm biogas recovery facilities that are eligible for the incentive under section 216C.41 or for production incentives for

other renewables, to be provided in the same manner as under section 216C.41. Any portion of the ~~\$6,000,000~~ \$10,900,000 not expended in any calendar year for the incentive is available for other spending purposes under this section. This subdivision does not create an obligation to contribute funds to the account.

(b) The Department of Commerce shall determine eligibility of projects under section 216C.41 for the purposes of this subdivision. At least quarterly, the Department of Commerce shall notify the public utility of the name and address of each eligible project owner and the amount due to each project under section 216C.41. The public utility shall make payments within 15 working days after receipt of notification of payments due.

Sec. 15. Minnesota Statutes 2004, section 116J.551, subdivision 1, is amended to read:

Subdivision 1. [GRANT ACCOUNT.] A contaminated site cleanup and development grant account is created in the general fund. Money in the account may be used, as appropriated by law, to make grants as provided in section 116J.554 and to pay for the commissioner's costs in reviewing applications and making grants. Notwithstanding section 16A.28, money appropriated to the account is available for four years.

Sec. 16. Minnesota Statutes 2004, section 116J.571, is amended to read:

116J.571 [CREATION OF ACCOUNTS.]

Two ~~greater~~ Minnesota redevelopment accounts are created, one in the general fund and one in the bond proceeds fund. Money in the accounts may be used to make grants as provided in section 116J.575. ~~Money in the bond proceeds fund may only be used for eligible costs for publicly owned property. Money in the general fund may be used and~~ to pay for the commissioner's costs in reviewing the applications and making grants.

Sec. 17. Minnesota Statutes 2004, section 116J.572, is amended to read:

116J.572 [DEFINITIONS.]

Subdivision 1. [SCOPE OF APPLICATION.] For purposes of sections 116J.571 to 116J.575, the terms in this section have the meanings given.

Subd. 2. [DEVELOPMENT AUTHORITY.] "Development authority" includes a statutory or home rule charter city, county, housing and redevelopment authority, economic development authority, or port authority ~~located outside.~~

Subd. 2a. [METROPOLITAN AREA.] "Metropolitan area" means the seven-county metropolitan area, as defined in section 473.121, subdivision 2.

Subd. 2b. [MUNICIPALITY.] "Municipality" means the statutory or home rule charter city, town, or, in the case of unorganized territory, county in which the redevelopment is located.

Subd. 3. [~~ELIGIBLE REDEVELOPMENT COSTS OR COSTS.~~] "Eligible Redevelopment costs" or "costs" means the costs of land acquisition, stabilizing unstable soils when infill is required, demolition, infrastructure improvements, and ponding or other environmental infrastructure; building construction, design and engineering; and costs necessary for adaptive reuse of buildings, including remedial activities. ~~Eligible costs do not include project administration and legal fees.~~

Subd. 4. [REDEVELOPMENT.] "~~Redevelopment~~" means ~~recycling obsolete, abandoned, or underutilized properties for new industrial, commercial, or residential uses.~~

Sec. 18. Minnesota Statutes 2004, section 116J.574, is amended to read:

116J.574 [GRANT APPLICATIONS.]

Subdivision 1. [APPLICATION REQUIRED.] To obtain a redevelopment grant, a development authority shall apply to the commissioner. The governing body of the municipality must approve the application by resolution.

Subd. 2. [REQUIRED CONTENT.] The commissioner shall prescribe and provide the application form. The application must include at least the following information:

- (1) identification of the site;
- (2) a redevelopment plan for the site;
- (3) a detailed budget estimate, including along with necessary supporting evidence, of the total redevelopment costs for the site including the total eligible redevelopment costs;
- (3) a complete (4) an assessment of the development potential or likely use of the site after completion of the redevelopment plan, including any specific commitments from third parties to construct improvements on the site;
- (4) a complete financing plan, including (5) the manner in which the development authority uses innovative financial partnerships between government, private for-profit, and nonprofit sectors municipality will meet the local match requirement; and
- (5) (6) any additional information or material that the commissioner prescribes.

Sec. 19. Minnesota Statutes 2004, section 116J.575, as amended by Laws 2005, chapter 20, article 1, section 33, is amended to read:

116J.575 [GRANTS.]

Subdivision 1. [COMMISSIONER DISCRETION.] The commissioner may make a grant for up to 50 percent of the eligible costs of a project. The determination of whether to make a grant for a site is within the discretion of the commissioner, subject to this section and sections 116J.571 to 116J.574 and available unencumbered money in the greater Minnesota redevelopment account. Notwithstanding section 116J.573, if the commissioner determines that the applications for grants for projects in greater Minnesota are less than the amount of grant funds available, the commissioner may make grants for projects anywhere in Minnesota. The commissioner's decisions and application of the priorities under this section are not subject to judicial review, except for abuse of discretion.

Subd. 1a. [PRIORITIES.] (a) If applications for grants exceed the available appropriations, grants shall be made for sites that, in the commissioner's judgment, provide the highest return in public benefits for the public costs incurred. "Public benefits" include job creation, bioscience development, environmental benefits to the state and region, efficient use of public transportation, efficient use of existing infrastructure, provision of affordable housing, multiuse development that constitutes community rebuilding rather than single-use development, crime reduction, blight reduction, community stabilization, and property tax base maintenance or improvement. In making this judgment, the commissioner shall give priority to redevelopment projects with one or more of the following characteristics:

- (1) the need for redevelopment in conjunction with contamination remediation needs;
  - (2) the redevelopment project meets current tax increment financing requirements for a redevelopment district and tax increments will contribute to the project;
  - (3) the redevelopment potential within the municipality;
  - (4) proximity to public transit if located in the metropolitan area; and
  - (5) multijurisdictional projects that take into account the need for affordable housing, transportation, and environmental impact.
- (b) The factors in paragraph (a) are not listed in a rank order of priority; rather, the commissioner may weigh each factor, depending upon the facts and circumstances, as the commissioner considers appropriate.

Subd. 2. [APPLICATION CYCLES.] In making grants, the commissioner shall establish

semiannual application deadlines in which grants will be authorized from all or part of the available money in the account.

Subd. 3. [MATCH REQUIRED.] In order to qualify for a grant under sections 116J.571 to 116J.575, the municipality must pay for at least one-half of the redevelopment costs as a local match from any money available to the municipality.

Sec. 20. Minnesota Statutes 2004, section 116J.63, subdivision 2, is amended to read:

Subd. 2. [FEES.] (a) Fees for reports, publications, or related publicity or promotional material are not subject to the rulemaking requirements of chapter 14 and are not subject to section 16A.1285. The fees prescribed by the commissioner must be commensurate with the distribution objective of the department for the material produced or with the cost of furnishing the services. Except as described in paragraph (b), all fees for materials and services must be deposited in the general fund.

(b) The commissioner may sell marketing materials at cost to economic development organizations and others in quantities that would not otherwise be available through general fund appropriations. Funds received must be placed in a special revolving account and are appropriated to the commissioner to pay for the production of the materials.

Sec. 21. Minnesota Statutes 2004, section 116J.8731, subdivision 5, is amended to read:

Subd. 5. [GRANT LIMITS.] A Minnesota investment fund grant may not be approved for an amount in excess of \$1,000,000. This limit covers all money paid to complete the same project, whether paid to one or more grant recipients and whether paid in one or more fiscal years. ~~The portion~~ A local community or recognized Indian tribal government may retain 20 percent, but not more than \$100,000 of a Minnesota investment fund grant ~~that exceeds \$100,000 must be repaid to the state~~ when it is repaid to the local community or recognized Indian tribal government by the person or entity to which it was loaned by the local community or Indian tribal government. Money repaid to the state must be credited to a Minnesota investment revolving loan account in the state treasury. Funds in the account are appropriated to the commissioner and must be used in the same manner as are funds appropriated to the Minnesota investment fund. Funds repaid to the state through existing Minnesota investment fund agreements must be credited to the Minnesota investment revolving loan account effective July 1, ~~2003~~ 2005. A grant or loan may not be made to a person or entity for the operation or expansion of a casino or a store which is used solely or principally for retail sales. Persons or entities receiving grants or loans must pay each employee total compensation, including benefits not mandated by law, that on an annualized basis is equal to at least 110 percent of the federal poverty level for a family of four.

Sec. 22. Minnesota Statutes 2004, section 116J.8747, subdivision 2, is amended to read:

Subd. 2. [QUALIFIED JOB TRAINING PROGRAM.] To qualify for grants under this section, a job training program must satisfy the following requirements:

(1) the program must be operated by a nonprofit corporation that qualifies under section 501(c)(3) of the Internal Revenue Code;

(2) the program must spend at least \$15,000 per graduate of the program;

(3) the program must provide education and training in:

(i) basic skills, such as reading, writing, mathematics, and communications;

(ii) thinking skills, such as reasoning, creative thinking, decision making, and problem solving;  
and

(iii) personal qualities, such as responsibility, self-esteem, self-management, honesty, and integrity;

(4) the program must provide income supplements, when needed, to participants for housing, counseling, tuition, and other basic needs;

- (5) the program's education and training course must last for an average of at least six months;
- (6) individuals served by the program must:
  - (i) be 18 years of age or older;
  - (ii) have federal adjusted gross income of no more than \$11,000 per year in the two-year calendar year immediately before entering the program;
  - (iii) have assets of no more than \$7,000, excluding the value of a homestead; and
  - (iv) not have been claimed as a dependent on the federal tax return of another person in the previous taxable year; and
- (7) the program must be certified by the commissioner of employment and economic development as meeting the requirements of this subdivision.

Sec. 23. Minnesota Statutes 2004, section 116J.994, subdivision 7, is amended to read:

Subd. 7. [REPORTS BY RECIPIENTS TO GRANTORS.] (a) A business subsidy grantor must monitor the progress by the recipient in achieving agreement goals.

(b) A recipient must provide information regarding goals and results for two years after the benefit date or until the goals are met, whichever is later. If the goals are not met, the recipient must continue to provide information on the subsidy until the subsidy is repaid. The information must be filed on forms developed by the commissioner in cooperation with representatives of local government. Copies of the completed forms must be sent to the local government agency that provided the subsidy or to the commissioner if the grantor is a state agency. If the Iron Range Resources and Rehabilitation Board is the grantor, the copies must be sent to the board. The report must include:

- (1) the type, public purpose, and amount of subsidies and type of district, if the subsidy is tax increment financing;
- (2) the hourly wage of each job created with separate bands of wages;
- (3) the sum of the hourly wages and cost of health insurance provided by the employer with separate bands of wages;
- (4) the date the job and wage goals will be reached;
- (5) a statement of goals identified in the subsidy agreement and an update on achievement of those goals;
- (6) the location of the recipient prior to receiving the business subsidy;
- (7) the number of employees who ceased to be employed by the recipient when the recipient relocated to become eligible for the business subsidy;
- (8) why the recipient did not complete the project outlined in the subsidy agreement at their previous location, if the recipient was previously located at another site in Minnesota;
- (8) (9) the name and address of the parent corporation of the recipient, if any;
- (9) (10) a list of all financial assistance by all grantors for the project; and
- (10) (11) other information the commissioner may request.

A report must be filed no later than March 1 of each year for the previous year. The local agency and the Iron Range Resources and Rehabilitation Board must forward copies of the reports received by recipients to the commissioner by April 1.

- (c) Financial assistance that is excluded from the definition of "business subsidy" by section

116J.993, subdivision 3, clauses (4), (5), (8), and (16), is subject to the reporting requirements of this subdivision, except that the report of the recipient must include instead:

(1) the type, public purpose, and amount of the financial assistance, and type of district if the assistance is tax increment financing;

(2) progress towards meeting goals stated in the assistance agreement and the public purpose of the assistance;

(3) if the agreement includes job creation, the hourly wage of each job created with separate bands of wages;

(4) if the agreement includes job creation, the sum of the hourly wages and cost of health insurance provided by the employer with separate bands of wages;

(5) the location of the recipient prior to receiving the assistance; and

(6) other information the grantor requests.

(d) If the recipient does not submit its report, the local government agency must mail the recipient a warning within one week of the required filing date. If, after 14 days of the postmarked date of the warning, the recipient fails to provide a report, the recipient must pay to the grantor a penalty of \$100 for each subsequent day until the report is filed. The maximum penalty shall not exceed \$1,000.

Sec. 24. Minnesota Statutes 2004, section 116J.994, subdivision 9, is amended to read:

Subd. 9. [COMPILATION AND SUMMARY REPORT.] The Department of Employment and Economic Development must publish a compilation and summary of the results of the reports for the previous two calendar years by December 1 of 2004 and every other year thereafter. The reports of the government agencies to the department and the compilation and summary report of the department must be made available to the public.

The commissioner must coordinate the production of reports so that useful comparisons across time periods and across grantors can be made. The commissioner may add other information to the report as the commissioner deems necessary to evaluate business subsidies. Among the information in the summary and compilation report, the commissioner must include:

(1) total amount of subsidies awarded in each development region of the state;

(2) distribution of business subsidy amounts by size of the business subsidy;

(3) distribution of business subsidy amounts by time category;

(4) distribution of subsidies by type and by public purpose;

(5) percent of all business subsidies that reached their goals;

(6) percent of business subsidies that did not reach their goals by two years from the benefit date;

(7) total dollar amount of business subsidies that did not meet their goals after two years from the benefit date;

(8) percent of subsidies that did not meet their goals and that did not receive repayment;

(9) list of recipients that have failed to meet the terms of a subsidy agreement in the past five years and have not satisfied their repayment obligations;

(10) number of part-time and full-time jobs within separate bands of wages for the entire state and for each development region of the state; and

(11) benefits paid within separate bands of wages for the entire state and for each development region of the state; and

(12) number of employees in the entire state and in each development region of the state who ceased to be employed because their employers relocated to become eligible for a business subsidy.

Sec. 25. Minnesota Statutes 2004, section 116L.03, subdivision 2, is amended to read:

Subd. 2. [APPOINTMENT.] The Minnesota Job Skills Partnership Board consists of: seven members appointed by the governor, ~~the chair of the governor's Workforce Development Council,~~ the commissioner of employment and economic development, the chancellor, or the chancellor's designee, of the Minnesota State Colleges and Universities, the president, or the president's designee, of the University of Minnesota, and two nonlegislator members, one appointed by the Subcommittee on Committees of the senate Committee on Rules and Administration and one appointed by the speaker of the house. If the chancellor or the president of the university makes a designation under this subdivision, the designee must have experience in technical education. Four of the appointed members must be members of the governor's Workforce Development Council, of whom two must represent organized labor and two must represent business and industry. One of the appointed members must be a representative of a nonprofit organization that provides workforce development or job training services.

Sec. 26. Minnesota Statutes 2004, section 116L.05, is amended by adding a subdivision to read:

Subd. 5. [USE OF WORKFORCE DEVELOPMENT FUNDS.] After March 1 of any fiscal year, the board may use workforce development funds for the purposes outlined in sections 116L.04, 116L.06, and 116L.10 to 116L.14, or to provide incumbent worker training services under section 116L.18 if the following conditions have been met:

(1) the board examines relevant economic indicators, including the projected number of layoffs for the remainder of the fiscal year and the next fiscal year, evidence of declining and expanding industries, the number of initial applications for and the number of exhaustions of unemployment benefits, job vacancy data, and any additional relevant information brought to the board's attention;

(2) the board accounts for all allocations made in section 116L.17, subdivision 2;

(3) based on the past expenditures and projected revenue, the board estimates future funding needs for services under section 116L.17 for the remainder of the current fiscal year and the next fiscal year;

(4) the board determines there will be unspent funds after meeting the needs of dislocated workers in the current fiscal year and there will be sufficient revenue to meet the needs of dislocated workers in the next fiscal year; and

(5) the board reports its findings in clauses (1) to (4) to the chairs of legislative committees with jurisdiction over the workforce development fund, to the commissioners of revenue and finance, and to the public.

Sec. 27. [116L.18] [SPECIAL INCUMBENT WORKER TRAINING GRANTS.]

Subdivision 1. [PURPOSE.] The purpose of the special incumbent worker training grants is to expand opportunities for businesses and workers to gain new skills that are in demand in the Minnesota economy. The board shall establish criteria for incumbent worker grants under this section and may encourage creative training models, innovative partnerships, and expansion or replication of promising practices.

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

(b) "Incumbent worker" means an individual employed by a qualifying employer.

(c) "Qualifying employer" means a for-profit business or nonprofit organization in Minnesota with at least one full-time paid employee. Public sector organizations are not considered qualifying employers.

(d) "Eligible organization" has the meaning given in section 116L.17.

Subd. 3. [AMOUNT OF GRANTS.] A grant to an eligible organization may not exceed \$400,000.

Subd. 4. [MATCHING FUNDS.] The board shall require matching funds from qualifying employers in the form of funding, equipment, or faculty.

Subd. 5. [USE OF FUNDS.] Eligible organizations shall use funds granted under this section for direct training services to provide a measurable increase in the job-related skills of participating incumbent workers. Eligible organizations may also provide basic assessment, counseling, and preemployment training services requested by the qualifying employer. No funds may be used for support services as described in section 116L.17, subdivision 4, clause (2).

Subd. 6. [PERFORMANCE OUTCOME MEASURES.] The board and the commissioner of employment and economic development shall jointly develop performance outcome measures and standards for this program. The commissioner and board shall consult with eligible organizations in establishing standards. Measures at a minimum must include posttraining retention, promotion, and wage increase. The board and commissioner shall provide a report to the legislature by March 1 of each year on the previous fiscal year's program performance. Eligible organizations must provide performance data in a timely manner for the completion of this report.

Sec. 28. Minnesota Statutes 2004, section 116L.20, subdivision 1, is amended to read:

Subdivision 1. [DETERMINATION AND COLLECTION OF SPECIAL ASSESSMENT.] (a) In addition to amounts due from an employer under the Minnesota unemployment insurance program, each employer, except an employer making reimbursements is liable for a special assessment levied at the rate of ~~seven-hundredths of one~~ .10 percent per year for calendar years 2006 and 2007 on all taxable wages, as defined in section 268.035, subdivision 24. Beginning January 1, 2008, the special assessment shall be levied at a rate of .085 percent per year on all taxable wages. The assessment shall become due and be paid by each employer on the same schedule and in the same manner as other amounts due from an employer under section 268.051, subdivision 1.

(b) The special assessment levied under this section shall be subject to the same requirements and collection procedures as any amounts due from an employer under the Minnesota unemployment insurance program.

[EFFECTIVE DATE.] This section is effective January 1, 2006.

Sec. 29. Minnesota Statutes 2004, section 116L.20, subdivision 2, is amended to read:

Subd. 2. [DISBURSEMENT OF SPECIAL ASSESSMENT FUNDS.] (a) The money collected under this section shall be deposited in the state treasury and credited to the workforce development fund to provide for employment and training programs. The workforce development fund is created as a special account in the state treasury.

(b) All money in the fund not otherwise appropriated or transferred is appropriated to the Job Skills Partnership Board for the purposes of section 116L.17 and as provided for in paragraph (d). The board must act as the fiscal agent for the money and must disburse that money for the purposes of section 116L.17, not allowing the money to be used for any other obligation of the state. All money in the workforce development fund shall be deposited, administered, and disbursed in the same manner and under the same conditions and requirements as are provided by law for the other special accounts in the state treasury, except that all interest or net income resulting from the investment or deposit of money in the fund shall accrue to the fund for the purposes of the fund.

(c) Reimbursement for costs related to collection of the special assessment shall be in an amount negotiated between the commissioner and the United States Department of Labor.

(d) If the board determines that the conditions of section 116L.05, subdivision 5, have been

met, the board may use funds for the purposes outlined in sections 116L.04, 116L.06, and 116L.10 to 116L.14, or to provide incumbent worker training services under section 116L.18.

Sec. 30. Minnesota Statutes 2004, section 116L.666, subdivision 4, is amended to read:

Subd. 4. [PURPOSE; DUTIES OF LOCAL WORKFORCE COUNCIL.] The local workforce council is responsible for providing policy guidance for, and exercising oversight with respect to, activities conducted by local workforce centers in partnership with the local unit or units of general local government within the workforce service area and with the commissioner.

A local workforce center is a location where federal, state, and local employment and training services are provided to job seekers and employers.

A local workforce council, in accordance with an agreement or agreements with the appropriate chief elected official or officials and the commissioner, shall:

(1) determine procedures for the development of the local workforce service area plan. The procedures may provide for the preparation of all or any part of the plan:

(i) by the council;

(ii) by any unit of general local or state government in the workforce service area, or by an agency of that unit; or

(iii) by any other methods or institutions as may be provided in the agreement;

(2) select the recipients for local grants and an administrator of the local workforce service area plan. These may be the same entity or separate entities and must be chosen from among the following:

(i) the council;

(ii) a unit of general local or state government in its workforce service area, or an agency of that unit;

(iii) a nonprofit organization or corporation; or

(iv) any other agreed upon entity;

(3) jointly plan for local collaborative activities including the transition of public assistance recipients to employment in the public or private sectors;

(4) provide on-site review and oversight of program performance;

(5) establish local priorities for service and target populations;

(6) ensure nonduplication of services and a unified service delivery system within the workforce service area; ~~and~~

(7) ensure that local workforce centers provide meeting space, free of charge, for meetings of displaced homemaker programs, established under section 116L.96; and

(8) nominate individuals to the governor to consider for membership on the governor's Workforce Development Council.

Sec. 31. Minnesota Statutes 2004, section 120A.40, is amended to read:

120A.40 [SCHOOL CALENDAR.]

(a) Except for learning programs during summer, flexible learning year programs authorized under sections 124D.12 to 124D.127, and learning year programs under section 124D.128, a district must not commence an elementary or secondary school year before ~~September 1~~ Labor Day, except as provided under paragraph (b). Days devoted to teachers' workshops may be held

before ~~September 1~~ Labor Day. Districts that enter into cooperative agreements are encouraged to adopt similar school calendars.

(b) A district may begin the school year on any day before ~~September 1~~ Labor Day to accommodate a construction or remodeling project of \$400,000 or more affecting a district school facility. A school district that agrees to the same schedule with a school district in an adjoining state also may begin the school year before Labor Day as authorized under this paragraph.

**[EFFECTIVE DATE.]** This section is effective August 1, 2006.

Sec. 32. Minnesota Statutes 2004, section 129D.02, subdivision 3, is amended to read:

~~Subd. 3. [COMPENSATION.] Members shall be compensated at the rate of \$35 per day spent on board activities. In addition, members shall receive reimbursement for expenses in the same manner and amount as state employees. Employees of the state or its political subdivisions shall not be entitled to the per diem, but they shall suffer no loss in compensation or benefits as a result of service on the board. Members not entitled to the per diem shall receive expenses as provided in this subdivision unless the expenses are reimbursed from another source as provided in section 15.0575, subdivision 3.~~

Sec. 33. Minnesota Statutes 2004, section 161.1419, subdivision 2, is amended to read:

Subd. 2. [MEMBERS.] (a) The commission shall be composed of 15 members of whom:

- (1) one shall be appointed by the commissioner of transportation;
- (2) one shall be appointed by the commissioner of natural resources;
- (3) one shall be appointed by the ~~commissioner of employment and economic development~~ director of Explore Minnesota Tourism;
- (4) one shall be appointed by the commissioner of agriculture;
- (5) one shall be appointed by the director of the Minnesota Historical Society;
- (6) two shall be members of the senate to be appointed by the Committee on Committees;
- (7) two shall be members of the house of representatives to be appointed by the speaker;
- (8) one shall be the secretary appointed pursuant to subdivision 3; and
- (9) five shall be citizen members appointed by five citizen committees established by the members appointed under clauses (1) to (8), with each citizen committee established within and representing each of the following geographic segments along the Mississippi River:
  - (i) Lake Itasca to but not including the city of Grand Rapids;
  - (ii) Grand Rapids to but not including the city of Brainerd;
  - (iii) Brainerd to but not including the city of Elk River;
  - (iv) Elk River to but not including the city of Hastings; and
  - (v) Hastings to the Iowa border.

Each citizen committee member shall be a resident of the geographic segment that the committee and member represents.

(b) The members of the commission shall serve for a term expiring at the close of each regular session of the legislature and until their successors are appointed. Successor members shall be appointed by the same appointing authorities. Members may be reappointed. Any vacancy shall be filled by the appointing authority. The commissioner of transportation, the commissioner of natural resources, and the director of the Minnesota Historical Society shall be ex officio

members, and shall be in addition to the 15 members heretofore provided for. Immediately upon making the appointments to the commission the appointing authorities shall so notify the Mississippi River Parkway Commission, hereinafter called the National Commission, giving the names and addresses of the members so appointed.

Sec. 34. Minnesota Statutes 2004, section 161.1419, is amended by adding a subdivision to read:

Subd. 3a. [GIFTS, GRANTS, AND ENDOWMENTS.] The commission may accept gifts of money, property, or services; may apply for and accept grants from the United States, the state, a subdivision of the state, or a person for any of its purposes; may enter into an agreement required in connection with it; and may hold, use, and dispose of the money, property, or services in accordance with the terms of the gift, grant, or agreement relating to it. The commission may also make grants, gifts, and bequests of money, property, or services and enter into contracts to carry out the same. The gift acceptance procedures of sections 16A.013 to 16A.016 do not apply to this section.

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

Sec. 35. Minnesota Statutes 2004, section 169.733, is amended to read:

169.733 [WHEEL FLAPS ON TRUCK AND TRAILER.]

Subdivision 1. [VEHICLES GENERALLY.] ~~Every truck, truck-tractor, trailer, semitrailer, pole trailer, and rear-end dump truck, excepting rear-end dump farm trucks and military vehicles of the United States, shall, must be provided with wheel flaps or other suitable protection above and behind the rearmost wheels of the vehicle or combination of vehicles to prevent, as far as practicable, such the wheels from throwing dirt, water, or other materials on the windshields of following vehicles which follow. Such The flaps or protectors shall must be at least as wide as the tires they are protecting and shall have a ground clearance of not more than one-fifth of the horizontal distance from the center of the rearmost axle to the flap under any conditions of loading or operation of the motor~~ nine inches from the ground when the vehicle is empty.

Subd. 2. [VEHICLE WITH CONVEYOR BELT.] ~~For a dump truck or truck with a rigid box fastened to its frame and having a conveyor belt or chain in the bottom of the vehicle which that moves the cargo to the rear end of the vehicle, the flaps shall must be mounted as far to the rear of the vehicle as practicable and shall have a ground clearance of not more than 18 inches when the vehicle is loaded.~~

Subd. 3. [BOTTOM-DUMP VEHICLE.] ~~In addition to meeting the requirements of subdivision 1, a bottom-dump cargo vehicle transporting sand, gravel, aggregate, dirt, lime rock, silica, or similar material must be equipped with flaps that are mounted to the rear of the axles, cover the entire width of the vehicle, and a center flap between the wheel flaps, which must have a ground clearance of six inches or less when the vehicle is fully loaded.~~

Subd. 4. [ALTERNATIVE REQUIREMENTS.] ~~If the motor vehicle is so designed and constructed that the above requirements are accomplished by means of body construction or other means of enclosure, then no such protectors or flaps shall be are required.~~

Subd. 5. [EXTENDED FLAPS.] ~~If the rear wheels are not covered at the top by fenders, body or other parts of the vehicle, the flap or other protective means shall must be extended at least to a point directly above the center of the rearmost axle.~~

Subd. 6. [LAMPS OR WIRING.] ~~Lamps or wiring shall not be attached to fender flaps.~~

Sec. 36. Minnesota Statutes 2004, section 169.824, subdivision 2, is amended to read:

Subd. 2. [GROSS VEHICLE WEIGHT OF ALL AXLES.] (a) ~~Notwithstanding the provisions of section 169.85, the gross vehicle weight of all axles of a vehicle or combination of vehicles shall not exceed:~~

(1) 80,000 pounds for any vehicle or combination of vehicles on all state trunk highways as defined in section 160.02, subdivision 29, and for all routes designated under section 169.832, subdivision 11;

(2) 88,000 pounds for any vehicle or combination of vehicles with six or more axles while exclusively engaged in hauling livestock on all state trunk highways other than interstate highways, if the vehicle has a permit under section 169.86, subdivision 5, paragraph (k);

(3) 73,280 pounds for any vehicle or combination of vehicles with five axles or less on all routes, other than state trunk highways and routes that are designated under section 169.832, subdivision 11, except that a vehicle needing reasonable access to a terminal or facilities for food, fuel, repairs, and rest, located within three miles of a ten-ton route, may not exceed 80,000 pounds. "Terminal" means any location where freight either originates, terminates, or is handled in the transportation process, or where commercial motor carriers maintain operating facilities; and

(3) (4) 80,000 pounds for any vehicle or combination of vehicles with six or more axles on all routes, other than state trunk highways and routes that are designated under section 169.832, subdivision 11.

(b) The maximum weights specified in this section for five consecutive axles shall not apply to a four-axle ready-mix concrete truck which was equipped with a fifth axle prior to June 1, 1981. The maximum gross weight on four or fewer consecutive axles of vehicles excepted by this clause shall not exceed any maximum weight specified for four or fewer consecutive axles in this section.

**[EFFECTIVE DATE.]** The language in paragraph (a), clause (2), is effective August 1, 2006.

Sec. 37. Minnesota Statutes 2004, section 169.85, subdivision 1, is amended to read:

Subdivision 1. **[DRIVER TO STOP FOR WEIGHING.]** (a) The driver of a vehicle that has been lawfully stopped may be required by an officer to submit the vehicle and load to a weighing by means of portable or stationary scales.

(b) In addition, the officer may require that the vehicle be driven to the nearest available scales, but only if:

(1) the distance to the scales is no further than five miles, or if the distance from the point where the vehicle is stopped to the vehicle's destination is not increased by more than ten miles as a result of proceeding to the nearest available scales; and

(2) if the vehicle is a commercial motor vehicle, no more than two other commercial motor vehicles are waiting to be inspected at the scale.

(c) Official traffic control devices as authorized by section 169.06 may be used to direct the driver to the nearest scale.

(d) When a truck weight enforcement operation is conducted by means of portable or stationary scales ~~and~~, signs giving notice of the operation are must be posted within the highway right-of-way and adjacent to the roadway within two miles of the operation. The driver of a truck or combination of vehicles registered for or weighing in excess of 12,000 pounds shall proceed to the scale site and submit the vehicle to weighing and inspection.

Sec. 38. Minnesota Statutes 2004, section 169.85, subdivision 6, is amended to read:

Subd. 6. **[OFFICER DEFINED.]** When used in this section, the word "officer" means a ~~peace officer or~~ member of the State Patrol, an employee of the Department of Public Safety described in section 299D.06, or a peace officer or person under the officer's direction and control employed by a local unit of government who is trained in weight enforcement by the Department of Public Safety.

Sec. 39. [169.864] **[SPECIAL PAPER PRODUCTS VEHICLE PERMIT.]**

Subdivision 1. **[SPECIAL PAPER PRODUCTS VEHICLE PERMIT.]** The commissioner may issue a permit for a vehicle that meets the following requirements:

(1) is a combination of vehicles, including a truck-tractor and a semi-trailer drawing one additional semitrailer, which may be equipped with an auxiliary dolly, and no semitrailer used in the three-vehicle combination has an overall length in excess of 28-1/2 feet;

(2) has a maximum gross vehicle weight of 108,000 pounds;

(3) complies with the axle weight limits in section 169.824 or with the federal bridge formula for axle groups not described in that section;

(4) complies with the tire weight limits in section 169.823 or the tire manufacturers' recommended load, whichever is less;

(5) is operated only in this state on Trunk Highway marked 2 between Grand Rapids and the port of Duluth; on Trunk Highway marked 169 between Grand Rapids and its junction with Trunk Highway marked 53; and on Trunk Highway marked 53 between Virginia and the port of Duluth; and

(6) the seasonal weight increases authorized under section 169.826, subdivision 1, do not apply.

Subd. 2. [TWO-UNIT VEHICLE.] The commissioner may issue a permit for a vehicle that meets the following requirements:

(1) is a combination of vehicles consisting of a truck-tractor and a single semitrailer that may exceed 48 feet, but not 53 feet, if the distance from the kingpin to the centerline of the rear axle group of the semitrailer does not exceed 43 feet;

(2) has a maximum gross vehicle weight of 90,000 pounds;

(3) has a maximum gross vehicle weight of 98,000 pounds during the time when seasonal weight increases authorized under section 169.826, subdivision 1, are in effect;

(4) complies with the axle weight limits in section 169.824 or with the federal bridge formula for axle groups not described in that section;

(5) complies with the tire weight limits in section 169.823 or the tire manufacturers' recommended load, whichever is less; and

(6) is operated only on the highways specified in subdivision 1, clause (5).

Subd. 3. [RESTRICTIONS.] Vehicles issued permits under subdivisions 1 and 2 must comply with the following restrictions:

(1) the vehicle must be operated in compliance with seasonal load restrictions under section 169.87;

(2) the vehicle may not be operated on the interstate highway system; and

(3) the vehicle may be operated on streets or highways under the control of local authorities only upon the approval of the local authority; however, vehicles may have reasonable access to terminals and facilities for food, fuel, repairs, and rest and for continuity of route within one mile of the national network as provided by section 169.81, subdivision 3, and by Code of Federal Regulations, title 23, part 658.19.

Subd. 4. [PERMIT FEE.] Vehicle permits issued under subdivision 1, clause (1), must be annual permits. The fee is \$850 for each vehicle and must be deposited in the trunk highway fund. An amount sufficient to administer the permit program is appropriated from the trunk highway fund to the commissioner for the costs of administering the permit program.

[EFFECTIVE DATE.] This section is effective the latter of August 1, 2006, or the date on which the commissioner determines that building permits have been issued for the construction of a new pulp and paper manufacturing facility at Grand Rapids.

Sec. 40. Minnesota Statutes 2004, section 176.136, subdivision 1a, is amended to read:

Subd. 1a. [RELATIVE VALUE FEE SCHEDULE.] (a) The liability of an employer for services included in the medical fee schedule is limited to the maximum fee allowed by the schedule in effect on the date of the medical service, or the provider's actual fee, whichever is lower. The medical fee schedule effective on October 1, 1991, remains in effect until the commissioner adopts a new schedule by permanent rule. The commissioner shall adopt permanent rules regulating fees allowable for medical, chiropractic, podiatric, surgical, and other health care provider treatment or service, including those provided to hospital outpatients, by implementing a relative value fee schedule to be effective on October 1, 1993. The commissioner may adopt by reference the relative value fee schedule adopted for the federal Medicare program or a relative value fee schedule adopted by other federal or state agencies. The relative value fee schedule must contain reasonable classifications including, but not limited to, classifications that differentiate among health care provider disciplines. The conversion factors for the original relative value fee schedule must reasonably reflect a 15 percent overall reduction from the medical fee schedule most recently in effect. The reduction need not be applied equally to all treatment or services, but must represent a gross 15 percent reduction.

(b) Effective October 1, 2005, the commissioner shall remove all scaling factors from the relative value units and establish four separate conversion factors according to paragraphs (c) and (d) for each of the following parts of Minnesota Rules:

(1) Medical/surgical services in Minnesota Rules, part 5221.4030, as defined in part 5221.0700, subpart 3, item C, subitem 2;

(2) Pathology and laboratory services in Minnesota Rules, part 5221.4040, as defined in part 5221.0700, subpart 3, item C, subitem 3;

(3) Physical medicine and rehabilitation services in Minnesota Rules, part 5221.4050, as defined in part 5221.0700, subpart 3, item C, subitem 4; and

(4) Chiropractic services in Minnesota Rules, part 5221.4060, as defined in part 5221.0700, subpart 3, item C, subitem 5.

(c) The four conversion factors established under paragraph (b) shall be calculated so that there is no change in each maximum fee for each service under the current fee schedule, except as provided in paragraphs (d) and (e).

(d) By October 1, 2006, the conversion factor for chiropractic services described in paragraph (b), clause (4), shall be increased to equal 72 percent of the conversion factor for medical/surgical services described in paragraph (b), clause (1). Beginning October 1, 2005, the increase in chiropractic conversion factor shall be phased in over two years by approximately equal percentage point increases.

(e) When adjusting the conversion factors in accordance with paragraph (g) on October 1, 2005, and October 1, 2006, the commissioner may adjust by no less than zero, all of the conversion factors as necessary to offset any overall increase in payments under the fee schedule resulting from the increase in the chiropractic conversion factor.

(f) The commissioner shall give notice of the relative value units and conversion factors established under paragraphs (b), (c), and (d) according to the procedures in section 14.386, paragraph (a). The relative value units and conversion factors established under paragraphs (b), (c), and (d) are not subject to expiration under section 14.386, paragraph (b).

(g) After permanent rules have been adopted to implement this section, the conversion factors must be adjusted annually on October 1 by no more than the percentage change computed under section 176.645, but without the annual cap provided by that section. The commissioner shall annually give notice in the State Register of the adjusted conversion factors and may also give annual notice of any additions, deletions, or changes to the relative value units or service codes adopted by the federal Medicare program. The relative value units may be statistically adjusted in the same manner as for the original workers' compensation relative value fee schedule. The

notices of the adjusted conversion factors and additions, deletions, or changes to the relative value units and service codes is in lieu of the requirements of chapter 14. The commissioner shall follow the requirements of section 14.386, paragraph (a). The annual adjustments to the conversion factors and the medical fee schedules adopted under this section, including all previous fee schedules, are not subject to expiration under section 14.386, paragraph (b).

Sec. 41. [181.722] [MISREPRESENTATION OF EMPLOYMENT RELATIONSHIP PROHIBITED.]

Subdivision 1. [PROHIBITION.] No employer shall misrepresent the nature of its employment relationship with its employees to any federal, state, or local government unit; to other employers; or to its employees. An employer misrepresents the nature of its employment relationship with its employees if it makes any statement regarding the nature of the relationship that the employer knows or has reason to know is untrue and if it fails to report individuals as employees when legally required to do so.

Subd. 2. [AGREEMENTS TO MISCLASSIFY PROHIBITED.] No employer shall require or request any employee to enter into any agreement, or sign any document, that results in misclassification of the employee as an independent contractor or otherwise does not accurately reflect the employment relationship with the employer.

Subd. 3. [DETERMINATION OF EMPLOYMENT RELATIONSHIP.] For purposes of this section, the nature of an employment relationship is determined using the same tests and in the same manner as employee status is determined under the applicable workers' compensation and unemployment insurance program laws and rules.

Subd. 4. [CIVIL REMEDY.] A construction worker, as defined in section 179.254, who is not an independent contractor and has been injured by a violation of this section, may bring a civil action for damages against the violator. If the construction worker injured is an employee of the violator of this section, the employee's representative, as defined in section 179.01, subdivision 5, may bring a civil action for damages against the violator on behalf of the employee. The court may award attorney fees, costs, and disbursements to a construction worker recovering under this section.

Subd. 5. [REPORTING OF VIOLATIONS.] Any court finding that a violation of this section has occurred shall transmit a copy of its findings of fact and conclusions of law to the commissioner of labor and industry. The commissioner of labor and industry shall report the finding to relevant state and federal agencies, including the commissioner of commerce, the commissioner of employment and economic development, the commissioner of revenue, the federal Internal Revenue Service, and the United States Department of Labor.

Sec. 42. Minnesota Statutes 2004, section 183.41, is amended by adding a subdivision to read:

Subd. 4. [ANNUAL PERMIT.] The commissioner shall issue an annual permit to a boat for the purpose of carrying passengers for hire on the inland waters of the state provided the boat satisfies the inspection requirements of this section. A boat subject to inspection under this chapter shall be registered with the Division of Boiler Inspection and shall be inspected before a permit may be issued.

Sec. 43. Minnesota Statutes 2004, section 183.411, subdivision 2a, is amended to read:

Subd. 2a. [INSPECTION FEES.] The commissioner may set fees fee for inspecting traction engines, show boilers, and show engines shall be the hourly rate pursuant to section ~~16A.1285~~ 183.545, subdivision 3a.

Sec. 44. Minnesota Statutes 2004, section 183.411, subdivision 3, is amended to read:

Subd. 3. [LICENSES.] A license to operate steam farm traction engines, portable and stationary show engines and portable and stationary show boilers shall be issued to an applicant who:

(a) (1) is 18 years of age or older;

(b) (2) has a licensed second class or higher class engineer or steam traction (hobby) engineer sign the affidavit attesting to the applicant's competence in operating said devices;

(c) (3) passes a written test for competence in operating said devices;

(d) (4) has at least 25 hours of actual operating experience on said devices; and

(e) (5) pays the required fee.

A license shall be valid for the lifetime of the licensee. A onetime fee set by the commissioner pursuant to section ~~16A.1285~~ 183.545, subdivision 4, shall be charged for the license.

Sec. 45. Minnesota Statutes 2004, section 183.42, is amended to read:

183.42 [INSPECTION EACH YEAR AND REGISTRATION.]

Subdivision 1. [INSPECTION.] Every owner, lessee, or other person having charge of boilers, or pressure vessels, or any boat subject to inspection under this chapter shall cause them to be inspected by the Division of Boiler Inspection. Boilers and boats subject to inspection under this chapter must be inspected at least annually and pressure vessels inspected at least every two years except as provided under section 183.45. A person who fails to have the inspection required by this section shall pay to the commissioner a penalty in the amount of the cost of inspection up to a maximum of \$1,000. The commissioner shall assess a \$250 penalty per applicable boiler or pressure vessel for failure to have the inspection required by this section and may seal the boiler or pressure vessel for refusal to allow an inspection as required by this section.

Subd. 2. [REGISTRATION.] Every owner, lessee, or other person having charge of boilers or pressure vessels subject to inspection under this chapter shall register said objects with the Division of Boiler Inspection. The registration shall be renewed annually and is applicable to each object separately. The fee for registration of a boiler or pressure vessel shall be pursuant to section 183.545, subdivision 10. The Division of Boiler Inspection may issue a billing statement for each boiler and pressure vessel on record with the division, and may determine a monthly schedule of billings to be followed for owners, lessees, or other persons having charge of a boiler or pressure vessel subject to inspection under this chapter.

Subd. 3. [CERTIFICATE OF REGISTRATION.] The Division of Boiler Inspection shall issue a certificate of registration that lists the boilers and pressure vessels at the location, expiration date of the certificate of registration, last inspection date of each boiler and pressure vessel, and maximum allowable working pressure for each boiler and pressure vessel. The commissioner may make an electronic certificate of registration available to be printed by the owner, lessee, or other person having charge of the boiler or pressure vessel.

Sec. 46. Minnesota Statutes 2004, section 183.44, subdivision 1, is amended to read:

Subdivision 1. [MASTERS AND PILOTS.] The Division of Boiler Inspection commissioner or the commissioner's designee shall examine all masters and pilots of boats and vessels carrying passengers for hire on the inland waters of the state as to their qualifications and fitness. If found trustworthy qualified and competent to perform their duties as a master or pilot of a boat carrying passengers for hire, they shall be given issued a certificate license authorizing them to act as such on the inland waters of the state. The license shall be renewed annually. Fees for the original issue and renewal of the license authorized under this section shall be pursuant to section 183.545, subdivision 2.

Sec. 47. Minnesota Statutes 2004, section 183.51, subdivision 2, is amended to read:

Subd. 2. [APPLICATIONS.] Any person who desires an engineer's license shall make submit a written application, on blanks furnished by the inspector. The person shall also successfully pass a written examination for such grade of license applied for commissioner or designee, at least 15 days before the requested exam date. The application is valid for one year from the date the commissioner or designee received the application.

Sec. 48. Minnesota Statutes 2004, section 183.51, is amended by adding a subdivision to read:

Subd. 2a. [EXAMINATIONS.] Each applicant for a license must pass an examination approved by the commissioner. The examinations shall be of sufficient scope to establish the competency of the applicant to operate a boiler of the applicable license class and grade.

Sec. 49. Minnesota Statutes 2004, section 183.545, is amended to read:

183.545 [FEES FOR INSPECTION.]

Subdivision 1. [FEE AMOUNT; VESSELS OPERATED ON INLAND WATERS.] The fees for the inspection of the hull, boiler, machinery, and equipments of vessels are to be set by the commissioner pursuant to section 16A.1285, for vessels of 50 tons burden or over and vessels of less than 50 tons burden, operated on inland waters and that carry passengers for hire are as follows:

(1) annual operating permit and safety inspections shall be \$200; and

(2) other inspections, including dry-dock inspections, boat stability tests, and plan reviews, are billed at the hourly rate set in subdivision 3a.

Subd. 2. [FEE AMOUNTS; MASTERS AND PILOTS.] The commissioner shall, pursuant to section 16A.1285, set the license and application fee for an examination of an applicant for a master's or pilot's license is \$50, for an or \$20 if the applicant possesses a valid, unlimited, current United States Coast Guard master's license. The annual renewal of a master's or a pilot's license, and for an is \$20. The annual renewal if paid later than ten 30 days after expiration is \$35. The fee for replacement of a current, valid license is \$20.

Subd. 3. [BOILER AND PRESSURE VESSEL INSPECTION FEES.] The fees for the annual inspection of boilers and biennial inspection of pressure vessels are to be set by the commissioner pursuant to section 16A.1285, for as follows:

(a) (1) boiler inaccessible for internal inspection, \$55;

(b) (2) boiler accessible for internal inspection, \$55;

(c) (3) boiler internal inspection over 2,000 square feet heating surface shall be billed at the hourly rate set in subdivision 3a;

(d) boiler internal inspection over 4,000 square feet heating surface;

(e) boiler internal inspection over 10,000 square feet heating surface;

(f) (4) boiler accessible for internal inspection requiring one-half day or more of inspection time shall be billed at the established shop inspection fee hourly rate set in subdivision 3a;

(g) (5) pressure vessel for internal inspection via manhole, \$35; and

(h) (6) pressure vessel inaccessible for internal inspection, \$35.

An additional fee based on the scale of fees applicable to an inspection shall be charged when it is necessary to make a special trip for a hydrostatic test of a boiler or pressure vessel.

Subd. 3a. [HOURLY RATE.] The commissioner shall, pursuant to section 16A.1285, set shop inspection fees hourly rate for an inspection not set elsewhere in this chapter is \$80 per hour. Inspection time includes all time related to the shop inspection. Travel time, billed at the hourly rate, and travel expenses shall be billed for shop inspections, triennial audits, boat stability tests, hydrostatic tests of a boiler or pressure vessel, or any other inspection or consultation requiring a special trip.

Subd. 4. [APPLICANTS BOILER ENGINEER LICENSE FEES.] The commissioner shall, pursuant to section 16A.1285, set the fee for an examination of an applicant For the following licenses, the nonrefundable license and application fee is:

- (a) (1) chief engineer's license, \$50;
- (b) (2) first class engineer's license, \$50;
- (c) (3) second class engineer's license, \$50;
- (d) (4) special engineer's license, \$20; and
- (e) (5) traction or hobby boiler engineer's license; and, \$50.
- (f) pilot's license.

If an applicant, after an examination, is entitled to receive a license, it shall be issued without the payment of any additional charge. Any license so issued expires one year after the date of its issuance. An engineer's license may be renewed upon application therefor and the payment of an annual renewal fee as set by the commissioner pursuant to section 16A.1285 of \$20. The annual renewal, if paid later than 30 days after expiration, is \$35. The fee for replacement of a current, valid license is \$20.

Subd. 6. [NATIONAL BOARD INSPECTORS.] The fee for an examination of an applicant for a National Board of Boiler and Pressure Vessels Inspectors commission shall be set by the commissioner pursuant to section 16A.1285 is \$100.

Subd. 7. [NUCLEAR ENDORSEMENT.] The fee for each examination of an applicant for a National Board of Boiler and Pressure Vessels commissioned inspectors nuclear endorsement shall be set by the commissioner pursuant to section 16A.1285 is \$100.

Subd. 8. [CERTIFICATE OF COMPETENCY.] The fee for issuance of the original state of Minnesota certificate of competency for inspectors shall be set by the commissioner pursuant to section 16A.1285 is \$50. This fee is waived for inspectors who paid the examination fee. The fee for an annual renewal of the state of Minnesota certificate of competency shall be set by the commissioner pursuant to section 16A.1285 is \$35, and is due January 1 of each year. The fee for replacement of a current, valid license is \$35.

Subd. 9. [DEPOSIT OF FEES.] Fees received under this section and section 183.57 must be deposited in the state treasury and credited to the general fund.

Subd. 10. [BOILER AND PRESSURE VESSEL REGISTRATION FEE.] The annual registration fee for boilers and pressure vessels in use and required to be inspected per section 183.42 shall be \$10 per boiler and pressure vessel.

Sec. 50. Minnesota Statutes 2004, section 183.57, is amended to read:

183.57 [REPORT OF INSURER; EXEMPTION FROM INSPECTION.]

Subdivision 1. [REPORT REQUIRED.] Any insurance company insuring boilers and pressure vessels in this state shall make a written file a report thereof showing the date of inspection, the name of the person making the inspection, the condition of the boiler or pressure vessel as disclosed by the inspection, whether the same is boiler was operated by a properly licensed engineer, and whether a policy of insurance has been issued by the company with reference to the boiler or pressure vessel, and other information as directed by the chief boiler inspector. Within 15 21 days after the inspection, the insurance company shall mail a copy of file the report to with the chief boiler inspector and or designee. The insurer shall provide a copy of the report to the person, firm, or corporation owning or operating the inspected boiler or pressure vessel inspected. Such report shall be made annually for boilers and biennially for pressure vessels.

Subd. 2. [EXEMPTION.] Every boiler or pressure vessel as to which any insurance company authorized to do business in this state has issued a policy of insurance, after the inspection thereof, is exempt from inspection by the department made under sections 183.375 to 183.62, while the same continues to be insured and provided it continues to be inspected in accordance with the inspection schedule set forth in sections 183.42 and 183.45, and the person, firm, or corporation

~~owning or operating the same has an unexpired certificate of exemption from inspection, issued by the chief boiler inspector registration. The fee set by the commissioner pursuant to section 16A.1285, on the first object inspected and on each object thereafter shall apply to each exempt object. A certificate of exemption expires one year from date of issue. The certificate of exemption shall be posted in a conspicuous place near the boiler or pressure vessel or in the plant office or boiler room described therein and to which it relates. Every insurance company shall give written notice to the chief boiler inspector of the cancellation or expiration of every policy of insurance issued by it with reference to policies in this state, and the cause or reason for the cancellation or expiration. These notices of cancellation or expiration shall show the date of the policy and the date when the cancellation has or will become effective.~~

~~Subd. 4. [CERTIFICATE OF EXEMPTION.] The Division of Boiler Inspection may issue a billing and exemption certificate for each boiler and pressure vessel which the division records indicate shall be or has been inspected by an insurance company which is providing coverage for the boilers and pressure vessels. The division may determine the monthly schedule of the billings to be followed for each business insured.~~

~~Subd. 5. [NOTICE OF INSURANCE COVERAGE.] The insurer shall notify the commissioner or designee in writing of its policy to insure and inspect boilers and pressure vessels at a location within 30 days of receipt of notification from the insured that a boiler or pressure vessel is present at an insured location. The insurer must also provide a duplicate of the notification to the insured.~~

~~Subd. 6. [NOTICE OF DISCONTINUED COVERAGE.] The insurer shall notify the commissioner or designee in writing, within 30 days of the effective date, of the discontinuation of insurance coverage of the boilers and pressure vessels at a location and the cause or reason for the discontinuation if the insurer has received notice from the insured that a boiler or pressure vessel is present at an insured location, as provided under subdivision 5. This notice shall show the effective date when the discontinued policy takes effect.~~

~~Subd. 7. [PENALTIES.] The commissioner shall assess upon the insurer a \$50 penalty, per applicable boiler and pressure vessel, for failing to submit an inspection report or notify the commissioner of insurance coverage or discontinuation of insurance coverage as set forth in this section. The commissioner shall assess upon the insurer a penalty of \$100, per applicable boiler and pressure vessel, for failing to conduct the required in-service inspection within 120 days after the inspection was due in accordance with section 183.42. The penalties in this subdivision may only be assessed for notice, reports, and inspections required during the period that the insurance coverage was in effect and for which the insurer has received notice from the insured that a boiler or pressure vessel is present at an insured location, as provided under subdivision 5.~~

Sec. 51. Minnesota Statutes 2004, section 216C.41, subdivision 2, is amended to read:

Subd. 2. [INCENTIVE PAYMENT; APPROPRIATION.] (a) Incentive payments must be made according to this section to (1) a qualified on-farm biogas recovery facility, (2) the owner or operator of a qualified hydropower facility or qualified wind energy conversion facility for electric energy generated and sold by the facility, (3) a publicly owned hydropower facility for electric energy that is generated by the facility and used by the owner of the facility outside the facility, or (4) the owner of a publicly owned dam that is in need of substantial repair, for electric energy that is generated by a hydropower facility at the dam and the annual incentive payments will be used to fund the structural repairs and replacement of structural components of the dam, or to retire debt incurred to fund those repairs.

(b) Payment may only be made upon receipt by the commissioner of ~~finance~~ commerce of an incentive payment application that establishes that the applicant is eligible to receive an incentive payment and that satisfies other requirements the commissioner deems necessary. The application must be in a form and submitted at a time the commissioner establishes.

(c) There is annually appropriated from the ~~general fund~~ renewable development account under section 116C.779 to the commissioner of commerce sums sufficient to make the payments required under this section, ~~other than in addition to~~ the amounts funded by the renewable development account as specified in subdivision 5a.

Sec. 52. Minnesota Statutes 2004, section 216C.41, subdivision 5, is amended to read:

Subd. 5. [AMOUNT OF PAYMENT; WIND FACILITIES LIMIT.] (a) An incentive payment is based on the number of kilowatt hours of electricity generated. The amount of the payment is:

(1) for a facility described under subdivision 2, paragraph (a), clause (4), 1.0 cent per kilowatt hour; and

(2) for all other facilities, 1.5 cents per kilowatt hour.

For electricity generated by qualified wind energy conversion facilities, the incentive payment under this section is limited to no more than ~~400~~ 200 megawatts of nameplate capacity.

(b) For wind energy conversion systems installed and contracted for after January 1, 2002, the total size of a wind energy conversion system under this section must be determined according to this paragraph. Unless the systems are interconnected with different distribution systems, the nameplate capacity of one wind energy conversion system must be combined with the nameplate capacity of any other wind energy conversion system that is:

(1) located within five miles of the wind energy conversion system;

(2) constructed within the same calendar year as the wind energy conversion system; and

(3) under common ownership.

In the case of a dispute, the commissioner of commerce shall determine the total size of the system, and shall draw all reasonable inferences in favor of combining the systems.

(c) In making a determination under paragraph (b), the commissioner of commerce may determine that two wind energy conversion systems are under common ownership when the underlying ownership structure contains similar persons or entities, even if the ownership shares differ between the two systems. Wind energy conversion systems are not under common ownership solely because the same person or entity provided equity financing for the systems.

Sec. 53. Minnesota Statutes 2004, section 216C.41, subdivision 5a, is amended to read:

Subd. 5a. [RENEWABLE DEVELOPMENT ACCOUNT.] The Department of Commerce shall authorize payment of the renewable energy production incentive to wind energy conversion systems for ~~400~~ 200 megawatts of nameplate capacity ~~in addition to the capacity authorized under subdivision 5~~ and to on-farm biogas recovery facilities. Payment of the incentive shall be made from the renewable energy development account as provided under section 116C.779, subdivision 2.

Sec. 54. Minnesota Statutes 2004, section 237.11, is amended to read:

237.11 [INSPECTING RECORDS AND PROPERTY; REPORTS REQUIRED.]

Every telephone company subject to the provisions of this chapter, wherever organized, shall keep an office in this state, and make such reports to the department as it shall from time to time require. All books, records, and files, whether they relate to competitive or noncompetitive services, and all of its property shall be at all times subject to inspection by the commission and the department. It shall close its accounts and take therefrom a balance sheet on December 31 of each year, and on or before May 1 following, such balance sheet, together with such other information as the department shall require, verified by an officer of the telephone company, shall be filed with the commission and the department, except that a local exchange carrier or a competitive local exchange carrier, as defined in Minnesota Rules, chapter 7811, is only required to file an annual report that includes the company's name, contact person, annual revenue, and status of its 911 update plan.

In the event that any telephone company shall fail to file its annual report, as provided by this section, the department is authorized to make such an examination of the books, records, and vouchers of the company as is necessary to procure the necessary data for the annual report and

cause the same to be prepared. The expense of procuring this data and preparing this report shall be paid by the telephone company failing to report, and the amount paid shall be credited by the commissioner of finance to funds appropriated for the expense of the department.

The department is authorized to force collection of such sum by an action at law in the name of the department.

Sec. 55. Minnesota Statutes 2004, section 237.295, subdivision 1, is amended to read:

~~Subdivision 1. [PAYMENT FOR INVESTIGATION FILING FEE FOR NEW AUTHORITY.] (a) Whenever the department or commission, in a proceeding upon its own motion, on complaint, or upon an application to it, considers it necessary, in order to carry out the duties imposed on it, to investigate the books, accounts, practices, and activities of any company, parties to the proceeding shall pay the expenses reasonably attributable to the proceeding. The department and commission shall ascertain the expenses, and the department shall render a bill for those expenses to the parties, at the conclusion of the proceeding. The department is authorized to submit billings to parties at intervals selected by the department during the course of a proceeding.~~

~~(b) The allocation of costs may be adjusted for cause by the commission during the course of the proceeding, or upon the closing of the docket and issuance of an order. In addition to the rights granted in subdivision 3, parties to a proceeding may object to the allocation at any time during the proceeding. Withdrawal by a party to a proceeding does not absolve the party from paying allocated costs as determined by the commission. The commission may decide that a party should not pay any allocated costs of the proceeding.~~

~~(c) The bill constitutes notice of the assessment and a demand for payment. The amount of the bills assessed by the department under this subdivision must be paid by the parties into the state treasury within 30 days from the date of assessment. The total amount, in a calendar year, for which a telephone company may become liable, by reason of costs incurred by the department and commission within that calendar year, may not exceed two-fifths of one percent of the gross jurisdictional operating revenue of the telephone company in the last preceding calendar year. Direct charges may be assessed without regard to this limitation until the gross jurisdictional operating revenue of the telephone company for the preceding calendar year has been reported for the first time. Where, under this subdivision, costs are incurred within a calendar year that are in excess of two-fifths of one percent of the gross jurisdictional operating revenues, the excess costs are not chargeable as part of the remainder under subdivision 2.~~

~~(d) Except as otherwise provided in paragraph (e), for purposes of assessing the cost of a proceeding to a party, "party" means any entity or group subject to the laws and rules of this state, however organized, whether public or private, whether domestic or foreign, whether for profit or nonprofit, and whether natural, corporate, or political, such as a business or commercial enterprise organized as any type or combination of corporation, limited liability company, partnership, limited liability partnership, proprietorship, association, cooperative, joint venture, carrier, or utility, and any successor or assignee of any of them; a social or charitable organization; and any type or combination of political subdivision, which includes the executive, judicial, or legislative branch of the state, a local government unit, an agency of the state or a local government unit, or a combination of any of them.~~

~~(e) For assessment and billing purposes, "party" does not include the Department of Commerce or the Residential Utilities Division of the Office of Attorney General; any entity or group instituted primarily for the purpose of mutual help and not conducted for profit; intervenors awarded compensation under section 237.075, subdivision 10; or any individual or group or counsel for the individual or group representing the interests of end users or classes of end users of services provided by telephone companies or telecommunications carriers, as determined by the commission. An application for a new authority must be accompanied by a payment not to exceed \$2,000 as determined by the Public Utilities Commission. This fee will be reviewed annually and adjusted accordingly.~~

Sec. 56. Minnesota Statutes 2004, section 237.295, subdivision 2, is amended to read:

Subd. 2. [ASSESSMENT OF COSTS.] The department and commission shall quarterly, at least 30 days before the start of each quarter, estimate the total of their expenditures in the performance of their duties relating to telephone companies, other than amounts chargeable to telephone companies under subdivision 1, 5, or 6. The remainder must be assessed by the department to the telephone companies operating in this state in proportion to their respective gross jurisdictional operating revenues during the last calendar year. The assessment must be paid into the state treasury within 30 days after the bill has been mailed to the telephone companies. The bill constitutes notice of the assessment and demand of payment. The total amount that may be assessed to the telephone companies under this subdivision may not exceed ~~one-eighth~~ three-eighths of one percent of the total gross jurisdictional operating revenues during the calendar year. The assessment for the third quarter of each fiscal year must be adjusted to compensate for the amount by which actual expenditures by the commission and department for the preceding fiscal year were more or less than the estimated expenditures previously assessed. A telephone company with gross jurisdictional operating revenues of less than \$5,000 is exempt from assessments under this subdivision.

Sec. 57. [237.491] [COMBINED PER NUMBER FEE.]

Subdivision 1. [DEFINITIONS.] (a) The definitions in this subdivision apply to this section.

(b) "911 emergency and public safety communications program" means the program governed by chapter 403.

(c) "Minnesota telephone number" means a ten-digit telephone number being used to connect to the public switched telephone network and starting with area code 218, 320, 507, 612, 651, 763, or 952, or any subsequent area code assigned to this state.

(d) "Service provider" means a provider doing business in this state who provides real time, two-way voice service with a Minnesota telephone number.

(e) "Telecommunications access Minnesota program" means the program governed by sections 237.50 to 237.55.

(f) "Telephone assistance program" means the program governed by sections 237.69 to 237.711.

Subd. 2. [PER NUMBER FEE.] (a) By January 15, 2006, the commissioner of commerce shall report to the legislature and to the senate Committee on Jobs, Energy, and Community Development and the house Committee on Regulated Industries, recommendations for the amount of and method for assessing a fee that would apply to each service provider based upon the number of Minnesota telephone numbers in use by current customers of the service provider. The fee would be set at a level calculated to generate only the amount of revenue necessary to fund:

(1) the telephone assistance program and the telecommunications access Minnesota program at the levels established by the commission under sections 237.52, subdivision 2, and 237.70; and

(2) the 911 emergency and public safety communications program at the levels appropriated by law to the commissioner of public safety and the commissioner of finance for purposes of sections 403.11, 403.113, 403.27, 403.30, and 403.31 for each fiscal year.

(b) The recommendations must include any changes to Minnesota Statutes necessary to establish the procedures whereby each service provider, to the extent allowed under federal law, would collect and remit the fee proceeds to the commissioner of revenue. The commissioner of revenue would allocate the fee proceeds to the three funding areas in paragraph (a) and credit the allocations to the appropriate accounts.

(c) The recommendations must be designed to allow the combined per telephone number fee to be collected beginning July 1, 2006. The per access line fee used to collect revenues to support the TAP, TAM, and 911 programs remains in effect until the statutory changes necessary to implement the per telephone number fee have been enacted into law.

(d) As part of the process of developing the recommendations and preparing the report to the legislature required under paragraph (a), the commissioner of commerce must, at a minimum, consult regularly with the Departments of Public Safety, Finance, and Administration, the Public Utilities Commission, service providers, the chairs and ranking minority members of the senate and house committees, subcommittees, and divisions having jurisdiction over telecommunications and public safety, and other affected parties.

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

Sec. 58. Minnesota Statutes 2004, section 237.701, subdivision 1, is amended to read:

Subdivision 1. [FUND CREATED; AUTHORIZED EXPENDITURES.] The telephone assistance fund is created as a separate account in the state treasury to consist of amounts received by the commissioner of public safety representing the surcharge authorized by section 237.70, subdivision 6, and amounts earned on the fund assets. Money in the fund may be used only for:

(1) reimbursement to local service providers for expenses and credits allowed in section 237.70, subdivision 7, paragraph (d), clause (5);

(2) reimbursement of the reasonable administrative expenses of the commission not to exceed \$25,000 annually, a portion of which may be used for periodic promotional activities, including, but not limited to, radio or newspaper advertisements, to inform eligible households of the availability of the telephone assistance program; and

(3) reimbursement of the statewide indirect cost of the commission.

Sec. 59. Minnesota Statutes 2004, section 239.011, subdivision 2, is amended to read:

Subd. 2. [DUTIES AND POWERS.] To carry out the responsibilities in section 239.01 and subdivision 1, the director:

(1) shall take charge of, keep, and maintain in good order the standard of weights and measures of the state and keep a seal so formed as to impress, when appropriate, the letters "MINN" and the date of sealing upon the weights and measures that are sealed;

(2) has general supervision of the weights, measures, and weighing and measuring devices offered for sale, sold, or in use in the state;

(3) shall maintain traceability of the state standards to the national standards of the National Institute of Standards and Technology;

(4) shall enforce this chapter;

(5) shall grant variances from department rules, within the limits set by rule, when appropriate to maintain good commercial practices or when enforcement of the rules would cause undue hardship;

(6) shall conduct investigations to ensure compliance with this chapter;

(7) may delegate to division personnel the responsibilities, duties, and powers contained in this section;

(8) shall test annually, and approve when found to be correct, the standards of weights and measures used by the division, by a town, statutory or home rule charter city, or county within the state, or by a person using standards to repair, adjust, or calibrate commercial weights and measures;

(9) shall inspect and test weights and measures kept, offered, or exposed for sale;

(10) shall inspect and test, to ascertain if they are correct, weights and measures commercially used to:

(i) determine the weight, measure, or count of commodities or things sold, offered, or exposed for sale, on the basis of weight, measure, or count; and

(ii) compute the basic charge or payment for services rendered on the basis of weight, measure, or count;

(11) shall approve for use and mark weights and measures that are found to be correct;

(12) shall reject, and mark as rejected, weights and measures that are found to be incorrect and may seize them if those weights and measures:

(i) are not corrected within the time specified by the director;

(ii) are used or disposed of in a manner not specifically authorized by the director; or

(iii) are found to be both incorrect and not capable of being made correct, in which case the director shall condemn those weights and measures;

(13) shall weigh, measure, or inspect packaged commodities kept, offered, or exposed for sale, sold, or in the process of delivery, to determine whether they contain the amount represented and whether they are kept, offered, or exposed for sale in accordance with this chapter and department rules. In carrying out this section, the director must employ recognized sampling procedures, such as those contained in National Institute of Standards and Technology Handbook 133, "Checking the Net Contents of Packaged Goods";

(14) shall prescribe the appropriate term or unit of weight or measure to be used for a specific commodity when an existing term or declaration of quantity does not facilitate value comparisons by consumers, or creates an opportunity for consumer confusion;

(15) shall allow reasonable variations from the stated quantity of contents, including variations caused by loss or gain of moisture during the course of good distribution practice or by unavoidable deviations in good manufacturing practice, only after the commodity has entered commerce within the state;

(16) shall inspect and test petroleum products in accordance with this chapter and chapter 296A;

(17) shall distribute and post notices for used motor oil and used motor oil filters and lead acid battery recycling in accordance with sections 239.54, 325E.11, and 325E.115;

(18) shall collect inspection fees in accordance with sections 239.10 and 239.101; and

(19) shall provide metrological services and support to businesses and individuals in the United States who wish to market products and services in the member nations of the European Economic Community, and other nations outside of the United States by:

(i) meeting, to the extent practicable, the measurement quality assurance standards described in the International Standards Organization ISO 9000, Guide 25 17025;

(ii) maintaining, to the extent practicable, certification of the metrology laboratory by a ~~governing body appointed by the European Economic Community~~ an internationally accepted accrediting body such as the National Voluntary Laboratory Accreditation Program (NVLAP); and

(iii) providing calibration and consultation services to metrology laboratories in government and private industry in the United States.

Sec. 60. Minnesota Statutes 2004, section 239.05, is amended by adding a subdivision to read:

Subd. 3a. [AUTOMOTIVE FUEL.] For the purpose of enforcing the gasoline octane requirements in section 239.792, "automotive fuel" has the meaning given it in Code of Federal Regulations, title 16, section 306.0.

Sec. 61. Minnesota Statutes 2004, section 239.05, subdivision 10b, is amended to read:

Subd. 10b. [~~OXYGENATE ETHANOL BLENDER.~~] "Oxygenate Ethanol blender" means a person who has registered with the division to blend and distribute, transport, sell, or offer blends and distributes, transports, sells, or offers to sell gasoline containing a minimum of 2.0 percent, and an average of 2.7 ten percent oxygen ethanol by weight volume.

Sec. 62. Minnesota Statutes 2004, section 239.09, is amended to read:

239.09 [SPECIAL POLICE POWERS.]

When necessary to enforce this chapter or rules adopted under the authority granted by section 239.06, the director is:

(1) authorized and empowered to arrest, without formal warrant, any violator of sections 325E.11 and 325E.115 or of the statute in relation to weights and measures;

(2) empowered to seize for use as evidence and without formal warrant, any false weight, measure, weighing or measuring device, package, or commodity found to be used, retained, or offered or exposed for sale or sold in violation of law;

(3) during normal business hours, authorized to enter commercial premises;

(4) if the premises are not open to the public, authorized to enter commercial premises only after presenting credentials and obtaining consent or after obtaining a search warrant;

(5) empowered to issue stop-use, hold, and removal orders with respect to weights and measures commercially used, and packaged commodities or bulk commodities kept, offered, or exposed for sale, that do not comply with the weights and measures laws; ~~and~~

(6) empowered, upon reasonable suspicion of a violation of the weights and measures laws, to stop a commercial vehicle and, after presentation of credentials, inspect the contents of the vehicle, require that the person in charge of the vehicle produce documents concerning the contents, and require the person to proceed with the vehicle to some specified place for inspection; and

(7) empowered, after written warning, to issue citations of not less than \$100 and not more than \$500 to a person who violates any provision of this chapter, any provision of the rules adopted under the authority contained in this chapter, or any provision of statutes enforced by the Division of Weights and Measures.

Sec. 63. Minnesota Statutes 2004, section 239.101, subdivision 3, is amended to read:

Subd. 3. [PETROLEUM INSPECTION FEE.] (a) An inspection fee is imposed (1) on petroleum products when received by the first licensed distributor, and (2) on petroleum products received and held for sale or use by any person when the petroleum products have not previously been received by a licensed distributor. The petroleum inspection fee is \$1 for every 1,000 gallons received. The commissioner of revenue shall collect the fee. The revenue from 81 cents of the fee must first be applied to cover the amounts appropriated. Fifteen cents of the inspection fee must be deposited in an account in the special revenue fund and is appropriated to the commissioner of commerce for the cost of petroleum product quality inspection expenses and for the inspection and testing of petroleum product measuring equipment operations of the Division of Weights and Measures, petroleum supply monitoring, and the oil burner retrofit program. The remainder of the fee must be deposited in the general fund.

(b) The commissioner of revenue shall credit a person for inspection fees previously paid in error or for any material exported or sold for export from the state upon filing of a report as prescribed by the commissioner of revenue.

(c) The commissioner of revenue may collect the inspection fee along with any taxes due under chapter 296A.

Sec. 64. Minnesota Statutes 2004, section 239.75, subdivision 1, is amended to read:

Subdivision 1. [INSPECTION TO BE MADE.] The director shall:

(1) take samples, free of charge, of petroleum products wherever processed, blended, held, stored, imported, transferred, offered for sale or use, or sold in Minnesota, limiting each sample to:

- ~~(i) two-tenths of one one-half gallon, except when an octane test is planned; or~~
- ~~(ii) seven-tenths of one gallon for an octane test;~~

(2) inspect and test petroleum product samples according to the methods of ASTM or other valid test methods adopted by rule, to determine whether the products comply with the specifications in section 239.761;

(3) inspect petroleum product storage tanks to ensure that the products are free from water and impurities;

(4) inspect and test samples submitted to the department by a licensed distributor, making the test results available to the distributor;

(5) inspect the labeling, price posting, and price advertising of petroleum product dispensers and advertising signs at businesses or locations where petroleum products are sold, offered for sale or use, or dispensed into motor vehicles;

(6) maintain records of all inspections and tests according to the records retention policies of the Department of Administration;

(7) delegate to division personnel, at the director's discretion, any or all of the responsibilities, duties, and powers in sections 239.75 to 239.80;

~~(8) publish octane test data and information to assist persons who use, produce and, distribute, or sell gasoline and gasoline-oxygenate blends petroleum-based heating and engine fuels;~~

~~(9) register gasoline-oxygenate blenders according to the requirements of the EPA;~~

(10) audit the records of any person responsible for the product to determine compliance with sections 239.75 to 239.792;

~~(11) (10) after consulting with the commissioner of the Pollution Control Agency, grant a temporary exemption from the oxygenated gasoline gasoline-ethanol blending requirements in section 239.791 if the supply of oxygenate ethanol is insufficient to produce gasoline-oxygenate gasoline-ethanol blends during an EPA-designated carbon monoxide control period; and~~

(12) (11) adopt, as an enforcement policy for the division, reasonable margins of uncertainty for the tests used to determine compliance with the specifications in section 239.761, the oxygen percentages in section 239.791, and the octane requirements in section 239.792 and apply the margins of uncertainty to only tests performed by the division, not by adding the margins to uncertainties in tests performed by any person responsible for the product.

Sec. 65. Minnesota Statutes 2004, section 239.75, subdivision 5, is amended to read:

Subd. 5. [PRODUCT QUALITY, RESPONSIBILITY.] After a ~~gasoline—product petroleum-based engine fuel~~ is purchased, transferred, or otherwise removed from a refinery or terminal, the person responsible for the product shall:

(1) keep the product free from contamination with water and impurities;

(2) not blend the product with dissimilar petroleum products, for example, gasoline must not be blended with diesel fuel;

(3) not blend the product with any contaminant, dye, chemical, or additive, except:

(i) agriculturally derived, denatured ethanol that complies with the specifications in this chapter;

(ii) an antiknock additive, or an additive designed to replace tetra-ethyl lead, that is registered by the EPA; or

(iii) a dye to distinguish heating fuel from low sulfur diesel fuel; or

(iv) biodiesel fuel that complies with the specifications in this chapter; and

(4) maintain a record of the name or chemical composition of the additive, with the product shipping manifest or bill of lading for one year after the date of the manifest or bill.

Sec. 66. Minnesota Statutes 2004, section 239.761, is amended to read:

239.761 [PETROLEUM PRODUCT SPECIFICATIONS.]

Subdivision 1. [APPLICABILITY.] A person responsible for the product must meet the specifications in this section. The specifications apply to petroleum products processed, held, stored, imported, transferred, distributed, offered for distribution, offered for sale or use, or sold in Minnesota.

Subd. 2. [COORDINATION WITH DEPARTMENTS OF REVENUE AND AGRICULTURE.] The petroleum product specifications in this section are intended to match the definitions and specifications in sections 41A.09 and 296A.01. Petroleum products named in this section are defined in section 296A.01.

Subd. 3. [GASOLINE.] (a) Gasoline that is not blended with ethanol must not be contaminated with water or other impurities and must comply with ASTM specification ~~D4814-01~~ D4814-04a. Gasoline that is not blended with ethanol must also comply with the volatility requirements in Code of Federal Regulations, title 40, part 80.

(b) After gasoline is sold, transferred, or otherwise removed from a refinery or terminal, a person responsible for the product:

(1) may blend the gasoline with agriculturally derived ethanol as provided in subdivision 4;

(2) shall not blend the gasoline with any oxygenate other than denatured, agriculturally derived ethanol;

(3) shall not blend the gasoline with other petroleum products that are not gasoline or denatured, agriculturally derived ethanol;

(4) shall not blend the gasoline with products commonly and commercially known as casinghead gasoline, absorption gasoline, condensation gasoline, drip gasoline, or natural gasoline; and

(5) may blend the gasoline with a detergent additive, an antiknock additive, or an additive designed to replace tetra-ethyl lead, that is registered by the EPA.

Subd. 4. [GASOLINE BLENDED WITH ETHANOL.] (a) Gasoline may be blended with up to ten percent, by volume, agriculturally derived, denatured ethanol that complies with the requirements of subdivision 5.

(b) A gasoline-ethanol blend must:

(1) comply with the volatility requirements in Code of Federal Regulations, title 40, part 80;

(2) comply with ASTM specification ~~D4814-01~~ D4814-04a, or the gasoline base stock from which a gasoline-ethanol blend was produced must comply with ASTM specification ~~D4814-01~~ D4814-04a; and

(3) not be blended with casinghead gasoline, absorption gasoline, condensation gasoline, drip gasoline, or natural gasoline after the gasoline-ethanol blend has been sold, transferred, or otherwise removed from a refinery or terminal.

Subd. 5. [DENATURED ETHANOL.] Denatured ethanol that is to be blended with gasoline must be agriculturally derived and must comply with ASTM specification ~~D4806-01~~ D4806-04a. This includes the requirement that ethanol may be denatured only as specified in Code of Federal Regulations, title 27, parts 20 and 21.

Subd. 6. [GASOLINE BLENDED WITH NONETHANOL OXYGENATE.] (a) A person responsible for the product shall comply with the following requirements:

(1) after July 1, 2000, gasoline containing in excess of one-third of one percent, in total, of nonethanol oxygenates listed in paragraph (b) must not be sold or offered for sale at any time in this state; and

(2) after July 1, 2005, gasoline containing any of the nonethanol oxygenates listed in paragraph (b) must not be sold or offered for sale in this state.

(b) The oxygenates prohibited under paragraph (a) are:

(1) methyl tertiary butyl ether, as defined in section 296A.01, subdivision 34;

(2) ethyl tertiary butyl ether, as defined in section 296A.01, subdivision 18; or

(3) tertiary amyl methyl ether.

(c) Gasoline that is blended with a nonethanol oxygenate must comply with ASTM specification ~~D4814-01~~ D4814-04a. Nonethanol oxygenates must not be blended into gasoline after the gasoline has been sold, transferred, or otherwise removed from a refinery or terminal.

Subd. 7. [HEATING FUEL OIL.] Heating fuel oil must comply with ASTM specification ~~D396-01~~ D396-02a.

Subd. 8. [DIESEL FUEL OIL.] Diesel fuel oil must comply with ASTM specification ~~D975-01a~~ D975-04b, except that diesel fuel oil is not required to meet the diesel lubricity standard until the date that the biodiesel fuel requirement in section 239.77, subdivision 2, becomes effective or December 31, 2005, whichever comes first.

Subd. 9. [KEROSENE.] Kerosene must comply with ASTM specification ~~D3699-01~~ D3699-03.

Subd. 10. [AVIATION GASOLINE.] Aviation gasoline must comply with ASTM specification ~~D910-00~~ D910-04.

Subd. 11. [AVIATION TURBINE FUEL, JET FUEL.] Aviation turbine fuel and jet fuel must comply with ASTM specification ~~D1655-01~~ D1655-04.

Subd. 12. [GAS TURBINE FUEL OIL.] Fuel oil for use in nonaviation gas turbine engines must comply with ASTM specification ~~D2880-00~~ D2880-03.

Subd. 13. [E85.] A blend of ethanol and gasoline, containing at least 60 percent ethanol and not more than 85 percent ethanol, produced for use as a motor fuel in alternative fuel vehicles as defined in section 296A.01, subdivision 5, must comply with ASTM specification D5798-99 (2004).

Subd. 14. [M85.] A blend of methanol and gasoline, containing at least 85 percent methanol, produced for use as a motor fuel in alternative fuel vehicles as defined in section 296A.01, subdivision 5, must comply with ASTM specification D5797-96.

Sec. 67. Minnesota Statutes 2004, section 239.77, is amended by adding a subdivision to read:

Subd. 4. [DISCLOSURE.] A refinery or terminal shall provide, at the time diesel fuel is sold or transferred from the refinery or terminal, a bill of lading or shipping manifest to the person who receives the fuel. For biodiesel-blended products, the bill of lading or shipping manifest must disclose biodiesel content, stating volume percentage, gallons of biodiesel per gallons of petroleum diesel base-stock, or an ASTM "Bxx" designation where "xx" denotes the volume percent biodiesel included in the blended product. This subdivision does not apply to sales or transfers of biodiesel blend stock between refineries, between terminals, or between a refinery and a terminal.

Sec. 68. Minnesota Statutes 2004, section 239.79, subdivision 4, is amended to read:

Subd. 4. [SALE OF CERTAIN PETROLEUM PRODUCTS ON GROSS VOLUME BASIS.] A person responsible for the products listed in this subdivision shall transfer, ship, distribute, offer for distribution, sell, or offer to sell the products by volume. Volumetric measurement of the product must not be temperature compensated, or adjusted by any other factor. This subdivision applies to gasoline, number one and number two diesel fuel oils, number one and number two heating fuel oils, kerosene, denatured ethanol ~~that is to be blended into gasoline, and an oxygenate that is to be blended into gasoline, and biodiesel.~~ This subdivision does not apply to the measurement of petroleum products transferred, sold, or traded between refineries, between refineries and terminals, or between terminals.

Sec. 69. Minnesota Statutes 2004, section 239.791, subdivision 1, is amended to read:

Subdivision 1. [MINIMUM ETHANOL CONTENT REQUIRED.] (a) Except as provided in subdivisions 10 to 14, a person responsible for the product shall ensure that all gasoline sold or offered for sale in Minnesota must contain at least 10.0 percent denatured ethanol by volume.

(b) For purposes of enforcing the minimum ethanol requirement of paragraph (a), a gasoline/ethanol blend will be construed to be in compliance if the ethanol content, exclusive of denaturants and permitted contaminants, comprises not less than 9.2 percent by volume and not more than 10.0 percent by volume of the blend as determined by an appropriate United States Environmental Protection Agency or American Society of Testing Materials standard method of analysis of alcohol/ether content in ~~motor~~ engine fuels.

Sec. 70. Minnesota Statutes 2004, section 239.791, subdivision 7, is amended to read:

Subd. 7. [~~OXYGENATE ETHANOL RECORDS; STATE AUDIT.~~] The director shall audit the records of registered ~~oxygenate ethanol~~ blenders to ensure that each blender has met all requirements in this chapter. Specific information or data relating to sales figures or to processes or methods of production unique to the blender or that would tend to adversely affect the competitive position of the blender must be only for the confidential use of the director, unless otherwise specifically authorized by the registered blender.

Sec. 71. Minnesota Statutes 2004, section 239.791, subdivision 8, is amended to read:

Subd. 8. [DISCLOSURE.] A refinery or terminal, shall provide, at the time gasoline is sold or transferred from the refinery or terminal, a bill of lading or shipping manifest to the person who receives the gasoline. For oxygenated gasoline, the bill of lading or shipping manifest must include the identity and the volume percentage or gallons of oxygenate included in the gasoline, and it must state: "This fuel contains an oxygenate. Do not blend this fuel with ethanol or with any other oxygenate." ~~For nonoxygenated gasoline sold or transferred before October 1, 1997, the bill or manifest must state: "This fuel must not be sold at retail in a carbon monoxide control area."~~ For nonoxygenated gasoline sold or transferred after September 30, 1997, the bill or manifest must state: "This fuel is not oxygenated. It must not be sold at retail in Minnesota." This subdivision does not apply to sales or transfers of gasoline between refineries, between terminals, or between a refinery and a terminal.

Sec. 72. Minnesota Statutes 2004, section 239.791, subdivision 15, is amended to read:

Subd. 15. [EXEMPTION FOR CERTAIN BLEND PUMPS.] (a) A person responsible for the product, who offers for sale, sells, or dispenses nonoxygenated premium gasoline under one or

more of the exemptions in subdivisions 10 to 14, may sell, offer for sale, or dispense oxygenated gasoline that contains less than the minimum amount of ethanol required under subdivision 1 if all of the following conditions are met:

- (1) the blended gasoline has an octane rating of 88 or greater;
- (2) the gasoline is a blend of oxygenated gasoline meeting the requirements of subdivision 1 with nonoxygenated premium gasoline;
- (3) the blended gasoline contains not more than ten percent nonoxygenated premium gasoline;
- (4) the blending of oxygenated gasoline with nonoxygenated gasoline occurs within the gasoline dispenser; and
- (5) the gasoline station at which the gasoline is sold, offered for sale, or delivered is equipped to store gasoline in not more than two storage tanks.

(b) This subdivision applies only to those persons who meet the conditions in paragraph (a), clauses (1) through (5), on the effective date of this act August 1, 2004, and have registered with the director within three months of the effective that date of this act.

Sec. 73. Minnesota Statutes 2004, section 239.792, is amended to read:

239.792 [GASOLINE OCTANE AUTOMOTIVE FUEL RATINGS, CERTIFICATION, AND POSTING.]

Subdivision 1. [DISCLOSURE DUTIES OF REFINERS, IMPORTERS, AND PRODUCERS.] A manufacturer, hauler, blender, agent, jobber, consignment agent refiner, importer, or distributor who sells, delivers, or distributes gasoline or gasoline oxygenate blends, shall provide, at the time of delivery, a bill of lading or shipping manifest to the person who receives the gasoline. The bill or manifest must state the minimum octane of the gasoline delivered. The stated octane number must be the average of the "motor method" octane number and the "research method" octane number as determined by the test methods in ASTM specification D4814-01, or by a test method adopted by department rule producer of automotive fuel must comply with the automotive fuel rating, certification, and record-keeping requirements of Code of Federal Regulations, title 16, sections 306.5 to 306.7.

Subd. 2. [DISPENSER LABELING DUTIES OF DISTRIBUTORS.] A person responsible for the product shall clearly, conspicuously, and permanently label each gasoline dispenser that is used to sell gasoline or gasoline oxygenate blends at retail or to dispense gasoline or gasoline oxygenate blends into the fuel supply tanks of motor vehicles, with the minimum octane of the gasoline dispensed. The label must meet the following requirements:

(a) The octane number displayed on the label must represent the average of the "motor method" octane number and the "research method" octane number as determined by the test methods in ASTM specification D4814-01, or by a test method adopted by department rule.

(b) The label must be at least 2-1/2 inches high and three inches wide, with a yellow background, black border, and black figures and letters.

(c) The number representing the octane of the gasoline must be at least one inch high.

(d) The label must include the words "minimum octane" and the term "(R+M)/2" or "(RON+MON)/2." A licensed distributor of automotive fuel must comply with the certification and record-keeping provisions of Code of Federal Regulations, title 16, sections 306.8 and 306.9.

Subd. 3. [DUTIES OF RETAILERS.] A person responsible for the product who sells or transfers automotive fuel to a consumer must comply with the automotive fuel rating posting and record-keeping requirements, and the label specifications of Code of Federal Regulations, title 16, sections 306.10 to 306.12.

Subd. 4. [DUTIES OF DIRECTOR.] Upon request, the director shall provide any person with a

copy of Code of Federal Regulations, title 16, part 306. Upon request, the director shall provide any distributor, retailer, or organization of distributors or retailers with the label specifications in Code of Federal Regulations, title 16, section 306.12.

Sec. 74. Minnesota Statutes 2004, section 268.19, subdivision 1, is amended to read:

Subdivision 1. [USE OF DATA.] (a) Except as otherwise provided by this section, data gathered from any person pursuant to the administration of the Minnesota Unemployment Insurance Law are private data on individuals or nonpublic data not on individuals as defined in section 13.02, subdivisions 9 and 12, and may not be disclosed except pursuant to a court order or section 13.05. A subpoena shall not be considered a court order. These data may be disseminated to and used by the following agencies without the consent of the subject of the data:

- (1) state and federal agencies specifically authorized access to the data by state or federal law;
- (2) any agency of any other state or any federal agency charged with the administration of an unemployment insurance program;
- (3) any agency responsible for the maintenance of a system of public employment offices for the purpose of assisting individuals in obtaining employment;
- (4) human rights agencies within Minnesota that have enforcement powers;
- (5) the Department of Revenue only to the extent necessary for its duties under Minnesota laws;
- (6) public and private agencies responsible for administering publicly financed assistance programs for the purpose of monitoring the eligibility of the program's recipients;
- (7) the Department of Labor and Industry and the Division of Insurance Fraud Prevention in the Department of Commerce on an interchangeable basis with the department for uses consistent with the administration of their duties under Minnesota law;
- (8) local and state welfare agencies for monitoring the eligibility of the data subject for assistance programs, or for any employment or training program administered by those agencies, whether alone, in combination with another welfare agency, or in conjunction with the department or to monitor and evaluate the statewide Minnesota family investment program by providing data on recipients and former recipients of food stamps or food support, cash assistance under chapter 256, 256D, 256J, or 256K, child care assistance under chapter 119B, or medical programs under chapter 256B, 256D, or 256L;
- (9) local and state welfare agencies for the purpose of identifying employment, wages, and other information to assist in the collection of an overpayment debt in an assistance program;
- (10) local, state, and federal law enforcement agencies for the sole purpose of ascertaining the last known address and employment location of a person who is the subject of a criminal investigation;
- ~~(10)~~ (11) the federal Immigration and Naturalization Service shall have access to data on specific individuals and specific employers provided the specific individual or specific employer is the subject of an investigation by that agency; and
- ~~(11)~~ (12) the Department of Health solely for the purposes of epidemiologic investigations.

(b) Data on individuals and employers that are collected, maintained, or used by the department in an investigation pursuant to section 268.182 are confidential as to data on individuals and protected nonpublic data not on individuals as defined in section 13.02, subdivisions 3 and 13, and must not be disclosed except pursuant to statute or court order or to a party named in a criminal proceeding, administrative or judicial, for preparation of a defense.

(c) Data gathered by the department pursuant to the administration of the Minnesota unemployment insurance program must not be made the subject or the basis for any suit in any civil proceedings, administrative or judicial, unless the action is initiated by the department.

Sec. 75. [290.0676] [EXPLORE MINNESOTA TOURISM TAX REPORT.]

Within 30 days of the end of each quarter, the Department of Revenue shall provide Explore Minnesota Tourism with a quarterly report of comparisons of quarterly sales taxes collected under the Standard Industrial Classification System, or equivalent codes in the North America Industry Classification System, in the following areas:

- (1) SIC 70, lodging;
- (2) SIC 79, amusement and recreation; and
- (3) SIC 58, eating and drinking.

**[EFFECTIVE DATE.]** This section is effective for taxable years beginning after December 31, 2004.

Sec. 76. Minnesota Statutes 2004, section 296A.01, subdivision 2, is amended to read:

Subd. 2. [AGRICULTURAL ALCOHOL GASOLINE.] "Agricultural alcohol gasoline" means a gasoline-ethanol blend of up to ten percent agriculturally derived fermentation ethanol derived from agricultural products, such as potatoes, cereal, grains, cheese whey, sugar beets, forest products, or other renewable resources, that:

- (1) meets the specifications in ASTM specification ~~D4806-01~~ D4806-04a; and
- (2) is denatured as specified in Code of Federal Regulations, title 27, parts 20 and 21.

Sec. 77. Minnesota Statutes 2004, section 296A.01, subdivision 7, is amended to read:

Subd. 7. [AVIATION GASOLINE.] "Aviation gasoline" means any gasoline that is capable of use for the purpose of producing or generating power for propelling internal combustion engine aircraft, that meets the specifications in ASTM specification ~~D910-00~~ D910-04, and that either:

(1) is invoiced and billed by a producer, manufacturer, refiner, or blender to a distributor or dealer, by a distributor to a dealer or consumer, or by a dealer to consumer, as "aviation gasoline"; or

(2) whether or not invoiced and billed as provided in clause (1), is received, sold, stored, or withdrawn from storage by any person, to be used for the purpose of producing or generating power for propelling internal combustion engine aircraft.

Sec. 78. Minnesota Statutes 2004, section 296A.01, subdivision 8, is amended to read:

Subd. 8. [AVIATION TURBINE FUEL AND JET FUEL.] "Aviation turbine fuel" and "jet fuel" mean blends of hydrocarbons derived from crude petroleum, natural gasoline, and synthetic hydrocarbons, intended for use in aviation turbine engines, and that meet the specifications in ASTM specification ~~D1655-01~~ D1655.04.

Sec. 79. Minnesota Statutes 2004, section 296A.01, subdivision 14, is amended to read:

Subd. 14. [DIESEL FUEL OIL.] "Diesel fuel oil" means a petroleum distillate or blend of petroleum distillate and residual fuels, intended for use as a motor fuel in internal combustion diesel engines, that meets the specifications in ASTM specification ~~D975-01A~~ D975-04b, except that diesel fuel oil is not required to meet the diesel lubricity standard until the date that the biodiesel fuel requirement in section 239.77, subdivision 2, becomes effective or December 31, 2005, whichever comes first. Diesel fuel includes number 1 and number 2 fuel oils. K-1 kerosene is not diesel fuel unless it is blended with diesel fuel for use in motor vehicles.

Sec. 80. Minnesota Statutes 2004, section 296A.01, subdivision 19, is amended to read:

Subd. 19. [E85.] "E85" means a petroleum product that is a blend of agriculturally derived denatured ethanol and gasoline or natural gasoline that typically contains 85 percent ethanol by

volume, but at a minimum must contain 60 percent ethanol by volume. For the purposes of this chapter, the energy content of E85 will be considered to be 82,000 BTUs per gallon. E85 produced for use as a motor fuel in alternative fuel vehicles as defined in subdivision 5 must comply with ASTM specification D5798-99 (2004).

Sec. 81. Minnesota Statutes 2004, section 296A.01, subdivision 20, is amended to read:

Subd. 20. [ETHANOL, DENATURED.] "Ethanol, denatured" means ethanol that is to be blended with gasoline, has been agriculturally derived, and complies with ASTM specification ~~D4806-01~~ D4806-04a. This includes the requirement that ethanol may be denatured only as specified in Code of Federal Regulations, title 27, parts 20 and 21.

Sec. 82. Minnesota Statutes 2004, section 296A.01, subdivision 22, is amended to read:

Subd. 22. [GAS TURBINE FUEL OIL.] "Gas turbine fuel oil" means fuel that contains mixtures of hydrocarbon oils free of inorganic acid and excessive amounts of solid or fibrous foreign matter, intended for use in nonaviation gas turbine engines, and that meets the specifications in ASTM specification ~~D2880-00~~ D2880-03.

Sec. 83. Minnesota Statutes 2004, section 296A.01, subdivision 23, is amended to read:

Subd. 23. [GASOLINE.] (a) "Gasoline" means:

(1) all products commonly or commercially known or sold as gasoline regardless of their classification or uses, except casinghead gasoline, absorption gasoline, condensation gasoline, drip gasoline, or natural gasoline that under the requirements of section 239.761, subdivision 3, must not be blended with gasoline that has been sold, transferred, or otherwise removed from a refinery or terminal; and

(2) any liquid prepared, advertised, offered for sale or sold for use as, or commonly and commercially used as, a fuel in spark-ignition, internal combustion engines, and that when tested by the Weights and Measures Division meets the specifications in ASTM specification ~~D4814-01~~ D4814-04a.

(b) Gasoline that is not blended with ethanol must not be contaminated with water or other impurities and must comply with both ASTM specification ~~D4814-01~~ D4814-04a and the volatility requirements in Code of Federal Regulations, title 40, part 80.

(c) After gasoline is sold, transferred, or otherwise removed from a refinery or terminal, a person responsible for the product:

(1) may blend the gasoline with agriculturally derived ethanol, as provided in subdivision 24;

(2) must not blend the gasoline with any oxygenate other than denatured, agriculturally derived ethanol;

(3) must not blend the gasoline with other petroleum products that are not gasoline or denatured, agriculturally derived ethanol;

(4) must not blend the gasoline with products commonly and commercially known as casinghead gasoline, absorption gasoline, condensation gasoline, drip gasoline, or natural gasoline; and

(5) may blend the gasoline with a detergent additive, an antiknock additive, or an additive designed to replace tetra-ethyl lead, that is registered by the EPA.

Sec. 84. Minnesota Statutes 2004, section 296A.01, subdivision 24, is amended to read:

Subd. 24. [GASOLINE BLENDED WITH NONETHANOL OXYGENATE.] "Gasoline blended with nonethanol oxygenate" means gasoline blended with ETBE, MTBE, or other alcohol or ether, except denatured ethanol, that is approved as an oxygenate by the EPA, and that complies with ASTM specification ~~D4814-01~~ D4814-04a. Oxygenates, other than denatured ethanol, must

not be blended into gasoline after the gasoline has been sold, transferred, or otherwise removed from a refinery or terminal.

Sec. 85. Minnesota Statutes 2004, section 296A.01, subdivision 25, is amended to read:

Subd. 25. [GASOLINE BLENDED WITH ETHANOL.] "Gasoline blended with ethanol" means gasoline blended with up to ten percent, by volume, agriculturally derived, denatured ethanol. The blend must comply with the volatility requirements in Code of Federal Regulations, title 40, part 80. The blend must also comply with ASTM specification ~~D4814-01~~ D4814-04a, or the gasoline base stock from which a gasoline-ethanol blend was produced must comply with ASTM specification ~~D4814-01~~ D4814-04a; and the gasoline-ethanol blend must not be blended with casinghead gasoline, absorption gasoline, condensation gasoline, drip gasoline, or natural gasoline after the gasoline-ethanol blend has been sold, transferred, or otherwise removed from a refinery or terminal. The blend need not comply with ASTM specification ~~D4814-01~~ D4814-04a if it is subjected to a standard distillation test. For a distillation test, a gasoline-ethanol blend is not required to comply with the temperature specification at the 50 percent liquid recovery point, if the gasoline from which the gasoline-ethanol blend was produced complies with all of the distillation specifications.

Sec. 86. Minnesota Statutes 2004, section 296A.01, subdivision 26, is amended to read:

Subd. 26. [HEATING FUEL OIL.] "Heating fuel oil" means a petroleum distillate, blend of petroleum distillates and residuals, or petroleum residual heating fuel that meets the specifications in ASTM specification ~~D396-01~~ D396-02a.

Sec. 87. Minnesota Statutes 2004, section 296A.01, subdivision 28, is amended to read:

Subd. 28. [KEROSENE.] "Kerosene" means a refined petroleum distillate consisting of a homogeneous mixture of hydrocarbons essentially free of water, inorganic acidic and basic compounds, and excessive amounts of particulate contaminants and that meets the specifications in ASTM specification ~~D3699-01~~ D3699-03.

Sec. 88. Minnesota Statutes 2004, section 298.22, is amended by adding a subdivision to read:

Subd. 9. [SALE OR PRIVATIZATION OF FUNCTIONS.] The commissioner of Iron Range resources and rehabilitation may not sell or privatize the Ironworld Discovery Center or Giants Ridge Golf and Ski Resort without prior approval by a majority vote of the board.

Sec. 89. Minnesota Statutes 2004, section 298.28, subdivision 9b, is amended to read:

Subd. 9b. [TACONITE ENVIRONMENTAL FUND.] Five cents per ton for distributions in 1999, 2000, 2001, 2002, and 2003 must be paid to the taconite environmental fund for use under section 298.2961, subdivision 4.

**[EFFECTIVE DATE.]** This section is effective for distributions in 2005 and later years.

Sec. 90. Minnesota Statutes 2004, section 298.28, subdivision 10, is amended to read:

Subd. 10. [INCREASE.] (a) Except as provided in paragraph (b), beginning with distributions in 2000, the amount determined under subdivision 9 shall be increased in the same proportion as the increase in the implicit price deflator as provided in section 298.24, subdivision 1. Beginning with distributions in 2003, the amount determined under subdivision 6, paragraph (a), shall be increased in the same proportion as the increase in the implicit price deflator as provided in section 298.24, subdivision 1.

(b) For distributions in 2005 and subsequent years, an amount equal to the increased tax proceeds attributable to the increase in the implicit price deflator as provided in section 298.24, subdivision 1, for taxes paid in 2005, except for the amount of revenue increases provided in subdivision 4, paragraph (d), is distributed to the grant and loan fund established in section 298.2961, subdivision 4.

Sec. 91. Minnesota Statutes 2004, section 298.2961, is amended by adding a subdivision to read:

Subd. 4. [GRANT AND LOAN FUND.] (a) A fund is established to receive distributions under section 298.28, subdivision 9b, and to make grants or loans as provided in this subdivision. Any grant or loan made under this subdivision must be approved by a majority of the members of the Iron Range Resources and Rehabilitation Board, established under section 298.22.

(b) Distributions received in calendar year 2005 are allocated to the city of Virginia for improvements and repairs to the city's steam heating system.

(c) Distributions received in calendar year 2006 are allocated to a project of the public utilities commissions of the cities of Hibbing and Virginia to convert their electrical generating plants to the use of biomass products, such as wood.

(d) Distributions received in calendar year 2007 must be paid to the city of Tower to be used for the East Two Rivers project in or near the city of Tower.

(e) For distributions received in 2008 and later, amounts may be allocated to joint ventures with mining companies for reclamation of lands containing abandoned or worked out mines to convert these lands to marketable properties for residential, recreational, commercial, or other valuable uses.

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

Sec. 92. Minnesota Statutes 2004, section 325E.311, subdivision 6, is amended to read:

Subd. 6. [TELEPHONE SOLICITATION.] "Telephone solicitation" means any voice communication over a telephone line for the purpose of encouraging the purchase or rental of, or investment in, property, goods, or services, whether the communication is made by a live operator, through the use of an automatic dialing-announcing device as defined in section 325E.26, subdivision 2, or by other means. Telephone solicitation does not include communications:

(1) to any residential subscriber with that subscriber's prior express invitation or permission; or

(2) by or on behalf of any person or entity with whom a residential subscriber has a prior or current business or personal relationship;

Telephone solicitation also does not include communications if the caller is identified by a caller identification service and the call is:

(3) (i) by or on behalf of an organization that is identified as a nonprofit organization under state or federal law; or

(4) (ii) by a person soliciting without the intent to complete, and who does not in fact complete, the sales presentation during the call, but who will complete the sales presentation at a later face-to-face meeting between the solicitor who makes the call and the prospective purchaser; or

(iii) by a political party as defined under section 200.02, subdivision 6.

Sec. 93. [325F.991] [911 EMERGENCY PHONE SERVICE REPRESENTATIONS.]

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

(a) "911 emergency telecommunications system" means a dedicated emergency telecommunications system required by section 403.025.

(b) "Person" means an individual, corporation, firm, or other legal entity.

(c) "Service provider" means a person doing business in Minnesota who provides real time, two-way voice service interconnected with the public switched telephone network using numbers allocated for Minnesota by the North American Numbering Plan Administration.

Subd. 2. [REPRESENTATIONS OF 911 SERVICE.] A person shall not advertise, market, or otherwise represent that the person furnishes a service capable of providing access to emergency services by dialing 911 unless the person provides a service that routes 911 calls through the 911 emergency telecommunications system.

Subd. 3. [DISCLOSURE.] A service provider that does not provide 911 dialing that routes 911 calls through the 911 emergency telecommunications system must disclose that fact in all advertisements, marketing materials, and contracts. The disclosure must be in capital letters, in 12-point font, and on the front page of the advertisement, marketing materials, and contracts. The disclosure must state: "THIS SERVICE DOES NOT ROUTE 911 CALLS THROUGH THE 911 EMERGENCY SYSTEM."

Subd. 4. [CERTAIN CALLS NOT 911 CALLS.] For purposes of this section, 911 calls routed to the general access number at a public safety answering point do not qualify as being routed through a 911 emergency telecommunications system.

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

Sec. 94. Minnesota Statutes 2004, section 326.975, subdivision 1, is amended to read:

Subdivision 1. [GENERALLY.] (a) In addition to any other fees, each applicant for a license under sections 326.83 to 326.98 shall pay a fee to the contractor's recovery fund. The contractor's recovery fund is created in the state treasury and must be administered by the commissioner in the manner and subject to all the requirements and limitations provided by section 82.43 with the following exceptions:

(1) each licensee who renews a license shall pay in addition to the appropriate renewal fee an additional fee which shall be credited to the contractor's recovery fund. The amount of the fee shall be based on the licensee's gross annual receipts for the licensee's most recent fiscal year preceding the renewal, on the following scale:

Fee	Gross Receipts
\$100	under \$1,000,000
\$150	\$1,000,000 to \$5,000,000
\$200	over \$5,000,000

Any person who receives a new license shall pay a fee based on the same scale;

(2) the sole purpose of this fund is:

(i) to compensate any aggrieved owner or lessee of residential property located within this state who obtains a final judgment in any court of competent jurisdiction against a licensee licensed under section 326.84, on grounds of fraudulent, deceptive, or dishonest practices, conversion of funds, or failure of performance arising directly out of any transaction when the judgment debtor was licensed and performed any of the activities enumerated under section 326.83, subdivision 19, on the owner's residential property or on residential property rented by the lessee, or on new residential construction which was never occupied prior to purchase by the owner, or which was occupied by the licensee for less than one year prior to purchase by the owner, and which cause of action arose on or after April 1, 1994; and

(ii) to reimburse the Department of Commerce for all legal and administrative expenses, including staffing costs, incurred in administering the fund;

(3) nothing may obligate the fund for more than \$50,000 per claimant, nor more than \$75,000 per licensee; and

(4) nothing may obligate the fund for claims based on a cause of action that arose before the licensee paid the recovery fund fee set in clause (1), or as provided in section 326.945, subdivision 3.

(b) Should the commissioner pay from the contractor's recovery fund any amount in settlement

of a claim or toward satisfaction of a judgment against a licensee, the license shall be automatically suspended upon the effective date of an order by the court authorizing payment from the fund. No licensee shall be granted reinstatement until the licensee has repaid in full, plus interest at the rate of 12 percent a year, twice the amount paid from the fund on the licensee's account, and has obtained a surety bond issued by an insurer authorized to transact business in this state in the amount of at least \$40,000.

Sec. 95. Minnesota Statutes 2004, section 345.47, subdivision 3, is amended to read:

Subd. 3. [SECURITIES.] Securities listed on an established stock exchange shall be sold at the prevailing prices on the exchange. Other securities may be sold over the counter at prevailing prices or, with prior approval of the State Board of Investment, by another method the commissioner determines advisable. United States government savings bonds and United States war bonds shall be presented to the United States for payment.

Sec. 96. Minnesota Statutes 2004, section 345.47, subdivision 3a, is amended to read:

Subd. 3a. [HOLDING PERIOD.] ~~All securities presumed abandoned under section 345.35 and delivered to the commissioner must be held for at least three years before they are sold. A person making a claim under this section is entitled to receive either the securities delivered to the commissioner by the holder, if they still remain in the hands of the commissioner, or the proceeds received from the sale, but no person has any claim under this section against the state, the holder, any transfer agent, registrar, or other person acting for or on behalf of a holder for any appreciation in the value of the property occurring after delivery by the holder to the commissioner. If the property is of a type customarily sold on a recognized market or of a type that may be sold over the counter at prevailing prices, the commissioner may sell the property without notice by publication or otherwise. The commissioner may proceed with the liquidation after holding for one year, with the exception of securities being held as the result of an insurance company demutualization, these types of securities may be sold upon receipt. This section grants to the commissioner express authority to sell any property, including, but not limited to, stocks, bonds, notes, bills, and all other public or private securities. A person making a claim under section 345.35 is entitled to receive the securities delivered to the administrator by the holder, if they remain in the custody of the administrator, or the net proceeds received from sale, and is not entitled to receive any appreciation in the value of the property occurring after sale by the commissioner. The commissioner may liquidate all unclaimed securities currently held in custody in accordance with this section.~~

Sec. 97. Minnesota Statutes 2004, section 353.657, subdivision 1, is amended to read:

Subdivision 1. [GENERALLY.] In the event a member of the police and fire fund dies from any cause before retirement or after becoming disabled and receiving disability benefits, the association shall grant survivor benefits to a surviving spouse, as defined in section 353.01, subdivision 20, and who was married to the member for a period of at least one year, except that if death occurs in the line of duty no time limit is required. For purposes of this section, line of duty also includes active military service, as defined in section 190.05, subdivision 5. The association shall also grant survivor benefits to a dependent child or children, as defined in section 353.01, subdivision 15.

Notwithstanding the definition of surviving spouse, a former spouse of the member, if any, is entitled to a portion of the monthly surviving spouse benefit if stipulated under the terms of a marriage dissolution decree filed with the association. If there is no surviving spouse or child or children, a former spouse may be entitled to a lump-sum refund payment under section 353.32, subdivision 1, if provided for in a marriage dissolution decree but not a monthly surviving spouse benefit despite the terms of a marriage dissolution decree filed with the association.

The spouse and child or children are entitled to monthly benefits as provided in the following subdivisions.

**[EFFECTIVE DATE.]** This section is effective immediately and applies to members of the police and fire fund at any time on or after September 11, 2001.

Sec. 98. [354B.33] [IRON RANGE RESOURCES AND REHABILITATION; EARLY SEPARATION INCENTIVE PROGRAM AUTHORIZATION.]

(a) Notwithstanding any law to the contrary, the commissioner of Iron Range resources and rehabilitation, in consultation with the commissioner of employee relations, may offer a targeted early separation incentive program for employees of the commissioner who have attained the age of 60 years and have at least five years of allowable service credit under chapter 352, or who have received credit for at least 30 years of allowable service under the provisions of chapter 352.

(b) The early separation incentive program may include one or more of the following:

(1) employer-paid postseparation health, medical, and dental insurance until age 65; and

(2) cash incentives that may, but are not required to be, used to purchase additional years of service credit through the Minnesota State Retirement System, to the extent that the purchases are otherwise authorized by law.

(c) The commissioner of Iron Range resources and rehabilitation shall establish eligibility requirements for employees to receive an incentive.

(d) The commissioner of Iron Range Resources and Rehabilitation, consistent with the established program provisions under paragraph (b), and with the eligibility requirements under paragraph (c), may designate specific programs or employees as eligible to be offered the incentive program.

(e) Acceptance of the offered incentive must be voluntary on the part of the employee and must be in writing. The incentive may only be offered at the sole discretion of the commissioner of Iron Range resources and rehabilitation.

(f) The cost of the incentive is payable solely by funds made available to the commissioner of Iron Range resources and rehabilitation by law, but only on prior approval of the expenditures by a majority of the Iron Range Resources and Rehabilitation Board.

(g) This section expires June 30, 2006.

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

Sec. 99. Minnesota Statutes 2004, section 357.021, subdivision 1a, is amended to read:

Subd. 1a. [TRANSMITTAL OF FEES TO COMMISSIONER OF FINANCE.] (a) Every person, including the state of Minnesota and all bodies politic and corporate, who shall transact any business in the district court, shall pay to the court administrator of said court the sundry fees prescribed in subdivision 2. Except as provided in paragraph (d), the court administrator shall transmit the fees monthly to the commissioner of finance for deposit in the state treasury and credit to the general fund. \$30 of each fee collected in a dissolution action under subdivision 2, clause (1), must be deposited by the commissioner of finance in the special revenue fund and is appropriated to the commissioner of employment and economic development for the displaced homemaker program under section 116L.96.

(b) In a county which has a screener-collector position, fees paid by a county pursuant to this subdivision shall be transmitted monthly to the county treasurer, who shall apply the fees first to reimburse the county for the amount of the salary paid for the screener-collector position. The balance of the fees collected shall then be forwarded to the commissioner of finance for deposit in the state treasury and credited to the general fund. In a county in a judicial district under section 480.181, subdivision 1, paragraph (b), which has a screener-collector position, the fees paid by a county shall be transmitted monthly to the commissioner of finance for deposit in the state treasury and credited to the general fund. A screener-collector position for purposes of this paragraph is an employee whose function is to increase the collection of fines and to review the incomes of potential clients of the public defender, in order to verify eligibility for that service.

(c) No fee is required under this section from the public authority or the party the public authority represents in an action for:

(1) child support enforcement or modification, medical assistance enforcement, or establishment of parentage in the district court, or in a proceeding under section 484.702;

(2) civil commitment under chapter 253B;

(3) the appointment of a public conservator or public guardian or any other action under chapters 252A and 525;

(4) wrongfully obtaining public assistance under section 256.98 or 256D.07, or recovery of overpayments of public assistance;

(5) court relief under chapter 260;

(6) forfeiture of property under sections 169A.63 and 609.531 to 609.5317;

(7) recovery of amounts issued by political subdivisions or public institutions under sections 246.52, 252.27, 256.045, 256.25, 256.87, 256B.042, 256B.14, 256B.15, 256B.37, 260B.331, and 260C.331, or other sections referring to other forms of public assistance;

(8) restitution under section 611A.04; or

(9) actions seeking monetary relief in favor of the state pursuant to section 16D.14, subdivision 5.

(d) The fees collected for child support modifications under subdivision 2, clause (13), must be transmitted to the county treasurer for deposit in the county general fund. The fees must be used by the county to pay for child support enforcement efforts by county attorneys.

Sec. 100. Minnesota Statutes 2004, section 357.021, subdivision 2, is amended to read:

Subd. 2. [FEE AMOUNTS.] The fees to be charged and collected by the court administrator shall be as follows:

(1) In every civil action or proceeding in said court, including any case arising under the tax laws of the state that could be transferred or appealed to the Tax Court, the plaintiff, petitioner, or other moving party shall pay, when the first paper is filed for that party in said action, a fee of ~~\$235~~ \$240, except in marriage dissolution actions the fee is \$270.

The defendant or other adverse or intervening party, or any one or more of several defendants or other adverse or intervening parties appearing separately from the others, shall pay, when the first paper is filed for that party in said action, a fee of ~~\$235~~ \$240, except in marriage dissolution actions the fee is \$270.

The party requesting a trial by jury shall pay \$75.

The fees above stated shall be the full trial fee chargeable to said parties irrespective of whether trial be to the court alone, to the court and jury, or disposed of without trial, and shall include the entry of judgment in the action, but does not include copies or certified copies of any papers so filed or proceedings under chapter 103E, except the provisions therein as to appeals.

(2) Certified copy of any instrument from a civil or criminal proceeding, \$10, and \$5 for an uncertified copy.

(3) Issuing a subpoena, \$12 for each name.

(4) Filing a motion or response to a motion in civil, family, excluding child support, and guardianship cases, \$55.

(5) Issuing an execution and filing the return thereof; issuing a writ of attachment, injunction, habeas corpus, mandamus, quo warranto, certiorari, or other writs not specifically mentioned, \$40.

(6) Issuing a transcript of judgment, or for filing and docketing a transcript of judgment from another court, \$30.

(7) Filing and entering a satisfaction of judgment, partial satisfaction, or assignment of judgment, \$5.

(8) Certificate as to existence or nonexistence of judgments docketed, \$5 for each name certified to.

(9) Filing and indexing trade name; or recording basic science certificate; or recording certificate of physicians, osteopaths, chiropractors, veterinarians, or optometrists, \$5.

(10) For the filing of each partial, final, or annual account in all trusteeships, \$40.

(11) For the deposit of a will, \$20.

(12) For recording notary commission, \$100, of which, notwithstanding subdivision 1a, paragraph (b), \$80 must be forwarded to the commissioner of finance to be deposited in the state treasury and credited to the general fund.

(13) Filing a motion or response to a motion for modification of child support, a fee fixed by rule or order of the Supreme Court.

(14) All other services required by law for which no fee is provided, such fee as compares favorably with those herein provided, or such as may be fixed by rule or order of the court.

(15) In addition to any other filing fees under this chapter, a surcharge in the amount of \$75 must be assessed in accordance with section 259.52, subdivision 14, for each adoption petition filed in district court to fund the fathers' adoption registry under section 259.52.

The fees in clauses (3) and (5) need not be paid by a public authority or the party the public authority represents.

Sec. 101. Minnesota Statutes 2004, section 373.40, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For purposes of this section, the following terms have the meanings given.

(a) "Bonds" means an obligation as defined under section 475.51.

(b) "Capital improvement" means acquisition or betterment of public lands, development rights in the form of conservation easements under chapter 84C, buildings, or other improvements within the county for the purpose of a county courthouse, administrative building, health or social service facility, correctional facility, jail, law enforcement center, hospital, morgue, library, park, qualified indoor ice arena, and roads and bridges. An improvement must have an expected useful life of five years or more to qualify. "Capital improvement" does not include light rail transit or any activity related to it or a recreation or sports facility building (such as, but not limited to, a gymnasium, ice arena, racquet sports facility, swimming pool, exercise room or health spa), unless the building is part of an outdoor park facility and is incidental to the primary purpose of outdoor recreation.

(c) "~~Commissioner~~" means ~~the commissioner of employment and economic development.~~

(~~d~~) "Metropolitan county" means a county located in the seven-county metropolitan area as defined in section 473.121 or a county with a population of 90,000 or more.

(~~e~~) (d) "Population" means the population established by the most recent of the following (determined as of the date the resolution authorizing the bonds was adopted):

(1) the federal decennial census,

(2) a special census conducted under contract by the United States Bureau of the Census, or

(3) a population estimate made either by the Metropolitan Council or by the state demographer under section 4A.02.

~~(f)~~ (e) "Qualified indoor ice arena" means a facility that meets the requirements of section 373.43.

~~(g)~~ (f) "Tax capacity" means total taxable market value, but does not include captured market value.

Sec. 102. Minnesota Statutes 2004, section 373.40, subdivision 3, is amended to read:

Subd. 3. [CAPITAL IMPROVEMENT PLAN.] (a) A county may adopt a capital improvement plan. The plan must cover at least the five-year period beginning with the date of its adoption. The plan must set forth the estimated schedule, timing, and details of specific capital improvements by year, together with the estimated cost, the need for the improvement, and sources of revenues to pay for the improvement. In preparing the capital improvement plan, the county board must consider for each project and for the overall plan:

(1) the condition of the county's existing infrastructure, including the projected need for repair or replacement;

(2) the likely demand for the improvement;

(3) the estimated cost of the improvement;

(4) the available public resources;

(5) the level of overlapping debt in the county;

(6) the relative benefits and costs of alternative uses of the funds;

(7) operating costs of the proposed improvements; and

(8) alternatives for providing services more efficiently through shared facilities with other counties or local government units.

~~(b) The capital improvement plan and annual amendments to it must be are not effective until approved by the county board after public hearing. The county must submit the capital improvement plan to the community development division of the Department of Employment and Economic Development. The plan is not effective if the commissioner disapproves the plan within 90 days after it was submitted. If the commissioner has not disapproved the plan within 90 days after its submission, the plan is deemed approved and effective. The commissioner shall disapprove a capital improvement plan only if the commissioner determines (1) that the planned improvements cannot be financed within the limits specified in subdivision 4, or (2) the county in preparing the plan did not consider the factors listed in this subdivision or failed to gather the information necessary to evaluate the plan under the factors, or (3) the proposed improvements will result in unnecessary duplication of public facilities provided by other units of government in the region or there is insufficient demand for the facility. If the plan is disapproved by the commissioner and the county board does not withdraw the plan, the capital improvement plan must be submitted to the voters for approval. If a majority of the voters approve, the plan is approved and effective.~~

Sec. 103. Minnesota Statutes 2004, section 462A.05, subdivision 3a, is amended to read:

Subd. 3a. [REFINANCING NONPROFITS; RESIDENTIAL HOUSING.] It may refinance the existing indebtedness of ~~nonprofit entities, as defined by the agency~~ owners of rental property, secured by residential housing for occupancy by persons and families of low and moderate income, if refinancing is determined by the agency to be necessary to reduce housing costs to an affordable level or to maintain the supply of affordable low-income housing. The authority granted in this subdivision is in addition to and not in limitation of the authority granted in section 462A.05, subdivision 14.

Sec. 104. Minnesota Statutes 2004, section 462A.33, subdivision 2, is amended to read:

Subd. 2. [ELIGIBLE RECIPIENTS.] Challenge grants or loans may be made to a city, a

federally recognized American Indian tribe or subdivision located in Minnesota, a tribal housing corporation, a private developer, a nonprofit organization, or the owner of the housing, including individuals. For the purpose of this section, "city" has the meaning given it in section 462A.03, subdivision 21. To the extent practicable, grants and loans shall be made so that an approximately equal number of housing units are financed in the metropolitan area and in the nonmetropolitan area.

Sec. 105. Minnesota Statutes 2004, section 469.050, subdivision 5, is amended to read:

Subd. 5. [PAY.] A commissioner, including the president, must be ~~paid \$35~~ compensated as provided in section 15.0575, subdivision 3, for each regular or special port authority meeting attended and shall receive reimbursement for expenses incurred while performing duties. The advisory members of the Duluth authority from the legislature must not be paid for their service to the authority.

Sec. 106. Minnesota Statutes 2004, section 469.1082, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY TO CREATE.] A county ~~located outside the metropolitan area~~ may form a county economic development authority or grant a housing and redevelopment authority the powers specified in subdivision 4, clause (2), if it receives a recommendation to do so from a committee formed under subdivision 2. An economic development authority established under this section has all the powers and rights of an authority under sections 469.090 to 469.1081, except the authority granted under section 469.094 if so limited under subdivision 4. This section is in addition to any other authority to create a county economic development authority or service provider.

Nothing in this section shall alter or impair any grant of powers, or any other authority granted to a community development agency, a county housing and redevelopment authority, or any county as provided in section 383D.41, Laws 1974, chapter 473, as amended, or Laws 1980, chapter 482, as amended. Any county that has granted economic development powers to a community development agency or a county housing and redevelopment authority under any of these provisions may not form a county economic development authority or grant a housing and redevelopment authority the powers specified in subdivision 4, clause (2).

Sec. 107. Minnesota Statutes 2004, section 469.310, subdivision 11, is amended to read:

Subd. 11. [QUALIFIED BUSINESS.] (a) ~~"Qualified business" means~~ A person carrying on a trade or business at a place of business located within a job opportunity building zone is a qualified business for the purposes of sections 469.310 to 469.320 according to the criteria in paragraphs (b) to (f).

(b) A person is a qualified business only on those parcels of land for which the person has entered into a business subsidy agreement, as required under section 469.313, with the appropriate local government unit in which the parcels are located.

(c) Prior to execution of the business subsidy agreement, the local government unit must consider the following factors:

- (1) how wages compare to the regional industry average;
- (2) the number of jobs that will be provided relative to overall employment in the community;
- (3) the economic outlook for the industry the business will engage in;
- (4) sales that will be generated from outside the state of Minnesota;
- (5) how the business will build on existing regional strengths or diversify the regional economy;
- (6) how the business will increase capital investment in the zone; and
- (7) any other criteria the commissioner deems necessary.

~~(b)~~ (d) A person that relocates a trade or business from outside a job opportunity building zone into a zone is not a qualified business, unless the business meets all of the requirements of paragraphs (b) and (c) and:

(1)~~(i)~~ increases full-time employment in the first full year of operation within the job opportunity building zone by at least a minimum of five jobs or 20 percent, whichever is greater, measured relative to the operations that were relocated and maintains the required level of employment for each year the zone designation applies; or

~~(ii) makes a capital investment in the property located within a zone equivalent to ten percent of the gross revenues of operation that were relocated in the immediately preceding taxable year; and~~

(2) enters a binding written agreement with the commissioner that:

(i) pledges the business will meet the requirements of clause (1);

(ii) provides for repayment of all tax benefits enumerated under section 469.315 to the business under the procedures in section 469.319, if the requirements of clause (1) are not met for the taxable year or for taxes payable during the year in which the requirements were not met; and

(iii) contains any other terms the commissioner determines appropriate.

(e) The commissioner may waive the requirements under paragraph (d), clause (1), if the commissioner determines that the qualified business will substantially achieve the factors under this subdivision.

(f) A business is not a qualified business if, at its location or locations in the zone, the business is primarily engaged in making retail sales to purchasers who are physically present at the business's zone location.

(g) A qualifying business must pay each employee compensation, including benefits not mandated by law, that on an annualized basis is equal to at least 110 percent of the federal poverty level for a family of four.

**[EFFECTIVE DATE.]** This section is effective the day following final enactment and applies to any business entering a business subsidy agreement for a job opportunity development zone after that date, except that paragraph (b) is effective retroactively from June 9, 2003.

Sec. 108. Minnesota Statutes 2004, section 469.319, subdivision 1, is amended to read:

Subdivision 1. **[REPAYMENT OBLIGATION.]** A business must repay the amount of the total tax reduction listed in section 469.315 and any refund under section 469.318 in excess of tax liability, received during the two years immediately before it ceased to operate in the zone, if the business:

(1) received tax reductions authorized by section 469.315; and

(2)(i) did not meet the goals specified in an agreement entered into with the applicant that states any obligation the qualified business must fulfill in order to be eligible for tax benefits. The commissioner of employment and economic development may extend for up to one year the period for meeting any goals provided in an agreement. The applicant may extend the period for meeting other goals by documenting in writing the reason for the extension and attaching a copy of the document to its next annual report to the commissioner of employment and economic development; or

(ii) ceased to operate its facility located within the job opportunity building zone or otherwise ceases to be or is not a qualified business.

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

Sec. 109. Minnesota Statutes 2004, section 469.319, is amended by adding a subdivision to read:

Subd. 6. [RECONCILIATION.] Where this section is inconsistent with section 116J.994, subdivision 3, paragraph (e), or 6, or any other provisions of sections 116J.993 to 116J.995, this section prevails.

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

Sec. 110. Minnesota Statutes 2004, section 469.320, subdivision 3, is amended to read:

Subd. 3. [REMEDIES.] If the commissioner determines, based on a report filed under subdivision 1 or other available information, that a zone or subzone is failing to meet its performance goals, the commissioner may take any actions the commissioner determines appropriate, including modification of the boundaries of the zone or a subzone or termination of the zone or a subzone. Before taking any action, the commissioner shall consult with the applicant and the affected local government units, including notifying them of the proposed actions to be taken. ~~The commissioner shall publish any order modifying a zone in the State Register and on the Internet.~~ The applicant may appeal the commissioner's order under the contested case procedures of chapter 14.

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

Sec. 111. Minnesota Statutes 2004, section 469.330, subdivision 11, is amended to read:

Subd. 11. [QUALIFIED BUSINESS.] (a) "Qualified business" means a person carrying on a trade or business at a biotechnology and health sciences industry facility located within a biotechnology and health sciences industry zone. A person is a qualified business only on those parcels of land for which it has entered into a business subsidy agreement, as required under section 469.333, with the appropriate local government unit in which the parcels are located.

(b) A person that relocates a biotechnology and health sciences industry facility from outside a biotechnology and health sciences industry zone into a zone is not a qualified business, unless the business:

(1)(i) increases full-time employment in the first full year of operation within the biotechnology and health sciences industry zone by at least 20 percent measured relative to the operations that were relocated and maintains the required level of employment for each year the zone designation applies; or

(ii) makes a capital investment in the property located within a zone equivalent to ten percent of the gross revenues of operation that were relocated in the immediately preceding taxable year; and

(2) enters a binding written agreement with the commissioner that:

(i) pledges the business will meet the requirements of clause (1);

(ii) provides for repayment of all tax benefits enumerated under section 469.336 to the business under the procedures in section 469.340, if the requirements of clause (1) are not met; and

(iii) contains any other terms the commissioner determines appropriate.

**[EFFECTIVE DATE.]** This section is effective retroactively from June 9, 2003.

Sec. 112. Minnesota Statutes 2004, section 469.340, subdivision 1, is amended to read:

Subdivision 1. [REPAYMENT OBLIGATION.] A business must repay the amount of the tax reduction listed in section 469.336 and any refunds under sections 469.338 and 469.339 in excess of tax liability, received during the two years immediately before it ceased to operate in the zone, if the business:

(1) received tax reductions authorized by section 469.336; and

(2)(i) did not meet the goals specified in an agreement entered into with the applicant that states any obligation the qualified business must fulfill in order to be eligible for tax benefits. The

commissioner of employment and economic development may extend for up to one year the period for meeting any goals provided in an agreement. The applicant may extend the period for meeting other goals by documenting in writing the reason for the extension and attaching a copy of the document to its next annual report to the commissioner of employment and economic development; or

(ii) ceased to operate its facility located within the biotechnology and health sciences industry zone or otherwise ceases to be or is not a qualified business.

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

Sec. 113. Minnesota Statutes 2004, section 471.999, is amended to read:

471.999 [REPORT TO LEGISLATURE.]

The commissioner of employee relations shall report to the legislature by January 1 of each year on the status of compliance with section 471.992, subdivision 1, by governmental subdivisions.

The report must include a list of the political subdivisions in compliance with section 471.992, subdivision 1, and the estimated cost of compliance. The report must also include a list of political subdivisions found by the commissioner to be not in compliance, the basis for that finding, recommended changes to achieve compliance, estimated cost of compliance, and recommended penalties, if any. The commissioner's report must include a list of subdivisions that did not comply with the reporting requirements of this section. The commissioner may request, and a subdivision shall provide, any additional information needed for the preparation of a report under this subdivision.

Notwithstanding any rule to the contrary, beginning in 2005, a political subdivision must report on its compliance with the requirements of sections 471.991 to 471.999 no more frequently than once every ~~five~~ three years. No report from a political subdivision is required for 2003 and 2004.

Sec. 114. Minnesota Statutes 2004, section 517.08, subdivision 1b, is amended to read:

Subd. 1b. [TERM OF LICENSE; FEE; PREMARITAL EDUCATION.] (a) The local registrar shall examine upon oath the party applying for a license relative to the legality of the contemplated marriage. If at the expiration of a five-day period, on being satisfied that there is no legal impediment to it, including the restriction contained in section 259.13, the local registrar shall issue the license, containing the full names of the parties before and after marriage, and county and state of residence, with the county seal attached, and make a record of the date of issuance. The license shall be valid for a period of six months. In case of emergency or extraordinary circumstances, a judge of the district court of the county in which the application is made, may authorize the license to be issued at any time before the expiration of the five days. Except as provided in paragraph (b), the local registrar shall collect from the applicant a fee of ~~\$85~~ \$100 for administering the oath, issuing, recording, and filing all papers required, and preparing and transmitting to the state registrar of vital statistics the reports of marriage required by this section. If the license should not be used within the period of six months due to illness or other extenuating circumstances, it may be surrendered to the local registrar for cancellation, and in that case a new license shall issue upon request of the parties of the original license without fee. A local registrar who knowingly issues or signs a marriage license in any manner other than as provided in this section shall pay to the parties aggrieved an amount not to exceed \$1,000.

(b) The marriage license fee for parties who have completed at least 12 hours of premarital education is ~~\$20~~ \$30. In order to qualify for the reduced fee, the parties must submit a signed and dated statement from the person who provided the premarital education confirming that it was received. The premarital education must be provided by a licensed or ordained minister or the minister's designee, a person authorized to solemnize marriages under section 517.18, or a person authorized to practice marriage and family therapy under section 148B.33. The education must include the use of a premarital inventory and the teaching of communication and conflict management skills.

(c) The statement from the person who provided the premarital education under paragraph (b) must be in the following form:

"I, (name of educator), confirm that (names of both parties) received at least 12 hours of premarital education that included the use of a premarital inventory and the teaching of communication and conflict management skills. I am a licensed or ordained minister, a person authorized to solemnize marriages under Minnesota Statutes, section 517.18, or a person licensed to practice marriage and family therapy under Minnesota Statutes, section 148B.33."

The names of the parties in the educator's statement must be identical to the legal names of the parties as they appear in the marriage license application. Notwithstanding section 138.17, the educator's statement must be retained for seven years, after which time it may be destroyed.

(d) If section 259.13 applies to the request for a marriage license, the local registrar shall grant the marriage license without the requested name change. Alternatively, the local registrar may delay the granting of the marriage license until the party with the conviction:

(1) certifies under oath that 30 days have passed since service of the notice for a name change upon the prosecuting authority and, if applicable, the attorney general and no objection has been filed under section 259.13; or

(2) provides a certified copy of the court order granting it. The parties seeking the marriage license shall have the right to choose to have the license granted without the name change or to delay its granting pending further action on the name change request.

Sec. 115. Minnesota Statutes 2004, section 517.08, subdivision 1c, is amended to read:

Subd. 1c. [DISPOSITION OF LICENSE FEE.] (a) Of the marriage license fee collected pursuant to subdivision 1b, paragraph (a), \$15 must be retained by the county. The local registrar must pay ~~\$70~~ \$85 to the commissioner of finance to be deposited as follows:

(1) \$50 in the general fund;

(2) \$3 in the special revenue fund to be appropriated to the commissioner of education for parenting time centers under section 119A.37;

(3) \$2 in the special revenue fund to be appropriated to the commissioner of health for developing and implementing the MN ENABL program under section 145.9255;

(4) ~~\$10~~ \$25 in the special revenue fund ~~to be~~ is appropriated to the commissioner of employment and economic development for the displaced homemaker program under section 116L.96; and

(5) \$5 in the special revenue fund ~~to be~~ is appropriated to the commissioner of human services for the Minnesota Healthy Marriage and Responsible Fatherhood Initiative under section 256.742.

(b) Of the ~~\$20~~ \$30 fee under subdivision 1b, paragraph (b), \$15 must be retained by the county. The local registrar must pay ~~\$5~~ \$15 to the commissioner of finance to be ~~distributed~~ deposited as follows:

(1) \$5 as provided in paragraph (a), clauses (2) and (3); and

(2) \$10 in the special revenue fund is appropriated to the commissioner of employment and economic development for the displaced homemaker program under section 116L.96.

(c) The increase in the marriage license fee under paragraph (a) provided for in Laws 2004, chapter 273, and disbursement of the increase in that fee to the special fund for the Minnesota Healthy Marriage and Responsible Fatherhood Initiative under paragraph (a), clause (5), is contingent upon the receipt of federal funding under United States Code, title 42, section 1315, for purposes of the initiative.

Sec. 116. Minnesota Statutes 2004, section 609.849, as added by Laws 2005, chapter 136, article 17, section 50, is amended to read:

## 609.849 [RAILROAD THAT OBSTRUCTS TREATMENT OF AN INJURED WORKER.]

(a) It shall be unlawful for a railroad or person employed by a railroad ~~negligently or~~ intentionally to:

(1) deny, delay, or interfere with medical treatment or first aid treatment to an employee of a railroad who has been injured during employment; or

(2) discipline, harass, or intimidate an employee to discourage the employee from receiving medical attention or threaten to discipline an employee who has been injured during employment for requesting medical treatment or first aid treatment.

(b) Nothing in this section shall deny a railroad company or railroad employee from making a reasonable inquiry of an injured employee about the circumstance of an injury in order to gather information necessary to identify a safety hazard.

(c) It is not a violation under this section for a railroad company or railroad employee to enforce safety regulations.

(d) A railroad or a person convicted of a violation of paragraph (a), clause (1) or (2), is guilty of a gross misdemeanor and may be sentenced ~~to imprisonment for not more than one year or to payment of a fine of~~ fined not more than \$3,000, ~~or both \$1,000 but is not subject to an incarcerative sanction.~~

**[EFFECTIVE DATE.]** This section is effective August 1, 2005, and applies to crimes committed on or after that date.

Sec. 117. Laws 1999, chapter 224, section 7, as amended by Laws 2004, chapter 261, article 6, section 3, is amended to read:

Sec. 7. [SUNSET.]

Sections 2 and 4 expire on August 1, ~~2005~~ 2006, and Minnesota Statutes 1998, sections 237.63, 237.65, and 237.68, expire on December 31, 2004.

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

Sec. 118. Laws 2003, chapter 128, article 1, section 172, is amended to read:

Sec. 172. [TEMPORARY PETROFUND FEE EXEMPTION FOR MINNESOTA COMMERCIAL AIRLINES.]

(a) A commercial airline providing regularly scheduled jet service and with its corporate headquarters in Minnesota is exempt from the fee established in Minnesota Statutes, section 115C.08, subdivision 3, until July 1, ~~2005~~ 2007, provided the airline develops a plan approved by the commissioner of commerce demonstrating that the savings from this exemption will go towards minimizing job losses in Minnesota, and to support the airline's efforts to avoid filing for federal bankruptcy protections.

(b) A commercial airline exempted from the fee is ineligible to receive reimbursement under Minnesota Statutes, chapter 115C, until July 1, ~~2005~~ 2007. A commercial airline that has a release during the fee exemption period is ineligible to receive reimbursement under Minnesota Statutes, chapter 115C, for the costs incurred in response to that release.

Sec. 119. Laws 2005, chapter 97, article 13, section 1, subdivision 3, is amended to read:

Subd. 3. [HYDROGEN.] "Hydrogen" means hydrogen produced using ~~native~~ renewable energy sources.

Sec. 120. Laws 2005, chapter 97, article 13, section 2, subdivision 1, is amended to read:

Subdivision 1. [EARLY PURCHASE AND DEPLOYMENT OF HYDROGEN, FUEL

CELLS, AND RELATED TECHNOLOGIES BY THE STATE.] The Department of Commerce in conjunction with the Department of Administration shall identify opportunities for demonstrating the use of hydrogen, fuel cells and related technologies within state-owned facilities, vehicle fleets, and operations.

The Department of Commerce shall recommend to the Department of Administration, when feasible, the purchase and demonstrate demonstration of hydrogen, fuel cells, and related technologies in ways that strategically contribute to realizing Minnesota's hydrogen economy goal as set forth in section 216B.013, and which contribute to the following nonexclusive list of objectives:

- (1) provide needed performance data to the marketplace;
- (2) identify code and regulatory issues to be resolved;
- (3) advance or validate a critical area of research;
- (4) foster economic development and job creation in the state;
- (5) (4) raise public awareness of hydrogen, fuel cells, and related technologies; or
- (6) (5) reduce emissions of carbon dioxide and other pollutants.

[EFFECTIVE DATE.] This section is effective on the same date that Laws 2005, chapter 97, article 13, section 2, subdivision 1, is effective.

Sec. 121. [SESQUICENTENNIAL COMMISSION.]

Subdivision 1. [COMMISSION; PURPOSE.] The Minnesota Sesquicentennial Commission is established to plan for activities relating to Minnesota's 150th anniversary of statehood. The commission shall create a plan for capital improvements, celebratory activities, and public engagement in every county in the state of Minnesota.

Subd. 2. [MEMBERSHIP.] The commission shall consist of 17 members who shall serve until the completion of the sesquicentennial year of statehood, appointed as follows:

- (1) nine members appointed by the governor, representing major corporate, nonprofit, and public sectors of the state, selected from all parts of the state;
- (2) two members appointed by the speaker of the house of representatives;
- (3) two members appointed by the minority leader of the house of representatives;
- (4) two members from the majority party in the senate, appointed by the Subcommittee on Committees; and
- (5) two members from the minority party in the senate, appointed by the Subcommittee on Committees.

Subd. 3. [COMPENSATION; OPERATION.] Members shall select a chair from the membership of the commission. The chair shall convene all meetings and set the agenda for the commission. The Minnesota Historical Society shall provide office space and staff support for the commission, and shall cooperate with the University of Minnesota and Minnesota State Colleges and Universities to support the programs of the commission. Meetings shall be at the call of the chair. The commission may appoint an advisory council to advise and assist the commission with its duties. Members shall receive no compensation for service on the Sesquicentennial Commission. Members appointed by the governor may be reimbursed for expenses under Minnesota Statutes, section 15.059, subdivision 3.

Subd. 4. [DUTIES.] The commission shall have the following duties:

- (1) to present to the governor and legislature a plan for capital grants to pay for capital

improvements on Minnesota's historic public and private buildings, to be known as sesquicentennial grants;

(2) to seek funding for activities to celebrate the 150th anniversary of statehood, and to form partnerships with private parties to further this mission; and

(3) to present an annual report to the governor and legislature outlining progress made towards the celebration of the sesquicentennial.

Subd. 5. [COMMEMORATIVE COIN.] The commission may arrange for design, production, distribution, marketing, and sale of a commemorative coin. Proceeds from sale of the commemorative coin are appropriated to the commission.

Subd. 6. [EXPIRATION.] The commission shall continue to operate until January 30, 2009, at which time it shall expire.

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

Sec. 122. [SURPLUS STATE LAND; REDWOOD COUNTY.]

Notwithstanding Minnesota Statutes, section 645.021, subdivision 3, the local approval requirement in Minnesota Statutes, chapter 262, article 3, section 26, is revived and available until January 2, 2007.

Sec. 123. [INSTRUCTION TO REVISOR.]

The revisor of statutes shall renumber Minnesota Statutes, section 239.05, as section 239.051, alphabetize the definitions, and correct any cross-references to that section accordingly.

Sec. 124. [REPEALER.]

(a) Minnesota Statutes 2004, sections 45.0295; 116J.573; 116J.58, subdivision 3; 116L.05, subdivision 4; 178.12; 239.05, subdivisions 6a and 6b; and 462C.15, are repealed.

(b) Laws 1999, chapter 125, section 4, as amended by Laws 2002, chapter 398, section 7, is repealed.

## ARTICLE 5

### REGULATION OF SERVICE CONTRACTS

Section 1. [59B.01] [SCOPE AND PURPOSE.]

(a) The purpose of this chapter is to create a legal framework within which service contracts may be sold in this state.

(b) The following are exempt from this chapter:

(1) warranties;

(2) maintenance agreements;

(3) warranties, service contracts, or maintenance agreements offered by public utilities, as defined in section 216B.02, subdivision 4, or an entity or operating unit owned by or under common control with a public utility;

(4) service contracts sold or offered for sale to persons other than consumers;

(5) service contracts on tangible property where the tangible property for which the service contract is sold has a purchase price of \$250 or less, exclusive of sales tax;

(6) motor vehicle service contracts as defined in section 65B.29, subdivision 1, paragraph (1);

(7) service contracts for home security equipment installed by a licensed technology systems contractor; and

(8) motor club membership contracts that typically provide roadside assistance services to motorists stranded for reasons that include, but are not limited to, mechanical breakdown or adverse road conditions.

(c) The types of agreements referred to in paragraph (b) are not subject to chapters 60A to 79A, except as otherwise specifically provided by law.

Sec. 2. [59B.02] [DEFINITIONS.]

Subdivision 1. [TERMS.] For the purposes of this chapter, the terms defined in this section have the meanings given them.

Subd. 2. [ADMINISTRATOR.] "Administrator" means the person who is responsible for the administration of the service contracts or the service contracts plan or who is responsible for any filings required by this chapter.

Subd. 3. [COMMISSIONER.] "Commissioner" means the commissioner of commerce.

Subd. 4. [CONSUMER.] "Consumer" means a natural person who buys, other than for purposes of resale, any tangible personal property that is distributed in commerce and that is normally used for personal, family, or household purposes and not for business or research purposes.

Subd. 5. [MAINTENANCE AGREEMENT.] "Maintenance agreement" means a contract of limited duration that provides for scheduled maintenance only.

Subd. 6. [PERSON.] "Person" means an individual, partnership, corporation, incorporated or unincorporated association, joint stock company, reciprocal, syndicate, or any similar entity or combination of entities acting in concert.

Subd. 7. [PREMIUM.] "Premium" means the consideration paid to an insurer for a reimbursement insurance policy.

Subd. 8. [PROVIDER.] "Provider" means a person who is contractually obligated to the service contract holder under the terms of the service contract.

Subd. 9. [PROVIDER FEE.] "Provider fee" means the consideration paid for a service contract.

Subd. 10. [REIMBURSEMENT INSURANCE POLICY.] "Reimbursement insurance policy" means a policy of insurance issued to a provider to either provide reimbursement to the provider under the terms of the insured service contracts issued or sold by the provider or, in the event of the provider's nonperformance, to pay on behalf of the provider all covered contractual obligations incurred by the provider under the terms of the insured service contracts issued or sold by the provider.

Subd. 11. [SERVICE CONTRACT.] "Service contract" means a contract or agreement for a separately stated consideration for a specific duration to perform the repair, replacement, or maintenance of property or indemnification for repair, replacement, or maintenance, for the operational or structural failure due to a defect in materials, workmanship, or normal wear and tear, with or without additional provisions for incidental payment of indemnity under limited circumstances. Service contracts may provide for the repair, replacement, or maintenance of property for damage resulting from power surges and accidental damage from handling.

Subd. 12. [SERVICE CONTRACT HOLDER OR CONTRACT HOLDER.] "Service contract holder" or "contract holder" means a person who is the purchaser or holder of a service contract.

Subd. 13. [WARRANTY.] "Warranty" means a warranty made solely by the manufacturer, importer, or seller of property or services without consideration, that is not negotiated or separated from the sale of the product, and is incidental to the sale of the product, that guarantees indemnity for defective parts, mechanical or electrical breakdown, labor, or other remedial measures, such as repair or replacement of the property or repetition of services.

Sec. 3. [59B.03] [REQUIREMENTS FOR TRANSACTING BUSINESS.]

Subdivision 1. [APPOINTMENT OF ADMINISTRATOR.] A provider may, but is not required to, appoint an administrator or other designee to be responsible for any or all of the administration of service contracts and compliance with this chapter.

Subd. 2. [CONTRACT COPIES AND RECEIPTS.] Service contracts must not be issued, sold, or offered for sale in this state unless the provider has:

(1) provided a receipt for, or other written evidence of, the purchase of the service contract to the contract holder;

(2) provided a copy of the service contract to the service contract holder within a reasonable period of time from the date of purchase; and

(3) complied with this chapter.

Subd. 3. [REGISTRATION.] Each provider of service contracts sold in this state shall file a registration with the commissioner on a form prescribed by the commissioner. Each provider shall pay to the commissioner a fee in the amount of \$750 annually.

Subd. 4. [FINANCIAL REQUIREMENTS.] In order to ensure the faithful performance of a provider's obligations to its contract holders, each provider is responsible for complying with the requirements of one of the following:

(1) insure all service contracts under a reimbursement insurance policy issued by an insurer authorized to transact insurance in this state, a risk retention group, as that term is defined in United States Code, title 15, section 3901(A)(4), as long as that risk retention group is registered pursuant to section 60E.03 or 60E.04 as applicable, and is in full compliance with the federal Liability Risk Retention Act of 1986, United States Code, title 15, section 3901, et al., or issued pursuant to sections 60A.195 to 60A.209, and either:

(i) the insurer or risk retention group shall, at the time the policy is filed with the commissioner, and continuously thereafter, maintain surplus as to policyholders and paid-in capital of at least \$15,000,000, and annually file audited financial statements with the commissioner; or

(ii) the commissioner may authorize an insurer or risk retention group that has surplus as to policyholders and paid-in capital of less than \$15,000,000 but at least equal to \$10,000,000 to issue the insurance required by this section if the insurer or risk retention group demonstrates to the satisfaction of the commissioner that the company maintains a ratio of direct written premiums, wherever written, to surplus as to policyholders and paid-in capital of not greater than 3-to-1; or

(2)(i) maintain a funded reserve account for obligations under contracts issued and outstanding in this state. The reserves must not be less than 40 percent of gross consideration received, less claims paid, on the sale of the service contract for all in-force contracts. The reserve account is subject to examination and review by the commissioner; and

(ii) place in trust with the commissioner a financial security deposit, having a value of not less than five percent of the gross consideration received, less claims paid, on the sale of the service contract for all service contracts issued and in force, but not less than \$25,000, consisting of one of the following:

(A) a surety bond issued by an authorized surety;

(B) securities of the type eligible for deposit by authorized insurers in this state;

(C) cash;

(D) a letter of credit issued by a qualified financial institution containing an evergreen clause which prevents the expiration of the letter without due notice from the issuer; or

(E) another form of security prescribed by rules of the commissioner; or

(3)(i) maintain, or its parent company maintain, a net worth or stockholders' equity of \$100,000,000; and

(ii) upon request, provide the commissioner with a copy of the provider's or the provider's parent company's most recent Form 10-K or Form 20-F filed with the Securities and Exchange Commission (SEC) within the last calendar year, or if the company does not file with the SEC, a copy of the company's audited financial statements, which shows a net worth of the provider or its parent company of at least \$100,000,000. If the provider's parent company's Form 10-K, Form 20-F, or audited financial statements are filed to meet the provider's financial stability requirement, then the parent company shall agree to guarantee the obligations of the provider relating to service contracts sold by the provider in this state.

Subd. 5. [RIGHT OF RETURN.] Service contracts must require the provider to permit the service contract holder to return the service contract within 20 days of the date the service contract was mailed to the service contract holder or within ten days of delivery if the service contract is delivered to the service contract holder at the time of sale or within a longer time period permitted under the service contract. Upon return of the service contract to the provider within the applicable time period, if no claim has been made under the service contract before its return to the provider, the service contract is void and the provider shall refund to the service contract holder, or credit the account of the service contract holder, with the full purchase price of the service contract. The right to void the service contract provided in this paragraph is not transferable and applies only to the original service contract purchaser, and only if no claim has been made before its return to the provider. A ten percent penalty per month must be added to a refund that is not paid or credited within 45 days after return of the service contract to the provider.

Subd. 6. [PREMIUM TAXES.] (a) Provider fees collected on service contracts are not subject to premium taxes.

(b) Premiums for reimbursement insurance policies are subject to applicable taxes.

Subd. 7. [LICENSING EXEMPTION.] Except for the registration requirements in subdivision 3, providers and related service contract sellers, administrators, and other persons marketing, selling, or offering to sell service contracts are exempt from any licensing requirements of this state.

Subd. 8. [INSURANCE EXEMPTION.] The marketing, sale, offering for sale, issuance, making, proposing to make, and administration of service contracts by providers and related service contract sellers, administrators, and other persons are exempt from all other provisions of the insurance laws of this state, except as provided in section 72A.20, subdivision 38.

Sec. 4. [59B.04] [REQUIRED DISCLOSURES; REIMBURSEMENT INSURANCE POLICY.]

Subdivision 1. [RIGHT TO PAYMENT OR REIMBURSEMENT.] Reimbursement insurance policies insuring service contracts issued, sold, or offered for sale in this state shall state that the insurer that issued the reimbursement insurance policy shall either reimburse or pay on behalf of the provider any covered sums the provider is legally obligated to pay or, in the event of the provider's nonperformance, shall provide the service which the provider is legally obligated to perform according to the provider's contractual obligations under the service contracts issued or sold by the provider.

Subd. 2. [RIGHT TO APPLY TO COMPANY.] In the event covered service is not provided by the service contract provider within 60 days of proof of loss by the service contract holder, the contract holder is entitled to apply directly to the reimbursement insurance company.

Sec. 5. [59B.05] [REQUIRED DISCLOSURE; SERVICE CONTRACTS.]

Subdivision 1. [READABILITY AND GENERAL DISCLOSURE.] Service contracts marketed, sold, offered for sale, issued, made, proposed to be made, or administered in this state

must be written, printed, or typed in clear, understandable language that is easy to read and must disclose the requirements set forth in this section, as applicable.

Subd. 2. [IDENTITIES OF PARTIES.] Service contracts must state the name and address of the provider, and must identify any administrator if different from the provider, the service contract seller, and the service contract holder to the extent that the name of the service contract holder has been furnished by the service contract holder. The identities of the parties are not required to be preprinted on the service contract and may be added to the service contract at the time of sale.

Subd. 3. [TOTAL PURCHASE PRICE AND SALES TERMS.] Service contracts must state the total purchase price and the terms under which the service contract is sold. The purchase price is not required to be preprinted on the service contract and may be negotiated at the time of sale with the service contract holder.

Subd. 4. [DEDUCTIBLES.] Service contracts must state the existence of any deductible amount, if applicable.

Subd. 5. [COVERAGES, LIMITATIONS, AND EXCLUSIONS.] No particular causes of loss or property are required to be covered, but service contracts must specify the merchandise and services to be provided and, with equal prominence, any limitations, exceptions, or exclusions including, but not limited to, any damage or breakdown not covered by the service contract.

Subd. 6. [RESTRICTIONS ON TRANSFERABILITY.] Service contracts must state any restrictions governing the transferability of the service contract, if applicable.

Subd. 7. [CANCELLATION TERMS.] Service contracts must state the terms, restrictions, or conditions governing cancellation of the service contract prior to the termination or expiration date of the service contract by either the provider or the service contract holder. The provider of the service contract shall mail a written notice to the contract holder at the last known address of the service contract holder contained in the records of the provider at least 15 days before cancellation by the provider. Five days' notice is required if the reason for cancellation is nonpayment of the provider fee, a material misrepresentation by the service contract holder to the provider, or a substantial breach of duties by the service contract holder relating to the covered product or its use. The notice must state the effective date of the cancellation and the reason for the cancellation.

Subd. 8. [DUTIES OF CONTRACT HOLDER.] Service contracts must set forth all of the obligations and duties of the service contract holder, such as the duty to protect against any further damage and any requirement to follow the owner's manual.

Subd. 9. [EXCLUSIONS; CONSEQUENTIAL DAMAGES AND PREEXISTING CONDITIONS.] Service contracts may exclude coverage for consequential damages or preexisting conditions. These exclusions, if applicable, must be stated in the contract.

Sec. 6. [59B.06] [ADDITIONAL REQUIRED DISCLOSURE; SERVICE CONTRACTS.]

Subdivision 1. [INSURANCE DISCLOSURE.] Service contracts insured under a reimbursement insurance policy pursuant to section 59B.03, subdivision 4, clause (1), must contain a statement in substantially the following form: "Obligations of the provider under this service contract are insured under a service contract reimbursement insurance policy." The service contract must also state the name and address of the insurer.

Subd. 2. [DISCLOSURE OF NO INSURANCE.] Service contracts not insured under a reimbursement insurance policy pursuant to section 59B.03, subdivision 4, clause (1), must contain a statement in substantially the following form: "Obligations of the provider under this service contract are backed by the full faith and credit of the provider."

Sec. 7. [59B.07] [PROHIBITED ACTS.]

Subdivision 1. [DECEPTIVE NAMES.] A provider shall not use in its name the words insurance, casualty, surety, mutual, or any other words descriptive of the insurance, casualty, or

surety business; or a name deceptively similar to the name or description of any insurance or surety corporation, or to the name of any other provider. The word "guaranty" or similar word may be used by a provider. This section does not apply to a company that was using any of the prohibited language in its name before the effective date of this chapter. However, a company using the prohibited language in its name shall include in its service contracts a statement in substantially the following form: "This agreement is not an insurance contract."

Subd. 2. [FALSE OR MISLEADING STATEMENTS.] A provider or its representative shall not in its service contracts, literature, or otherwise make, permit, or cause to be made any false or misleading statement or omit any material statement that would be considered misleading if omitted.

Subd. 3. [REQUIRED PURCHASE.] A person, such as a bank, savings association, lending institution, manufacturer, or seller of any product shall not require the purchase of a service contract as a condition of a loan or a condition for the sale of any property.

Sec. 8. [59B.08] [RECORD-KEEPING REQUIREMENTS.]

Subdivision 1. [GENERALLY.] The provider shall keep accurate accounts, books, and records concerning transactions regulated under this chapter.

The provider's accounts, books, and records include the following:

- (1) copies of each type of service contracts sold;
- (2) the name and address of each service contract holder to the extent that the name and address have been furnished by the service contract holder;
- (3) a list of the locations where service contracts are marketed, sold, or offered for sale; and
- (4) written claims files which shall contain information regarding the services provided or claims payments for contracts that provide for payments or reimbursement, including at least the dates and description of claims related to the service contracts.

Subd. 2. [RETENTION.] (a) Except as provided in paragraph (b), the provider shall retain all records required to be maintained by this section for at least three years after the specified period of coverage has expired.

(b) A provider discontinuing business in this state shall maintain its records until it furnishes the commissioner satisfactory proof that it has discharged all obligations to contract holders in this state.

Subd. 3. [MEDIUM.] The records required by this chapter may be, but are not required to be, maintained on a computer disk or other record-keeping technology. If the records are maintained in other than hard copy, the records must be capable of duplication to legible hard copy at the request of the commissioner.

Sec. 9. [59B.09] [TERMINATION OF REIMBURSEMENT INSURANCE POLICY.]

An insurer that issued a reimbursement insurance policy may not terminate the policy unless the insurer mails or delivers written notice of the termination to the commissioner at least 30 days before the effective date of termination. The termination of a reimbursement insurance policy does not reduce the issuer's responsibility for service contracts issued by providers before the date of the termination.

Sec. 10. [59B.10] [OBLIGATION OF REIMBURSEMENT INSURANCE POLICY INSURERS.]

Insurers issuing reimbursement insurance to providers are deemed to have received the premiums for the insurance upon the payment of provider fees by consumers for service contracts issued by the insured providers.

Nothing in this chapter prevents or limits the right of an insurer that issued a reimbursement insurance policy to seek indemnification or subrogation against a provider if the issuer pays or is obligated to pay the service contract holder sums that the provider was obligated to pay pursuant to the provisions of the service contract.

Sec. 11. [59B.11] [SEVERABILITY PROVISION.]

If any provision of this chapter or the application of the provision to any person or circumstances are held invalid, the remainder of this chapter and the application of the provision to person or circumstances other than those as to which it is held invalid, must not be affected.

Sec. 12. Minnesota Statutes 2004, section 72A.20, is amended by adding a subdivision to read:

Subd. 38. [UNFAIR CLAIMS SERVICE; SERVICE CONTRACTS.] No person shall, in connection with a service contract regulated under chapter 59B:

(1) attempt to settle claims on the basis of an application or any other material document which was altered without notice to, or knowledge or consent of, the service contract holder;

(2) make a material misrepresentation to the service contract holder for the purpose and with the intent of effecting settlement of the claims, loss, or damage under the contract on less favorable terms than those provided in, and contemplated by, the contract; or

(3) commit or perform with such frequency as to indicate a general business practice any of the following practices:

(i) failure to properly investigate claims;

(ii) misrepresentation of pertinent facts or contract provisions relating to coverages at issue;

(iii) failure to acknowledge and act upon communications within a reasonable time with respect to claims;

(iv) denial of claims without conducting reasonable investigations based upon available information;

(v) failure to affirm or deny coverage of claims upon written request of the service contract holder within a reasonable time after proof-of-loss statements have been completed; or

(vi) failure to timely provide a reasonable explanation to the service contract holder of the basis in the contract in relation to the facts or applicable law for denial of a claim or for the offer of a compromise settlement.

Sec. 13. [EFFECTIVE DATE.]

Sections 1 to 12 are effective January 1, 2006, and apply to service contracts issued on or after that date. A provider transacting business in this state on or before the date of the enactment of this chapter, which submits an application for registration as a provider under Minnesota Statutes, section 59B.03, subdivision 3, within 30 days after the commissioner makes the application available, may continue to transact business in this state until final agency action is taken by the commissioner regarding the registration application and all rights to administrative and judicial review related to that final agency action have been exhausted or have expired."

Delete the title and insert:

"A bill for an act relating to state government; appropriating money for agricultural, environmental, natural resources, and economic development purposes; establishing and modifying certain programs; providing for regulation of certain activities and practices; providing for accounts, assessments, and fees; amending Minnesota Statutes 2004, sections 3.303, by adding a subdivision; 16A.125, subdivision 5; 17.03, subdivision 13; 17.117, subdivision 11, by adding a subdivision; 17.452, by adding a subdivision; 17.982, subdivision 1; 17.983, subdivisions 1, 3; 17B.03, subdivision 1; 18B.05, subdivision 1; 18B.08, subdivision 4; 18B.26, subdivision 3;

18B.31, subdivision 5; 18B.315, subdivision 6; 18B.32, subdivision 6; 18B.33, subdivision 7; 18B.34, subdivision 5; 18C.141, subdivisions 1, 3, 5; 18C.425, subdivision 6; 18E.03, subdivision 2; 18G.03, subdivision 1; 18G.10, subdivisions 5, 7; 18G.16, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 14; 18H.02, subdivisions 21, 22, 23, 32, 34, by adding a subdivision; 18H.05; 18H.06; 18H.07, subdivisions 1, 2, 3; 18H.09; 18H.13, subdivision 1; 18H.15; 18H.18, subdivision 1; 19.64, subdivision 1; 25.341, subdivision 2; 25.39, subdivisions 1, 4; 31.94; 35.02, subdivision 1; 35.03; 35.05; 35.155; 38.01; 38.16; 41A.09, subdivisions 2a, 3a, by adding subdivisions; 41B.046, subdivision 5; 41B.049, subdivisions 2, 4; 60A.14, subdivision 1; 60K.55, subdivision 2; 72A.20, by adding a subdivision; 72B.04, subdivision 10; 82B.05, subdivisions 1, 5; 82B.09, subdivision 1; 84.027, subdivisions 12, 15; 84.0274, by adding subdivisions; 84.0911, subdivision 2; 84.631; 84.775, subdivision 1; 84.780; 84.788, subdivision 3, by adding a subdivision; 84.789, by adding a subdivision; 84.791, subdivisions 1, 2; 84.798, subdivision 1, by adding a subdivision; 84.82, subdivision 2, by adding a subdivision; 84.8205, subdivisions 1, 3, 4, 6; 84.83, subdivisions 3, 4; 84.86, subdivision 1; 84.922, subdivision 2, by adding a subdivision; 84.925, subdivision 1, by adding a subdivision; 84.9256, subdivision 1, as amended; 84.9257; 84.926; 84.928, subdivisions 1, 2; 84D.03, subdivision 4; 85.015, subdivision 5; 85.053, subdivisions 1, 2; 85.054, subdivision 1, by adding a subdivision; 85.055, subdivision 2, by adding a subdivision; 85.42; 85.43; 86B.415, subdivisions 1, 2, 3, 4, 5, 6, by adding a subdivision; 88.17, subdivision 1, by adding subdivisions; 88.6435, subdivision 4; 89.039, subdivision 1; 89.19, subdivision 2; 89.36, subdivision 2; 89.37, subdivision 4; 90.195; 92.03, subdivision 4; 94.342, subdivisions 1, 3, 4, 5; 94.343, subdivisions 1, 3, 7, 8, 10, by adding subdivisions; 94.344, subdivisions 1, 3, 5, 8, 10, by adding a subdivision; 97A.055, subdivision 4b; 97A.061, subdivision 1; 97A.075, subdivision 3; 97A.135, subdivision 2a; 97A.4742, subdivision 4; 97A.475, subdivision 3; 97A.482; 97A.485, subdivisions 6, 7; 97A.551, by adding a subdivision; 97B.005, subdivision 1, as amended; 97B.015, subdivision 7; 97B.020; 97B.025, as amended; 97B.601, subdivision 3; 97B.605; 97B.625, as amended; 97B.641; 97B.655, subdivision 1; 97C.085; 103B.101, subdivision 9; 103E.081, by adding subdivisions; 103F.535, subdivision 1; 103G.271, subdivision 6; 103G.301, subdivision 2; 103G.615, subdivision 2; 103I.681, subdivision 11; 115.06, subdivision 4; 115.55, subdivision 5; 115.551; 115A.072, subdivision 1; 115A.12; 115A.554; 115A.929; 115A.9565; 115B.48, subdivision 8; 115C.07, subdivision 3; 115C.09, subdivisions 3h, 3j; 115C.13; 115D.04, subdivision 3; 116.07, subdivision 7a; 116C.779, subdivision 2; 116J.551, subdivision 1; 116J.571; 116J.572; 116J.574; 116J.575, as amended; 116J.63, subdivision 2; 116J.8731, subdivision 5; 116J.8747, subdivision 2; 116J.994, subdivisions 7, 9; 116L.03, subdivision 2; 116L.05, by adding a subdivision; 116L.20, subdivisions 1, 2; 116L.666, subdivision 4; 116O.09, subdivision 1a; 116P.05, subdivision 2; 120A.40; 129D.02, subdivision 3; 160.232; 161.1419, subdivision 2, by adding a subdivision; 168.1296, subdivision 1; 168.27, by adding a subdivision; 169.733; 169.824, subdivision 2; 169.85, subdivisions 1, 6; 169.87, subdivision 4; 169A.63, subdivision 6; 174.52, subdivision 5; 176.136, subdivision 1a; 183.41, by adding a subdivision; 183.411, subdivisions 2a, 3; 183.42; 183.44, subdivision 1; 183.51, subdivision 2, by adding a subdivision; 183.545; 183.57; 216B.2424, subdivision 1a, as added; 216C.41, subdivisions 2, 5, 5a; 223.17, subdivisions 3, 6; 231.16; 232.22, subdivision 3; 236.02, subdivision 4; 237.11; 237.295, subdivisions 1, 2; 237.701, subdivision 1; 239.011, subdivision 2; 239.05, subdivision 10b, by adding a subdivision; 239.09; 239.101, subdivision 3; 239.75, subdivisions 1, 5; 239.761; 239.77, by adding a subdivision; 239.79, subdivision 4; 239.791, subdivisions 1, 7, 8, 15; 239.792; 268.19, subdivision 1; 282.04, subdivision 1; 282.08, as amended; 282.38, subdivision 1; 296A.01, subdivisions 2, 7, 8, 14, 19, 20, 22, 23, 24, 25, 26, 28; 296A.18, subdivision 2; 297H.13, subdivision 2; 298.22, by adding a subdivision; 298.28, subdivisions 9b, 10; 298.2961, by adding a subdivision; 325E.311, subdivision 6; 326.975, subdivision 1; 327.23, subdivision 2; 345.47, subdivisions 3, 3a; 353.657, subdivision 1; 357.021, subdivisions 1a, 2; 373.40, subdivisions 1, 3; 394.25, subdivision 3c; 462.355, subdivision 4, as amended; 462.357, subdivision 1e, by adding a subdivision; 462A.05, subdivision 3a; 462A.33, subdivision 2; 469.050, subdivision 5; 469.1082, subdivision 1; 469.310, subdivision 11; 469.319, subdivision 1, by adding a subdivision; 469.320, subdivision 3; 469.330, subdivision 11; 469.340, subdivision 1; 471.999; 473.197, subdivision 4; 517.08, subdivisions 1b, 1c; 609.849, as added; Laws 1998, chapter 389, article 16, section 31, subdivision 4, as amended; Laws 1999, chapter 224, section 7, as amended; Laws 2003, chapter 128, article 1, section 9, subdivision 6; Laws 2003, chapter 128, article 1, section 156; Laws 2003, chapter 128, article 1, section 167, subdivision 1; Laws 2003, chapter 128, article 1, section 172; Laws 2005, chapter 97, article 13, section 1, subdivision 3; Laws 2005, chapter 97, article 13,

section 2, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 16C; 25; 35; 41B; 45; 59B; 84; 86B; 92; 93; 97C; 103F; 116L; 116P; 156; 169; 181; 237; 290; 325F; 354B; 473; repealing Minnesota Statutes 2004, sections 17.451; 17.452, subdivisions 6, 6a, 7, 10, 11, 12, 13, 13a, 14, 15, 16; 17.983, subdivision 2; 18B.065, subdivision 5; 18H.02, subdivisions 15, 19; 19.64, subdivision 4a; 35.0661, subdivision 4; 41B.046, subdivision 3; 45.0295; 84.901; 94.343, subdivision 6; 94.344, subdivision 6; 94.348; 94.349; 115A.03, subdivisions 8a, 22a; 115A.055, subdivision 1; 115D.03, subdivision 4; 116J.573; 116J.58, subdivision 3; 116L.05, subdivision 4; 178.12; 239.05, subdivisions 6a, 6b; 462C.15; 473.156; 473.197, subdivisions 1, 2, 3, 5; 473.801, subdivision 6; Laws 1999, chapter 125, section 4, as amended."

Senator Neuville moved to amend the Bakk amendment to S.F. No. 69 as follows:

Page 341, after line 14, insert:

"ARTICLE 6  
TEMPORARY APPROPRIATION

Section 1. [TEMPORARY APPROPRIATION TO FUND CORE AND ESSENTIAL SERVICES.]

Subdivision 1. [APPROPRIATION.] An amount necessary to fund the core and essential services of state government and employ the number of employees needed to carry out these functions, for a period of 30 days from the date of enactment of this act is appropriated from the general fund to the commissioner of finance.

Subd. 2. [CORE AND ESSENTIAL SERVICES.] For purposes of this section, "core and essential services" includes, but is not limited to, those needed to preserve the life, health, and safety of Minnesota citizens and the maintenance and preservation of public property, and ensuring compliance with state and federal constitutional rights of citizens and federal mandates. Spending for such services may not exceed fiscal year 2005 spending levels.

Subd. 3. [INTENT.] The legislature intends that this section be enacted into law to avoid a constitutional confrontation between the legislative department of government and the other two departments of government under article III of the Minnesota Constitution, and to allow the legislature to fulfill its constitutional obligation under article XI, section 1, of the Minnesota Constitution to see that no money is paid out of the state treasury except pursuant to appropriation by law. This section is further intended to nullify and void the order of the Ramsey County District Court (file #C9-05-5928) issued on June 23, 2005, and any action of the special magistrate conducted pursuant to said order.

Subd. 4. [COURT JURISDICTION.] The courts of this state have no jurisdiction to order a variance to any of the provisions of this section or the appropriations made pursuant thereto."

Amend the title accordingly

**CALL OF THE SENATE**

Senator Cohen imposed a call of the Senate for the balance of the proceedings on S.F. No. 69. The Sergeant at Arms was instructed to bring in the absent members.

Senator Betzold questioned whether the Neuville amendment was germane.

The President ruled that the amendment was germane.

The question was taken on the adoption of the Neuville amendment to the Bakk amendment.

The roll was called, and there were yeas 29 and nays 35, as follows:

Those who voted in the affirmative were:

Bachmann

Belanger

Day

Dille

Fischbach

Frederickson	Jungbauer	LeClair	Nienow	Rosen
Gaither	Kierlin	Limmer	Olson	Ruud
Gerlach	Kleis	McGinn	Ortman	Senjem
Hann	Koering	Michel	Reiter	Wergin
Johnson, D.J.	Larson	Neuville	Robling	

Those who voted in the negative were:

Anderson	Foley	Langseth	Pogemiller	Skoglund
Bakk	Higgins	Lourey	Ranum	Solon
Berglin	Hottinger	Marko	Rest	Sparks
Betzold	Johnson, D.E.	Marty	Sams	Stumpf
Chaudhary	Kelley	Metzen	Saxhaug	Tomassoni
Cohen	Kiscaden	Moua	Scheid	Vickerman
Dibble	Kubly	Murphy	Skoe	Wiger

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

The question was taken on the adoption of the Bakk amendment. The motion prevailed. So the amendment was adopted.

Senator Marty moved to amend the Bakk amendment to S.F. No. 69, adopted by the Senate June 30, 2005, as follows:

Pages 208 and 209, delete section 152

Re-number the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 34 and nays 25, as follows:

Those who voted in the affirmative were:

Anderson	Foley	Johnson, D.J.	Marty	Rest
Belanger	Frederickson	Jungbauer	McGinn	Robling
Berglin	Gaither	Kierlin	Michel	Ruud
Betzold	Gerlach	Kleis	Moua	Skoglund
Chaudhary	Hann	Larson	Ortman	Solon
Day	Higgins	Limmer	Ranum	Wiger
Fischbach	Hottinger	Marko	Reiter	

Those who voted in the negative were:

Bakk	Kiscaden	Lourey	Sams	Sparks
Cohen	Koering	Metzen	Saxhaug	Stumpf
Dille	Kubly	Murphy	Scheid	Tomassoni
Johnson, D.E.	Langseth	Nienow	Senjem	Vickerman
Kelley	LeClair	Pogemiller	Skoe	Wergin

The motion prevailed. So the amendment was adopted.

Senator Frederickson moved to amend the Bakk amendment to S.F. No. 69, adopted by the Senate June 30, 2005, as follows:

Page 212, line 24, delete "Subdivision 1. [ESTABLISHMENT.]"

Page 213, delete lines 20 to 23

The motion prevailed. So the amendment was adopted.

## RECESS

Senator Johnson, D.E. moved that the Senate do now recess subject to the call of the President. The motion prevailed.

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

### CALL OF THE SENATE

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

### MOTIONS AND RESOLUTIONS - CONTINUED

The question recurred on S.F. No. 69.

### RECONSIDERATION

Having voted on the prevailing side, Senator Rest moved that the vote whereby the Marty amendment to S.F. No. 69 was adopted on June 30, 2005, be now reconsidered.

The question was taken on the adoption of the motion.

The roll was called, and there were yeas 35 and nays 24, as follows:

Those who voted in the affirmative were:

Bakk	Higgins	Langseth	Ranum	Skoglund
Berglin	Hottinger	Lourey	Rest	Sparks
Betzold	Johnson, D.E.	Marko	Rosen	Stumpf
Cohen	Kelley	Metzen	Sams	Tomassoni
Dibble	Kiscaden	Moua	Saxhaug	Vickerman
Fischbach	Koering	Murphy	Scheid	Wergin
Foley	Kubly	Pogemiller	Skoe	Wiger

Those who voted in the negative were:

Bachmann	Gaither	Larson	Michel	Reiter
Belanger	Johnson, D.J.	LeClair	Neuville	Robling
Chaudhary	Jungbauer	Limmer	Nienow	Ruud
Day	Kierlin	Marty	Olson	Senjem
Frederickson	Kleis	McGinn	Ortman	

The motion prevailed. So the vote was reconsidered.

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

The roll was called, and there were yeas 26 and nays 37, as follows:

Those who voted in the affirmative were:

Bachmann	Gerlach	Larson	Nienow	Ruud
Belanger	Hann	Limmer	Olson	Senjem
Chaudhary	Johnson, D.J.	Marty	Ortman	
Day	Jungbauer	McGinn	Reiter	
Frederickson	Kierlin	Michel	Robling	
Gaither	Kleis	Neuville	Rosen	

Those who voted in the negative were:

Anderson	Foley	Langseth	Rest	Stumpf
Bakk	Higgins	LeClair	Sams	Tomassoni
Berglin	Hottinger	Lourey	Saxhaug	Vickerman
Betzold	Johnson, D.E.	Marko	Scheid	Wergin
Cohen	Kelley	Metzen	Skoe	Wiger
Dibble	Kiscaden	Moua	Skoglund	
Dille	Koering	Murphy	Solon	
Fischbach	Kubly	Pogemiller	Sparks	

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

### RECONSIDERATION

Having voted on the prevailing side, Senator Chaudhary moved that the vote whereby the Frederickson amendment to S.F. No. 69 was adopted on June 30, 2005, be now reconsidered.

The question was taken on the adoption of the motion.

The roll was called, and there were yeas 47 and nays 15, as follows:

Those who voted in the affirmative were:

Bachmann	Gaither	Kubly	Pogemiller	Solon
Bakk	Gerlach	Langseth	Ranum	Sparks
Berglin	Higgins	LeClair	Rest	Stumpf
Betzold	Hottinger	Lourey	Robling	Tomassoni
Chaudhary	Johnson, D.E.	Marko	Rosen	Vickerman
Cohen	Johnson, D.J.	Metzen	Sams	Wergin
Dibble	Jungbauer	Michel	Saxhaug	Wiger
Dille	Kelley	Moua	Scheid	
Fischbach	Kiscaden	Murphy	Skoe	
Foley	Koering	Ortman	Skoglund	

Those who voted in the negative were:

Belanger	Hann	Larson	McGinn	Olson
Day	Kierlin	Limmer	Neuville	Reiter
Frederickson	Kleis	Marty	Nienow	Senjem

The motion prevailed. So the vote was reconsidered.

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

The roll was called, and there were yeas 9 and nays 52, as follows:

Those who voted in the affirmative were:

Belanger	Kierlin	Marty	Reiter	Senjem
Frederickson	Limmer	McGinn	Rosen	

Those who voted in the negative were:

Bachmann	Gaither	Koering	Neuville	Skoglund
Bakk	Gerlach	Kubly	Nienow	Solon
Berglin	Hann	Langseth	Olson	Sparks
Betzold	Higgins	Larson	Ortman	Stumpf
Chaudhary	Hottinger	LeClair	Pogemiller	Tomassoni
Cohen	Johnson, D.E.	Lourey	Rest	Vickerman
Day	Johnson, D.J.	Marko	Robling	Wergin
Dibble	Jungbauer	Metzen	Sams	Wiger
Dille	Kelley	Michel	Saxhaug	
Fischbach	Kiscaden	Moua	Scheid	
Foley	Kleis	Murphy	Skoe	

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

Senator Bachmann moved to amend the Bakk amendment to S.F. No. 69, adopted by the Senate June 30, 2005, as follows:

Pages 251 and 252, delete section 28

Re-number the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 23 and nays 38, as follows:

Those who voted in the affirmative were:

Bachmann	Hann	Larson	Neuville	Robling
Belanger	Johnson, D.J.	LeClair	Nienow	Ruud
Day	Jungbauer	Limmer	Olson	Wergin
Gaither	Kierlin	McGinn	Ortman	
Gerlach	Kleis	Michel	Reiter	

Those who voted in the negative were:

Anderson	Frederickson	Langseth	Ranum	Solon
Bakk	Higgins	Lourey	Rest	Sparks
Berglin	Hottinger	Marko	Rosen	Stumpf
Betzold	Johnson, D.E.	Marty	Saxhaug	Tomassoni
Chaudhary	Kelley	Metzen	Scheid	Vickerman
Dibble	Kiscaden	Moua	Senjem	Wiger
Dille	Koering	Murphy	Skoe	
Fischbach	Kubly	Pogemiller	Skoglund	

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

S.F. No. 69 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 57 and nays 6, as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Frederickson	Hann	LeClair	Limmer	Marty
Gerlach				

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

### MOTIONS AND RESOLUTIONS - CONTINUED

Senator Kleis moved that the name of Senator Michel be added as a co-author to S.F. No. 21. The motion prevailed.

### RECESS

Senator Johnson, D.E. moved that the Senate do now recess subject to the call of the President. The motion prevailed.

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

**CALL OF THE SENATE**

Senator Johnson, D.E. imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

**MOTIONS AND RESOLUTIONS - CONTINUED**

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

**MESSAGES FROM THE HOUSE**

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, herewith returned: S.F. No. 69.

Albin A. Mathiowetz, Chief Clerk, House of Representatives  
Returned June 30, 2005

**MOTIONS AND RESOLUTIONS - CONTINUED**

Pursuant to Rule 26, Senator Johnson, D.E., Chair of the Committee on Rules and Administration, designated S.F. No. 65 a Special Order to be heard immediately.

**SPECIAL ORDER**

**S.F. No. 65:** A bill for an act relating to the financing of state government; providing for structural balance in the state budget; appropriating money for education, the environment, agriculture, economic development, and health and human services with certain conditions; fixing and limiting fees; regulating the deposit of money in the state treasury; regulating transfers between appropriations and accounts; requiring certain studies and reports; shortening the holding period for abandoned securities; amending Minnesota Statutes 2004, sections 123B.54; 127A.49, subdivision 2; 256.975, subdivision 9; 256B.0625, subdivision 13; 256B.0911, subdivision 1a; 256M.40, subdivision 2; 345.47, subdivisions 3, 3a; proposing coding for new law in Minnesota Statutes, chapter 93; repealing Minnesota Statutes 2004, section 256.955.

Senator Cohen moved to amend S.F. No. 65 as follows:

Page 1, delete lines 27 to 30

Page 1, delete line 33 and insert:

"TOTAL	\$10,129,414,000	\$10,486,608,000	\$20,616,022,000"
--------	------------------	------------------	-------------------

Pages 17 to 47, delete articles 4 and 5

Re-number the articles in sequence and correct the internal references

Amend the title as follows:

Page 1, delete line 3 and insert "providing a base budget for certain agencies;"

Page 1, line 4, delete everything after "education"

Page 1, line 5, delete everything before the first "and"

Page 1, line 10, delete everything after the semicolon

Page 1, line 11, delete everything before "amending"

Page 1, delete line 15

Page 1, line 16, delete everything before "repealing"

The motion prevailed. So the amendment was adopted.

Senator Frederickson moved to amend S.F. No. 65 as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1  
SUMMARY  
(General Fund Only)  
2006

APPROPRIATIONS

Early Education	\$21,002,000
K-12 Education	1,604,723,000
Health and Human Services	485,289,000
TOTAL	\$2,111,014,000

ARTICLE 2

EARLY CHILDHOOD EDUCATION

Section 1. [JULY PAYMENT PROCESS.]

Notwithstanding the payment dates in Minnesota Statutes, section 127A.45, the commissioner of education shall pay all education aids appropriated in this article to the Department of Education before August 1, 2005, in a manner determined by the commissioner.

Sec. 2. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. [SCHOOL READINESS.] For revenue for school readiness programs under Minnesota Statutes, sections 124D.15 and 124D.16:

<u>\$2,443,000</u>	.....	<u>2006</u>
--------------------	-------	-------------

The 2006 appropriation includes \$1,417,000 for 2005 and \$1,026,000 for 2006.

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

<u>\$3,224,000</u>	.....	<u>2006</u>
--------------------	-------	-------------

The 2006 appropriation includes \$1,861,000 for 2005 and \$1,363,000 for 2006.

Subd. 4. [HEALTH AND DEVELOPMENTAL SCREENING AID.] For health and developmental screening aid under Minnesota Statutes, sections 121A.17 and 121A.19:

<u>\$720,000</u>	.....	<u>2006</u>
------------------	-------	-------------

The 2006 appropriation includes \$417,000 for 2005 and \$303,000 for 2006.

Subd. 5. [HEAD START PROGRAM.] For Head Start programs under Minnesota Statutes, section 119A.52:

\$1,425,000                    .....

2006

Subd. 6. [COMMUNITY EDUCATION AID.] For community education aid under Minnesota Statutes, section 124D.20:

\$596,000                    .....

2006

The 2006 appropriation includes \$390,000 for 2005 and \$206,000 for 2006.

Subd. 7. [ADULTS WITH DISABILITIES PROGRAM AID.] For adults with disabilities programs under Minnesota Statutes, section 124D.56:

\$192,000                    .....

2006

The 2006 appropriation includes \$111,000 for 2005 and \$81,000 for 2006.

Subd. 8. [HEARING-IMPAIRED ADULTS.] For programs for hearing-impaired adults under Minnesota Statutes, section 124D.57:

\$6,000                    .....

2006

Subd. 9. [SCHOOL-AGE CARE REVENUE.] For extended day aid under Minnesota Statutes, section 124D.22:

\$6,000                    .....

2006

The 2006 appropriation includes \$4,000 for 2005 and \$2,000 for 2006.

Subd. 10. [ADULT BASIC EDUCATION AID.] For adult basic education aid under Minnesota Statutes, section 124D.531:

\$9,849,000                    .....

2006

The 2006 appropriation includes \$5,707,000 for 2005 and \$4,142,000 for 2006.

Subd. 11. [GED TESTS.] For payment of 60 percent of the costs of GED tests under Laws 1993, chapter 224, article 4, section 44, subdivision 10:

\$10,000                    .....

2006

Subd. 12. [LEAD HAZARD REDUCTION.] For lead hazard reduction under Minnesota Statutes, section 119A.46:

\$8,000                    .....

2006

Any balance in the first year does not cancel but is available in the second year. The commissioner of education may transfer this appropriation to the commissioner of health.

Sec. 3. [APPROPRIATION.]

Subdivision 1. [DEPARTMENT OF HUMAN SERVICES.] The sums indicated in this section are appropriated from the general fund to the Department of Human Services.

Subd. 2. [BASIC SLIDING FEE.] For basic sliding fee under Minnesota Statutes, section 119B.03:

\$2,522,000                    .....

2006

## ARTICLE 3

### K-12 EDUCATION

Section 1. Minnesota Statutes 2004, section 127A.49, subdivision 2, is amended to read:

Subd. 2. [ABATEMENTS.] Whenever by virtue of chapter 278, sections 270.07, 375.192, or otherwise, the net tax capacity of any district for any taxable year is changed after the taxes for that year have been spread by the county auditor and the local tax rate as determined by the county auditor based upon the original net tax capacity is applied upon the changed net tax capacities, the county auditor shall, prior to February 1 of each year, certify to the commissioner of education the amount of any resulting net revenue loss that accrued to the district during the preceding year. Each year, the commissioner shall pay an abatement adjustment to the district in an amount calculated according to the provisions of this subdivision. This amount shall be deducted from the amount of the levy authorized by section 126C.46. The amount of the abatement adjustment must be the product of:

(1) the net revenue loss as certified by the county auditor, times

(2) the ratio of:

(i) the sum of the amounts of the district's certified levy in the third preceding year according to the following:

(A) section 123B.57, if the district received health and safety aid according to that section for the second preceding year;

(B) section 124D.20, if the district received aid for community education programs according to that section for the second preceding year;

(C) section 124D.135, subdivision 3, if the district received early childhood family education aid according to section 124D.135 for the second preceding year; and

(D) section 126C.17, subdivision 6, if the district received referendum equalization aid according to that section for the second preceding year; to

(ii) the total amount of the district's certified levy in the third preceding December, plus or minus auditor's adjustments.

## Sec. 2. [JULY PAYMENT PROCESS.]

Notwithstanding the payment dates in Minnesota Statutes, section 127A.45, the commissioner of education shall pay all education aids appropriated in this article before August 1, 2005, in a manner determined by the commissioner.

## Sec. 3. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

### A. GENERAL EDUCATION

Subd. 2. [GENERAL EDUCATION AID.] For general education aid under Minnesota Statutes, section 126C.13, subdivision 4:

<u>\$1,355,646,000</u>	.....	<u>2006</u>
------------------------	-------	-------------

The 2006 appropriation includes \$784,978,000 for 2005 and \$570,668,000 for 2006.

Subd. 3. [REFERENDUM TAX BASE REPLACEMENT AID.] For referendum tax base replacement aid under Minnesota Statutes, section 126C.17, subdivision 7a:

<u>\$2,357,000</u>	.....	<u>2006</u>
--------------------	-------	-------------

The 2006 appropriation includes \$1,366,000 for 2005 and \$991,000 for 2006.

### B. OTHER GENERAL PROGRAMS

Subd. 4. [ENROLLMENT OPTIONS TRANSPORTATION.] For transportation of pupils attending postsecondary institutions under Minnesota Statutes, section 124D.09, or for transportation of pupils attending nonresident districts under Minnesota Statutes, section 124D.03:

\$5,000                      .....                      2006

Subd. 5. [ABATEMENT REVENUE.] For abatement aid under Minnesota Statutes, section 127A.49:

\$284,000                      .....                      2006

The 2006 appropriation includes \$187,000 for 2005 and \$97,000 for 2006.

Subd. 6. [NONPUBLIC PUPIL EDUCATION AID.] For nonpublic pupil education aid under Minnesota Statutes, sections 123B.40 to 123B.43 and 123B.87:

\$4,042,000                      .....                      2006

The 2006 appropriation includes \$2,305,000 for 2005 and \$1,737,000 for 2006.

Subd. 7. [NONPUBLIC PUPIL TRANSPORTATION AID.] For nonpublic pupil transportation aid under Minnesota Statutes, section 123B.92, subdivision 9:

\$5,634,000                      .....                      2006

The 2006 appropriation includes \$3,274,000 for 2005 and \$2,360,000 for 2006.

Subd. 8. [ONE ROOM SCHOOLHOUSE.] For a grant to Independent School District No. 690, Warroad, to operate the Angle Inlet School:

\$4,000                                      .....                      2006

Subd. 9. [DECLINING PUPIL AID; ALBERT LEA.] For declining pupil aid to Independent School District No. 241, Albert Lea:

\$6,000                                      .....                      2006

Subd. 10. [DECLINING PUPIL AID; MESABI EAST.] For declining pupil aid to Independent School District No. 2711, Mesabi East:

\$4,000                                      .....                      2006

Subd. 11. [DECLINING PUPIL AID; ROSEAU.] For declining pupil aid to Independent School District No. 682, Roseau:

\$1,000                                      .....                      2006

#### C. EDUCATION EXCELLENCE

Subd. 12. [CHARTER SCHOOL BUILDING LEASE AID.] For charter school building lease aid under Minnesota Statutes, section 124D.11, subdivision 4:

\$6,313,000                      .....                      2006

The 2006 appropriation includes \$3,324,000 for 2005 and \$2,989,000 for 2006.

Subd. 13. [CHARTER SCHOOL START-UP AID.] For charter school start-up cost aid under Minnesota Statutes, section 124D.11:

\$188,000                                      .....                      2006

The 2006 appropriation includes \$-0- for 2005 and \$188,000 for 2006.

Subd. 14. [INTEGRATION AID.] For integration aid under Minnesota Statutes, section 124D.86, subdivision 5:

\$15,195,000                      .....                      2006

The 2006 appropriation includes \$8,545,000 for 2005 and \$6,650,000 for 2006.

Subd. 15. [MAGNET SCHOOL GRANTS.] For magnet school and program grants:

\$63,000                      .....                      2006

These amounts may be used for magnet school programs under Minnesota Statutes, section 124D.88.

Subd. 16. [INTERDISTRICT DESEGREGATION OR INTEGRATION TRANSPORTATION GRANTS.] For interdistrict desegregation or integration transportation grants under Minnesota Statutes, section 124D.87:

\$647,000                      .....                      2006

Subd. 17. [SUCCESS FOR THE FUTURE.] For American Indian success for the future grants under Minnesota Statutes, section 124D.81:

\$578,000                      .....                      2006

The 2006 appropriation includes \$335,000 for 2005 and \$243,000 for 2006.

Subd. 18. [AMERICAN INDIAN SCHOLARSHIPS.] For American Indian scholarships under Minnesota Statutes, section 124D.84:

\$156,000                      .....                      2006

Subd. 19. [AMERICAN INDIAN TEACHER PREPARATION GRANTS.] For joint grants to assist American Indian people to become teachers under Minnesota Statutes, section 122A.63:

\$16,000                      .....                      2006

Subd. 20. [TRIBAL CONTRACT SCHOOLS.] For tribal contract school aid under Minnesota Statutes, section 124D.83:

\$614,000                      .....                      2006

The 2006 appropriation includes \$348,000 for 2005 and \$266,000 for 2006.

Subd. 21. [EARLY CHILDHOOD PROGRAMS AT TRIBAL SCHOOLS.] For early childhood family education programs at tribal contract schools under Minnesota Statutes, section 124D.83, subdivision 4:

\$6,000                      .....                      2006

Subd. 22. [STATEWIDE TESTING SUPPORT.] For statewide testing support under Minnesota Statutes, section 120B.30:

\$750,000                      .....                      2006

Subd. 23. [BEST PRACTICES SEMINARS.] For best practices seminars and other professional development capacity building activities that assure proficiency in teaching and implementation of graduation rule standards:

\$83,000                      .....                      2006

Subd. 24. [ALTERNATIVE TEACHER COMPENSATION.] For alternative teacher compensation established under Minnesota Statutes, sections 122A.413 to 122A.415:

\$308,000                      .....                      2006

If the appropriations under this subdivision are insufficient to fund all program participants, a participant may receive less than the maximum per pupil amount available under Minnesota Statutes, section 122A.415, subdivision 1. A qualifying district or site receiving alternative teacher compensation funding under this subdivision may use the funding it receives to leverage additional funds from a national program for enhancing teacher professionalism.

Subd. 25. [YOUTHWORKS PROGRAM.] For funding youthworks programs under Minnesota Statutes, sections 124D.37 to 124D.45:

\$75,000                      .....                      2006

A grantee organization may provide health and child care coverage to the dependents of each participant enrolled in a full-time youth works program to the extent such coverage is not otherwise available.

Subd. 26. [STUDENT ORGANIZATIONS.] For student organizations:

\$52,000                      .....                      2006

Subd. 27. [ONLINE LEARNING AID.] For online learning aid under Minnesota Statutes, section 124D.096:

\$104,000                      .....                      2006

Subd. 28. [COLLABORATIVE URBAN EDUCATOR.] For the collaborative urban educator program:

\$44,000                      .....                      2006

Subd. 29. [EXAMINATION FEES; TEACHER TRAINING AND SUPPORT PROGRAMS.] (a) For students' advanced placement and international baccalaureate examination fees under Minnesota Statutes, section 120B.13, subdivision 3, and the training and related costs for teachers and other interested educators under Minnesota Statutes, section 120B.13, subdivision 1:

\$65,000                      .....                      2006

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

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

(d) The commissioner shall pay all examination fees for all students of low-income families under Minnesota Statutes, section 120B.13, subdivision 3, and to the extent of available appropriations shall also pay examination fees for students sitting for an advanced placement examination, international baccalaureate examination, or both.

Subd. 30. [FIRST GRADE PREPAREDNESS.] For first grade preparedness grants under Minnesota Statutes, section 124D.081:

\$604,000                      .....                      2006

#### D. SPECIAL PROGRAMS

Subd. 31. [SPECIAL EDUCATION; REGULAR.] For special education aid under Minnesota Statutes, section 125A.75:

\$143,257,000                      .....                      2006

The 2006 appropriation includes \$83,078,000 for 2005 and \$60,179,000 for 2006.

Subd. 32. [AID FOR CHILDREN WITH DISABILITIES.] For aid under Minnesota Statutes, section 125A.75, subdivision 3, for children with disabilities placed in residential facilities within the district boundaries for whom no district of residence can be determined:

\$184,000                      .....                      2006

Subd. 33. [TRAVEL FOR HOME-BASED SERVICES.] For aid for teacher travel for home-based services under Minnesota Statutes, section 125A.75, subdivision 1:

\$49,000                      .....                      2006

The 2006 appropriation includes \$28,000 for 2005 and \$21,000 for 2006.

Subd. 34. [SPECIAL EDUCATION; EXCESS COSTS.] For excess cost aid under Minnesota Statutes, section 125A.79, subdivision 7:

\$44,789,000                      .....                      2006

The 2006 appropriation includes \$37,455,000 for 2005 and \$7,334,000 for 2006.

Subd. 35. [LITIGATION COSTS FOR SPECIAL EDUCATION.] For paying the costs a district incurs under Minnesota Statutes, section 125A.75, subdivision 8:

\$1,000                      .....                      2006

Subd. 36. [TRANSITION FOR DISABLED STUDENTS.] For aid for transition programs for children with disabilities under Minnesota Statutes, section 124D.454:

\$2,380,000                      .....                      2006

The 2006 appropriation includes \$1,380,000 for 2005 and \$1,000,000 for 2006.

Subd. 37. [COURT-PLACED SPECIAL EDUCATION REVENUE.] For reimbursing serving school districts for unreimbursed eligible expenditures attributable to children placed in the serving school district by court action under Minnesota Statutes, section 125A.79, subdivision 4:

\$5,000                      .....                      2006

Subd. 38. [OUT-OF-STATE TUITION SPECIAL EDUCATION.] For special education out-of-state tuition according to Minnesota Statutes, section 125A.79, subdivision 8:

\$21,000                      .....                      2006

#### E. FACILITIES AND TECHNOLOGY

Subd. 39. [HEALTH AND SAFETY REVENUE.] For health and safety aid according to Minnesota Statutes, section 123B.57, subdivision 5:

\$291,000                      .....                      2006

The 2006 appropriation includes \$211,000 for 2005 and \$80,000 for 2006.

Subd. 40. [DEBT SERVICE EQUALIZATION.] For debt service aid according to Minnesota Statutes, section 123B.53, subdivision 6:

\$7,489,000                      .....                      2006

The 2006 appropriation includes \$4,654,000 for 2005 and \$2,835,000 for 2006.

Subd. 41. [ALTERNATIVE FACILITIES BONDING AID.] For alternative facilities bonding aid, according to Minnesota Statutes, section 123B.59, subdivision 1:

\$5,223,000                      .....                      2006

The 2006 appropriation includes \$3,028,000 for 2005 and \$2,195,000 for 2006.

#### F. NUTRITION

Subd. 42. [SCHOOL LUNCH.] For school lunch aid according to Minnesota Statutes, section 124D.111, and Code of Federal Regulations, title 7, section 210.17:

\$646,000                      .....

2006

Subd. 43. [TRADITIONAL SCHOOL BREAKFAST.] For traditional school breakfast aid under Minnesota Statutes, section 124D.1158:

\$386,000                      .....

2006

Subd. 44. [SUMMER FOOD SERVICE REPLACEMENT AID.] For summer food service replacement aid under Minnesota Statutes, section 124D.119:

\$13,000                      .....

2006

#### G. LIBRARIES

Subd. 45. [BASIC SUPPORT.] For basic support grants according to Minnesota Statutes, sections 134.32 to 134.342:

\$2,320,000                      .....

2006

The 2006 appropriation includes \$1,345,000 for 2005 and \$975,000 for 2006.

Subd. 46. [MULTICOUNTY, MULTITYPE LIBRARY SYSTEMS.] For grants according to Minnesota Statutes, sections 134.353 and 134.354, to multicounty, multitype library systems:

\$244,000                      .....

2006

The 2006 appropriation includes \$141,000 for 2005 and \$103,000 for 2006.

Subd. 47. [ELECTRONIC LIBRARY FOR MINNESOTA.] For statewide licenses to online databases selected in cooperation with the Higher Education Services Office for school media centers, public libraries, and state government agency libraries, and public, private, or university libraries:

\$33,000                      .....

2006

Subd. 48. [REGIONAL LIBRARY TELECOMMUNICATIONS AID.] For regional library telecommunications aid under Minnesota Statutes, section 134.355:

\$325,000                      .....

2006

Of the 2006 appropriation, \$188,000 is for 2005 and \$137,000 is for 2006.

#### H. STATE AGENCIES

Subd. 49. [DEPARTMENT.] (a) For the Department of Education:

\$1,814,000                      .....

2006

(b) \$22,000 is for the Minnesota Children's Museum.

(c) \$3,000 is for the Minnesota Academy of Science.

(d) \$52,000 is for the Board of Teaching.

(e) \$14,000 is for the Board of School Administrators.

(f) \$2,000 is for Minnesota's Washington, D.C., office.

Sec. 4. [APPROPRIATIONS; MINNESOTA STATE ACADEMIES.]

The sums indicated in this section are appropriated from the general fund to the Minnesota State Academies for the Deaf and the Blind for the fiscal years designated:

\$872,000                      .....

2006

Sec. 5. [APPROPRIATIONS; PERPICH CENTER FOR ARTS EDUCATION.]

The sums indicated in this section are appropriated from the general fund to the Perpich Center for Arts Education for the fiscal years designated:

\$535,000 ..... 2006

ARTICLE 4

HEALTH AND HUMAN SERVICES APPROPRIATIONS

Section 1. [HEALTH AND HUMAN SERVICES APPROPRIATIONS.]

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or any other fund named, to the agencies and for the purposes specified in the sections of this article, to be available for the fiscal year indicated for each purpose. The figure "2006," where used in this article, means that the appropriation or appropriations listed under it are available for the fiscal year ending June 30, 2006.

SUMMARY BY FUND

2006

General	\$485,289,000
State Government Special Revenue	44,733,000
Health Care Access	100,957,000
Federal TANF	282,749,000
Lottery Prize	1,456,000
TOTAL	\$1,122,246,000

APPROPRIATIONS  
Available for the Year  
Ending June 30  
2006

Sec. 2. COMMISSIONER OF  
HUMAN SERVICES

Subdivision 1. Total  
Appropriation \$1,063,547,000

Summary by Fund

2006

General	477,014,000
State Government Special Revenue	534,000
Health Care Access	88,525,000
Federal TANF	276,749,000
Lottery Cash Flow	1,456,000

[RECEIPTS FOR SYSTEMS PROJECTS.]

Appropriations and federal receipts for information system projects for MAXIS, PRISM, MMIS, and SSIS must be deposited in the state system account authorized in Minnesota

Statutes, section 256.014. Money appropriated for computer projects approved by the Minnesota Office of Technology, funded by the legislature, and approved by the commissioner of finance, may be transferred from one project to another and from development to operations as the commissioner of human services considers necessary. Any unexpended balance in the appropriation for these projects does not cancel but is available for ongoing development and operations.

[SYSTEMS CONTINUITY.] In the event of disruption of technical systems or computer operations, the commissioner may use available grant appropriations to ensure continuity of payments for maintaining the health, safety, and well-being of clients served by programs administered by the Department of Human Services. Grant funds must be used in a manner consistent with the original intent of the appropriation.

[NONFEDERAL SHARE TRANSFERS.] The nonfederal share of activities for which federal administrative reimbursement is appropriated to the commissioner may be transferred to the special revenue fund.

[TANF FUNDS APPROPRIATED TO OTHER ENTITIES.] Any expenditures from the TANF block grant shall be expended in accordance with the requirements and limitations of part A of title IV of the Social Security Act, as amended, and any other applicable federal requirement or limitation. Prior to any expenditure of these funds, the commissioner shall ensure that funds are expended in compliance with the requirements and limitations of federal law and that any reporting requirements of federal law are met. It shall be the responsibility of any entity to which these funds are appropriated to implement a memorandum of understanding with the commissioner that provides the necessary assurance of compliance prior to any expenditure of funds. The commissioner shall receipt TANF funds appropriated to other state agencies and coordinate all related interagency accounting transactions necessary to implement these appropriations. Unexpended TANF funds appropriated to any state, local, or nonprofit entity cancel at the end of the state fiscal year unless appropriating or statutory language permits otherwise.

[TANF MAINTENANCE OF EFFORT.] (a) In

order to meet the basic maintenance of effort (MOE) requirements of the TANF block grant specified under Code of Federal Regulations, title 45, section 263.1, the commissioner may only report nonfederal money expended for allowable activities listed in the following clauses as TANF/MOE expenditures:

(1) MFIP cash, diversionary work program, and food assistance benefits under Minnesota Statutes, chapter 256J;

(2) the child care assistance programs under Minnesota Statutes, sections 119B.03 and 119B.05, and county child care administrative costs under Minnesota Statutes, section 119B.15;

(3) state and county MFIP administrative costs under Minnesota Statutes, chapters 256J and 256K;

(4) state, county, and tribal MFIP employment services under Minnesota Statutes, chapters 256J and 256K;

(5) expenditures made on behalf of noncitizen MFIP recipients who qualify for the medical assistance without federal financial participation program under Minnesota Statutes, section 256B.06, subdivision 4, paragraphs (d), (e), and (j); and

(6) qualifying working family credit expenditures under Minnesota Statutes, section 290.0671.

(b) The commissioner shall ensure that sufficient qualified nonfederal expenditures are made each year to meet the state's TANF/MOE requirements. For the activities listed in paragraph (a), clauses (2) to (6), the commissioner may only report expenditures that are excluded from the definition of assistance under Code of Federal Regulations, title 45, section 260.31.

(c) For fiscal years beginning with state fiscal year 2003, the commissioner shall assure that the maintenance of effort used by the commissioner of finance for the February and November forecasts required under Minnesota Statutes, section 16A.103, contains expenditures under paragraph (a), clause (1), equal to at least 25 percent of the total required under Code of Federal Regulations, title 45, section 263.1.

(d) Minnesota Statutes, section 256.011, subdivision 3, which requires that federal grants or aids secured or obtained under that

subdivision be used to reduce any direct appropriations provided by law, do not apply if the grants or aids are federal TANF funds.

(e) Paragraph (a), clauses (1) to (6), and paragraphs (b) to (d), expire June 30, 2009, notwithstanding section 12.

[WORKING FAMILY CREDIT EXPENDITURES AS TANF/MOE.] The commissioner may claim as TANF maintenance of effort up to \$6,942,000 of working family credit expenditures for fiscal year 2006.

[GIFTS.] Notwithstanding Minnesota Statutes, sections 16A.013 to 16A.016, the commissioner may accept, on behalf of the state, additional funding from sources other than state funds for the purpose of financing the cost of assistance program grants or nongrant administration. All additional funding is appropriated to the commissioner for use as designated by the grantor of funding.

[CAPITATION RATE INCREASE.] Of the health care access fund appropriations to the University of Minnesota, \$2,157,000 in fiscal year 2006 and \$2,157,000 in fiscal year 2007 are to be used to increase the capitation payments under Minnesota Statutes, section 256B.69. Notwithstanding the provisions of section 12, this provision shall not expire.

#### Subd. 2. Agency Management

##### Summary by Fund

General	3,294,000
State Government	
Special Revenue	415,000
Health Care Access	3,541,000
Federal TANF	222,000

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

##### (a) Financial Operations

General	837,000
Health Care Access	696,000
Federal TANF	122,000

##### (b) Legal and Regulation Operations

General	636,000
State Government	
Special Revenue	415,000

Health Care Access	244,000
Federal TANF	100,000
(c) Management Operations	
General	273,000
Health Care Access	68,000
(d) Information Technology Operations	
General	1,547,000
Health Care Access	2,533,000
Subd. 3. Revenue and Pass-Through Expenditures	
Federal TANF	60,767,000
Subd. 4. Economic Support Grants	

Summary by Fund

General	33,097,000
Federal TANF	215,308,000

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

(a) MFIP/DWP Grants

General	2,970,000
Federal TANF	112,714,000

(b) Support Services Grants

General	725,000
Federal TANF	102,594,000

(c) MFIP Child Care Assistance Grants

General	6,803,000
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(d) Child Care Development Grants

General	128,000
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(e) Child Support Enforcement Grants

General	271,000
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(f) Children's Services Grants

General	3,284,000
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[ADOPTION ASSISTANCE AND RELATIVE CUSTODY ASSISTANCE.] The commissioner may transfer unencumbered appropriation balances for adoption assistance and relative custody assistance between fiscal years and between programs.

[PRIVATIZED ADOPTION GRANTS.] Federal reimbursement for privatized adoption grant and foster care recruitment grant expenditures is appropriated to the commissioner for adoption

grants and foster care and adoption administrative purposes.

(g) Children and Community Services Grants

General 5,707,000

[DELAY PROJECTS OF REGIONAL SIGNIFICANCE.] Notwithstanding Minnesota Statutes, section 256M.40, subdivision 2, the projects of the regional significance grant program are delayed until July 1, 2007.

(h) General Assistance Grants

General 2,569,000

[GENERAL ASSISTANCE STANDARD.] The commissioner shall set the monthly standard of assistance for general assistance units consisting of an adult recipient who is childless and unmarried or living apart from parents or a legal guardian at \$203. The commissioner may reduce this amount according to Laws 1997, chapter 85, article 3, section 54.

[EMERGENCY GENERAL ASSISTANCE.] The amount appropriated for emergency general assistance funds is limited to no more than \$7,889,812. Funds to counties shall be allocated by the commissioner using the allocation method specified in Minnesota Statutes, section 256D.06.

(i) Minnesota Supplemental Aid Grants

General 2,526,000

[EMERGENCY MINNESOTA SUPPLEMENTAL AID FUNDS.] The amount appropriated for emergency Minnesota supplemental aid funds is limited to no more than \$1,100,000. Funds to counties shall be allocated by the commissioner using the allocation method specified in Minnesota Statutes, section 256D.46.

(j) Group Residential Housing Grants

General 7,049,000

(k) Other Children and Economic Assistance Grants

General 1,065,000

Subd. 5. Children and Economic Assistance Management

Summary by Fund

General 3,524,000

Health Care Access	249,000
Federal TANF	452,000

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

(a) Children and Economic Assistance Administration

General	631,000
Federal TANF	452,000

(b) Children and Economic Assistance Operations

General	2,893,000
Health Care Access	249,000

[SPENDING AUTHORITY FOR FOOD STAMPS BONUS AWARDS.] In the event that Minnesota qualifies for the United States Department of Agriculture Food and Nutrition Services Food Stamp Program performance bonus awards beginning in federal fiscal year 2004, the funding is appropriated to the commissioner. The commissioner shall retain 25 percent of the funding, with the other 75 percent divided among the counties according to a formula that takes into account each county's impact on state performance in the applicable bonus categories.

[CHILD SUPPORT PAYMENT CENTER.] Payments to the commissioner from other governmental units, private enterprises, and individuals for services performed by the child support payment center must be deposited in the state systems account authorized under Minnesota Statutes, section 256.014. These payments are appropriated to the commissioner for the operation of the child support payment center or system, according to Minnesota Statutes, section 256.014.

[CHILD SUPPORT COST RECOVERY FEES.] The commissioner shall transfer \$34,000 of child support cost recovery fees collected in fiscal year 2006 to the PRISM special revenue account to offset PRISM system costs of maintaining the fee.

[FINANCIAL INSTITUTION DATA MATCH AND PAYMENT OF FEES.] The commissioner is authorized to allocate up to \$310,000 from the PRISM special revenue account to make payments to financial institutions in exchange for performing data matches between account information held by financial institutions and the

public authority's database of child support obligors as authorized by Minnesota Statutes, section 13B.06, subdivision 7.

Subd. 6. Basic Health Care Grants

Summary by Fund

General	287,894,000
Health Care Access	48,665,000

[UPDATING FEDERAL POVERTY GUIDELINES.] Annual updates to the federal poverty guidelines are effective each July 1, following publication by the United States Department of Health and Human Services for health care programs under Minnesota Statutes, chapters 256, 256B, 256D, and 256L.

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

(a) MinnesotaCare Grants

Health Care Access	47,915,000
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[MINNESOTACARE FEDERAL RECEIPTS.] Receipts received as a result of federal participation pertaining to administrative costs of the Minnesota health care reform waiver shall be deposited as nondedicated revenue in the health care access fund. Receipts received as a result of federal participation pertaining to grants shall be deposited in the federal fund and shall offset health care access funds for payments to providers.

[MINNESOTACARE FUNDING.] The commissioner may expend money appropriated from the health care access fund for MinnesotaCare in either fiscal year of the biennium.

(b) MA Basic Health Care - Families and Children

General	105,073,000
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(c) MA Basic Health Care - Elderly and Disabled

General	135,068,000
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(d) General Assistance Medical Care Grants

General	46,604,000
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(e) Prescription Drug Program Grants

General	723,000
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[PDP TO MEDICARE PART D TRANSITION.] The commissioner of human services, with the approval of the commissioner

of finance, and after notification of the chair of the senate Health and Human Services Budget Division and the chair of the house Health Policy and Finance Committee, may transfer fiscal year 2006 appropriations between the medical assistance program and the prescription drug program.

(f) Health Care Grants -  
Other Assistance

General	427,000
Health Care Access	750,000

Subd. 7. Health Care Management

Summary by Fund

General	1,759,000
Health Care Access	15,765,000

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

(a) Health Care Policy Administration

General	427,000
Health Care Access	745,000

[MINNESOTACARE OUTREACH REIMBURSEMENT.] Federal administrative reimbursement resulting from MinnesotaCare outreach is appropriated to the commissioner for this activity.

[MINNESOTA SENIOR HEALTH OPTIONS REIMBURSEMENT.] Federal administrative reimbursement resulting from the Minnesota senior health options project is appropriated to the commissioner for this activity.

[UTILIZATION REVIEW.] Federal administrative reimbursement resulting from prior authorization and inpatient admission certification by a professional review organization shall be dedicated to the commissioner for these purposes. A portion of these funds must be used for activities to decrease unnecessary pharmaceutical costs in medical assistance.

(b) Health Care Operations

General	1,332,000
Health Care Access	15,020,000

Subd. 8. Continuing Care Grants

Summary by Fund

General	129,521,000
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Lottery Prize 1,308,000

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

(a) Aging and Adult Services Grant

General 1,163,000

(b) Alternative Care Grants

General 5,619,000

[ALTERNATIVE CARE TRANSFER.] Any money allocated to the alternative care program that is not spent for the purposes indicated does not cancel but shall be transferred to the medical assistance account.

(c) Medical Assistance Grants - Long-term Care Facilities

General 42,723,000

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

General 69,499,000

[LIMITING GROWTH IN MR/RC WAIVER.] For the fiscal year ending June 30, 2006, the commissioner shall limit the new diversion caseload growth in the MR/RC waiver to 50 additional allocations. Notwithstanding Minnesota Statutes, section 256B.0916, subdivision 5, paragraph (b), the available diversion allocations shall be awarded to support individuals whose health and safety needs result in an imminent risk of an institutional placement at any time during the fiscal year.

(e) Mental Health Grants

General 3,845,000

Lottery Prize 1,308,000

[RESTRUCTURING OF ADULT MENTAL HEALTH SERVICES.] The commissioner may make transfers that do not increase the state share of costs to effectively implement the restructuring of adult mental health services.

(f) Deaf and Hard-of-Hearing Grants

General 120,000

(g) Chemical Dependency Entitlement Grants

General 5,265,000

(h) Chemical Dependency Nonentitlement Grants

General 88,000

(i) Other Continuing Care Grants

General 1,200,000

Subd. 9. Continuing Care Management

Summary by Fund

General 1,182,000

State Government

Special Revenue 119,000

Lottery Prize 148,000

Subd. 10. State-Operated Services

Summary by Fund

General 16,742,000

[TRANSFER AUTHORITY RELATED TO STATE-OPERATED SERVICES.] Money appropriated to finance state-operated services programs and administrative services may be transferred between fiscal years of the biennium with the approval of the commissioner of finance.

[APPROPRIATION LIMITATION.] No part of the appropriation in this article to the commissioner for mental health treatment services at the regional treatment centers shall be used for the Minnesota sex offender program.

Sec. 3. COMMISSIONER OF HEALTH

Subdivision 1. Total

Appropriation 43,688,000

Summary by Fund

General 5,391,000

State Government

Special Revenue 32,081,000

Health Care Access 6,216,000

TANF 6,000,000

[TANF APPROPRIATIONS.] (a) \$4,000,000 of TANF funds is appropriated to the commissioner for home visiting and nutritional services listed under Minnesota Statutes, section 145.882, subdivision 7, clauses (6) and (7). Funding shall be distributed to community health boards based on Minnesota Statutes, section 145A.131, subdivision 1, and tribal governments based on Minnesota Statutes, section 145A.14, subdivision 2, paragraph (b).

(b) \$2,000,000 of TANF funds is appropriated to the commissioner for decreasing racial and

ethnic disparities in infant mortality rates under Minnesota Statutes, section 145.928, subdivision 7.

Subd. 2. Community and Family  
Health Promotion

Summary by Fund

General	3,451,000
State Government Special Revenue	128,000
Health Care Access	3,453,000
TANF	3,580,000

Subd. 3. Policy Quality and  
Compliance

Summary by Fund

General	317,000
State Government Special Revenue	10,424,000
Health Care Access	2,763,000

Subd. 4. Health Protection

Summary by Fund

General	758,000
State Government Special Revenue	21,529,000

Subd. 5. Minority and  
Multicultural Health

General	415,000
TANF	2,420,000

Subd. 6. Administrative  
Support Services

General	450,000
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Sec. 4. VETERANS NURSING HOMES BOARD

General	2,503,000
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Sec. 5. HEALTH-RELATED BOARDS

Subdivision 1. Total  
Appropriation

11,572,000

State Government Special Revenue	11,572,000
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[STATE GOVERNMENT SPECIAL REVENUE FUND.] The appropriations in this section are from the state government special revenue fund, except where noted.

[NO SPENDING IN EXCESS OF

REVENUES.] The commissioner of finance shall not permit the allotment, encumbrance, or expenditure of money appropriated in this section in excess of the anticipated biennial revenues or accumulated surplus revenues from fees collected by the boards. Neither this provision nor Minnesota Statutes, section 214.06, applies to transfers from the general contingent account.

[HEALTH PROFESSIONAL SERVICES ACTIVITY.] \$546,000 from the state government special revenue fund is for the health professional services activity.

Subd. 2. Board of Behavioral  
Health and Therapy

673,000

Subd. 3. Board of Chiropractic  
Examiners

384,000

Subd. 4. Board of Dentistry  
State Government Special  
Revenue Fund

858,000

Subd. 5. Board of Dietetics and  
Nutrition Practice

101,000

Subd. 6. Board of Marriage and  
Family Therapy

118,000

Subd. 7. Board of Medical  
Practice

3,404,000

Subd. 8. Board of Nursing

2,356,000

Subd. 9. Board of Nursing  
Home Administrators

597,000

[ADMINISTRATIVE SERVICES UNIT.] Of this appropriation, \$359,000 is for the health boards administrative services unit. The administrative services unit may receive and expend reimbursements for services performed for other agencies.

Subd. 10. Board of Optometry

96,000

## Subd. 11. Board of Pharmacy

1,027,000

Subd. 12. Board of Physical  
Therapy

197,000

## Subd. 13. Board of Podiatry

45,000

## Subd. 14. Board of Psychology

680,000

Subd. 15. Board of Social  
Work

873,000

Subd. 16. Board of Veterinary  
Medicine

163,000

Sec. 6. EMERGENCY MEDICAL  
SERVICES BOARD

1,653,000

## Summary by Fund

General 207,000

State Government

Special Revenue 546,000

## Sec. 7. COUNCIL ON DISABILITY

General 42,000

Sec. 8. OMBUDSMAN FOR MENTAL HEALTH  
AND MENTAL RETARDATION

General 122,000

## Sec. 9. OMBUDSMAN FOR FAMILIES

General 20,000

## Sec. 10. [TRANSFERS.]

Subdivision 1. [GRANTS.] The commissioner of human services, with the approval of the commissioner of finance, and after notification of the chairs of the relevant senate budget division and house finance committee, may transfer unencumbered appropriation balances for the fiscal year ending June 30, 2006, among the MFIP, general assistance medical care, general assistance, medical assistance, MFIP child care assistance under Minnesota Statutes, section 119B.05, Minnesota supplemental aid, and group residential housing programs, and the entitlement portion of the chemical dependency consolidated treatment fund.

Subd. 2. [ADMINISTRATION.] Positions, salary money, and nonsalary administrative money may be transferred within the Departments of Human Services and Health and within the programs operated by the Veterans Nursing Homes Board as the commissioners and the board consider necessary, with the advance approval of the commissioner of finance. The commissioner or the board shall inform the chairs of the relevant house and senate health committees quarterly about transfers made under this provision.

Subd. 3. [PROHIBITED TRANSFERS.] Grant money shall not be transferred to operations

within the Departments of Human Services and Health and within the programs operated by the Veterans Nursing Homes Board without the approval of the legislature.

Sec. 11. [INDIRECT COSTS NOT TO FUND PROGRAMS.]

The commissioners of health and of human services shall not use indirect cost allocations to pay for the operational costs of any program for which they are responsible.

Sec. 12. [SUNSET OF UNCODIFIED LANGUAGE.]

All uncodified language contained in this article expires on July 31, 2006, unless a different expiration date is explicit.

## ARTICLE 5

### EFFECTIVE DATE; LAPSE

Section 1. [EFFECTIVE DATE.]

The appropriations in this act are effective on or retroactively to July 1, 2005.

Sec. 2. [LAPSE.]

Any portion of an appropriation in this act from the general fund or the health care access fund that remains unexpended and unencumbered on July 31, 2005, lapses to the fund from which it was appropriated."

Delete the title and insert:

"A bill for an act relating to the financing of state government; providing temporary base funding for certain agencies; appropriating money for education and health and human services with certain conditions; fixing and limiting fees; regulating the deposit of money in the state treasury; regulating transfers between appropriations and accounts; requiring certain studies and reports; amending Minnesota Statutes 2004, section 127A.49, subdivision 2."

## CALL OF THE SENATE

Senator Betzold imposed a call of the Senate for the balance of the proceedings on S.F. No. 65. The Sergeant at Arms was instructed to bring in the absent members.

Senator Wergin moved to amend the Frederickson amendment to S.F. No. 65 as follows:

Page 27, line 13, delete "31" and insert "9"

The question was taken on the adoption of the Wergin amendment to the Frederickson amendment.

The roll was called, and there were yeas 26 and nays 36, as follows:

Those who voted in the affirmative were:

Belanger	Jungbauer	Metzen	Sams	Wergin
Chaudhary	Kelley	Murphy	Saxhaug	Wiger
Dille	Kierlin	Neuville	Scheid	
Fischbach	Kiscaden	Nienow	Senjem	
Frederickson	Koering	Rest	Sparks	
Hottinger	Kubly	Robling	Vickerman	

Those who voted in the negative were:

Anderson	Cohen	Gaither	Johnson, D.E.	LeClair
Bachmann	Day	Gerlach	Kleis	Limmer
Berglin	Dibble	Hann	Langseth	Lourey
Betzold	Foley	Higgins	Larson	Marko

Marty	Olson	Ranum	Ruud	Solon
McGinn	Ortman	Reiter	Skoe	Stumpf
Michel	Pogemiller	Rosen	Skoglund	Tomassoni
Moua				

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

Senator Neuville moved to amend the Frederickson amendment to S.F. No. 65 as follows:

Page 27, line 13, delete "31" and insert "five"

The question was taken on the adoption of the Neuville amendment to the Frederickson amendment.

The roll was called, and there were yeas 24 and nays 39, as follows:

Those who voted in the affirmative were:

Belanger	Jungbauer	Limmer	Rest	Senjem
Chaudhary	Kelley	Metzen	Robling	Sparks
Dille	Kierlin	Neuville	Rosen	Wergin
Fischbach	Koering	Nienow	Sams	Wiger
Frederickson	Kubly	Olson	Scheid	

Those who voted in the negative were:

Anderson	Foley	Kleis	Michel	Saxhaug
Bachmann	Gaither	Langseth	Moua	Skoe
Bakk	Gerlach	Larson	Murphy	Skoglund
Berglin	Hann	LeClair	Ortman	Solon
Betzold	Higgins	Lourey	Pogemiller	Stumpf
Cohen	Hottinger	Marko	Ranum	Tomassoni
Day	Johnson, D.E.	Marty	Reiter	Vickerman
Dibble	Kiscaden	McGinn	Ruud	

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

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

The roll was called, and there were yeas 28 and nays 35, as follows:

Those who voted in the affirmative were:

Chaudhary	Frederickson	Lourey	Rest	Sparks
Cohen	Hottinger	Marty	Sams	Stumpf
Dibble	Kelley	Metzen	Saxhaug	Vickerman
Dille	Kiscaden	Murphy	Scheid	Wiger
Fischbach	Kubly	Nienow	Skoglund	
Foley	Langseth	Ranum	Solon	

Those who voted in the negative were:

Anderson	Gaither	Kleis	Michel	Robling
Bachmann	Gerlach	Koering	Moua	Rosen
Bakk	Hann	Larson	Neuville	Ruud
Belanger	Higgins	LeClair	Olson	Senjem
Berglin	Johnson, D.E.	Limmer	Ortman	Skoe
Betzold	Jungbauer	Marko	Pogemiller	Tomassoni
Day	Kierlin	McGinn	Reiter	Wergin

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

Senator Scheid moved to amend S.F. No. 65 as follows:

Page 66, after line 10, insert:

"ARTICLE 8  
RATIFICATION

Section 1. [RATIFICATION.]

The amendments to the commissioner's plan for unrepresented state employees and the managerial plan, submitted to the Legislative Subcommittee on Employee Relations on June 22, 2005, are ratified.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment."

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Kleis moved to amend S.F. No. 65 as follows:

Pages 4 to 66, delete articles 3 to 7 and insert:

"ARTICLE 3  
GENERAL EDUCATION

Section 1. Minnesota Statutes 2004, section 120A.05, is amended by adding a subdivision to read:

Subd. 18. [KINDERGARTEN.] "Kindergarten" means a program designed for pupils five years of age on September 1 of the calendar year in which the school year commences that prepares pupils to enter first grade the following school year. A program designed for pupils younger than five years of age on September 1 of the calendar year in which the school year commences that prepares pupils to enter kindergarten the following school year is a prekindergarten program.

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

Sec. 2. [121A.24] [SAFE SCHOOLS; RESERVED REVENUE.]

School districts must reserve an amount of the basic revenue under section 126C.10, subdivision 2, equal to \$27 per adjusted marginal cost pupil unit in fiscal year 2007 and later. The amount reserved under this section must be used for the purposes allowed under Minnesota Statutes 2004, section 126C.44, including to pay for school counselors, school social workers, school nurses, and school psychologists.

Sec. 3. Minnesota Statutes 2004, section 123A.05, subdivision 2, is amended to read:

Subd. 2. [RESERVE REVENUE.] Each district that is a member of an area learning center must reserve revenue in an amount equal to the sum of (1) at least 90 percent of the district average general education revenue per pupil unit minus an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times .0485 for fiscal year 2006 and .0458 for fiscal year 2007 and later, calculated without basic skills revenue, and transportation sparsity revenue, and the transportation portion of the transition revenue adjustment, times the number of pupil units attending an area learning center program under this section, plus (2) the amount of basic skills revenue generated by pupils attending the area learning center. The amount of reserved revenue under this subdivision may only be spent on program costs associated with the area learning center. Compensatory revenue must be allocated according to section 126C.15, subdivision 2.

[EFFECTIVE DATE.] This section is effective for revenue for fiscal year 2007.

Sec. 4. Minnesota Statutes 2004, 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. 5. Minnesota Statutes 2004, section 123B.53, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] (a) For purposes of this section, the eligible debt service revenue of a district is defined as follows:

(1) the amount needed to produce between five and six percent in excess of the amount needed to meet when due the principal and interest payments on the obligations of the district for eligible projects according to subdivision 2, including the amounts necessary for repayment of energy loans according to section 216C.37 or sections 298.292 to 298.298, debt service loans and capital loans, lease purchase payments under section 126C.40, subdivision 2, alternative facilities levies under section 123B.59, subdivision 5, minus

(2) the amount of debt service excess levy reduction for that school year calculated according to the procedure established by the commissioner.

(b) The obligations in this paragraph are excluded from eligible debt service revenue:

- (1) obligations under section 123B.61;
- (2) the part of debt service principal and interest paid from the taconite environmental protection fund or northeast Minnesota economic protection trust;
- (3) obligations issued under Laws 1991, chapter 265, article 5, section 18, as amended by Laws 1992, chapter 499, article 5, section 24; and
- (4) obligations under section 123B.62.

(c) For purposes of this section, if a preexisting school district reorganized under sections 123A.35 to 123A.43, 123A.46, and 123A.48 is solely responsible for retirement of the preexisting district's bonded indebtedness, capital loans or debt service loans, debt service equalization aid must be computed separately for each of the preexisting districts.

(d) For purposes of this section, the adjusted net tax capacity determined according to section 127A.48 shall be adjusted to include a portion of the tax capacity of property generally exempted from ad valorem taxes under section 272.02, subdivisions 64 and 65, equal to the product of that tax capacity times the ratio of the eligible debt service revenue attributed to general obligation bonds to the total eligible debt service revenue of the district.

Sec. 6. Minnesota Statutes 2004, section 123B.75, is amended by adding a subdivision to read:

Subd. 4a. [TACONITE REVENUE.] Taconite revenue received in a calendar year by a school district under section 298.28, subdivisions 4, paragraphs (b) and (c), and 11, paragraph (d), is fully recognized in the fiscal year in which the February payment falls.

Sec. 7. Minnesota Statutes 2004, section 123B.76, subdivision 3, is amended 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 by building or on a districtwide basis.

(c) The department must annually report 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 on its Web site. 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.

Sec. 8. Minnesota Statutes 2004, section 123B.79, subdivision 6, is amended to read:

Subd. 6. [ACCOUNT TRANSFER FOR STATUTORY OPERATING DEBT.] On June 30 of each year, a district may make a permanent transfer from the general fund account entitled "~~undesignated net unreserved general fund balance since statutory operating debt~~" to the account entitled "reserved fund balance reserve account for purposes of statutory operating debt reduction." The amount of the transfer is limited to the lesser of (a) the net ~~undesignated operating unreserved general fund balance~~, or (b) the sum of the remaining statutory operating debt levies authorized for all future years according to section 126C.42, subdivision 1. If the net ~~undesignated operating unreserved general fund balance~~ is less than zero, the district may not make a transfer.

Sec. 9. Minnesota Statutes 2004, section 123B.81, subdivision 1, is amended to read:

Subdivision 1. [OPERATING DEBT.] The "operating debt" of a school district means the net negative ~~undesignated unreserved general fund balance in all school district funds, other than capital expenditure, building construction, debt service, and trust and agency,~~ calculated as of June 30 of each year in accordance with the uniform financial accounting and reporting standards for Minnesota school districts.

Sec. 10. Minnesota Statutes 2004, 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 unreserved general fund balance~~ balances in all school district funds, other than 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. 11. Minnesota Statutes 2004, section 123B.83, subdivision 2, is amended to read:

Subd. 2. [UNDESIGNATED NET UNRESERVED GENERAL FUND BALANCES.] ~~Beginning in fiscal year 1978 and each year thereafter, any A school district not subject to the provisions of subdivision 1~~ must limit its expenditures so that its ~~undesignated net unreserved general fund balances do~~ balance does not constitute statutory operating debt as defined in section 126C.42.

Sec. 12. Minnesota Statutes 2004, section 123B.92, subdivision 5, is amended to read:

Subd. 5. [DISTRICT REPORTS.] (a) Each district must report data to the department as required by the department to account for transportation expenditures.

(b) Salaries and fringe benefits of district employees whose primary duties are other than transportation, including central office administrators and staff, building administrators and staff, teachers, social workers, school nurses, and instructional aides, must not be included in a district's transportation expenditures, except that a district may include salaries and benefits according to paragraph (c) for (1) an employee designated as the district transportation director, (2) an employee providing direct support to the transportation director, or (3) an employee providing direct transportation services such as a bus driver or bus aide.

(c) Salaries and fringe benefits of other district employees who work part-time in transportation and part-time in other areas must not be included in a district's transportation expenditures unless the district maintains documentation of the employee's time spent on pupil transportation matters in the form and manner prescribed by the department.

(d) Pupil transportation expenditures, excluding expenditures for capital outlay, leased buses, student board and lodging, crossing guards, and aides on buses, must be allocated among transportation categories based on a cost per mile, cost per student, cost per hour, or cost per route, regardless of whether the transportation services are provided on district-owned or contractor-owned school buses. Expenditures for school bus driver salaries and fringe benefits may either be directly charged to the appropriate transportation category or may be allocated among transportation categories on a cost per mile, cost per student basis, cost per hour, or cost per route. Expenditures by private contractors or individuals who provide transportation exclusively in one transportation category must be charged directly to the appropriate transportation category. Transportation services provided by contractor-owned school bus companies incorporated under different names but owned by the same individual or group of individuals must be treated as the same company for cost allocation purposes.

**[EFFECTIVE DATE.]** This section is effective for expenditure reporting for fiscal year 2006 and later.

Sec. 13. Minnesota Statutes 2004, section 124D.11, subdivision 1, is amended to read:

Subdivision 1. [GENERAL EDUCATION REVENUE.] (a) For fiscal year 2006, 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. The general education revenue for each extended time marginal cost pupil unit equals \$4,378.

(b) For fiscal year 2007 and later, 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 .0458, calculated without basic skills revenue, extended time revenue, and transportation sparsity revenue, plus basic skills revenue and extended time revenue as though the school were a school district. The general education revenue for each extended time marginal cost pupil unit equals \$4,391. Each year, a charter school must also be paid an amount equal to its 2004 transition revenue allowance multiplied times its adjusted marginal cost pupil units for the current year.

(c) Notwithstanding paragraph paragraphs (a) and (b), 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.

Sec. 14. Minnesota Statutes 2004, section 124D.11, subdivision 2, is amended to read:

Subd. 2. [TRANSPORTATION REVENUE.] Transportation revenue must be paid to a charter school that provides transportation services according to section 124D.10, subdivision 16, according to this subdivision. Transportation aid shall equal transportation revenue.

In addition to the revenue under subdivision 1, for fiscal year 2006 a charter school providing transportation services must receive general education aid for each pupil unit equal to the sum of the product of (1) an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times .0485 in fiscal years 2005 and 2006 and .0458 in fiscal years 2007 and later, plus the transportation sparsity allowance for the school district in which the charter school is located, times (2) the adjusted marginal cost pupil units, plus the product of \$223 times the extended time marginal cost pupil units.

In addition to the revenue under subdivision 1, for fiscal year 2007 and later, a charter school providing transportation services must receive general education aid equal to the sum of the product of (1) the formula allowance according to section 126C.10, subdivision 2, times .0458, plus the transportation sparsity allowance for the school district in which the charter school is located, times (2) the adjusted marginal cost pupil units, plus the product of \$210 times the extended time marginal cost pupil units.

Sec. 15. Minnesota Statutes 2004, section 124D.11, subdivision 6, is amended to read:

Subd. 6. [OTHER AID, GRANTS, REVENUE.] (a) A charter school is eligible to receive other aids, grants, and revenue according to chapters 120A to 129C, as though it were a district.

(b) Notwithstanding paragraph (a), a charter school may not receive aid, a grant, or revenue other than general education revenue if a levy is required to obtain the money, except as otherwise provided in this section.

(c) Federal aid received by the state must be paid to the school, if it qualifies for the aid as though it were a school district.

(d) A charter school may receive money from any source for capital facilities needs. In the year-end report to the commissioner of education, the charter school shall report the total amount of funds received from grants and other outside sources.

Sec. 16. Minnesota Statutes 2004, section 124D.68, subdivision 9, is amended to read:

Subd. 9. [ENROLLMENT VERIFICATION.] (a) For a pupil attending an eligible program full time under subdivision 3, paragraph (d), the department must pay 90 percent of the district's average general education revenue less basic skills revenue to the eligible program and ten percent of the district's average general education revenue less basic skills revenue to the contracting district within 30 days after the eligible program verifies enrollment using the form provided by the department. For a pupil attending an eligible program part time, revenue, excluding compensatory revenue, shall be reduced proportionately, according to the amount of time the pupil attends the program, and the payments to the eligible program and the contracting district shall be reduced accordingly. A pupil for whom payment is made according to this section may not be counted by any district for any purpose other than computation of general education revenue. If payment is made for a pupil under this subdivision, a district shall not reimburse a program under section 124D.69 for the same pupil. The basic skills revenue shall be paid generated by pupils attending the eligible program according to section 126C.10, subdivision 4, shall be paid to the eligible program.

(b) The department must pay up to 100 percent of the revenue to the eligible program if there is an agreement to that effect between the school district and the eligible program.

(c) Notwithstanding paragraphs (a) and (b), for an eligible program that provides chemical treatment services to students, the department must pay 100 percent of the revenue to the eligible program.

Sec. 17. Minnesota Statutes 2004, section 124D.69, subdivision 1, is amended to read:

Subdivision 1. [AID.] If a pupil enrolls in an alternative program, eligible under section 124D.68, subdivision 3, paragraph (d), or subdivision 4, operated by a private organization that has contracted with a school district to provide educational services for eligible pupils under section 124D.68, subdivision 2, the district contracting with the private organization must reimburse the provider an amount equal to the sum of (1) at least 95 percent of the district's average general education less basic skills revenue per pupil unit times the number of pupil units for pupils attending the program, and (2) the amount of basic skills revenue shall be paid generated by pupils attending the program according to section 126C.10, subdivision 4. ~~Compensatory revenue must be allocated according to section 126C.15, subdivision 2.~~ For a pupil attending the program part time, the revenue paid to the program, excluding compensatory revenue, must be reduced proportionately, according to the amount of time the pupil attends the program, and revenue paid to the district shall be reduced accordingly. Pupils for whom a district provides reimbursement may not be counted by the district for any purpose other than computation of general education revenue. If payment is made to a district or program for a pupil under this section, the department must not make a payment for the same pupil under section 124D.68, subdivision 9. Notwithstanding sections 125A.15, 125A.51, and 125A.515, general education revenue for a student who receives educational services under this section shall be paid according to this section.

Sec. 18. Minnesota Statutes 2004, section 126C.01, subdivision 11, is amended to read:

Subd. 11. [~~NET UNAPPROPRIATED OPERATING UNRESERVED GENERAL FUND BALANCE.~~] "Net unappropriated operating unreserved general fund balance" means the sum of the unreserved general fund balances in the general, food service, and community service funds minus the balances reserved for statutory operating debt reduction, bus purchase, severance pay, taconite, unemployment benefits, maintenance levy reduction, operating capital, disabled access, health and safety, balance and encumbrances, computed as of June 30 each year.

Sec. 19. Minnesota Statutes 2004, section 126C.05, is amended by adding a subdivision to read:

Subd. 5a. [EXTENDED TIME PUPIL UNITS.] (a) "Extended time average daily membership for a district or charter school" means the sum of the average daily membership according to subdivision 8, paragraph (a), minus the sum of the average daily membership according to subdivision 8, paragraph (b), for pupils enrolled in a learning year program under section 124D.128; an area learning center under sections 123A.05 and 123A.06; an alternative program under section 124D.68, subdivision 3, paragraph (d); or section 124D.69.

(b) "Extended time pupil units for a district or charter school" means the sum of the average daily membership in paragraph (a) weighted according to subdivision 1 for pupils included in the pupil unit calculations under subdivision 5, paragraph (a).

(c) "Extended time marginal cost pupil units" means the greater of:

(1) the sum of .77 times the pupil units defined in paragraph (b) for the current school year and .23 times the pupil units defined in paragraph (b) for the previous school year; or

(2) the number of extended time pupil units defined in paragraph (b) for the current school year.

Sec. 20. Minnesota Statutes 2004, section 126C.05, is amended by adding a subdivision to read:

Subd. 20. [PROJECT-BASED AVERAGE DAILY MEMBERSHIP.] (a) To receive general education revenue for a pupil enrolled in a public school with a project-based program, a school must meet the requirements in this paragraph. The school must:

(1) register with the commissioner as a project-based program by May 30 of the preceding fiscal year;

(2) provide a minimum teacher contact of no less than one hour per week per project-based credit for each pupil;

(3) maintain a record system that shows when each credit or portion thereof was reported for membership for each pupil; and

(4) report pupil membership consistent with paragraph (b).

(b) The commissioner must develop a formula for reporting pupil membership to compute average daily membership for each registered project-based school. Average daily membership for a pupil in a registered project-based program is the lesser of:

(1) 1.0; or

(2) the ratio of (i) the number of membership hours generated by project-based credits completed during the school year plus membership hours generated by credits completed in a seat-based setting to (ii) the annual required instructional hours at that grade level. Membership hours for a partially completed project-based credit must be prorated.

Sec. 21. Minnesota Statutes 2004, section 126C.10, subdivision 1, is amended to read:

Subdivision 1. [GENERAL EDUCATION REVENUE.] (a) For fiscal year 2003, the general education revenue for each district equals the sum of the district's basic revenue, basic skills revenue, training and experience revenue, secondary sparsity revenue, elementary sparsity revenue, transportation sparsity revenue, total operating capital revenue, and equity revenue.

(b) For fiscal year 2004 and later 2006, the general education revenue for each district equals the sum of the district's basic revenue, extended time revenue, basic skills revenue, training and experience revenue, secondary sparsity revenue, elementary sparsity revenue, transportation sparsity revenue, total operating capital revenue, equity revenue, and transition revenue.

(b) For fiscal year 2007 and later, the general education revenue for each district equals the sum of the district's basic revenue, extended time revenue, basic skills revenue, training and experience revenue, secondary sparsity revenue, elementary sparsity revenue, transportation sparsity revenue, total operating capital revenue, and equity revenue.

Sec. 22. Minnesota Statutes 2004, section 126C.10, subdivision 2, is amended to read:

Subd. 2. [BASIC REVENUE.] The basic revenue for each district equals the formula allowance times the adjusted marginal cost pupil units for the school year. The formula allowance for fiscal year ~~2001~~ 2005 is ~~\$3,964~~ \$4,601. The formula allowance for fiscal year ~~2002~~ 2006 is ~~\$4,068~~ \$4,832. The formula allowance for fiscal year ~~2003~~ 2007 and subsequent years is ~~\$4,601~~ \$5,053.

Sec. 23. Minnesota Statutes 2004, section 126C.10, subdivision 13, is amended to read:

Subd. 13. [TOTAL OPERATING CAPITAL REVENUE.] (a) For fiscal year 2000 and thereafter, total operating capital revenue for a district equals the amount determined under paragraph (b) or (c), plus \$73 times the adjusted marginal cost pupil units for the school year. The revenue must be placed in a reserved account in the general fund and may only be used according to paragraph (d) or subdivision 14.

(b) For fiscal years 2000 and later, capital revenue for a district equals \$100 times the district's maintenance cost index times its adjusted marginal cost pupil units for the school year.

(c) For fiscal years 2000 and later, the revenue for a district that operates a program under section 124D.128, is increased by an amount equal to \$30 times the number of marginal cost pupil units served at the site where the program is implemented.

~~(d) For fiscal years 2001, 2002, and 2003, the district must reserve an amount equal to \$5 per adjusted marginal cost pupil unit for telecommunication access costs. Reserve revenue under this paragraph must first be used to pay for ongoing or recurring telecommunication access costs, including access to data and video connections, including Internet access. Any revenue remaining after covering all ongoing or recurring access costs may be used for computer hardware or equipment.~~

Sec. 24. Minnesota Statutes 2004, section 126C.10, subdivision 13a, is amended to read:

Subd. 13a. [OPERATING CAPITAL LEVY.] To obtain operating capital revenue for fiscal year ~~years~~ 2005 and later 2006, a district may levy an amount not more than the product of its operating capital revenue for the fiscal year times the lesser of one or the ratio of its adjusted net tax capacity per adjusted marginal cost pupil unit to \$22,222.

Sec. 25. Minnesota Statutes 2004, section 126C.10, subdivision 13b, is amended to read:

Subd. 13b. [OPERATING CAPITAL AID.] For fiscal years 2005 and 2006, a district's operating capital aid equals its operating capital revenue minus its operating capital levy times the ratio of the actual amount levied to the permitted levy.

Sec. 26. Minnesota Statutes 2004, section 126C.10, subdivision 18, is amended to read:

Subd. 18. [TRANSPORTATION SPARSITY REVENUE ALLOWANCE.] (a) For fiscal year 2006, a district's transportation sparsity allowance equals the greater of zero or the result of the following computation:

~~(i)~~ (1) multiply the formula allowance according to subdivision 2, by .1469;

~~(ii)~~ (2) multiply the result in clause ~~(i)~~ (1) by the district's sparsity index raised to the 26/100 power;

~~(iii)~~ (3) multiply the result in clause ~~(ii)~~ (2) by the district's density index raised to the 13/100 power;

~~(iv)~~ (4) multiply the formula allowance according to subdivision 2, by .0485; and

~~(v)~~ (5) subtract the result in clause ~~(iv)~~ (4) from the result in clause ~~(iii)~~ (3).

(b) For fiscal year 2007 and later, a district's transportation sparsity allowance equals the greater of zero or the result of the following computation:

- (1) multiply the formula allowance according to subdivision 2 by .1469;
- (2) multiply the result in clause (1) by the district's sparsity index raised to the 28/100 power;
- (3) multiply the result in clause (2) by the district's density index raised to the 13/100 power;
- (4) multiply the formula allowance according to subdivision 2 by .0458; and
- (5) subtract the result in clause (4) from the result in clause (3).

(c) Transportation sparsity revenue is equal to the transportation sparsity allowance times the adjusted marginal cost pupil units.

(d) Transportation sparsity revenue is equal to the transportation sparsity allowance times the adjusted marginal cost pupil units.

Sec. 27. Minnesota Statutes 2004, section 126C.10, subdivision 24, is amended to read:

Subd. 24. [EQUITY REVENUE.] (a) A school district qualifies for equity revenue if:

(1) the school district's adjusted marginal cost pupil unit amount of basic revenue, ~~supplemental revenue, transition revenue,~~ and referendum revenue is less than the value of the school district at or immediately above the 95th percentile of school districts in its equity region for those revenue categories; and

(2) the school district's administrative offices are not located in a city of the first class on July 1, 1999.

(b) Equity revenue for a qualifying district that receives referendum revenue under section 126C.17, subdivision 4, equals the product of (1) the district's adjusted marginal cost pupil units for that year; times (2) the sum of (i) \$13, plus (ii) \$75, times the school district's equity index computed under subdivision 27.

(c) Equity revenue for a qualifying district that does not receive referendum revenue under section 126C.17, subdivision 4, equals the product of the district's adjusted marginal cost pupil units for that year times \$13.

(d) For fiscal year 2007 and later, referendum revenue for the purpose of this section does not include referendum conversion allowance authority transferred to the referendum allowance in fiscal year 2007 under section 126C.17, subdivision 13, by the vote of a school board. Referendum conversion allowance authority added to the referendum allowance under section 126C.17, subdivision 1, shall be included in the referendum for the purposes of this section if a school district reauthorizes the revenue at an election according to section 126C.17, subdivision 9.

Sec. 28. Minnesota Statutes 2004, section 126C.10, subdivision 29, is amended to read:

Subd. 29. [EQUITY LEVY.] To obtain equity revenue for fiscal year ~~years~~ 2005 and ~~later~~ 2006, a district may levy an amount not more than the product of its equity revenue for the fiscal year times the lesser of one or the ratio of its referendum market value per resident marginal cost pupil unit to \$476,000.

Sec. 29. Minnesota Statutes 2004, section 126C.10, subdivision 30, is amended to read:

Subd. 30. [EQUITY AID.] For fiscal years 2005 and 2006, a district's equity aid equals its equity revenue minus its equity levy times the ratio of the actual amount levied to the permitted levy.

Sec. 30. Minnesota Statutes 2004, section 126C.10, subdivision 31, is amended to read:

Subd. 31. [TRANSITION REVENUE.] (a) A district's transition allowance for fiscal years 2004 through ~~2008~~ 2006 equals the greater of zero or the product of the ratio of the number of adjusted marginal cost pupil units the district would have counted for fiscal year 2004 under

Minnesota Statutes 2002 to the district's adjusted marginal cost pupil units for fiscal year 2004, times the difference between: (1) the lesser of the district's general education revenue per adjusted marginal cost pupil unit for fiscal year 2003 or the amount of general education revenue the district would have received per adjusted marginal cost pupil unit for fiscal year 2004 according to Minnesota Statutes 2002, and (2) the district's general education revenue for fiscal year 2004 excluding transition revenue divided by the number of adjusted marginal cost pupil units the district would have counted for fiscal year 2004 under Minnesota Statutes 2002. A district's transition allowance for fiscal year ~~2009~~ 2007 and later is zero.

(b) A district's transition revenue for fiscal year years 2004 and ~~later~~ 2005 equals the product of the district's transition allowance times the district's adjusted marginal cost pupil units.

(c) A district's transition revenue for fiscal year 2006 equals the sum of (1) the product of the district's transition allowance times the district's adjusted marginal cost pupil units, plus (2) the amount of referendum revenue under section 126C.17 and general education revenue, excluding transition revenue, for fiscal year 2004 attributable to pupils four or five years of age on September 1, 2003, enrolled in a prekindergarten program implemented by the district before July 1, 2003, and reported as kindergarten pupils under section 126C.05, subdivision 1, for fiscal year 2004 multiplied times 0.01, plus (3) the amount of compensatory education revenue under subdivision 3 for fiscal year 2005 attributable to pupils four years of age on September 1, 2003, enrolled in a prekindergarten program implemented by the district before July 1, 2003, and reported as kindergarten pupils under section 126C.05, subdivision 1, for fiscal year 2004 multiplied times 0.01.

Sec. 31. Minnesota Statutes 2004, section 126C.10, subdivision 32, is amended to read:

Subd. 32. [TRANSITION LEVY.] To obtain transition revenue for fiscal year years 2005 and ~~later~~ 2006, a district may levy an amount not more than the product of its transition revenue for the fiscal year times the lesser of one or the ratio of its referendum market value per resident marginal cost pupil unit to \$476,000.

Sec. 32. Minnesota Statutes 2004, section 126C.10, subdivision 33, is amended to read:

Subd. 33. [TRANSITION AID.] (a) For fiscal year 2004, a district's transition aid equals its transition revenue.

(b) For fiscal year years 2005 and ~~later~~ 2006, a district's transition aid equals its transition revenue minus its transition levy times the ratio of the actual amount levied to the permitted levy.

Sec. 33. Minnesota Statutes 2004, section 126C.13, is amended by adding a subdivision to read:

Subd. 3a. [CONSOLIDATED TAX RATE.] The commissioner must establish the consolidated tax rate by July 1 of each year for levies payable in the following year. The consolidated tax capacity rate must be a rate, rounded up to the nearest hundredth of a percent, that, when applied to the adjusted net tax capacity for all districts, raises the amount specified in this subdivision. The consolidated tax rate must be the rate that raises \$91,097,300 for fiscal year 2007, \$110,770,300 for fiscal year 2008, and \$122,380,100 for fiscal year 2009 and later years. The consolidated tax rate may not be changed due to changes or corrections made to a district's adjusted net tax capacity after the tax rate has been established.

Sec. 34. Minnesota Statutes 2004, section 126C.13, is amended by adding a subdivision to read:

Subd. 3b. [CONSOLIDATED LEVY.] To obtain general education revenue, a district may levy an amount not to exceed the consolidated tax rate times the adjusted net tax capacity of the district for the preceding year. If the amount of the consolidated levy would exceed the general education revenue, the consolidated levy must be determined according to subdivision 3c.

Sec. 35. Minnesota Statutes 2004, section 126C.13, is amended by adding a subdivision to read:

Subd. 3c. [CONSOLIDATED LEVY; DISTRICTS OFF THE FORMULA.] If the amount of the consolidated levy for a district exceeds the district's general education revenue, the amount of the consolidated levy must be limited to the following:

(1) the district's general education revenue; minus

(2) payments made for the same school year according to section 126C.21, subdivision 3.

For purposes of statutory cross-reference, a levy made according to this subdivision shall be construed to be the levy made according to subdivision 3b.

Sec. 36. Minnesota Statutes 2004, section 126C.13, subdivision 4, is amended to read:

Subd. 4. [GENERAL EDUCATION AID.] (a) ~~For fiscal year 2004, a district's general education aid is the sum of the following amounts:~~

~~(1) general education revenue;~~

~~(2) shared time aid according to section 126C.01, subdivision 7;~~

~~(3) referendum aid according to section 126C.17; and~~

~~(4) online learning aid according to section 126C.24.~~

~~(b) For fiscal year years 2005 and later 2006, a district's general education aid is the sum of the following amounts:~~

~~(1) general education revenue, excluding equity revenue, total operating capital, and transition revenue;~~

~~(2) operating capital aid according to section 126C.10, subdivision 13b;~~

~~(3) equity aid according to section 126C.10, subdivision 30;~~

~~(4) transition aid according to section 126C.10, subdivision 33;~~

~~(5) shared time aid according to section 126C.01, subdivision 7;~~

~~(6) referendum aid according to section 126C.17; and~~

~~(7) online learning aid according to section ~~126C.24~~ 124D.0962.~~

~~(b) For fiscal year 2007 and later, a district's general education aid is the sum of the following amounts:~~

~~(1) the product of:~~

~~(i) the difference between the general education revenue and the consolidated levy; times~~

~~(ii) the ratio of the actual amount levied to the permitted levy;~~

~~(2) shared time aid according to section 126C.01, subdivision 7;~~

~~(3) referendum aid according to section 126C.17; and~~

~~(4) online learning aid according to section 126C.24.~~

Sec. 37. Minnesota Statutes 2004, section 126C.17, subdivision 1, is amended to read:

Subdivision 1. [REFERENDUM ALLOWANCE.] (a) For fiscal year ~~2003~~ 2006 and later, a district's initial referendum revenue allowance equals the sum of the allowance under section 126C.16, subdivision 2, plus any additional allowance per resident marginal cost pupil unit authorized under subdivision 9 before May 1, 2001, for fiscal year 2002 and later, plus the referendum conversion allowance approved under subdivision 13, minus \$415. For districts with more than one referendum authority, the reduction must be computed separately for each authority. The reduction must be applied first to the referendum conversion allowance and next to the authority with the earliest expiration date. A district's initial referendum revenue allowance may not be less than zero.

~~(b) For fiscal year 2003, a district's referendum revenue allowance equals the initial referendum allowance plus any additional allowance per resident marginal cost pupil unit authorized under subdivision 9 between April 30, 2001, and December 30, 2001, for fiscal year 2003 and later.~~

~~(e) For fiscal year 2004 and later 2006, a district's referendum revenue allowance equals the sum of:~~

~~(1) the product of (i) the ratio of the resident marginal cost pupil units the district would have counted for fiscal year 2004 under Minnesota Statutes 2002, section 126C.05, to the district's resident marginal cost pupil units for fiscal year 2004, times (ii) the initial referendum allowance plus any additional allowance per resident marginal cost pupil unit authorized under subdivision 9 between April 30, 2001, and May 30, 2003, for fiscal year 2003 and later, plus~~

~~(2) any additional allowance per resident marginal cost pupil unit authorized under subdivision 9 after May 30, 2003, for fiscal year 2005 and later.~~

~~(c) For fiscal year 2007 and later, a district's referendum revenue allowance equals the sum of: (1) the referendum allowance the district would have received for fiscal year 2007 and later under Minnesota Statutes 2004, section 126C.17, subdivision 1, paragraph (c), based on elections held under subdivision 9, before May 30, 2005, plus any additional allowance per resident pupil unit authorized under subdivision 9 after May 30, 2005, plus the referendum conversion allowance approved under subdivision 13.~~

Sec. 38. Minnesota Statutes 2004, section 126C.17, subdivision 2, is amended to read:

Subd. 2. [REFERENDUM ALLOWANCE LIMIT.] ~~(a) Notwithstanding subdivision 1, for fiscal year 2003, a district's referendum allowance must not exceed the greater of:~~

~~(1) the sum of a district's referendum allowance for fiscal year 1994 times 1.162 plus its referendum conversion allowance for fiscal year 2003, minus \$415;~~

~~(2) 18.2 percent of the formula allowance;~~

~~(3) for a newly reorganized district created on July 1, 2002, the referendum revenue authority for each reorganizing district in the year preceding reorganization divided by its resident marginal cost pupil units for the year preceding reorganization, minus \$415; or~~

~~(4) for a newly reorganized district created after July 1, 2002, the referendum revenue authority for each reorganizing district in the year preceding reorganization divided by its resident marginal cost pupil units for the year preceding reorganization.~~

~~(b) Notwithstanding subdivision 1, for fiscal year 2004 and later, a district's referendum allowance must not exceed the greater of:~~

~~(1) the sum of: (i) a district's referendum allowance for fiscal year 1994 times 1.177 times the annual inflationary increase as calculated under paragraph (e) (b) plus (ii) its referendum conversion allowance for fiscal year 2003, minus (iii) \$415;~~

~~(2) the greater of (i) 18.6 percent of the formula allowance or (ii) \$855.79 times the annual inflationary increase as calculated under paragraph (e) (b); or~~

~~(3) for a newly reorganized district created after July 1, 2002, the referendum revenue authority for each reorganizing district in the year preceding reorganization divided by its resident marginal cost pupil units for the year preceding reorganization.~~

~~(e) (b) For purposes of this subdivision, for fiscal year 2005 and later, "inflationary increase" means one plus the percentage change in the Consumer Price Index for urban consumers, as prepared by the United States Bureau of Labor Standards, for the current fiscal year to fiscal year 2004. For fiscal years 2009 and later, for purposes of paragraph (b), clause (1), the inflationary increase equals the inflationary increase for fiscal year 2008 plus one-fourth of the percentage~~

increase in the formula allowance for that year compared with the formula allowance for fiscal year 2008.

Sec. 39. Minnesota Statutes 2004, section 126C.17, subdivision 5, is amended to read:

Subd. 5. [REFERENDUM EQUALIZATION REVENUE.] (a) For fiscal year 2003 and later, a district's referendum equalization revenue equals the sum of the first tier referendum equalization revenue and the second tier referendum equalization revenue.

(b) A district's first tier referendum equalization revenue equals the district's first tier referendum equalization allowance times the district's resident marginal cost pupil units for that year.

~~(c) For fiscal years 2003 and 2004, a district's first tier referendum equalization allowance equals the lesser of the district's referendum allowance under subdivision 1 or \$126. For fiscal year 2005, a district's first tier referendum equalization allowance equals the lesser of the district's referendum allowance under subdivision 1 or \$405. For fiscal year 2006 and later, a district's first tier referendum equalization allowance equals the lesser of the district's referendum allowance under subdivision 1 or \$500. For fiscal year 2007 and later, a district's first tier referendum equalization allowance equals the lesser of the district's referendum allowance under subdivision 1 or \$524.~~

(d) A district's second tier referendum equalization revenue equals the district's second tier referendum equalization allowance times the district's resident marginal cost pupil units for that year.

(e) A district's second tier referendum equalization allowance equals the lesser of the district's referendum allowance under subdivision 1 or 18.6 percent of the formula allowance, minus the district's first tier referendum equalization allowance.

(f) Notwithstanding paragraph (e), the second tier referendum allowance for a district qualifying for secondary sparsity revenue under section 126C.10, subdivision 7, or elementary sparsity revenue under section 126C.10, subdivision 8, equals the district's referendum allowance under subdivision 1 minus the district's first tier referendum equalization allowance.

Sec. 40. Minnesota Statutes 2004, section 126C.17, subdivision 9, is amended to read:

Subd. 9. [REFERENDUM REVENUE.] (a) The revenue authorized by section 126C.10, subdivision 1, may be increased in the amount approved by the voters of the district at a referendum called for the purpose. The referendum may be called by the board or shall be called by the board upon written petition of qualified voters of the district. The referendum must be conducted one or two calendar years before the increased levy authority, if approved, first becomes payable. Only one election to approve an increase may be held in a calendar year. Unless the referendum is conducted by mail under paragraph (g), the referendum must be held on the first Tuesday after the first Monday in November. The ballot must state the maximum amount of the increased revenue per resident marginal cost pupil unit, the estimated referendum tax rate as a percentage of referendum market value in the first year it is to be levied, and that the revenue must be used to finance school operations. The ballot may state a schedule, determined by the board, of increased revenue per resident marginal cost pupil unit that differs from year to year over the number of years for which the increased revenue is authorized. ~~If the ballot contains a schedule showing different amounts, it must also indicate the estimated referendum tax rate as a percent of referendum market value for the amount specified for the first year and for the maximum amount specified in the schedule.~~ The ballot may state that existing referendum levy authority is expiring. In this case, the ballot may also compare the proposed levy authority to the existing expiring levy authority, and express the proposed increase as the amount, if any, over the expiring referendum levy authority. The ballot must designate the specific number of years, not to exceed ten, for which the referendum authorization applies. The ballot, including a ballot on the question to revoke or reduce the increased revenue amount under paragraph (c), must abbreviate the term "per resident marginal cost pupil unit" as "per pupil." The notice required under section 275.60 may be modified to read, in cases of renewing existing levies:

"BY VOTING "YES" ON THIS BALLOT QUESTION, YOU MAY BE VOTING FOR A PROPERTY TAX INCREASE."

The ballot may contain a textual portion with the information required in this subdivision and a question stating substantially the following:

"Shall the increase in the revenue proposed by (petition to) the board of ....., School District No. ..., be approved?"

If approved, an amount equal to the approved revenue per resident marginal cost pupil unit times the resident marginal cost pupil units for the school year beginning in the year after the levy is certified shall be authorized for certification for the number of years approved, if applicable, or until revoked or reduced by the voters of the district at a subsequent referendum.

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

The notice for a referendum may state that an existing referendum levy is expiring and project the anticipated amount of increase over the existing referendum levy in the first year, if any, in annual dollars and annual percentage for typical residential homesteads, agricultural homesteads, apartments, and commercial-industrial property within the district.

The notice must include the following statement: "Passage of this referendum will result in an increase in your property taxes." However, in cases of renewing existing levies, the notice may include the following statement: "Passage of this referendum may result in an increase in your property taxes."

(c) A referendum on the question of revoking or reducing the increased revenue amount authorized pursuant to paragraph (a) may be called by the board and shall be called by the board upon the written petition of qualified voters of the district. A referendum to revoke or reduce the revenue amount must state the amount per resident marginal cost pupil unit by which the authority is to be reduced. Revenue authority approved by the voters of the district pursuant to paragraph (a) must be available to the school district at least once before it is subject to a referendum on its revocation or reduction for subsequent years. Only one revocation or reduction referendum may be held to revoke or reduce referendum revenue for any specific year and for years thereafter.

(d) A petition authorized by paragraph (a) or (c) is effective if signed by a number of qualified voters in excess of 15 percent of the registered voters of the district on the day the petition is filed with the board. A referendum invoked by petition must be held on the date specified in paragraph (a).

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

(f) At least 15 days before the day of the referendum, the district must submit a copy of the notice required under paragraph (b) to the commissioner and to the county auditor of each county in which the district is located. Within 15 days after the results of the referendum have been certified by the board, or in the case of a recount, the certification of the results of the recount by the canvassing board, the district must notify the commissioner of the results of the referendum.

Sec. 41. Minnesota Statutes 2004, section 126C.17, subdivision 13, is amended to read:

Subd. 13. [REFERENDUM CONVERSION ALLOWANCE.] (a) A school district that received supplemental or transition revenue in fiscal year 2002 may convert its supplemental revenue conversion allowance and transition revenue conversion allowance to additional referendum allowance under subdivision 1 for fiscal year 2003 and thereafter. A majority of the school board must approve the conversion at a public meeting before November 1, 2001. For a district with other referendum authority, the referendum conversion allowance approved by the board continues until the portion of the district's other referendum authority with the earliest expiration date after June 30, 2006, expires. For a district with no other referendum authority, the referendum conversion allowance approved by the board continues until June 30, 2012.

~~(b) A school district that received transition revenue in fiscal year 2004 may convert all or part of its transition revenue to referendum revenue with voter approval in a referendum called for the purpose. The referendum must be held in accordance with subdivision 9, except that the ballot may state that existing transition revenue authority is being canceled or is expiring. In this case, the ballot shall compare the proposed referendum allowance to the canceled or expiring transition revenue allowance. For purposes of this comparison, the canceled or expiring transition revenue allowance per adjusted marginal cost pupil unit shall be converted to an allowance per resident marginal cost pupil based on the district's ratio of adjusted marginal cost pupil units to resident marginal cost pupil units for the preceding fiscal year. The referendum must be held on the first Tuesday after the first Monday in November. The notice required under section 275.60 may be modified to read: "BY VOTING 'YES' ON THIS BALLOT QUESTION, YOU MAY BE VOTING FOR A PROPERTY TAX INCREASE." Elections under this paragraph must be held in 2007 or earlier. its transition revenue 2004 conversion allowance to additional referendum allowance under subdivision 1 for fiscal year 2007 and thereafter. A majority of the school board must approve the conversion at a public meeting before November 1, 2005. For a district with other referendum authority, as of July 1, 2005, that extends beyond June 30, 2010, the referendum conversion allowance approved by the board under this paragraph continues until the portion of the district's other referendum authority, as of July 1, 2005, with the earliest expiration date after June 30, 2010, expires. For a district with no other referendum authority, as of July 1, 2005, that extends beyond June 30, 2010, the referendum conversion allowance approved by the board continues until June 30, 2016.~~

Sec. 42. Minnesota Statutes 2004, section 126C.21, subdivision 4, is amended to read:

Subd. 4. [TACONITE DEDUCTIONS.] ~~(1) Notwithstanding any provisions of any other law to the contrary, the adjusted net tax capacity used in calculating general education aid may include only that property that is currently taxable in the district.~~

~~(2) For districts that received payments have revenue under sections 298.018; 298.225; 229.24 to 298.28, excluding 298.26 and 298.28, subdivision 4, paragraph (d); 298.34 to 298.39; 298.391 to 298.396; and 298.405; and 477A.15, any law imposing a tax upon severed mineral values; or recognized revenue under section 477A.15; the general education aid must be reduced in the final adjustment payment by (1) the difference between the dollar amount of the payments received revenue recognized pursuant to those sections, or revenue recognized under section 477A.15 in for the fiscal year to which the final adjustment is attributable and, less (2) the amount that was calculated, pursuant to section 126C.48, subdivision 8, as a reduction of the levy attributable to the fiscal year to which the final adjustment is attributable. If the final adjustment of a district's general education aid for a fiscal year is a negative amount because of this clause subdivision, the next fiscal year's general education aid to that district must be reduced by this negative amount in the following manner: there must be withheld from each scheduled general education aid payment due the district in such fiscal year, 15 percent of the total negative amount, until the total negative amount has been withheld. The amount reduced from general education aid pursuant to this clause subdivision must be recognized as reduce revenue in the fiscal year to which the final adjustment payment is attributable.~~

Sec. 43. Minnesota Statutes 2004, section 126C.48, subdivision 2, is amended to read:

Subd. 2. [NOTICE TO COMMISSIONER; FORMS.] By October 7 of each year each district

must notify the commissioner of the proposed levies in compliance with the levy limitations of this chapter and chapters 120B, 122A, 123A, 123B, 124D, 125A, 127A, and 136D. By January 15 of each year each district must notify the commissioner of the final levies certified. The commissioner shall prescribe the form of these notifications and may request any additional information necessary to compute certified levy amounts.

Sec. 44. Minnesota Statutes 2004, section 126C.48, subdivision 8, is amended to read:

Subd. 8. [TACONITE PAYMENT AND OTHER REDUCTIONS.] (1) Reductions in levies pursuant to subdivision 1 must be made prior to the reductions in clause (2).

(2) Notwithstanding any other law to the contrary, districts which received payments that have revenue pursuant to sections 298.018; 298.225; 298.24 to 298.28, except an amount distributed under section sections 298.26; 298.28, subdivision 4, paragraph paragraphs (c), clause (ii), and (d); 298.34 to 298.39; 298.391 to 298.396; 298.405; 477A.15; and any law imposing a tax upon severed mineral values; or recognized revenue under section 477A.15 must not include a portion of these aids in their permissible levies pursuant to those sections, but instead must reduce the permissible levies authorized by this chapter and chapters 120B, 122A, 123A, 123B, 124A, 124D, 125A, and 127A by the greater of the following: 95 percent of the previous year's revenue specified under this clause.

~~(a) an amount equal to 50 percent of the total dollar amount of the payments received pursuant to those sections or revenue recognized under section 477A.15 in the previous fiscal year; or~~

~~(b) an amount equal to the total dollar amount of the payments received pursuant to those sections or revenue recognized under section 477A.15 in the previous fiscal year less the product of the same dollar amount of payments or revenue times five percent.~~

~~For levy year 2002 only, 77 percent of the amounts distributed under section 298.225 and 298.28, and 100 percent of the amounts distributed under sections 298.018; 298.34 to 298.39; 298.391 to 298.396; 298.405; and any law imposing a tax upon severed mineral values, or recognized revenue under section 477A.15, shall be used for purposes of the calculations under this paragraph. For levy year 2003 only, the levy reductions under this subdivision must be calculated as if section 298.28, subdivision 4, paragraph (f), did not apply for the 2003 distribution.~~

(3) The amount of any voter approved referendum, facilities down payment, and debt levies shall not be reduced by more than 50 percent under this subdivision. In administering this paragraph, the commissioner shall first reduce the nonvoter approved levies of a district; then, if any payments, severed mineral value tax revenue or recognized revenue under paragraph (2) remains, the commissioner shall reduce any voter approved referendum levies authorized under section 126C.17; then, if any payments, severed mineral value tax revenue or recognized revenue under paragraph (2) remains, the commissioner shall reduce any voter approved facilities down payment levies authorized under section 123B.63 and then, if any payments, severed mineral value tax revenue or recognized revenue under paragraph (2) remains, the commissioner shall reduce any voter approved debt levies.

(4) Before computing the reduction pursuant to this subdivision of the health and safety levy authorized by sections 123B.57 and 126C.40, subdivision 5, the commissioner shall ascertain from each affected school district the amount it proposes to levy under each section or subdivision. The reduction shall be computed on the basis of the amount so ascertained.

(5) To the extent the levy reduction calculated under paragraph (2) exceeds the limitation in paragraph (3), an amount equal to the excess must be distributed from the school district's distribution under sections 298.225, 298.28, and 477A.15 in the following year to the cities and townships within the school district in the proportion that their taxable net tax capacity within the school district bears to the taxable net tax capacity of the school district for property taxes payable in the year prior to distribution. No city or township shall receive a distribution greater than its levy for taxes payable in the year prior to distribution. The commissioner of revenue shall certify the distributions of cities and towns under this paragraph to the county auditor by September 30 of

the year preceding distribution. The county auditor shall reduce the proposed and final levies of cities and towns receiving distributions by the amount of their distribution. Distributions to the cities and towns shall be made at the times provided under section 298.27.

Sec. 45. Minnesota Statutes 2004, section 127A.45, subdivision 11, is amended to read:

Subd. 11. [PAYMENT PERCENTAGE FOR REIMBURSEMENT AIDS.] One hundred percent of the aid for the previous fiscal year must be paid in the current year for the following aids: telecommunications/Internet access equity aid according to section 125B.26, special education special pupil aid according to section 125A.75, subdivision 3, aid for litigation costs according to section 125A.75, subdivision 8, aid for court-placed special education expenses according to section 125A.79, subdivision 4, and aid for special education out-of-state tuition according to section 125A.79, subdivision 8 and shared time aid according to section 126C.01, subdivision 7.

Sec. 46. Minnesota Statutes 2004, section 127A.47, subdivision 8, is amended to read:

Subd. 8. [CHARTER SCHOOLS.] (a) The general education aid for districts must be adjusted for each pupil attending a charter school under section 124D.10. The adjustments must be made according to this subdivision.

(b) General education aid paid to a district in which a charter school not providing transportation according to section 124D.10, subdivision 16, is located must be increased by an amount equal to the product of: (1) the sum of an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times .0485 for fiscal years 2005 and 2006 and times .0458 for fiscal year 2007 and later, plus the transportation sparsity allowance for the district; times (2) the pupil units attributable to the pupil.

Sec. 47. Minnesota Statutes 2004, section 127A.49, subdivision 2, is amended to read:

Subd. 2. [ABATEMENTS.] Whenever by virtue of chapter 278, sections 270.07, 375.192, or otherwise, the net tax capacity of any district for any taxable year is changed after the taxes for that year have been spread by the county auditor and the local tax rate as determined by the county auditor based upon the original net tax capacity is applied upon the changed net tax capacities, the county auditor shall, prior to February 1 of each year, certify to the commissioner of education the amount of any resulting net revenue loss that accrued to the district during the preceding year. Each year, the commissioner shall pay an abatement adjustment to the district in an amount calculated according to the provisions of this subdivision. This amount shall be deducted from the amount of the levy authorized by section 126C.46. The amount of the abatement adjustment must be the product of:

(1) the net revenue loss as certified by the county auditor, times

(2) the ratio of:

(i) the sum of the amounts of the district's certified levy in the third preceding year according to the following:

(A) section 123B.57, if the district received health and safety aid according to that section for the second preceding year;

(B) section 124D.20, if the district received aid for community education programs according to that section for the second preceding year;

(C) section 124D.135, subdivision 3, if the district received early childhood family education aid according to section 124D.135 for the second preceding year; and

(D) section 126C.17, subdivision 6, if the district received referendum equalization aid according to that section for the second preceding year; to

(ii) the total amount of the district's certified levy in the third preceding December, plus or minus auditor's adjustments.

Sec. 48. Minnesota Statutes 2004, section 127A.49, subdivision 3, is amended to read:

Subd. 3. [EXCESS TAX INCREMENT.] (a) If a return of excess tax increment is made to a district pursuant to ~~section~~ sections 469.176, subdivision 2, and 469.177, subdivision 9, or upon decertification of a tax increment district, the school district's aid and levy limitations must be adjusted for the fiscal year in which the excess tax increment is paid under the provisions of this subdivision.

(b) An amount must be subtracted from the district's aid for the current fiscal year equal to the product of:

(1) the amount of the payment of excess tax increment to the district, times

(2) the ratio of:

(i) the sum of the amounts of the district's certified levy for the fiscal year in which the excess tax increment is paid according to the following:

(A) section 123B.57, if the district received health and safety aid according to that section for the second preceding year;

(B) section 124D.20, if the district received aid for community education programs according to that section for the second preceding year;

(C) section 124D.135, subdivision 3, if the district received early childhood family education aid according to section 124D.135 for the second preceding year; and

(D) section 126C.17, subdivision 6, if the district received referendum equalization aid according to that section for the second preceding year; to

(ii) the total amount of the district's certified levy for the fiscal year, plus or minus auditor's adjustments.

(c) An amount must be subtracted from the school district's levy limitation for the next levy certified equal to the difference between:

(1) the amount of the distribution of excess increment; and

(2) the amount subtracted from aid pursuant to clause (a).

If the aid and levy reductions required by this subdivision cannot be made to the aid for the fiscal year specified or to the levy specified, the reductions must be made from aid for subsequent fiscal years, and from subsequent levies. The school district must use the payment of excess tax increment to replace the aid and levy revenue reduced under this subdivision.

(d) This subdivision applies only to the total amount of excess increments received by a district for a calendar year that exceeds \$25,000.

Sec. 49. Minnesota Statutes 2004, section 275.14, is amended to read:

275.14 [CENSUS.]

~~For the purposes of sections 275.124 to 275.16, the population of a city shall be that established by the last federal census, by a special census taken by the United States Bureau of the Census, by an estimate made by the Metropolitan Council, or by the state demographer made according to section 4A.02, whichever has the latest stated date of count or estimate, before July 2 of the current levy year. The population of a school district must be as certified by the Department of Education from the most recent federal census. In any year in which no federal census is taken pursuant to law in any school district affected by sections 275.124 to 275.16 124D.20 and 124D.531 a population estimate may be made and submitted to the state demographer for approval as hereinafter provided. The school board of a school district, in case it desires a population estimate, shall pass a resolution by July 1 containing a current estimate of the population of the~~

school district and shall submit the resolution to the state demographer. The resolution shall describe the criteria on which the estimate is based and shall be in a form and accompanied by the data prescribed by the state demographer. The state demographer shall determine whether or not the criteria and process described in the resolution provide a reasonable basis for the population estimate and shall inform the school district of that determination within 30 days of receipt of the resolution. If the state demographer determines that the criteria and process described in the resolution do not provide a reasonable basis for the population estimate, the resolution shall be of no effect. If the state demographer determines that the criteria and process do provide a reasonable basis for the population estimate, the estimate shall be treated as the population of the school district for the purposes of sections ~~275.124 to 275.16~~ 124D.20 and 124D.531 until the population of the school district has been established by the next federal census or until a more current population estimate is prepared and approved as provided herein, whichever occurs first. The state demographer shall establish guidelines for acceptable population estimation criteria and processes. The state demographer shall issue advisory opinions upon request in writing to cities or school districts as to proposed criteria and processes prior to their implementation in an estimation. The advisory opinion shall be final and binding upon the demographer unless the demographer can show cause why it should not be final and binding.

In the event that a census tract employed in taking a federal or local census overlaps two or more school districts, the county auditor shall, on the basis of the best information available, allocate the population of said census tract to the school districts involved.

~~The term "council," as used in sections 275.124 to 275.16, means any board or body, whether composed of one or more branches, authorized to make ordinances for the government of a city within this state.~~

Sec. 50. Minnesota Statutes 2004, section 275.16, is amended to read:

275.16 [COUNTY AUDITOR TO FIX AMOUNT OF LEVY.]

If any such municipality shall return to the county auditor a levy greater than permitted by chapters 123A, 123B, 124D, 126C, and 136C, ~~and 136D~~, sections 275.124 to 275.16, and 275.70 to 275.74, such county auditor shall extend only such amount of taxes as the limitations herein prescribed will permit; provided, if such levy shall include any levy for the payment of bonded indebtedness or judgments, such levies for bonded indebtedness or judgments shall be extended in full, and the remainder of the levies shall be reduced so that the total thereof, including levies for bonds and judgments, shall not exceed such amount as the limitations herein prescribed will permit.

Sec. 51. Minnesota Statutes 2004, section 469.177, subdivision 9, is amended to read:

Subd. 9. [DISTRIBUTIONS OF EXCESS TAXES ON CAPTURED NET TAX CAPACITY.]

(a) If the amount of tax paid on captured net tax capacity exceeds the amount of tax increment, the county auditor shall distribute the excess to the municipality, county, and school district as follows: each governmental unit's share of the excess equals

(1) the total amount of the excess for the tax increment financing district, multiplied by

(2) a fraction, the numerator of which is the current local tax rate of the governmental unit less the governmental unit's local tax rate for the year the original local tax rate for the district was certified (in no case may this amount be less than zero) and the denominator of which is the sum of the numerators for the municipality, county, and school district.

If the entire increase in the local tax rate is attributable to a taxing district, other than the municipality, county, or school district, then the excess must be distributed to the municipality, county, and school district in proportion to their respective local tax rates.

(b) The amounts distributed shall be deducted in computing the levy limits of the taxing district for the succeeding taxable year. ~~In the case of a school district, only the proportion of the excess taxes attributable to unequalized levies that are subject to a fixed dollar amount levy limit shall be deducted from the levy limit.~~

(c) In the case of distributions to a school district ~~that are attributable to state equalized levies,~~ the county auditor shall report amounts distributed to the commissioner of education in the same manner as provided for excess increments under section 469.176, subdivision 2, and the distribution shall be deducted from the school district's state aid payments and levy limitation according to section 127A.49, subdivision 3.

Sec. 52. 2005 S.F. No. 1879, article 3, section 3, subdivision 2, if enacted, is amended to read:

Subd. 2. [GENERAL EDUCATION AID.] For general education aid under Minnesota Statutes, section 126C.13, subdivision 4:

\$	<del>5,012,148,000</del>	<u>5,215,775,000</u>	.....	2006
\$	<del>5,007,512,000</del>	<u>5,419,316,000</u>	.....	2007

The 2006 appropriation includes \$784,978,000 for 2005 and ~~\$4,227,170,000~~ 4,430,797,000 for 2006.

The 2007 appropriation includes ~~\$782,399,000~~ 825,190,000 for 2006 and ~~\$4,225,113,000~~ 4,594,126,000 for 2007.

Sec. 53. 2005 S.F. No. 1879, article 3, section 3, subdivision 3, if enacted, is amended to read:

Subd. 3. [REFERENDUM TAX BASE REPLACEMENT AID.] For referendum tax base replacement aid under Minnesota Statutes, section 126C.17, subdivision 7a:

\$8,704,000	.....	2006		
\$	<del>8,704,000</del>	<u>8,706,000</u>	.....	2007

The 2006 appropriation includes \$1,366,000 for 2005 and \$7,338,000 for 2006.

The 2007 appropriation includes \$1,366,000 for 2006 and ~~\$7,338,000~~ 7,340,000 for 2007.

Sec. 54. 2005 S.F. No. 1879, article 3, section 3, subdivision 7, if enacted, is amended to read:

Subd. 7. [NONPUBLIC PUPIL EDUCATION AID.] For nonpublic pupil education aid under Minnesota Statutes, sections 123B.40 to 123B.43 and 123B.87:

\$	<del>15,174,000</del>	<u>15,817,000</u>	.....	2006
\$	<del>15,976,000</del>	<u>17,426,000</u>	.....	2007

The 2006 appropriation includes \$2,305,000 for 2005 and ~~\$12,869,000~~ 13,512,000 for 2006.

The 2007 appropriation includes ~~\$2,396,000~~ 2,516,000 for 2006 and ~~\$13,580,000~~ 14,910,000 for 2007.

Sec. 55. 2005 S.F. No. 1879, article 3, section 3, subdivision 8, if enacted, is amended to read:

Subd. 8. [NONPUBLIC PUPIL TRANSPORTATION AID.] For nonpublic pupil transportation aid under Minnesota Statutes, section 123B.92, subdivision 9:

\$	<del>20,758,000</del>	<u>21,633,000</u>	.....	2006
\$	<del>21,446,000</del>	<u>23,390,000</u>	.....	2007

The 2006 appropriation includes \$3,274,000 for 2005 and ~~\$17,484,000~~ 18,359,000 for 2006.

The 2007 appropriation includes ~~\$3,256,000~~ 3,418,000 for 2006 and ~~\$18,190,000~~ 19,972,000 for 2007.

Sec. 56. [FOUR-YEAR OLD PREKINDERGARTEN ALLOWANCE.]

(a) A district's four-year old prekindergarten revenue equals the sum of (1) the amount of referendum revenue under Minnesota Statutes, section 126C.17, and general education revenue,

excluding transition revenue, for fiscal year 2004 attributable to pupils four or five years of age on September 1, 2003, enrolled in a prekindergarten program implemented by the district before July 1, 2003, and reported as kindergarten pupils under Minnesota Statutes, section 126C.05, subdivision 1, for fiscal year 2004, plus (2) the amount of compensatory education revenue under Minnesota Statutes, section 126C.05, subdivision 3, for fiscal year 2005 attributable to pupils four years of age on September 1, 2003, enrolled in a prekindergarten program implemented by the district before July 1, 2003, and reported as kindergarten pupils under Minnesota Statutes, section 126C.05, subdivision 1, for 2004.

(b) A district's four-year old prekindergarten allowance equals a district's four-year old prekindergarten revenue under paragraph (a) divided by its 2007 resident marginal cost pupil units.

Sec. 57. [TRANSITION REVENUE 2004 CONVERSION ALLOWANCE.]

(a) A district's transition revenue 2004 conversion allowance is equal to the sum of (1) the district's fiscal year 2004 transition revenue allowance multiplied by the ratio of its adjusted marginal cost pupil units to its resident marginal cost pupil units for the preceding fiscal year, plus (2) its four-year old prekindergarten allowance multiplied by 0.01.

(b) Notwithstanding Minnesota Statutes, section 126C.17, subdivision 2, the transition revenue 2004 conversion allowance is increased by \$40 for any school district whose referendum allowance limit under Minnesota Statutes, section 126C.17, subdivision 2, does not increase in fiscal year 2007 as a result of growth, excluding roll-ins, in the formula allowance under Minnesota Statutes, section 126C.10, subdivision 2, and whose referendum allowance under Minnesota Statutes, section 126C.17, subdivision 1, is greater than the formula allowance multiplied by 18.6 percent. A district that is eligible for sparsity revenue is not eligible for this additional transition allowance adjustment.

Sec. 58. [SCHOOL BUS LOAN; CARPENTER SCHOOL BUSES.]

Subdivision 1. [BUS LOAN REVENUE.] In fiscal year 2006 only, a school district may receive bus loan revenue equal to up to \$30,000 times the number of Carpenter school buses in its fleet between March 30, 2003, and March 30, 2004, that have been determined to have potentially defective welds and are subject to the limitations imposed by the Department of Public Safety. A school district that is eligible to receive revenue under this subdivision must approve a board resolution to receive revenue according to this section.

Subd. 2. [LEVY.] For taxes payable in 2006 through 2009, a school district that receives revenue under subdivision 1 must levy an amount equal to its bus loan revenue times .25.

Subd. 3. [GENERAL EDUCATION REVENUE WITHHOLDING.] For fiscal years 2007 through 2010, the Department of Education shall reduce the general education aid under Minnesota Statutes, section 126C.13, subdivision 4, for each district that receives revenue under subdivision 1 in an amount equal to the district's bus loan revenue times .25.

Sec. 59. [RED LAKE FISCAL YEAR 2005 PUPIL UNITS.]

Notwithstanding Minnesota Statutes, section 126C.05, the fiscal year 2005 average daily membership for Independent School District No. 38, Red Lake, shall be the greater of the amount that would have been computed if the district's school buildings had not reopened after March 21, 2005, or the amount computed using actual data for the entire school year. Notwithstanding Minnesota Statutes, section 126C.05, subdivision 15, for fiscal year 2005, learning year pupil units for Independent School District No. 38, Red Lake, must be calculated using the hours in excess of the actual number of instructional hours in the calendar year for the school attended by the student, instead of the number of hours in excess of 1,020 for a secondary school pupil.

Sec. 60. [FISCAL YEARS 2006 AND 2007 DECLINING PUPIL UNIT AID, RED LAKE.]

For fiscal years 2006 and 2007 only, Independent School District No. 38, Red Lake, is eligible for declining pupil unit aid equal to the greater of zero or the product of the general education

formula allowance times the difference between the district's adjusted marginal cost pupil units for fiscal year 2005 and the district's adjusted marginal cost pupil units for that fiscal year. Notwithstanding Minnesota Statutes, section 126C.13, the declining pupil unit aid must be included in calculating the district's general education aid.

Sec. 61. [KINDERGARTEN REPORTING.]

Notwithstanding Minnesota Statutes, sections 120A.05, subdivision 18; 120A.20, subdivision 1; and 124D.02, subdivision 1, pupils four or five years of age on September 1 of the calendar year in which the school year commences and enrolled in a prekindergarten program implemented by the district before July 1, 2003, may be reported as kindergarten pupils under Minnesota Statutes, section 126C.05, subdivision 1, for fiscal year 2004 and earlier.

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

Sec. 62. [TRANSITION REVENUE ADJUSTMENTS.]

For taxes payable in 2006, a district may levy an amount equal to the increase in the district's transition levy for fiscal year 2006 under Minnesota Statutes, section 126C.10, subdivision 31, paragraph (c).

Sec. 63. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. [SCHOOL BUS LOAN REVENUE.] For school bus loan revenue under section 58:

<u>\$3,630,000</u>	.....	<u>2006</u>
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Sec. 64. [REPEALER.]

(a) Minnesota Statutes 2004, sections 123B.83, subdivision 1; and 126C.42, subdivisions 1 and 4, are repealed.

(b) Minnesota Statutes 2004, sections 126C.10, subdivisions 13a, 13b, 29, 30, 31, 32, and 33; and 126C.44, are repealed for revenue for fiscal year 2007.

#### ARTICLE 4

#### EDUCATION EXCELLENCE

Section 1. Minnesota Statutes 2004, section 13.321, is amended by adding a subdivision to read:

Subd. 10. [TEACHER DATA FROM VALUE-ADDED ASSESSMENT MODEL.] Data on individual teachers generated from a value-added assessment model are governed under section 120B.362.

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

Sec. 2. Minnesota Statutes 2004, section 120B.02, is amended to read:

120B.02 [EDUCATIONAL EXPECTATIONS FOR MINNESOTA'S STUDENTS.]

(a) The legislature is committed to establishing rigorous academic standards for Minnesota's public school students. To that end, the commissioner shall adopt in rule statewide academic standards. The commissioner shall not prescribe in rule or otherwise the delivery system, classroom assessments, or form of instruction that school sites must use. For purposes of this chapter, a school site is a separate facility, or a separate program within a facility that a local school board recognizes as a school site for funding purposes.

(b) All commissioner actions regarding the rule must be premised on the following:

(1) the rule is intended to raise academic expectations for students, teachers, and schools;

(2) any state action regarding the rule must evidence consideration of school district autonomy; and

(3) the Department of Education, with the assistance of school districts, must make available information about all state initiatives related to the rule to students and parents, teachers, and the general public in a timely format that is appropriate, comprehensive, and readily understandable.

(c) When fully implemented, the requirements for high school graduation in Minnesota must require students to ~~pass the basic skills test requirements and~~ satisfactorily complete, as determined by the school district, the course credit requirements under section 120B.024 and:

(1) for students enrolled in grade 8 before the 2005-2006 school year, to pass the basic skills test requirements; or

(2) for students enrolled in grade 8 in the 2005-2006 school year and later, to pass the Minnesota Comprehensive Assessments Second Edition (MCA-II's).

(d) The commissioner shall periodically review and report on the state's assessment process.

(e) School districts are not required to adopt specific provisions of ~~the Goals 2000 and the federal School-to-Work programs.~~

Sec. 3. Minnesota Statutes 2004, section 120B.021, subdivision 1, is amended to read:

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;

(5) health and physical education, for which locally developed academic standards apply; and

(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.

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 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 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.

At a minimum, school districts must maintain the same physical education and health education requirements for students in kindergarten through grade 8 adopted for the 2004-2005 school year through the 2007-2008 school year. Before a revision of the local health and physical education standards, a school district must consult the grade-specific benchmarks developed by the Department of Education's health and physical education quality teaching network for the six national physical education standards and the seven national health standards.

Sec. 4. Minnesota Statutes 2004, section 120B.021, is amended by adding a subdivision to read:

Subd. 1a. [RIGOROUS COURSE OF STUDY; WAIVER.] (a) Upon receiving a student's application signed by the student's parent or guardian, a school district, area learning center, or charter school must declare that a student meets or exceeds a specific academic standard required for graduation under this section if the local school board, the school board of the school district in which the area learning center is located, or the charter school board of directors determines that the student:

(1) is participating in a course of study, including an advanced placement or international baccalaureate course or program; a learning opportunity outside the curriculum of the district, area learning center, or charter school; or an approved preparatory program for employment or postsecondary education that is equally or more rigorous than the corresponding state or local academic standard required by the district, area learning center, or charter school;

(2) would be precluded from participating in the rigorous course of study, learning opportunity, or preparatory employment or postsecondary education program if the student were required to achieve the academic standard to be waived; and

(3) satisfactorily completes the requirements for the rigorous course of study, learning opportunity, or preparatory employment or postsecondary education program.

Consistent with the requirements of this section, the local school board, the school board of the school district in which the area learning center is located, or the charter school board of directors also may formally determine other circumstances in which to declare that a student meets or exceeds a specific academic standard that the site requires for graduation under this section.

(b) A student who satisfactorily completes a postsecondary enrollment options course or program under section 124D.09 is not required to complete other requirements of the academic standards corresponding to that specific rigorous course of study.

Sec. 5. Minnesota Statutes 2004, 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 the mathematical reasoning, algebra, geometry, statistics, and probability ~~sufficient to satisfy the academic standard identified in the~~ mathematics grades 9, 10, and 11 standards documents;

(3) three credits of science, including at least one credit in biology;

(4) three and one-half credits of social studies, encompassing at least United States history, geography, government and citizenship, world history, and economics or three credits of social studies encompassing at least United States history, geography, government and citizenship, and world history, and one-half credit of economics taught in a school's social studies or business department;

- (5) one credit in the arts; ~~and~~
- (6) one-half credit in physical education and one-half credit in health education; and
- (7) a minimum of seven ~~six~~ elective course credits.

A course credit is equivalent to a student successfully completing an academic year of study or a student mastering the applicable subject matter, as determined by the local school district.

Sec. 6. Minnesota Statutes 2004, section 120B.11, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For the purposes of this section and section 120B.10, the following terms have the meanings given them.

(a) "Instruction" means methods of providing learning experiences that ~~enables enable~~ a student to meet state and district academic standards and graduation standards requirements.

(b) "Curriculum" means district or school adopted programs and written plans for providing students with learning experiences that lead to expected knowledge, and skills, ~~and positive attitudes.~~

Sec. 7. Minnesota Statutes 2004, section 120B.11, subdivision 2, is amended to read:

Subd. 2. [ADOPTING POLICIES.] (a) A school board shall ~~adopt annually a~~ have in place an adopted written policy that includes the following:

(1) district goals for instruction ~~and including the use of best practices, district and school curriculum, and achievement for all student subgroups;~~

(2) a process for evaluating each student's progress toward meeting ~~graduation~~ academic standards and identifying the strengths and weaknesses of instruction and curriculum affecting students' progress;

(3) a system for periodically reviewing and evaluating all instruction and curriculum;

(4) a plan for improving instruction ~~and~~, curriculum, and student achievement; and

(5) an instruction plan that includes education effectiveness processes developed under plan aligned with section 122A.625 and that integrates instruction, curriculum, and technology.

Sec. 8. Minnesota Statutes 2004, section 120B.11, subdivision 3, is amended to read:

Subd. 3. [INSTRUCTION AND CURRICULUM DISTRICT ADVISORY COMMITTEE.] Each school board shall establish an ~~Instruction and Curriculum~~ advisory committee to ensure active community participation in all phases of planning and improving the instruction and curriculum affecting state ~~graduation~~ and district academic standards. A district advisory committee, to the extent possible, shall reflect the diversity of the district and its learning sites, and shall include teachers, parents, support staff, ~~pupils~~ students, and other community residents. The district may establish building teams as subcommittees of the district advisory committee under subdivision 4. The district advisory committee shall recommend to the school board districtwide education standards rigorous academic standards, student achievement goals and measures, assessments, and program evaluations. Learning sites may expand upon district evaluations of instruction, curriculum, assessments, or programs. Whenever possible, parents and other community residents shall comprise at least two-thirds of advisory committee members.

Sec. 9. Minnesota Statutes 2004, section 120B.11, subdivision 4, is amended to read:

Subd. 4. [BUILDING TEAM.] A school may establish a building team to develop and implement an education effectiveness plan to improve instruction ~~and~~, curriculum, and student achievement. The team shall advise the board and the advisory committee about developing an instruction and curriculum improvement plan that aligns curriculum, assessment of student progress in meeting state ~~graduation~~ and district academic standards, and instruction.

Sec. 10. Minnesota Statutes 2004, section 120B.11, subdivision 5, is amended to read:

Subd. 5. [REPORT.] (a) By October 1 of each year, the school board shall use standard statewide reporting procedures the commissioner develops and adopt a report that includes the following:

(1) ~~student performance~~ achievement goals for meeting state ~~graduation~~ academic standards ~~adopted for that year~~;

(2) results of local assessment data, and any additional test data;

(3) the annual school district improvement plans including staff development goals under section 122A.60;

(4) information about district and learning site progress in realizing previously adopted improvement plans; and

(5) the amount and type of revenue attributed to each education site as defined in section 123B.04.

(b) The school board shall publish the report in the local newspaper with the largest circulation in the district ~~or~~, by mail, or by electronic means such as the district Web site. If electronic means are used, copies of the report must be made available to the public on request. The board shall make a copy of the report available to the public for inspection. The board shall send a copy of the report to the commissioner of education by October 15 of each year.

(c) The title of the report shall contain the name and number of the school district and read "Annual Report on Curriculum, Instruction, and Student ~~Performance~~ Achievement." The report must include at least the following information about advisory committee membership:

(1) the name of each committee member and the date when that member's term expires;

(2) the method and criteria the school board uses to select committee members; and

(3) the date by which a community resident must apply to next serve on the committee.

Sec. 11. Minnesota Statutes 2004, section 120B.11, subdivision 8, is amended to read:

Subd. 8. [BIENNIAL EVALUATION; ASSESSMENT PROGRAM.] At least once every two years, the district report shall include an evaluation of the district testing programs, according to the following:

(1) written objectives of the assessment program;

(2) names of tests and grade levels tested;

(3) use of test results; and

(4) ~~implementation of an assurance of mastery program~~ student achievement results compared to previous years.

Sec. 12. [120B.15] [GIFTED AND TALENTED STUDENTS PROGRAMS.]

Subdivision 1. [GIFTED AND TALENTED STUDENTS.] School districts must adopt guidelines for assessing and identifying students for participation in gifted and talented programs. The guidelines should include the use of:

(1) multiple and objective criteria; and

(2) assessments and procedures that are valid and reliable, fair, and based on current theory and research.

Subd. 2. [STUDENT ACCESS; PROGRAM CONTENT AND DEVELOPMENT.] (a) Gifted and talented programs may include:

(1) curriculum aligned with the cognitive, affective, developmental, and physical needs of gifted and talented students;

(2) articulated prekindergarten through grade 12 learning experiences;

(3) flexible instructional pacing and subject and grade-based opportunities to accelerate instruction;

(4) rigorous content consistent with students' abilities and social and emotional development;

(5) challenging learning experiences focused on problem solving and advanced reasoning; and

(6) differentiated guidance services to nurture students' social and emotional development.

(b) School districts, in collaboration with interested community members and with technical assistance from the state Department of Education, may offer gifted and talented programs.

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

Sec. 13. Minnesota Statutes 2004, 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, self-protection, 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.

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

Sec. 14. [120B.25] [AMERICAN HERITAGE EDUCATION.]

School districts shall permit grade-level instruction for students to read and study America's founding documents, including documents that contributed to the foundation or maintenance of America's representative form of limited government, the Bill of Rights, our free-market economic system, and patriotism.

Sec. 15. Minnesota Statutes 2004, section 120B.30, subdivision 1, is amended to read:

Subdivision 1. [STATEWIDE TESTING.] (a) The commissioner, with advice from experts with appropriate technical qualifications and experience and stakeholders, consistent with subdivision 1a, shall include in the comprehensive assessment system, for each grade level to be tested, state-constructed tests developed from and aligned with the state's required academic standards under section 120B.021 and administered annually to all students in grades 3 through 8 and at the high school level. A state-developed test in a subject other than writing, developed after the 2002-2003 school year, must include both ~~multiple-choice machine-scoreable~~ and constructed response questions. The commissioner shall establish one or more months during which schools shall administer the tests to students each school year. For students enrolled in grade 8 before the 2005-2006 school year, only Minnesota basic skills tests in reading, mathematics, and writing shall fulfill students' basic skills testing requirements for a passing state notation. The passing scores of the state tests in reading and mathematics are the equivalent of:

(1) 70 percent correct for students entering grade 9 in 1996; and

(2) 75 percent correct for students entering grade 9 in 1997 and thereafter, as based on the first uniform test administration of February 1998.

For students enrolled in grade 8 in the 2005-2006 school year and later, only the Minnesota Comprehensive Assessments Second Edition (MCA-II) in reading, mathematics, and writing shall fulfill students' academic standard requirements.

(b) The third through 8th grade and high school level test results shall be available to districts for diagnostic purposes affecting student learning and district instruction and curriculum, and for establishing educational accountability. The commissioner must disseminate to the public the test results upon receiving those results.

(c) State tests must be constructed and aligned with state academic standards. The testing process and the order of administration shall be determined by the commissioner. The statewide results shall be aggregated at the site and district level, consistent with subdivision 1a.

(d) In addition to the testing and reporting requirements under this section, the commissioner shall include the following components in the statewide public reporting system:

(1) uniform statewide testing of all students in grades 3 through 8 and at the high school level that provides exemptions, only with parent or guardian approval, for those very few students for whom the student's individual education plan team under sections 125A.05 and 125A.06, determines that the student is incapable of taking a statewide test, or for a limited English proficiency student under section 124D.59, subdivision 2, if the student has been in the United States for fewer than three years;

(2) educational indicators that can be aggregated and compared across school districts and across time on a statewide basis, including average daily attendance, high school graduation rates, and high school drop-out rates by age and grade level;

(3) students' scores on the American College Test; and

(4) state results from participation in the National Assessment of Educational Progress so that the state can benchmark its performance against the nation and other states, and, where possible, against other countries, and contribute to the national effort to monitor achievement.

(e) Districts must report exemptions under paragraph (d), clause (1), to the commissioner consistent with a format provided by the commissioner.

Sec. 16. Minnesota Statutes 2004, section 120B.30, subdivision 1a, is amended to read:

Subd. 1a. [STATEWIDE AND LOCAL ASSESSMENTS; RESULTS.] (a) The commissioner must develop language-arts reading, 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, health and physical education, and the arts. The commissioner must require:

(1) annual language-arts reading 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 a life sciences assessment in 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)(i) for students enrolled in grade 8 before the 2005-2006 school year, determine whether students have met the state's basic skills requirements; or

(ii) for students enrolled in grade 8 in the 2005-2006 school year and later, determine whether students have met the state's academic standards.

(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. 17. Minnesota Statutes 2004, section 120B.30, is amended by adding a subdivision to read:

Subd. 4. [ACCESS TO TESTS.] The commissioner must adopt and publish a policy to provide public and parental access for review of basic skills tests, Minnesota Comprehensive Assessments, or any other such statewide test and assessment. Upon receiving a written request, the

commissioner must make available to parents or guardians a copy of their student's actual answer sheet to the test questions to be reviewed by the parent.

Sec. 18. [120B.361] [VALUE-ADDED ASSESSMENT PROGRAM.]

(a) The commissioner of education must implement a value-added assessment program to assist school districts, public schools, and charter schools in assessing and reporting students' growth in academic achievement under section 120B.30, subdivision 1a. The program must use assessments consistent with paragraph (d) of students' academic achievement to make longitudinal comparisons of each student's academic growth over time. School districts, public schools, and charter schools may apply to the commissioner to participate in the initial trial program using a form and in the manner the commissioner prescribes. The commissioner must select program participants from urban, suburban, and rural areas throughout the state.

(b) The commissioner may issue a request for a proposal to contract with an organization that provides a value-added assessment model that uses fully adaptive computer-based assessments that reliably estimates school and school district effects on students' academic achievement over time. The model the commissioner selects must use each student's test data across grades.

(c) The contract under paragraph (b) must be consistent with the definition of "best value" under section 16C.02, subdivision 4, and may not be executed until the state has authority to use the assessments described in paragraph (d) for purposes of the No Child Left Behind Act, Public Law 107-110.

(d) In connection with implementation of the value-added assessment program, the department must request and obtain from the United States Department of Education authority to use fully adaptive computer-based assessments that accurately measure student achievement and growth over time. The assessments must be aligned with Minnesota standards, use a common scale score over multiple grades or ages, and be capable of being used for source data for a growth or value-added model of school evaluation.

(e) In implementing the value-added assessment program, the commissioner must report assessment result data in a way that shows the growth trends over time for students in four groups:

- (1) performing above grade level;
- (2) performing at grade level;
- (3) approaching grade-level performance; and
- (4) performing significantly below grade level.

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

Sec. 19. Minnesota Statutes 2004, section 121A.06, subdivision 2, is amended to read:

~~Subd. 2. [REPORTS; CONTENT.] By January 1, 1994, the commissioner, in consultation with the criminal and juvenile information policy group, shall develop a standardized form to be used by schools to report incidents involving the use or possession of a dangerous weapon in school zones. School districts must electronically report to the commissioner of education incidents involving the use or possession of a dangerous weapon in school zones. The form shall~~ must include the following information:

- (1) a description of each incident, including a description of the dangerous weapon involved in the incident;
- (2) where, at what time, and under what circumstances the incident occurred;
- (3) information about the offender, other than the offender's name, including the offender's age; whether the offender was a student and, if so, where the offender attended school; and whether the offender was under school expulsion or suspension at the time of the incident;

(4) information about the victim other than the victim's name, if any, including the victim's age; whether the victim was a student and, if so, where the victim attended school; and if the victim was not a student, whether the victim was employed at the school;

(5) the cost of the incident to the school and to the victim; and

(6) the action taken by the school administration to respond to the incident.

The commissioner also shall develop provide an alternative electronic reporting format that allows school districts to provide aggregate data, with an option to use computer technology to report the data.

Sec. 20. Minnesota Statutes 2004, section 121A.06, subdivision 3, is amended to read:

Subd. 3. [REPORTS; FILING REQUIREMENTS.] By ~~February 1 and July 1~~ February 1 and July 31 of each year, each school, other than a home-school, shall report incidents involving the use or possession of a dangerous weapon in school zones to the commissioner. The reports by public schools must be ~~made on the standardized forms or using the alternative format~~ submitted using the electronic reporting system developed by the commissioner under subdivision 2. The commissioner shall compile the information it receives from the schools and report it annually to the commissioner of public safety, ~~the criminal and juvenile information policy group,~~ and the legislature.

Sec. 21. [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 the student's person;

(4) placing a student in reasonable fear of damage to the student's 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, including, but not limited to, the acts defined in subdivision 1. 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 2005-2006 school year and later.

Sec. 22. [121A.222] [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. 23. [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 an abstinence-first approach to delaying initiation to sexual activity that emphasizes abstinence while also including education about the 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 kindergarten through grade 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 the pupils' parents or guardians about human sexuality and to respect rights of parents or guardians to supervise the parents' or guardians' children's education on these subjects.

(b) Parents or guardians may excuse the parents' or guardians' children from all or part of a comprehensive family life and sexuality education program.

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

- (1) if the district is offering a comprehensive family life and sexuality education program to the parents' or guardians' child during the course of the year;
- (2) how the parents or guardians may inspect the written and audiovisual educational materials used in the program and the process for inspection;
- (3) if the program is presented by school district personnel or outside consultants, and if outside consultants are used, who they may be; and

(4) the right to choose not to have the parents' or guardians' child participate in the program and the procedure for exercising that right.

(d) A school district must establish procedures for reasonably restricting the availability of written and audiovisual 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.

Sec. 24. Minnesota Statutes 2004, section 121A.53, is amended to read:

121A.53 [REPORT TO COMMISSIONER OF EDUCATION.]

Subdivision 1. [EXCLUSIONS AND EXPULSIONS.] The school board shall must report through the department electronic reporting system each exclusion or expulsion within 30 days of the effective date of the action to the commissioner of education. This report shall must include a statement of alternative educational services given the pupil and the reason for, the effective date, and the duration of the exclusion or expulsion. The report must also include the student's age, grade, gender, race, and special education status.

Subd. 2. [REPORT.] The school board must include state student identification numbers of affected pupils on all dismissal reports required by the department. The department must report annually to the commissioner summary data on the number of dismissals by age, grade, gender, race, and special education status of the affected pupils. All dismissal reports must be submitted through the department electronic reporting system.

Sec. 25. Minnesota Statutes 2004, section 122A.06, subdivision 4, is amended to read:

Subd. 4. [COMPREHENSIVE, SCIENTIFICALLY BASED READING INSTRUCTION.] "Comprehensive, scientifically based reading instruction" includes instruction and practice in phonemic awareness, phonics and other word-recognition skills, and guided oral reading for beginning readers, as well as extensive silent reading, vocabulary instruction, instruction in comprehension, and instruction that fosters understanding and higher-order thinking for readers of all ages and proficiency levels. "Comprehensive, scientifically based reading instruction" includes a program or collection of instructional practices with demonstrated success in instructing learners and reliable and valid evidence to support the conclusion that when these methods are used with learners, learners can be expected to achieve, at a minimum, satisfactory progress in reading achievement. The program or collection of practices must include, at a minimum, instruction in five areas of reading: phonemic awareness, phonics, fluency, vocabulary, and text comprehension.

Comprehensive, scientifically based reading instruction also includes and integrates instructional strategies for continuously assessing and evaluating the learner's reading progress and needs in order to design and implement ongoing interventions so that learners of all ages and proficiency levels can read and comprehend text and apply higher-level thinking skills.

Sec. 26. Minnesota Statutes 2004, section 122A.12, subdivision 2, is amended to read:

Subd. 2. [TERMS; COMPENSATION; REMOVAL; ADMINISTRATION; REIMBURSEMENT.] (a) Membership terms, removal of members, and the filling of membership vacancies are as provided in section 214.09. The terms of the initial board members must be determined by lot as follows:

- (1) three members must be appointed for terms that expire August 1, 2002;
- (2) three members must be appointed for terms that expire August 1, 2003; and
- (3) four members must be appointed for terms that expire August 1, 2004.

Members shall not receive the daily payment under section 214.09, subdivision 3. The public employer of a member shall not reduce the member's compensation or benefits for the member's absence from employment when engaging in the business of the board. The provision of staff, administrative services, and office space; the review and processing of complaints; the setting of

fees; the selection and duties of an executive secretary to serve the board; and other provisions relating to board operations are as provided in chapter 214. Fiscal year and reporting requirements are as provided in sections 214.07 and 214.08.

(b) The board may reimburse local school districts for the cost of a substitute teacher employed when a regular teacher is providing professional assistance to the state by serving on the board or on a committee or task force appointed by the board.

Sec. 27. Minnesota Statutes 2004, section 122A.18, subdivision 2a, is amended to read:

Subd. 2a. [READING STRATEGIES.] (a) All colleges and universities approved by the Board of Teaching to prepare persons for classroom teacher licensure must include in their teacher preparation programs reading best practices that enable classroom teacher licensure candidates to know how to teach reading, such as phonics or other research-based best practices in reading, consistent with section 122A.06, subdivision 4, that enable the licensure candidate to know how to teach reading in the candidate's content areas.

(b) Board-approved teacher preparation programs for teachers of elementary education must require instruction in the application of comprehensive, scientifically based, and balanced reading instruction programs: that:

(1) teach students to read using foundational knowledge, practices, and strategies consistent with section 122A.06, subdivision 4, so that all students will achieve continuous progress in reading; and

(2) teach specialized instruction in reading strategies, interventions, and remediations that enable students of all ages and proficiency levels to become proficient readers.

Sec. 28. Minnesota Statutes 2004, section 122A.40, subdivision 5, is amended to read:

Subd. 5. [PROBATIONARY PERIOD.] (a) The first three consecutive years of a teacher's first teaching experience in Minnesota in a single district is deemed to be a probationary period of employment, and after completion thereof, the probationary period in each district in which the teacher is thereafter employed shall be one year. The school board must adopt a plan for written evaluation of teachers during the probationary period. Evaluation must occur at least three times each year for a teacher performing services on 120 or more school days, at least two times each year for a teacher performing services on 60 to 119 school days, and at least one time each year for a teacher performing services on fewer than 60 school days. Days devoted to parent-teacher conferences, teachers' workshops, and other staff development opportunities and days on which a teacher is absent from school must not be included in determining the number of school days on which a teacher performs services. Except as otherwise provided in paragraph (b), during the probationary period any annual contract with any teacher may or may not be renewed as the school board shall see fit. However, the board must give any such teacher whose contract it declines to renew for the following school year written notice to that effect before July 1. If the teacher requests reasons for any nonrenewal of a teaching contract, the board must give the teacher its reason in writing, including a statement that appropriate supervision was furnished describing the nature and the extent of such supervision furnished the teacher during the employment by the board, within ten days after receiving such request. The school board may, after a hearing held upon due notice, discharge a teacher during the probationary period for cause, effective immediately, under section 122A.44.

(b) A board must discharge a probationary teacher, effective immediately, upon receipt of notice under section 122A.20, subdivision 1, paragraph (b), that the teacher's license has been revoked due to a conviction for child abuse or sexual abuse.

(c) A probationary teacher must complete at least 60 days of teaching service each year during the probationary period. Days devoted to parent-teacher conferences, teachers' workshops, and other staff development opportunities and days on which a teacher is absent from school do not count as days of teaching service under this paragraph.

(d) A probationary teacher whose first three years of consecutive employment is interrupted for

active military service and who promptly resumes teaching consistent with federal reemployment timelines for uniformed service personnel under United States Code, title 38, section 4312(e), is considered to have a consecutive teaching experience for purposes of paragraph (a).

**[EFFECTIVE DATE.]** Paragraph (c) of this section is effective July 1, 2005. Paragraph (d) of this section is retroactively effective from September 10, 2001, and applies to those probationary teachers absent for active military service beginning on September 10, 2001, or later.

Sec. 29. Minnesota Statutes 2004, section 122A.41, subdivision 2, is amended to read:

Subd. 2. **[PROBATIONARY PERIOD; DISCHARGE OR DEMOTION.]** (a) All teachers in the public schools in cities of the first class during the first three years of consecutive employment shall be deemed to be in a probationary period of employment during which period any annual contract with any teacher may, or may not, be renewed as the school board, after consulting with the peer review committee charged with evaluating the probationary teachers under subdivision 3, shall see fit. The school site management team or the school board if there is no school site management team, shall adopt a plan for a written evaluation of teachers during the probationary period according to subdivision 3. Evaluation by the peer review committee charged with evaluating probationary teachers under subdivision 3 shall occur at least three times each year for a teacher performing services on 120 or more school days, at least two times each year for a teacher performing services on 60 to 119 school days, and at least one time each year for a teacher performing services on fewer than 60 school days. Days devoted to parent-teacher conferences, teachers' workshops, and other staff development opportunities and days on which a teacher is absent from school shall not be included in determining the number of school days on which a teacher performs services. The school board may, during such probationary period, discharge or demote a teacher for any of the causes as specified in this code. A written statement of the cause of such discharge or demotion shall be given to the teacher by the school board at least 30 days before such removal or demotion shall become effective, and the teacher so notified shall have no right of appeal therefrom.

(b) A probationary teacher must complete at least 60 days of teaching service each year during the probationary period. Days devoted to parent-teacher conferences, teachers' workshops, and other staff development opportunities and days on which a teacher is absent from school do not count as days of teaching service under this paragraph.

(c) A probationary teacher whose first three years of consecutive employment is interrupted for active military service and who promptly resumes teaching consistent with federal reemployment timelines for uniformed service personnel under United States Code, title 38, section 4312(e), is considered to have a consecutive teaching experience for purposes of paragraph (a).

**[EFFECTIVE DATE.]** Paragraph (b) of this section is effective July 1, 2005. Paragraph (c) of this section is retroactively effective from September 10, 2001, and applies to those probationary teachers absent for active military service beginning on September 10, 2001, or later.

Sec. 30. Minnesota Statutes 2004, section 122A.41, subdivision 5a, is amended to read:

Subd. 5a. **[PROBATIONARY PERIOD FOR PRINCIPALS HIRED INTERNALLY.]** A board and the exclusive representative of the school principals in the district may negotiate a plan for a probationary period of up to two school years for licensed teachers employed by the board who are subsequently employed by the board as a licensed school principal or assistant principal and an additional probationary period of up to two years for licensed assistant principals employed by the board who are subsequently employed by the board as a licensed school principal.

**[EFFECTIVE DATE.]** This section is effective August 1, 2005.

Sec. 31. Minnesota Statutes 2004, section 122A.41, subdivision 14, is amended to read:

Subd. 14. **[SERVICES TERMINATED BY DISCONTINUANCE OR LACK OF PUPILS; PREFERENCE GIVEN.]** (a) A teacher whose services are terminated on account of discontinuance of position or lack of pupils must receive first consideration for other positions in the district for which that teacher is qualified. In the event it becomes necessary to discontinue one

or more positions, in making such discontinuance, teachers must be discontinued in any department in the inverse order in which they were employed, unless a board and the exclusive representative of teachers in the district negotiate a plan providing otherwise.

(b) Notwithstanding the provisions of clause (a), a teacher is not entitled to exercise any seniority when that exercise results in that teacher being retained by the district in a field for which the teacher holds only a provisional license, as defined by the Board of Teaching, unless that exercise of seniority results in the termination of services, on account of discontinuance of position or lack of pupils, of another teacher who also holds a provisional license in the same field. The provisions of this clause do not apply to vocational education licenses.

(c) Notwithstanding the provisions of clause (a), a teacher must not be reinstated to a position in a field in which the teacher holds only a provisional license, other than a vocational education license, while another teacher who holds a nonprovisional license in the same field is available for reinstatement.

**[EFFECTIVE DATE.]** This section is effective August 1, 2005.

Sec. 32. Minnesota Statutes 2004, section 122A.413, is amended to read:

122A.413 [EDUCATIONAL IMPROVEMENT PLAN.]

Subdivision 1. [QUALIFYING PLAN.] A district may develop an educational improvement plan for the purpose of qualifying for ~~alternative teacher compensation aid the professional compensation initiative under sections 122A.414 and 122A.415~~ section 122A.4142. ~~The plan must include measures for improving school district, school site, teacher, and individual student performance.~~

Subd. 2. [PLAN COMPONENTS.] The educational improvement plan must be approved by the school board and have at least these elements:

- (1) assessment and evaluation tools to measure student performance and progress;
- (2) performance goals and benchmarks for improvement;
- (3) measures of student attendance and completion rates;
- (4) a rigorous professional development system, consistent with section 122A.60, that is aligned with educational improvement, designed to achieve teaching quality improvement, and consistent with clearly defined research-based standards;
- (5) measures of student, family, and community involvement and satisfaction;
- (6) a data system about students and their academic progress that provides parents and the public with understandable information; ~~and~~
- (7) a teacher induction and mentoring program for probationary teachers that provides continuous learning and sustained teacher support. ~~The process for developing the plan must involve district teachers; and~~
- (8) substantial teacher participation in developing the plan, including teachers selected by the exclusive representative of the teachers.

Subd. 3. [SCHOOL SITE ACCOUNTABILITY.] A district that develops a plan under subdivisions 1 and 2 must ensure that each school site develops a board-approved educational improvement plan that is aligned with the district educational improvement plan under subdivision 2 and developed with teacher participation consistent with subdivision 2, clause (8). While a site plan must be consistent with the district educational improvement plan, it may establish performance goals and benchmarks that meet or exceed those of the district. ~~The process for developing the plan must involve site teachers.~~

Sec. 33. [122A.4142] [PROFESSIONAL COMPENSATION INITIATIVE.]

Subdivision 1. [PROFESSIONAL COMPENSATION AGREEMENT.] A school district and the exclusive representative of the teachers may adopt, by agreement, professional compensation under subdivision 2 to provide incentives to attract and retain high-quality teachers and instructional staff, encourage high-quality teachers to accept difficult assignments, encourage teachers to improve their knowledge and skills, and support teachers' roles in improving students' educational achievement.

Subd. 2. [ELIGIBILITY.] (a) To be eligible to participate in the professional compensation initiative in fiscal year 2006, a school district must comply with the conditions stated in paragraph (b) or with the following conditions:

(1) submit to the department a letter of intent executed by the school district and the exclusive representative of the teachers to complete planning for and satisfy the conditions for participation in fiscal year 2007 and later;

(2) reserve at least two percent of basic revenue for staff development purposes consistent with sections 122A.60 and 122A.61, subdivision 1; and

(3) commit to spending at least the additional one percent of basic revenue available through participation in the professional compensation initiative for staff development supporting the development of a district educational improvement plan and site-based educational improvement plan under section 122A.413 and for developing the professional compensation agreement under this section.

(b) To be eligible to participate in the professional compensation initiative in fiscal year 2007 and later, a school district must submit to the department:

(1) a districtwide or site-based educational improvement plan as described in section 122A.413; and

(2) an executed collective bargaining agreement that contains at least the following elements:

(i) a description of the conditions or actions necessary for career advancement and additional compensation;

(ii) compensation provisions that base at least 60 percent of any increase in compensation on performance and not on years of service or the attainment of additional education or training;

(iii) career advancement options for teachers retaining primary roles in student instruction, including staff development activities, and for other members of the bargaining unit;

(iv) incentives for teachers' continuous improvement in content knowledge, pedagogy, and use of best practices;

(v) an objective evaluation program, including classroom or performance observation, that is aligned with the district's or site's educational improvement plan, and is a component of determining performance;

(vi) provisions preventing any teacher's compensation from being reduced as a result of implementing professional compensation for teachers;

(vii) provisions enabling any teacher in the district, if professional compensation for teachers is applied districtwide, or at a site, if professional compensation for teachers applies only to a site, to participate in professional compensation for teachers without limitations by quota or other restrictions;

(viii) provisions encouraging collaboration among teachers rather than competition; and

(ix) provisions for participation by all teachers in a district, all teachers at a site, or at least 25 percent of the teachers in a district.

(c) An agreement may contain different compensation provisions for separate classifications of employees.

Subd. 3. [COMMISSIONER APPROVAL.] (a) Before concluding a collective bargaining agreement, a district may submit a proposed agreement and educational improvement plan for review, comment, and preliminary approval by the commissioner. If the plan and agreement are executed in the same form as preliminarily approved by the commissioner, the plan and agreement must be approved without further review.

(b) The application to the commissioner must contain a formally adopted collective bargaining agreement, memorandum of understanding, or other binding agreement that implements the professional compensation initiative consistent with this section.

(c) The commissioner's approval must be based on the requirements established in subdivision 2. If the commissioner does not approve an application, the notice to the school district must provide details regarding the commissioner's reason for rejecting the application.

Subd. 4. [PROFESSIONAL COMPENSATION REVENUE.] (a) Professional compensation revenue for a school district that qualifies for participation under subdivision 2, paragraph (a), equals one percent of basic revenue, under section 126C.10, subdivision 2.

(b) For participation in fiscal year 2007 and later, the school district's application must be approved by the commissioner under subdivision 3.

(c) Professional compensation revenue for a qualifying school district, site, or portion of a district or school site that qualifies for participation under subdivision 2, paragraph (b), is as follows:

(1) for a school district in which the school board and the exclusive representative of the teachers agree to place all teachers in the district in the professional compensation for teachers initiative, revenue equals one percent of the district's basic revenue for the fiscal year; or if a site only is participating, the portion of one percent attributable to the site's number of pupils enrolled on October 1 of the previous fiscal year; or

(2) for a district in which the school board and the exclusive representative of the teachers agree that at least 25 percent of the district's licensed teachers will participate in the professional compensation initiative revenue equals one percent of basic revenue for the fiscal year multiplied by the percentage of participating teachers.

Subd. 5. [PERCENTAGE OF TEACHERS.] For purposes of subdivision 4, the percentage of teachers participating in the professional compensation initiative equals the ratio of the number of licensed teachers who are working at least 60 percent of a full-time teacher's hours and agree to participate in the initiative to the total number of licensed teachers who are working at least 60 percent of a full-time teacher's hours.

Subd. 6. [REVENUE TIMING.] Districts or sites with approved applications must receive professional compensation revenue for each school year that the district or site participates in the initiative and is in compliance with the conditions for participation.

Subd. 7. [BASIC REVENUE.] A school district that qualifies for participation in the professional compensation initiative under subdivision 2, paragraph (b), may use the two percent of basic revenue that would otherwise be reserved under section 122A.61 for compliance with the professional compensation agreement under this section. If fewer than all of the licensed teachers in the district participate in the initiative, the amount of the two percent that may be used for the initiative equals the two percent multiplied by the percentage of licensed teachers participating in the initiative.

Subd. 8. [PARTICIPATION.] If a district and bargaining unit do not participate in the professional compensation initiatives in fiscal year 2006, they may elect to participate in subsequent years. The requirements for participation in the first year are the requirements described for fiscal year 2006.

**[EFFECTIVE DATE.]** This section is effective for fiscal year 2006 and thereafter.

Sec. 34. [122A.4143] [CLOSED CONTRACT.]

A district and the exclusive representative of the teachers may agree jointly to reopen a collective bargaining agreement for the sole purpose of entering into a professional compensation system consistent with section 122A.4142 and an educational improvement plan under section 122A.413.

**[EFFECTIVE DATE.]** This section is effective for fiscal year 2006 and later.

Sec. 35. [122A.4144] [PROFESSIONAL COMPENSATION PILOT SITE AID.]

Subdivision 1. [AID AMOUNT.] (a) A school district that received revenue under Minnesota Statutes 2004, section 122A.415, or meets the eligibility conditions of section 122A.4142, subdivision 1, paragraph (b), and submits an application approved by the commissioner is eligible for professional compensation pilot site aid. The commissioner must consider only applications submitted jointly by a school district and the exclusive representative of the teachers for participation in the program. The application must contain a formally adopted collective bargaining agreement, memorandum of understanding, or other binding agreement that implements a professional compensation pay system consistent with the eligibility conditions of section 122A.4142, subdivision 2, paragraph (b), and includes all teachers in a district, all teachers at a school site, or at least 25 percent of the teachers in a district. The commissioner, in approving applications, may give preference to applications involving entire districts or sites or to applications that align measures of teacher performance with student academic achievement and progress under section 122A.4142.

(b) Professional compensation aid for a qualifying school district, site, or portion of a district or school site is as follows:

(1) for a school district in which the school board and the exclusive representative of the teachers agree to place all teachers in the district or at the site on the alternative compensation schedule, alternative compensation aid equals \$150 times the district's or the site's number of pupils enrolled on October 1 of the previous fiscal year; or

(2) for a district in which the school board and the exclusive representative of the teachers agree that at least 25 percent of the district's licensed teachers will be paid on the alternative compensation schedule, alternative compensation aid equals \$150 times the percentage of participating teachers times the district's number of pupils enrolled as of October 1 of the previous fiscal year.

Subd. 2. [PERCENTAGE OF TEACHERS.] For purposes of this section, the percentage of teachers participating in the teacher professional pay system equals the ratio of the number of licensed teachers who are working at least 60 percent of a full-time teacher's hours and agree to participate in the teacher professional pay system to the total number of licensed teachers who are working at least 60 percent of a full-time teacher's hours.

Subd. 3. [AID TIMING.] (a) Districts or sites with approved applications must receive alternative compensation aid for each school year that the district or site participates in the program as described in this subdivision. Districts or sites with applications received by the commissioner before June 1 of the first year of a two-year contract shall receive alternative compensation aid for both years of the contract. Districts or sites with applications received by the commissioner after June 1 of the first year of a two-year contract shall receive alternative compensation aid only for the second year of the contract. A qualifying district or site that received alternative compensation aid for the previous fiscal year must receive at least an amount equal to the lesser of the amount it received for the previous fiscal year or its proportionate share of the previous year's appropriation if the district or site submits a timely application and the commissioner determines that the district or site continues to implement an alternative teacher professional pay system, consistent with its application under this section. The commissioner must approve initial applications for school districts qualifying under subdivision 1, paragraph (b), clause (1), by January 15 of each year. If any money remains, the commissioner must approve aid amounts for school districts qualifying under subdivision 1, paragraph (b), clause (2), by February 15 of each year.

(b) The commissioner shall select applicants that qualify for this program, notify school districts and school sites about the program, develop and disseminate application materials, and carry out other activities needed to implement this section.

**[EFFECTIVE DATE.]** This section is effective for revenue for fiscal year 2006 and later.

Sec. 36. Minnesota Statutes 2004, section 122A.60, subdivision 1, is amended to read:

Subdivision 1. **[STAFF DEVELOPMENT COMMITTEE.]** A school board must use the revenue authorized in section 122A.61 for in-service education for programs under section 120B.22, subdivision 2, or for staff development plans under this section. The board must establish an advisory staff development committee to develop the plan, assist site professional development teams in developing a site plan consistent with the goals of the plan, and evaluate staff development efforts at the site level. A majority of the advisory committee and the site professional development team must be teachers representing various grade levels, subject areas, and special education. The advisory committee must also include nonteaching staff, parents, and administrators. ~~Districts must report staff development results and expenditures to the commissioner in the form and manner determined by the commissioner. The expenditure report must include expenditures by the board for district level activities and expenditures made by the staff. The report must provide a breakdown of expenditures for (1) curriculum development and programs, (2) in-service education, workshops, and conferences, and (3) 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 UFARS system. The commissioner shall report the staff development expenditure data to the education committees of the legislature by February 15 each year.~~

Sec. 37. Minnesota Statutes 2004, section 122A.60, is amended by adding a subdivision to read:

Subd. 1a. [EFFECTIVE STAFF DEVELOPMENT ACTIVITIES.] Staff development activities must:

- (1) focus on the school classroom and research-based strategies that improve student learning;
- (2) provide opportunities for teachers to practice and improve their skills over time;
- (3) provide opportunities for teachers to use data to increase student achievement as part of their daily work;
- (4) enhance teacher content knowledge and instructional skills;
- (5) align with state and local academic standards; and
- (6) provide opportunities to build professional relationships, foster collaboration among principals and staff who provide instruction, and provide opportunities for teacher-to-teacher mentoring.

Staff development activities may include curriculum development and curriculum training programs, and activities that provide teachers and other members of site-based teams training to enhance team performance. In addition, the school district may implement other staff development activities as required by law and those associated with professional teacher compensation models. Release time provided for teachers to supervise students on field trips and school activities, or independent tasks not associated with enhancing the teacher's knowledge and skills, such as preparing report cards, calculating grades, or organizing classroom materials, may not be counted as staff development time that is financed with staff development reserved revenue under section 122A.61.

Sec. 38. Minnesota Statutes 2004, section 122A.60, is amended by adding a subdivision to read:

Subd. 4. [STAFF DEVELOPMENT REPORT.] (a) By October 15 of each year, the district and site staff development committees shall write and submit a report of staff development activities and expenditures for the previous 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 and other staff involved in instruction participating in effective staff development activities under subdivision 3.

(b) 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 releasing teachers or providing substitute teachers for staff development purposes.

The report must also include whether the expenditures were incurred at the district level or the school site level, and whether the school site expenditures were made possible by grants to school sites that demonstrate exemplary use of allocated staff development revenue. These expenditures must be reported using the uniform financial and accounting and reporting standards.

(c) 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. 39. Minnesota Statutes 2004, section 122A.61, subdivision 1, is amended to read:

Subdivision 1. [STAFF DEVELOPMENT REVENUE.] A district is required to reserve an amount equal to at least two percent of the basic revenue under section 126C.10, subdivision 2, for in-service education for programs under section 120B.22, subdivision 2, for staff development plans, including plans for challenging instructional activities and experiences under section 122A.60, and for curriculum development and programs, other in-service education, teachers' workshops, teacher conferences, the cost of substitute teachers staff development purposes, preservice and in-service education for special education professionals and paraprofessionals, and other related costs for staff development efforts. ~~A district may annually waive the requirement to reserve their basic revenue under this section if a majority vote of the licensed teachers in the district and a majority vote of the school board agree to a resolution to waive the requirement.~~ A district in statutory operating debt is exempt from reserving basic revenue according to this section. Districts may expend an additional amount of unreserved revenue for staff development based on their needs. With the exception of amounts reserved for staff development from revenues allocated directly to school sites, the board must initially allocate 50 percent of the reserved revenue to each school site in the district on a per teacher basis, which must be retained by the school site until used. The board may retain 25 percent to be used for district wide staff development efforts. The remaining 25 percent of the revenue must be used to make grants to school sites for best practices methods. A grant may be used for any purpose authorized under section 120B.22, subdivision 2, 122A.60, or for the costs of curriculum development and programs, other in-service education, teachers' workshops, teacher conferences, substitute teachers for staff development purposes, and other staff development efforts, and determined by the site professional development team. The site professional development team must demonstrate to the school board the extent to which staff at the site have met the outcomes of the program. The board may withhold a portion of initial allocation of revenue if the staff development outcomes are not being met. A school district that participates in the professional compensation initiative may, but is not required to, reserve revenue under this section, except to the extent the school district agrees to reserve or use revenue as a condition of participation in the initiative.

Sec. 40. [122A.628] [SCHOOLS MENTORING SCHOOLS REGIONAL SITES.]

Subdivision 1. [PROGRAM.] The commissioner of education shall select up to four school districts, or partnerships of school districts, for the purpose of assisting other school districts in the region with the development of thorough and effective teacher mentoring programs. The commissioner shall use geographic balance and proven teacher induction programs as criteria

when selecting the sites. One site must include the Brainerd teacher support system, which has been cited by the Minnesota Board of Teaching as a model program and was one of only six programs in the nation to be recognized for the 2004 NEA-Saturn/UAW partnership award. The sites shall be known as schools mentoring schools regional sites.

The sites shall provide high quality mentoring assistance programs and services to other nearby school districts for the development of effective systems of support for new teachers. The sites shall offer coaching/mentor training, in-class observation training, and train-the-teacher opportunities for teams of participating teachers. The sites shall use their recognized experience and methods to equip schools to work with their own new and beginning teachers. The commissioner shall review and report annually to the legislature on the operation of each training center.

Subd. 2. [REVENUE.] A school district that is selected to participate in the schools mentoring schools program under this section may utilize its professional compensation revenue under section 122A.4142, subdivision 4, to pay regional training sites for staff development and training services.

Sec. 41. [122A.74] [PRINCIPALS' LEADERSHIP INSTITUTE.]

Subdivision 1. [ESTABLISHMENT.] (a) The commissioner of education may contract with the regents of the University of Minnesota to establish a Principals' Leadership Institute to provide professional development to school principals by:

(1) creating a network of leaders in the educational and business communities to communicate current and future trends in leadership techniques;

(2) helping to create a vision for the school that is aligned with the community and district priorities; and

(3) developing strategies to retain highly qualified teachers.

(b) The University of Minnesota must cooperate with participating members of the business community to provide funding and content for the institute.

(c) Participants must agree to attend the Principals' Leadership Institute for four weeks during the academic summer.

(d) The Principals' Leadership Institute must incorporate program elements offered by leadership programs at the University of Minnesota and program elements used by the participating members of the business community to enhance leadership within their businesses.

Subd. 2. [METHOD OF SELECTION AND REQUIREMENTS.] (a) The board of each school district in the state may select a principal, upon the recommendation of the district's superintendent and based on the principal's leadership potential, to attend the institute.

(b) The school board shall forward its list of recommended participants to the commissioner of education by February 1 each year. In addition, a principal may submit an application directly to the commissioner by February 1. The commissioner of education shall notify the school board, the principal candidates, and the University of Minnesota of the principals selected to participate in the Principals' Leadership Institute each year.

Sec. 42. Minnesota Statutes 2004, 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. The employee recognition program shall not include monetary awards.

Sec. 43. Minnesota Statutes 2004, section 123B.02, is amended by adding a subdivision to read:

Subd. 22. [REWARDS.] A school board may offer a reward to persons who provide accurate

and reliable information that leads to the apprehension and arrest of a person who has committed a crime against school district property, students, employees or volunteers, or school board members.

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

Sec. 44. Minnesota Statutes 2004, section 123B.04, subdivision 1, is amended to read:

Subdivision 1. [DEFINITION.] "Education site" means a separate facility. A program within a facility or within a district is an education site if the school board recognizes it as a site.

Sec. 45. Minnesota Statutes 2004, section 123B.04, subdivision 2, is amended to read:

Subd. 2. [AGREEMENT.] (a) ~~Either the school board or the school site decision-making team may request that the school board enter into an agreement with a school site decision-making team concerning~~ Upon the request of 60 percent of the licensed employees of a site or a school site decision-making team, the school board shall enter into discussions to reach an agreement concerning the governance, management, or control of the school. A school site decision-making team may include the school principal, teachers in the school or their designee, other employees in the school, parents of pupils in the school, representatives of pupils in the school, or other members in the community. For purposes of formation of a new site, a school site decision-making team may be a team of teachers that is recognized by the board as a site. The school site decision-making team shall include the school principal or other person having general control and supervision of the school. The site decision-making team must reflect the diversity of the education site. No more than At least one-half of the members shall be employees of the district, unless an employee is the parent of a student enrolled in the school site, in which case the employee may elect to serve as a parent member of the site team.

(b) School site decision-making agreements must delegate powers, duties, and broad management responsibilities to site teams and involve staff members, students as appropriate, and parents in decision making.

(c) An agreement shall include a statement of powers, duties, responsibilities, and authority to be delegated to and within the site.

(d) An agreement may include:

(1) an achievement contract according to subdivision 4;

(2) a mechanism to allow principals, a site leadership team, or other persons having general control and supervision of the school, to make decisions regarding how financial and personnel resources are best allocated at the site and from whom goods or services are purchased;

(3) a mechanism to implement parental involvement programs under section 124D.895 and to provide for effective parental communication and feedback on this involvement at the site level;

(4) a provision that would allow the team to determine who is hired into licensed and nonlicensed positions;

(5) a provision that would allow teachers to choose the principal or other person having general control;

(6) an amount of revenue allocated to the site under subdivision 3; and

(7) any other powers and duties determined appropriate by the board.

The school board of the district remains the legal employer under clauses (4) and (5).

(e) Any powers or duties not delegated to the school site management team in the school site management agreement shall remain with the school board.

(f) Approved agreements shall be filed with the commissioner. If a school board denies a

request or the school site and school board fail to reach an agreement to enter into a school site management agreement, if the school board shall provide a copy of the request and the reasons for its denial to the commissioner.

Sec. 46. Minnesota Statutes 2004, section 123B.88, is amended by adding a subdivision to read:

Subd. 3a. [PUPIL TRANSPORTATION SAFETY COMMITTEE.] (a) A school board may establish a pupil transportation safety committee. The chair of the pupil transportation safety committee is the district's school transportation safety director. The school board shall appoint the other members of the pupil transportation safety committee. Membership may include parents, school bus drivers, representatives of school bus companies, local law enforcement officials, other school district staff, and representatives from other units of local government.

(b) The duties of the pupil transportation safety committee include: (1) reviewing and recommending changes to the district's pupil transportation safety policy required under subdivision 1; and (2) developing a comprehensive plan for the safe transportation of students who face hazardous transportation conditions. The comprehensive hazardous transportation plan shall consider safety factors including the types of roads that students must cross, the speed of traffic on those roads, the age of the students, and any other factors as determined by the committee.

(c) The pupil transportation safety committee must hold at least one public meeting before adopting its comprehensive plan for transporting students who face hazardous transportation conditions.

(d) Any recommended changes to the district's pupil transportation safety policy and the comprehensive plan for hazardous transportation must be submitted to the school board.

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

Sec. 47. Minnesota Statutes 2004, section 124D.081, is amended to read:

124D.081 [FIRST-GRADE PREPAREDNESS ALL-DAY KINDERGARTEN PROGRAM.]

Subdivision 1. [PURPOSE.] The purposes of the ~~first-grade preparedness~~ all-day kindergarten program are to ensure that every child has the opportunity before first grade to develop the skills and abilities necessary to read and succeed in school and to reduce the underlying causes that create a need for compensatory revenue.

Subd. 2. [QUALIFYING DISTRICT.] A school district may receive ~~first-grade preparedness~~ all-day kindergarten revenue for qualifying school sites if, consistent with subdivision 5, the school board approves a resolution requiring the district to provide services to all children located in a qualifying school site attendance area.

Subd. 3. [QUALIFYING SCHOOL SITE.] (a) The commissioner shall rank all school sites with kindergarten programs that do not exclusively serve students under sections 125A.03 to 125A.24, and 125A.65. The ranking must be from highest to lowest based on the site's free and reduced lunch count as a percent of the fall enrollment using the preceding October 1 enrollment data. Once a school site is calculated to be eligible, it remains eligible for the duration of the pilot program, ~~unless the site's ranking falls below the state average for elementary schools.~~ For each school site, the percentage used to calculate the ranking must be the greater of (1) the percent of the fall kindergarten enrollment receiving free and reduced lunch, or (2) the percent of the total fall enrollment receiving free and reduced lunch. The list of ranked sites must be separated into the following geographic areas: Minneapolis district, St. Paul district, suburban Twin Cities districts in the seven-county metropolitan area, and school districts in greater Minnesota.

(b) The commissioner shall establish a process and timelines to qualify school sites for the next school year. School sites must be qualified in each geographic area from the list of ranked sites until the estimated revenue available for this program has been allocated. The total estimated revenue must be distributed to qualified school sites in each geographic area as follows: 25 percent for Minneapolis sites, 25 percent for St. Paul sites, 25 percent for suburban Twin Cities sites, and 25 percent for greater Minnesota.

Subd. 4. [PROGRAM.] A qualifying school site must develop its ~~first-grade preparedness all-day kindergarten~~ program in collaboration with other providers of school readiness and child development services. A school site must offer a full-day kindergarten program to participating children who are five years of age or older for the full school day every day, a program for participating children who are four years old, or a combination of both. The program may offer as an option to families home visits and other practices as appropriate, and may provide such services with the consent of the parent or guardian. Program providers must ensure that the program supplements existing school readiness and child development programs and complements the services provided with compensatory revenue. Where possible, individuals receiving assistance under a family assistance plan can meet the work activity requirement of the plan by participating in a ~~first-grade preparedness~~ all-day kindergarten program as a volunteer.

Subd. 5. [EXTENDED DAY REQUIREMENTS.] The board of a qualifying school district must develop and approve a plan to provide extended day services to serve as many children as possible. To accept children whose families participate in child care assistance programs under section 119B.03 or 119B.05, and to meet the requirements of section 245A.03, subdivision 2, the board must formally approve the ~~first-grade preparedness all-day kindergarten~~ program. All revenue received under subdivision 6 must be allocated to the qualifying school sites within the district.

Subd. 6. [PREPAREDNESS REVENUE.] (a) A qualifying school district is eligible for ~~first-grade preparedness all-day kindergarten~~ revenue equal to the basic formula allowance for that year times the number of children five years of age or older enrolled in a kindergarten program at the site on October 1 of the previous year times .53.

(b) This revenue must supplement and not replace compensatory revenue that the district uses for the same or similar purposes under chapters 120B, 123A, 123B, 124D, 126C, and 127A.

(c) A pupil enrolled in the ~~first-grade preparedness all-day kindergarten~~ program at a qualifying school site is eligible for transportation under section ~~123B.88~~, subdivision 1.

(d) ~~First-grade preparedness All-day kindergarten~~ revenue paid to a charter school for which a school district is providing transportation according to section 124D.10, subdivision 16, shall be decreased by an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times .0485 times the pupil units calculated according to paragraph (a). This amount shall be paid to the school district for transportation costs.

Subd. 9. [RESERVE ACCOUNT.] ~~First-grade preparedness All-day kindergarten~~ revenue must be placed in a reserve account within the general fund and may only be used for ~~first-grade preparedness all-day kindergarten~~ programs at qualifying school sites.

Sec. 48. Minnesota Statutes 2004, section 124D.09, subdivision 12, is amended to read:

Subd. 12. [CREDITS.] A pupil may enroll in a course under this section for either secondary credit or postsecondary credit. At the time a pupil enrolls in a course, the pupil shall designate whether the course is for secondary or postsecondary credit. A pupil taking several courses may designate some for secondary credit and some for postsecondary credit. A pupil must not audit a course under this section.

A district shall grant academic credit to a pupil enrolled in a course for secondary credit if the pupil successfully completes the course. Seven quarter or four semester college credits equal at least one full year of high school credit. Fewer college credits may be prorated. A district must also grant academic credit to a pupil enrolled in a course for postsecondary credit if secondary credit is requested by a pupil. If no comparable course is offered by the district, the district must, as soon as possible, notify the commissioner, who shall determine the number of credits that shall be granted to a pupil who successfully completes a course. If a comparable course is offered by the district, the school board shall grant a comparable number of credits to the pupil. If there is a dispute between the district and the pupil regarding the number of credits granted for a particular course, the pupil may appeal the board's decision to the commissioner. The commissioner's decision regarding the number of credits shall be final.

The secondary credits granted to a pupil must be counted toward the graduation requirements and subject area requirements of the district. Evidence of successful completion of each course and secondary credits granted must be included in the pupil's secondary school record. A pupil shall provide the school with a copy of the pupil's grade in each course taken for secondary credit under this section. Upon the request of a pupil, the pupil's secondary school record must also include evidence of successful completion and credits granted for a course taken for postsecondary credit. In either case, the record must indicate that the credits were earned at a postsecondary institution.

If a pupil enrolls in a postsecondary institution after leaving secondary school, the postsecondary institution must award postsecondary credit for any course successfully completed for secondary credit at that institution. Other postsecondary institutions may award, after a pupil leaves secondary school, postsecondary credit for any courses successfully completed under this section. An institution may not charge a pupil for the award of credit.

The Board of Trustees of the Minnesota State Colleges and Universities and the Board of Regents of the University of Minnesota must, and private nonprofit and proprietary postsecondary institutions, should award postsecondary credit for any successfully completed courses in a program certified by the National Alliance of Concurrent Enrollment Partnerships offered according to an agreement under subdivision 10.

Sec. 49. Minnesota Statutes 2004, section 124D.11, subdivision 6, is amended to read:

Subd. 6. [OTHER AID, GRANTS, REVENUE.] (a) A charter school is eligible to receive other aids, grants, and revenue according to chapters 120A to 129C, as though it were a district.

(b) Notwithstanding paragraph (a), a charter school may not receive aid, a grant, or revenue if a levy is required to obtain the money, or if the aid, grant, or revenue is a replacement of levy revenue, except as otherwise provided in this section.

(c) Federal aid received by the state must be paid to the school, if it qualifies for the aid as though it were a school district.

(d) A charter school may receive money from any source for capital facilities needs. In the year-end report to the commissioner of education, the charter school shall report the total amount of funds received from grants and other outside sources.

Sec. 50. Minnesota Statutes 2004, section 124D.66, subdivision 3, is amended to read:

Subd. 3. [ELIGIBLE SERVICES.] (a) Assurance of mastery programs may provide direct instructional services to an eligible pupil, or a group of eligible pupils, under the following conditions in paragraphs (b) to (d).

(b) Instruction may be provided at one or more grade levels from kindergarten to grade 8 and for students in grades 9 through 12 who were enrolled in grade 8 before the 2005-2006 school year and have failed the basic skills tests, or were enrolled in grade 8 in the 2005-2006 school year and later and who have failed the Minnesota Comprehensive Assessments (MCA-IIs) in reading, mathematics, or writing as required for high school graduation under section 120B.02. If an assessment of pupils' needs within a district demonstrates that the eligible pupils in grades kindergarten to grade 8 are being appropriately served, a district may serve eligible pupils in grades 9 to 12.

(c) Instruction must be provided under the supervision of the eligible pupil's regular classroom teacher. Instruction may be provided by the eligible pupil's classroom teacher, by another teacher, by a team of teachers, or by an education assistant or aide. A special education teacher may provide instruction, but instruction that is provided under this section is not eligible for aid under section 125A.76.

(d) The instruction that is provided must differ from the initial instruction the pupil received in the regular classroom setting. The instruction may differ by presenting different curriculum than was initially presented in the regular classroom or by presenting the same curriculum:

- (1) at a different rate or in a different sequence than it was initially presented;
- (2) using different teaching methods or techniques than were used initially; or
- (3) using different instructional materials than were used initially.

Sec. 51. Minnesota Statutes 2004, section 124D.74, subdivision 1, is amended to read:

Subdivision 1. [PROGRAM DESCRIBED.] American Indian education programs are programs in public elementary and secondary schools, nonsectarian nonpublic, community, tribal, charter, or alternative schools enrolling American Indian children designed to:

- (1) support postsecondary preparation for pupils;
- (2) support the academic achievement of American Indian students with identified focus to improve reading and mathematic skills;
- (3) make the curriculum more relevant to the needs, interests, and cultural heritage of American Indian pupils;
- (4) provide positive reinforcement of the self-image of American Indian pupils;
- (5) develop intercultural awareness among pupils, parents, and staff; and
- (6) supplement, not supplant, state and federal educational and cocurricular programs.

Program components may include: development of support components for students in the areas of academic achievement, retention, and attendance; development of support components for staff, including in-service training and technical assistance in methods of teaching American Indian pupils; research projects, including experimentation with and evaluation of methods of relating to American Indian pupils; provision of personal and vocational counseling to American Indian pupils; modification of curriculum, instructional methods, and administrative procedures to meet the needs of American Indian pupils; and supplemental instruction in American Indian language, literature, history, and culture. Districts offering programs may make contracts for the provision of program components by establishing cooperative liaisons with tribal programs and American Indian social service agencies. These programs may also be provided as components of early childhood and family education programs.

Sec. 52. Minnesota Statutes 2004, section 124D.81, subdivision 1, is amended to read:

Subdivision 1. [GRANTS; PROCEDURES.] Each fiscal year the commissioner of education must make grants to no fewer than six American Indian education programs. At least three programs must be in urban areas and at least three must be on or near reservations. The board of a local district, a participating school or a group of boards may develop a proposal for grants in support of American Indian education programs. Proposals may provide for contracts for the provision of program components by nonsectarian nonpublic, community, tribal, charter, or alternative schools. The commissioner shall prescribe the form and manner of application for grants, and no grant shall be made for a proposal not complying with the requirements of sections 124D.71 to 124D.82. ~~The commissioner must submit all proposals to the state Advisory Committee on American Indian Education Programs for its recommendations concerning approval, modification, or disapproval and the amounts of grants to approved programs.~~

Sec. 53. Minnesota Statutes 2004, section 124D.84, subdivision 1, is amended to read:

Subdivision 1. [AWARDS.] The commissioner, ~~with the advice and counsel of the Minnesota Indian Education Committee~~, may award scholarships to any Minnesota resident student who is of one-fourth or more Indian ancestry, who has applied for other existing state and federal scholarship and grant programs, and who, in the opinion of the commissioner, has the capabilities to benefit from further education. Scholarships must be for accredited degree programs in accredited Minnesota colleges or universities or for courses in accredited Minnesota business, technical, or vocational schools. Scholarships may also be given to students attending Minnesota

colleges that are in candidacy status for obtaining full accreditation, and are eligible for and receiving federal financial aid programs. Students are also eligible for scholarships when enrolled as students in Minnesota higher education institutions that have joint programs with other accredited higher education institutions. Scholarships shall be used to defray the total cost of education including tuition, incidental fees, books, supplies, transportation, other related school costs and the cost of board and room and shall be paid directly to the college or school concerned where the student receives federal financial aid. The total cost of education includes all tuition and fees for each student enrolling in a public institution and the portion of tuition and fees for each student enrolling in a private institution that does not exceed the tuition and fees at a comparable public institution. Each student shall be awarded a scholarship based on the total cost of the student's education and a federal standardized need analysis. Applicants are encouraged to apply for all other sources of financial aid. ~~The amount and type of each scholarship shall be determined through the advice and counsel of the Minnesota Indian education committee.~~

When an Indian student satisfactorily completes the work required by a certain college or school in a school year the student is eligible for additional scholarships, if additional training is necessary to reach the student's educational and vocational objective. Scholarships may not be given to any Indian student for more than five years of study ~~without special recommendation of the Minnesota Indian Education Committee.~~

Sec. 54. [127A.095] [IMPLEMENTATION OF NO CHILD LEFT BEHIND ACT.]

Subdivision 1. [CONTINUED IMPLEMENTATION.] The Department of Education shall continue to implement the federal No Child Left Behind Act, Public Law 107-110, without interruption.

Subd. 2. [NO CHILD LEFT BEHIND REVIEW.] (a) The legislature states its intention to require the Department of Education to conduct a comprehensive review of the consolidated state plan submitted by the state to the federal Department of Education on implementing the No Child Left Behind Act. The Minnesota Department of Education shall review and seek waivers under paragraph (b). If the Department of Education is unable to obtain waivers under paragraph (b), it should make a recommendation in its report under paragraph (b) about whether the state should opt out of the No Child Left Behind Act.

(b) The commissioner shall report to the house of representatives and senate committees having jurisdiction over kindergarten through grade 12 education policy and finance by April 1, 2006, whether the department has:

(1) received approval from the federal Department of Education to allow the state to develop a plan using multiple measures including value-added measurement of student achievement in addition to relying on standardized test results to evaluate school and student performance for the purpose of determining adequate yearly progress;

(2) received approval from the federal Department of Education to allow the state to average three years of data for the purposes of identifying a school for improvement;

(3) developed a plan and model legislation to ensure that if an adequate yearly progress determination was made in error, that the error will not adversely affect the school's or school district's sanction status in subsequent years. The department must have a policy in place to correct errors to accountability reports;

(4) reported the additional costs for state fiscal years 2006 to 2009 that the No Child Left Behind Act imposes on the state, the state's school districts, and charter schools that are in excess of costs associated with the Improving America's Schools Act of 1994, Public Law 103-382;

(5) received approval from the federal Department of Education to allow the state to use No Child Left Behind Act money to provide supplemental education services only in the academic subject area that causes a school to miss adequate yearly progress;

(6) received approval from the federal Department of Education to exclude from sanctions schools that have not made adequate yearly progress solely due to a subgroup of students with disabilities not testing at a proficient level;

(7) received approval from the federal Department of Education to exclude from sanctions a school that is classified as not having made adequate yearly progress solely due to different subgroups testing below proficient levels for at least two consecutive years;

(8) received approval from the federal Department of Education to identify a school as not making adequate yearly progress only after missing the adequate yearly progress targets in the same subject and subgroup for two consecutive years;

(9) received approval from the federal Department of Education to identify a district as in need of improvement only after missing the adequate yearly progress target in the same subject across multiple grade spans for two consecutive years;

(10) received approval from the federal Department of Education to limit the score of a student within multiple subgroups to the one subgroup that is the smallest subgroup in which that student is a part of when calculating adequate yearly progress;

(11) implemented a uniform financial reporting system for school districts to report costs related to implementing No Child Left Behind Act requirements, including the costs of complying with sanctions;

(12) received approval from the federal Department of Education to determine the percentage of the special education students that would be best educated based on out-of-level standards and tested accordingly based on an individual education plan; and

(13) received approval from the federal Department of Education to determine when to hold schools accountable for including a student with limited English proficiency in adequate yearly progress calculations.

Subd. 3. [DEPARTMENT OF FINANCE CERTIFICATION.] If the commissioner of education has not received approval from the federal Department of Education regarding the conditions in subdivision 2, paragraph (b), the commissioner of finance shall certify and report to the legislature beginning January 1, 2007, and each year thereafter, the amount of federal revenue, if any, that may be withheld by the federal government as a result of a potential state decision to discontinue implementation of the No Child Left Behind Act. The report shall also specify the intended purpose of the federal revenue and the amount of revenue that may be withheld from the state, each school district, and each charter school in each fiscal year.

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

**Sec. 55. [129C.105] [BOARD MEETINGS BY TELEPHONE OR OTHER ELECTRONIC MEANS.]**

(a) Notwithstanding section 13D.01 and if complying with section 13D.02 is impractical, the Board of the Perpich Center for Arts Education may conduct a meeting of its members by telephone or other electronic means when:

(1) all members of the board participating in the meeting, wherever the members' physical locations, can hear one another and all discussion and testimony;

(2) members of the public present at the regular meeting location of the board can hear all discussion and testimony and all votes of members of the board;

(3) at least one member of the board is physically present at the regular meeting location; and

(4) all votes are conducted by roll call, so each member's vote on each issue can be identified and recorded.

(b) Each member of the board participating in a meeting by telephone or other electronic means is considered present at the meeting for purposes of determining a quorum and participating in all proceedings.

(c) If telephone or other electronic means is used to conduct a meeting, the board, to the extent

practical, shall allow a person to monitor the meeting electronically from a remote location. The board may require the person making such a connection to pay for documented marginal costs that the board incurs as a result of the additional connection.

(d) If telephone or other electronic means is used to conduct a regular, special, or emergency meeting, the board shall provide notice of the regular meeting location, of the fact that some members may participate by telephone or other electronic means, and of the provisions of paragraph (c). The timing and method of providing notice is governed by section 13D.04.

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

Sec. 56. Minnesota Statutes 2004, 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;
  - (1) 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; and

(iii) an early childhood family education teacher employed by a school district.

**[EFFECTIVE DATE.]** This section is effective July 1, 2005.

Sec. 57. Minnesota Statutes 2004, section 260C.201, subdivision 1, is amended to read:

Subdivision 1. [DISPOSITIONS.] (a) If the court finds that the child is in need of protection or services or neglected and in foster care, it shall enter an order making any of the following dispositions of the case:

(1) place the child under the protective supervision of the responsible social services agency or child-placing agency in the home of a parent of the child under conditions prescribed by the court directed to the correction of the child's need for protection or services:

(i) the court may order the child into the home of a parent who does not otherwise have legal custody of the child, however, an order under this section does not confer legal custody on that parent;

(ii) if the court orders the child into the home of a father who is not adjudicated, he must cooperate with paternity establishment proceedings regarding the child in the appropriate jurisdiction as one of the conditions prescribed by the court for the child to continue in his home;

(iii) the court may order the child into the home of a noncustodial parent with conditions and may also order both the noncustodial and the custodial parent to comply with the requirements of a case plan under subdivision 2; or

(2) transfer legal custody to one of the following:

(i) a child-placing agency; or

(ii) the responsible social services agency. In placing a child whose custody has been transferred under this paragraph, the agencies shall make an individualized determination of how the placement is in the child's best interests using the consideration for relatives and the best interest factors in section 260C.212, subdivision 2, paragraph (b); or

(3) if the child has been adjudicated as a child in need of protection or services because the child is in need of special services or care to treat or ameliorate a physical or mental disability, the court may order the child's parent, guardian, or custodian to provide it. The court may order the child's health plan company to provide mental health services to the child. Section 62Q.535 applies to an order for mental health services directed to the child's health plan company. If the health plan, parent, guardian, or custodian fails or is unable to provide this treatment or care, the court may order it provided. Absent specific written findings by the court that the child's disability is the result of abuse or neglect by the child's parent or guardian, the court shall not transfer legal

custody of the child for the purpose of obtaining special treatment or care solely because the parent is unable to provide the treatment or care. If the court's order for mental health treatment is based on a diagnosis made by a treatment professional, the court may order that the diagnosing professional not provide the treatment to the child if it finds that such an order is in the child's best interests; or

(4) if the court believes that the child has sufficient maturity and judgment and that it is in the best interests of the child, the court may order a child 16 years old or older to be allowed to live independently, either alone or with others as approved by the court under supervision the court considers appropriate, if the county board, after consultation with the court, has specifically authorized this dispositional alternative for a child.

(b) If the child was adjudicated in need of protection or services because the child is a runaway or habitual truant, the court may order any of the following dispositions in addition to or as alternatives to the dispositions authorized under paragraph (a):

(1) counsel the child or the child's parents, guardian, or custodian;

(2) place the child under the supervision of a probation officer or other suitable person in the child's own home under conditions prescribed by the court, including reasonable rules for the child's conduct and the conduct of the parents, guardian, or custodian, designed for the physical, mental, and moral well-being and behavior of the child; or with the consent of the commissioner of corrections, place the child in a group foster care facility which is under the commissioner's management and supervision;

(3) subject to the court's supervision, transfer legal custody of the child to one of the following:

(i) a reputable person of good moral character. No person may receive custody of two or more unrelated children unless licensed to operate a residential program under sections 245A.01 to 245A.16; or

(ii) a county probation officer for placement in a group foster home established under the direction of the juvenile court and licensed pursuant to section 241.021;

(4) require the child to pay a fine of up to \$100. The court shall order payment of the fine in a manner that will not impose undue financial hardship upon the child;

(5) require the child to participate in a community service project;

(6) order the child to undergo a chemical dependency evaluation and, if warranted by the evaluation, order participation by the child in a drug awareness program or an inpatient or outpatient chemical dependency treatment program;

(7) if the court believes that it is in the best interests of the child and or of public safety that the child's driver's license or instruction permit be canceled, the court may order the commissioner of public safety to cancel the child's license or permit for any period up to the child's 18th birthday. If the child does not have a driver's license or permit, the court may order a denial of driving privileges for any period up to the child's 18th birthday. The court shall forward an order issued under this clause to the commissioner, who shall cancel the license or permit or deny driving privileges without a hearing for the period specified by the court. At any time before the expiration of the period of cancellation or denial, the court may, for good cause, order the commissioner of public safety to allow the child to apply for a license or permit, and the commissioner shall so authorize;

(8) order that the child's parent or legal guardian deliver the child to school at the beginning of each school day for a period of time specified by the court; or

(9) require the child to perform any other activities or participate in any other treatment programs deemed appropriate by the court.

To the extent practicable, the court shall enter a disposition order the same day it makes a

finding that a child is in need of protection or services or neglected and in foster care, but in no event more than 15 days after the finding unless the court finds that the best interests of the child will be served by granting a delay. If the child was under eight years of age at the time the petition was filed, the disposition order must be entered within ten days of the finding and the court may not grant a delay unless good cause is shown and the court finds the best interests of the child will be served by the delay.

(c) If a child who is 14 years of age or older is adjudicated in need of protection or services because the child is a habitual truant and truancy procedures involving the child were previously dealt with by a school attendance review board or county attorney mediation program under section 260A.06 or 260A.07, the court shall order a cancellation or denial of driving privileges under paragraph (b), clause (7), for any period up to the child's 18th birthday.

(d) In the case of a child adjudicated in need of protection or services because the child has committed domestic abuse and been ordered excluded from the child's parent's home, the court shall dismiss jurisdiction if the court, at any time, finds the parent is able or willing to provide an alternative safe living arrangement for the child, as defined in Laws 1997, chapter 239, article 10, section 2.

(e) When a parent has complied with a case plan ordered under subdivision 6 and the child is in the care of the parent, the court may order the responsible social services agency to monitor the parent's continued ability to maintain the child safely in the home under such terms and conditions as the court determines appropriate under the circumstances.

Sec. 58. 2005 S.F. No. 1879, article 3, section 3, subdivision 24, if enacted, is amended to read:

Subd. 24. [BEST PRACTICES SEMINARS.] For best practices seminars and other professional development capacity building activities that assure proficiency in teaching and implementation of graduation rule standards:

\$1,000,000	.....	2006
\$1,000,000	.....	2007

\$400,000 each year is for a grant to the Minnesota Humanities Commission.

\$150,000 each year is for a grant to the Minnesota Historical Society.

\$250,000 each year is for a grant to Special School District No. 6, South St. Paul, for the IB program expansion to the elementary and middle school years.

\$200,000 each year is for a grant to A Chance to Grow/New Visions for the Minnesota Learning Resource Center's comprehensive training program for education professionals charged with helping children acquire basic reading and mathematic skills.

Sec. 59. 2005 S.F. No. 1879, article 3, section 3, subdivision 25, if enacted, is amended to read:

Subd. 25. [~~ALTERNATIVE TEACHER PROFESSIONAL COMPENSATION FOR TEACHERS.~~] For alternative teacher professional compensation for teachers aid established under Minnesota Statutes, sections 122A.413 to 122A.415 section 122A.4142:

\$ 3,700,000	<u>8,700,000</u>	.....	2006
\$ 3,700,000	<u>8,700,000</u>	.....	2007

If the appropriations under this subdivision are insufficient to fund all program participants, a participant may receive less than the maximum per pupil amount available under Minnesota Statutes, section ~~122A.415~~ 122A.4142, subdivision ~~4~~ 4. A qualifying district or site receiving alternative teacher professional compensation for teacher funding under this subdivision may use the funding it receives to leverage additional funds from a national program for enhancing teacher professionalism. Grantees who received revenue in fiscal year 2005 under Minnesota Statutes 2004, sections 122A.413 to 122A.415 shall receive revenue in fiscal years 2006 and 2007 under Minnesota Statutes, section 122A.4142.

Sec. 60. 2005 S.F. No. 1879, article 3, section 3, subdivision 26, if enacted, is amended to read:

Subd. 26. [~~YOUTHWORKS~~ YOUTH WORKS PROGRAM.] For funding ~~youthworks youth works~~ youth works programs under Minnesota Statutes, sections 124D.37 to 124D.45:

\$900,000	.....	2006
\$900,000	.....	2007

A grantee organization may provide health and child care coverage to the dependents of each participant enrolled in a full-time youth works program to the extent such coverage is not otherwise available.

Sec. 61. 2005 S.F. No. 1879, article 3, section 3, subdivision 27, if enacted, is amended to read:

Subd. 27. [~~STUDENT ORGANIZATIONS.~~] For student organizations:

<del>\$625,000</del> <u>\$725,000</u>	.....	2006
<del>\$625,000</del> <u>\$725,000</u>	.....	2007

(a) \$40,000 each year is for student organizations serving health occupations.

(b) \$37,500 each year is for student organizations serving service occupations.

(c) \$88,000 each year is for student organizations serving trade and industry occupations.

(d) \$84,000 each year is for student organizations serving business occupations.

(e) \$130,500 each year is for student organizations serving agriculture occupations.

(f) \$125,000 each year is for student organizations serving family and consumer science occupations.

(g) \$95,000 each year is for student organizations serving marketing occupations.

Sec. 62. 2005 S.F. No. 1879, article 3, section 3, subdivision 29, if enacted, is amended to read:

Subd. 29. [~~COLLABORATIVE URBAN EDUCATOR.~~] For the collaborative urban educator program:

\$ <del>528,000</del> <u>550,000</u>	.....	2006
\$ <del>528,000</del> <u>550,000</u>	.....	2007

Sec. 63. 2005 S.F. No. 1879, article 3, section 3, subdivision 31, if enacted, is amended to read:

Subd. 31. [~~FIRST GRADE PREPAREDNESS ALL-DAY KINDERGARTEN.~~] For ~~first grade preparedness grants~~ all-day kindergarten under Minnesota Statutes, section 124D.081:

\$7,250,000	.....	2006
\$7,250,000	.....	2007

Sec. 64. [~~COLLEGE PREPARATION STANDARDS.~~]

(a) The Higher Education Advisory Council must convene a working group to develop standards describing the skills and knowledge a high school graduate must have at entry into postsecondary education in order to successfully graduate from college. The standards must, to the extent possible, be applicable for all postsecondary education but may describe differences in the skills and knowledge necessary for success in different higher education institutions and programs. The standards need not be comprehensive but must, at a minimum, be the essential skills and knowledge that will enable a student to succeed in college. The Higher Education Services Office must provide staff for the working group.

(b) The Higher Education Advisory Council must submit the standards to the commissioner of

education no later than January 15, 2006. No later than March 15, 2006, the commissioner of education must report, to the chairs of the legislative committees with jurisdiction over kindergarten through grade 12 education policy and finance and higher education policy and finance, its recommendations regarding the changes, if any, that must be made in Minnesota's academic standards in order to ensure that Minnesota high school graduates meet the college readiness standards established by the Higher Education Advisory Council.

(c) The Higher Education Advisory Council must invite the University of Minnesota, Minnesota State Colleges and Universities, representatives of private colleges, and other private postsecondary institutions, to participate in the working group and may invite other individuals or entities to participate. The Higher Education Advisory Council and its working group may collaborate with the Minnesota P-16 Education Partnership in developing the college readiness standards.

Sec. 65. [MINNESOTA COMPREHENSIVE ASSESSMENTS; RULES.]

The commissioner of education shall adopt rules on or before January 1, 2005, to implement the Minnesota Comprehensive Assessments Second Edition (MCA-IIs) in reading, mathematics, and writing. For purposes of state and local high school graduation requirements, the rules must include criteria enabling school districts to:

(1) appropriately accommodate a student who fails but seeks to pass the Minnesota Comprehensive Assessments Second Edition; and

(2) exempt a disabled student, consistent with the student's individualized education plan, or an English language learner from the Minnesota Comprehensive Assessments Second Edition or administer an alternative assessment either to a disabled student, consistent with the student's individualized education plan, or to an English language learner.

Sec. 66. [ADAPTIVE COMPUTER-BASED ASSESSMENT.]

The commissioner of education shall include the cost of developing an adaptive computer-based assessment within the budget for statewide testing, including the Minnesota comprehensive assessments and value-added testing. If an additional appropriation is necessary to develop the computer-based assessment, the commissioner shall request that the legislature include the required appropriation in a subsequent budget.

Sec. 67. [HEALTH AND PHYSICAL EDUCATION MODEL BENCHMARKS.]

By July 1, 2006, the commissioner of education must transmit to school districts model kindergarten through grade 12 health and physical education benchmarks developed by the department's health and physical education quality teaching network.

Sec. 68. [RULES FOR SUPPLEMENTAL SERVICE PROVIDERS.]

The commissioner of education must amend Minnesota Rules, part 3512.5400, relating to supplemental service providers to include outcome standards. The commissioner must include in the amended rules criteria to remove an education service provider from the listing of approved service providers if they fail to meet the outcome standards.

Sec. 69. [MODEL POLICY; INTIMIDATION AND BULLYING.]

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

Sec. 70. [SCHOOL FINANCE STUDY.]

(a) The commissioner of education must contract with an independent contractor that has extensive experience working with various states on education finance systems to continue and complete the work done by the governor's education funding task force included in the June 2004

report, Investing in Our Future. The commissioner must contract with a firm other than the consulting firm performing services for and submitting a report on behalf of the governor's education funding task force.

(b) The contractor must:

(1) conduct an in-depth analysis of the governor's education funding task force report, Investing in Our Future, dated June 2004, focusing on the data produced by the professional judgment panel study included in the report;

(2) convene a meeting in Minnesota to help gather any necessary additional data that is not contained in the governor's task force report or to further validate some of the report's existing data;

(3) determine the dollar value of an instructional services allocation, including cost estimates for each school district adjusting the allocation for individual student and school district characteristics; and

(4) conduct outreach and support to explain its findings to appropriate officials in Minnesota.

(c) In addition to the requirements in paragraph (b), the contractor must analyze data from Minnesota school districts that have proven to be successful in educating students to meet the state's academic standards. The contractor must use a statistical analysis to help explain differences in spending across school districts while controlling for student performance.

(d) The commissioner must report on the findings on the contract to the legislative committees having jurisdiction over kindergarten through grade 12 finance before December 15, 2005.

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

Sec. 71. [EVALUATING THE EDUCATIONAL IMPACT OF FEDERAL AND STATE TESTS ON KINDERGARTEN THROUGH GRADE 12 STUDENTS.]

(a) The Office of Educational Accountability under Minnesota Statutes, section 120B.31, subdivision 3, must evaluate the educational impact of the federal No Child Left Behind Act and other state and federal laws requiring school districts to administer tests to kindergarten through grade 12 students. The evaluation at least must include:

(1) potential educational costs to kindergarten through grade 12 public school students through the 2013-2014 school year of complying with testing requirements;

(2) educational factors that may increase or decrease the educational costs identified under clause (1);

(3) the impact of testing requirements on the statewide accountability system, teacher training and employment, and curriculum development; and

(4) the relationship between the testing requirements, postsecondary entrance requirements, and the expectations of the business community regarding the educational preparation of new high school graduates seeking employment.

The Office of Educational Accountability, at its discretion, may include additional areas for evaluation.

(b) In preparing this evaluation, the Office of Educational Accountability must select a sample of school districts to explore in depth the areas listed in paragraph (a). The school districts must be of varying sizes and geographical locations, and must include some districts with schools designated by the state Department of Education as "needing improvement" under the No Child Left Behind Act. The Office of Educational Accountability must contact school officials, employees of postsecondary institutions, and representatives of business communities from throughout the state to collect information and perceptions related to the evaluation. State and local entities must cooperate with and assist the Office of Educational Accountability with this evaluation at the request of the Office of Educational Accountability.

(c) The Office of Educational Accountability must submit the evaluation in writing to the chairs of the house of representatives and senate committees having jurisdiction over kindergarten through grade 12 education policy and finance by February 15, 2006.

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

Sec. 72. [LICENSED STUDENT SUPPORT SERVICES.]

Subdivision 1. [ACCESS TO SERVICES.] School districts and the Department of Education shall work to provide for students' educational achievement, to provide for student safety, and to enhance student physical, emotional, and social well-being by providing access to licensed student support services, such as licensed school nurses, licensed school counselors, licensed school social workers, licensed alcohol and drug abuse counselors, and licensed school psychologists.

Subd. 2. [FUNDING.] School districts and the Department of Education shall explore opportunities for obtaining additional funds to improve students' access to needed licensed student support services including, at least, medical assistance reimbursements, local collaborative time study funds, federal funds, public health funds, and specifically designated funds.

Subd. 3. [IMPROVING ACCESS.] School districts and the Department of Education must consider nationally recommended licensed staff-to-student ratios, work loads, and best practices when working to improve student access to needed licensed student support services.

Sec. 73. [BOARD OF TEACHING REPORT.]

By January 16, 2006, the Board of Teaching, in consultation with the Department of Education and other education stakeholders, must prepare and submit to the house of representatives and senate committees having jurisdiction over kindergarten through grade 12 education policy and finance proposed licensure requirements for teachers of interdisciplinary curriculum to facilitate learning in state-approved innovative schools and programs.

Sec. 74. [PROFESSIONAL COMPENSATION FOR TEACHERS TASK FORCE.]

The commissioner of education must convene a task force on professional compensation models for teachers. The commissioner shall report the task force findings to the legislative committees having jurisdiction over kindergarten through grade 12 education funding and policy issues by December 16, 2006. The task force must recommend a professional compensation model designed to improve teacher performance and student achievement. The task force must recommend a method to transition from the current pilot alternative compensation sites to a statewide program, including recommendations for funding a statewide program.

Sec. 75. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. [IMPROVED SCHOOL FINANCE SYSTEM CONTRACT.] For a contract to follow up on the work of the governor's education funding task force:

\$175,000	.....	2006
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Subd. 3. [STAFF DEVELOPMENT STATE MATCH.] For the state match for staff development under Minnesota Statutes, section 122A.61:

\$45,939,000	.....	2006
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\$47,883,000	.....	2007
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Special School District No. 6, South St. Paul, may use its state match to implement its elementary and middle school international baccalaureate program expansion.

Subd. 4. [PROFESSIONAL COMPENSATION FOR TEACHERS TASK FORCE.] For the professional compensation for teachers task force:

<u>\$200,000</u>	.....	<u>2006</u>
<u>\$200,000</u>	.....	<u>2007</u>

Sec. 76. [REPEALER.]

Minnesota Statutes 2004, sections 121A.23; 122A.414; and 122A.415, are repealed.

ARTICLE 5  
SPECIAL PROGRAMS

Section 1. Minnesota Statutes 2004, section 121A.66, subdivision 5, is amended to read:

Subd. 5. [EMERGENCY.] "Emergency" means a situation in which immediate intervention is necessary to protect a pupil or other individual from physical injury or to prevent serious property damage.

Sec. 2. Minnesota Statutes 2004, section 121A.66, is amended by adding a subdivision to read:

Subd. 6. [POSITIVE BEHAVIORAL INTERVENTIONS AND SUPPORTS.] "Positive behavioral interventions and supports" means those strategies used to improve the school environment and teach pupils skills likely to increase pupil ability to exhibit appropriate behaviors.

Sec. 3. Minnesota Statutes 2004, section 121A.66, is amended by adding a subdivision to read:

Subd. 7. [TIME-OUT.] "Time-out" means:

(1) a contingent observation, which is not a regulated intervention, and involves instructing the pupil to leave the school activity during the school day and not participate for a period of time, but to observe the activity and listen to the discussion from a time-out area within the same setting;

(2) an exclusionary time-out, which is not a regulated intervention, and involves instructing the pupil to leave the school activity during the school day and not participate in or observe the classroom activity, but to go to another area from which the pupil may leave; or

(3) a locked time-out, which is a regulated intervention, and involves involuntarily removing the pupil from the school activity during the school day and placing the pupil in a specially designed and continuously supervised isolation room that the pupil is prevented from leaving.

Sec. 4. Minnesota Statutes 2004, section 121A.67, is amended to read:

121A.67 [AVERSIVE AND DEPRIVATION PROCEDURES.]

Subdivision 1. [RULES.] The commissioner, after consultation with interested parent organizations and advocacy groups, the Minnesota Administrators for Special Education, the Minnesota Association of School Administrators, Education Minnesota, the Minnesota School Boards Association, the Minnesota Police Officers Association, a representative of a bargaining unit that represents paraprofessionals, the Elementary School Principals Association, and the Secondary School Principals Association, 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 behavioral interventions and supports 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 completing a functional behavior assessment and developing a behavior intervention plan that is included in or maintained with the individual education plan;

(3) require parents or guardians to be notified after the use of educational personnel to notify a parent or guardian of a pupil with an individual education plan on the same day aversive or deprivation procedures are used in an emergency or in writing within two school days if district personnel are unable to provide same-day notice;

(4) establish health and safety standards for the use of locked time-out procedures that require a safe environment, continuous monitoring of the child, ventilation, and adequate space, a locking mechanism that disengages automatically when not continuously engaged by school personnel, and full compliance with state and local fire and building codes, including state rules on time-out rooms; and

(5) contain a list of prohibited procedures;

(6) consolidate and clarify provisions related to behavior intervention plans;

(7) require school districts to register with the commissioner any room used for locked time-out, which the commissioner must monitor by making announced and unannounced on-site visits;

(8) place a student in locked time-out only if the intervention is:

(i) part of the comprehensive behavior intervention plan that is included in or maintained with the student's individual education plan, and the plan uses positive behavioral interventions and supports, and data support its continued use; or

(ii) used in an emergency for the duration of the emergency only; and

(9) require a providing school district or cooperative to establish an oversight committee composed of at least one member with training in behavioral analysis and other appropriate education personnel to annually review aggregate data regarding the use of aversive and deprivation procedures.

Subd. 2. [REMOVAL BY PEACE OFFICER.] If a pupil who has an individual education plan is restrained or removed from a classroom, school building, or school grounds by a peace officer at the request of a school administrator or a school staff person during the school day twice in a 30-day period, the pupil's individual education program team must meet to determine if the pupil's individual education plan is adequate or if additional evaluation is needed.

[EFFECTIVE DATE.] Subdivision 1 of this section is effective the day following final enactment.

Sec. 5. Minnesota Statutes 2004, section 122A.15, is amended by adding a subdivision to read:

Subd. 3. [STUDENT SUPPORT SERVICES ADVISORY COMMITTEE; DISTRICT PLAN.] (a) A student support services advisory committee composed of ten members selected by the commissioner is established under section 15.059. The commissioner must select one committee member from each of the following organizations:

(1) the Minnesota Department of Education;

(2) the Minnesota School Boards Association;

(3) the Minnesota Association of School Administrators;

(4) the Minnesota School Social Work Association;

(5) the School Nurse Organization of Minnesota;

(6) the Minnesota School Psychologists Association;

(7) the Minnesota School Counselors Association;

(8) the Minnesota Association of Resources for Recovery and Chemical Health;

(9) the Minnesota Administrators for Special Education; and

(10) the Minnesota Parent Teachers Association.

(b) The committee must:

- (1) establish a method for identifying student needs that are barriers to learning;
- (2) identify alternatives for integrating student support services into public schools;
- (3) recommend support staff to student ratios and best practices for providing student support services premised on evidence-based practice;
- (4) identify the substance and extent of the work that student support services staff are trained and licensed to provide and the characteristics of the student populations they serve;
- (5) recommend how school districts can most appropriately integrate student support services into the education program; and
- (6) recommend public and nonpublic revenue sources that school districts can use to fund student support services including, among other sources, medical assistance reimbursements, private health insurance, local collaborative time study funds, federal funds, public health funds, and specifically designated funds such as school safety levies and district general funds, among other funds.

(c) The committee must consider the oral and written testimony of school district personnel and parents and students in complying with paragraph (b). The committee must submit periodic recommendations about student support services to the commissioner and to the committees of the legislature having jurisdiction over birth to age 21 education policy and budget issues. The commissioner must consider the committee's recommendations in deciding whether to develop and maintain a model district plan for student support services. If the commissioner develops and maintains a model plan, the commissioner also must decide whether to transmit the plan to school districts, whether to require the districts to adopt and maintain a district plan for providing student support services that meets the criteria recommended by the advisory committee, and whether to require the districts to submit the plan for biennial review.

(d) Notwithstanding section 15.059, subdivision 5, the committee expires on June 30, 2016.

[EFFECTIVE DATE.] This section is effective the day following final enactment and applies to the 2006-2007 school year and later.

Sec. 6. Minnesota Statutes 2004, section 123B.92, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For purposes of this section and section 125A.76, the terms defined in this subdivision have the meanings given to them.

(a) "Actual expenditure per pupil transported in the regular and excess transportation categories" means the quotient obtained by dividing:

- (1) the sum of:
  - (i) all expenditures for transportation in the regular category, as defined in paragraph (b), clause (1), and the excess category, as defined in paragraph (b), clause (2), plus
  - (ii) an amount equal to one year's depreciation on the district's school bus fleet and mobile units computed on a straight line basis at the rate of 15 percent per year for districts operating a program under section 124D.128 for grades 1 to 12 for all students in the district and 12-1/2 percent per year for other districts of the cost of the fleet, plus
  - (iii) an amount equal to one year's depreciation on the district's type three school buses, as defined in section 169.01, subdivision 6, clause (5), which must be used a majority of the time for pupil transportation purposes, computed on a straight line basis at the rate of 20 percent per year of the cost of the type three school buses by:

- (2) the number of pupils eligible for transportation in the regular category, as defined in paragraph (b), clause (1), and the excess category, as defined in paragraph (b), clause (2).

(b) "Transportation category" means a category of transportation service provided to pupils as follows:

(1) Regular transportation is:

(i) transportation to and from school during the regular school year for resident elementary pupils residing one mile or more from the public or nonpublic school they attend, and resident secondary pupils residing two miles or more from the public or nonpublic school they attend, excluding desegregation transportation and noon kindergarten transportation; but with respect to transportation of pupils to and from nonpublic schools, only to the extent permitted by sections 123B.84 to 123B.87;

(ii) transportation of resident pupils to and from language immersion programs;

(iii) transportation of a pupil who is a custodial parent and that pupil's child between the pupil's home and the child care provider and between the provider and the school, if the home and provider are within the attendance area of the school;

(iv) transportation to and from or board and lodging in another district, of resident pupils of a district without a secondary school; and

(v) transportation to and from school during the regular school year required under subdivision 3 for nonresident elementary pupils when the distance from the attendance area border to the public school is one mile or more, and for nonresident secondary pupils when the distance from the attendance area border to the public school is two miles or more, excluding desegregation transportation and noon kindergarten transportation.

For the purposes of this paragraph, a district may designate a licensed day care facility, respite care facility, the residence of a relative, or the residence of a person chosen by the pupil's parent or guardian as the home of a pupil for part or all of the day, if requested by the pupil's parent or guardian, and if that facility or residence is within the attendance area of the school the pupil attends.

(2) Excess transportation is:

(i) transportation to and from school during the regular school year for resident secondary pupils residing at least one mile but less than two miles from the public or nonpublic school they attend, and transportation to and from school for resident pupils residing less than one mile from school who are transported because of extraordinary traffic, drug, or crime hazards; and

(ii) transportation to and from school during the regular school year required under subdivision 3 for nonresident secondary pupils when the distance from the attendance area border to the school is at least one mile but less than two miles from the public school they attend, and for nonresident pupils when the distance from the attendance area border to the school is less than one mile from the school and who are transported because of extraordinary traffic, drug, or crime hazards.

(3) Desegregation transportation is transportation within and outside of the district during the regular school year of pupils to and from schools located outside their normal attendance areas under a plan for desegregation mandated by the commissioner or under court order.

(4) "Transportation services for pupils with disabilities" is:

(i) transportation of pupils with disabilities who cannot be transported on a regular school bus between home or a respite care facility and school;

(ii) necessary transportation of pupils with disabilities from home or from school to other buildings, including centers such as developmental achievement centers, hospitals, and treatment centers where special instruction or services required by sections 125A.03 to 125A.24, 125A.26 to 125A.48, and 125A.65 are provided, within or outside the district where services are provided;

(iii) necessary transportation for resident pupils with disabilities required by sections 125A.12, and 125A.26 to 125A.48;

(iv) board and lodging for pupils with disabilities in a district maintaining special classes;

(v) transportation from one educational facility to another within the district for resident pupils enrolled on a shared-time basis in educational programs, and necessary transportation required by sections 125A.18, and 125A.26 to 125A.48, for resident pupils with disabilities who are provided special instruction and services on a shared-time basis or if resident pupils are not transported, the costs of necessary travel between public and private schools or neutral instructional sites by essential personnel employed by the district's program for children with a disability;

(vi) transportation for resident pupils with disabilities to and from board and lodging facilities when the pupil is boarded and lodged for educational purposes; and

(vii) services described in clauses (i) to (vi), when provided for pupils with disabilities in conjunction with a summer instructional program that relates to the pupil's individual education plan or in conjunction with a learning year program established under section 124D.128.

For purposes of computing special education base revenue under section 125A.76, subdivision 2, the cost of providing transportation for children with disabilities includes (A) the additional cost of transporting a homeless student from a temporary nonshelter home in another district to the school of origin, or a formerly homeless student from a permanent home in another district to the school of origin but only through the end of the academic year; and (B) depreciation on district-owned school buses purchased after July 1, 2005, and used primarily for transportation of pupils with disabilities, calculated according to paragraph (a), clauses (ii) and (iii). Depreciation costs included in the disabled transportation category must be excluded in calculating the actual expenditure per pupil transported in the regular and excess transportation categories according to paragraph (a).

(5) "Nonpublic nonregular transportation" is:

(i) transportation from one educational facility to another within the district for resident pupils enrolled on a shared-time basis in educational programs, excluding transportation for nonpublic pupils with disabilities under clause (4);

(ii) transportation within district boundaries between a nonpublic school and a public school or a neutral site for nonpublic school pupils who are provided pupil support services pursuant to section 123B.44; and

(iii) late transportation home from school or between schools within a district for nonpublic school pupils involved in after-school activities.

(c) "Mobile unit" means a vehicle or trailer designed to provide facilities for educational programs and services, including diagnostic testing, guidance and counseling services, and health services. A mobile unit located off nonpublic school premises is a neutral site as defined in section 123B.41, subdivision 13.

Sec. 7. Minnesota Statutes 2004, section 124D.11, subdivision 5, is amended to read:

Subd. 5. [SPECIAL EDUCATION AID.] (a) Except as provided in subdivision 2, special education aid must be paid to a charter school according to section 125A.76, as though it were a school district.

(b) For fiscal year 2006, the charter school may charge tuition to the district of residence as follows:

(1) if the charter school does not receive general education revenue on behalf of the student according to subdivision 1, tuition shall be charged as provided in section 125A.11; or

(2) if the charter school receives general education revenue on behalf of the student according to subdivision 1, tuition shall be charged as provided in section 127A.47, subdivision 7, paragraph (d).

(c) For fiscal year 2007 and later, the special education aid paid to the charter school shall be adjusted as follows:

(1) if the charter school does not receive general education revenue on behalf of the student according to subdivision 1, the aid shall be adjusted as provided in section 125A.11; or

(2) if the charter school receives general education revenue on behalf of the student according to subdivision 1, the aid shall be adjusted as provided in section 127A.47, subdivision 7, paragraph (d).

(d) Notwithstanding paragraphs (b) and (c), sections 125A.11 and 127A.47, subdivision 7, paragraph (d), for charter schools where fewer than 30 percent of enrolled students receive special education and related services, the tuition calculations or aid adjustments must be based on the lesser of the charter school's or the resident district's actual special education cost per service hour for the student's primary disability area, or grouping of disability areas used by the school for tuition billing. For fiscal year 2006, the charter school may submit a tuition bill in an amount equal to 70 percent of its remaining unreimbursed special education costs to the commissioner. For fiscal year 2007 and later, the commissioner must calculate the remaining unreimbursed special education costs. The commissioner must reimburse the charter school in an amount equal to 70 percent of the school's remaining unreimbursed special education costs from the charter school special education reimbursement account according to section 125A.795.

Sec. 8. [124D.4531] [CAREER AND TECHNICAL LEVY.]

Subdivision 1. [CAREER AND TECHNICAL LEVY.] (a) A district with a career and technical program approved under this section for the fiscal year in which the levy is certified may levy an amount equal to the lesser of:

(1) \$80 times the district's average daily membership in grades 10 through 12 for the fiscal year in which the levy is certified; or

(2) 25 percent of approved expenditures in the fiscal year in which the levy is certified for the following:

(i) salaries paid to essential, licensed personnel providing direct instructional services to students in that fiscal year for services rendered in the district's approved career and technical education programs;

(ii) contracted services provided by a public or private agency other than a Minnesota school district or cooperative center under subdivision 7;

(iii) necessary travel between instructional sites by licensed career and technical education personnel;

(iv) necessary travel by licensed career and technical education personnel for vocational student organization activities held within the state for instructional purposes;

(v) curriculum development activities that are part of a five-year plan for improvement based on program assessment;

(vi) necessary travel by licensed career and technical education personnel for noncollegiate credit-bearing professional development; and

(vii) specialized vocational instructional supplies.

(b) Up to ten percent of a district's career and technical levy may be spent on equipment purchases. Districts using the career and technical levy for equipment purchases must report to the department on the improved learning opportunities for students that result from the investment in equipment.

(c) The district must recognize the full amount of this levy as revenue for the fiscal year in which it is certified.

Subd. 2. [ALLOCATION FROM COOPERATIVE CENTERS AND INTERMEDIATE DISTRICTS.] For purposes of this section, a cooperative center or an intermediate district must allocate its approved expenditures for career and technical education programs among participating districts.

Subd. 3. [LEVY GUARANTEE.] Notwithstanding subdivision 1, the career and technical education levy for a district is not less than the lesser of:

- (1) the district's career and technical education levy authority for the previous fiscal year; or
- (2) 100 percent of the approved expenditures for career and technical programs included in subdivision 1, paragraph (b), for the fiscal year in which the levy is certified.

Subd. 4. [DISTRICT REPORTS.] Each district or cooperative center must report data to the department for all career and technical education programs as required by the department to implement the career and technical levy formula.

[EFFECTIVE DATE.] This section is effective for taxes payable in 2009.

Sec. 9. Minnesota Statutes 2004, section 124D.59, subdivision 2, is amended to read:

Subd. 2. [PUPIL OF LIMITED ENGLISH PROFICIENCY.] (a) "Pupil of limited English proficiency" means a pupil in kindergarten through grade 12 who meets the following requirements:

(1) the pupil, as declared by a parent or guardian first learned a language other than English, comes from a home where the language usually spoken is other than English, or usually speaks a language other than English; and

(2) the pupil is determined by developmentally appropriate measures, which might include observations, teacher judgment, parent recommendations, or developmentally appropriate assessment instruments, to lack the necessary English skills to participate fully in classes taught in English.

(b) Notwithstanding paragraph (a), a pupil in grades 4 through 12 who was enrolled in a Minnesota public school on the dates during the previous school year when a commissioner provided assessment that measures the pupil's emerging academic English was administered, shall not be counted as a pupil of limited English proficiency in calculating limited English proficiency pupil units under section 126C.05, subdivision 17, and shall not generate state limited English proficiency aid under section 124D.65, subdivision 5, unless the pupil scored below the state cutoff score on an assessment measuring emerging academic English provided by the commissioner during the previous school year.

(c) Notwithstanding paragraphs (a) and (b), a pupil in kindergarten through grade 12 shall not be counted as a pupil of limited English proficiency in calculating limited English proficiency pupil units under section 126C.05, subdivision 17, and shall not generate state limited English proficiency aid under section 124D.65, subdivision 5, if:

(1) the pupil is not enrolled during the current fiscal year in an educational program for pupils of limited English proficiency in accordance with sections 124D.58 to 124D.64; or

(2) the pupil has generated ~~five~~ seven or more years of average daily membership in Minnesota public schools since July 1, 1996.

[EFFECTIVE DATE.] This section is effective for revenue for fiscal years 2006 and 2007 if the basic formula allowance under Minnesota Statutes, section 126C.10, subdivision 2, does not grow by at least three and one-half percent each year, excluding roll-ins.

Sec. 10. Minnesota Statutes 2004, section 125A.11, subdivision 1, is amended to read:

Subdivision 1. [NONRESIDENT TUITION RATE; OTHER COSTS.] (a) For fiscal year 2006, 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, except as provided in subdivision 4. The tuition rate to be charged for any child with a disability, excluding a pupil for whom tuition is calculated according to section 127A.47, subdivision 7, paragraph (d), must be the sum of (1) 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 special transportation and unreimbursed building lease and debt service costs for facilities used primarily for special education, plus (2) the amount of general education revenue and referendum aid attributable to the pupil, minus (3) the amount of special education aid for children with a disability received on behalf of that child, minus (4) if the pupil receives special instruction and services outside the regular classroom for more than 60 percent of the school day, the amount of general education revenue and referendum aid, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation, attributable to that pupil for the portion of time the pupil receives instruction in the regular classroom. If the boards involved do not agree upon the tuition rate, either board may apply to the commissioner to fix the rate. Notwithstanding chapter 14, the commissioner must then set a date for a hearing or request a written statement from each board, giving each board at least ten days' notice, and after the hearing or review of the written statements the commissioner must make an order fixing the tuition rate, which is binding on both school districts. General education revenue and referendum aid attributable to a pupil must be calculated using the resident district's average general education and referendum revenue per adjusted pupil unit.

(b) For fiscal year 2007 and later, when a school district provides special instruction and services for a pupil with a disability as defined in section 125A.02 outside the district of residence, excluding a pupil for whom an adjustment to special education aid is calculated according to section 127A.47, subdivision 7, paragraph (e), special education aid paid to the resident district must be reduced by an amount equal to (1) the actual cost of providing special instruction and services to the pupil, including a proportionate amount for special transportation and unreimbursed building lease and debt service costs for facilities used primarily for special education, plus (2) the amount of general education revenue and referendum aid attributable to that pupil, minus (3) the amount of special education aid for children with a disability received on behalf of that child, minus (4) if the pupil receives special instruction and services outside the regular classroom for more than 60 percent of the school day, the amount of general education revenue and referendum aid, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation, attributable to that pupil for the portion of time the pupil receives instruction in the regular classroom. General education revenue and referendum aid attributable to a pupil must be calculated using the resident district's average general education revenue and referendum aid per adjusted pupil unit. If the resident district's special education aid is insufficient to make the full adjustment, the remaining adjustment shall be made to other state aid due to the district.

**[EFFECTIVE DATE.]** This section is effective July 1, 2005, for revenue for fiscal year 2006.

Sec. 11. Minnesota Statutes 2004, section 125A.24, is amended to read:

125A.24 [PARENT ADVISORY COUNCILS.]

In order to increase the involvement of parents of children with disabilities in district policy making and decision making, school districts must have a special education advisory council that is incorporated into the district's special education system plan.

(1) This advisory council may be established either for individual districts or in cooperation with other districts who are members of the same special education cooperative.

(2) A district may set up this council as a subgroup of an existing board, council, or committee.

(3) At least half of the designated council members must be parents of students with a disability. The council must include at least one member who is a parent of a nonpublic school student with a disability or an employee of a nonpublic school if a nonpublic school is located in the district. Each local council must meet no less than once each year. The number of members, frequency of meetings, and operational procedures are to be locally determined.

Sec. 12. Minnesota Statutes 2004, section 125A.28, is amended to read:

125A.28 [STATE INTERAGENCY COORDINATING COUNCIL.]

An Interagency Coordinating Council of at least 17, but not more than 25 members is established, in compliance with Public Law 102-119, section 682. The members must be appointed by the governor. Council members must elect the council chair. The representative of the commissioner may not serve as the chair. The council must be composed of at least five parents, including persons of color, of children with disabilities under age 12, including at least three parents of a child with a disability under age seven, five representatives of public or private providers of services for children with disabilities under age five, including a special education director, county social service director, local Head Start director, and a community health services or public health nursing administrator, one member of the senate, one member of the house of representatives, one representative of teacher preparation programs in early childhood-special education or other preparation programs in early childhood intervention, at least one representative of advocacy organizations for children with disabilities under age five, one physician who cares for young children with special health care needs, one representative each from the commissioners of commerce, education, health, human services, a representative from the state agency responsible for child care, and a representative from Indian health services or a tribal council. Section 15.059, subdivisions 2 to 5, apply to the council. The council must meet at least quarterly.

The council must address methods of implementing the state policy of developing and implementing comprehensive, coordinated, multidisciplinary interagency programs of early intervention services for children with disabilities and their families.

The duties of the council include recommending policies to ensure a comprehensive and coordinated system of all state and local agency services for children under age five with disabilities and their families. The policies must address how to incorporate each agency's services into a unified state and local system of multidisciplinary assessment practices, individual intervention plans, comprehensive systems to find children in need of services, methods to improve public awareness, and assistance in determining the role of interagency early intervention committees.

~~By September 1~~ On the date that Minnesota Part C Annual Performance Report is submitted to the federal Office of Special Education, the council must recommend to the governor and the commissioners of education, health, human services, commerce, and employment and economic development policies for a comprehensive and coordinated system.

Notwithstanding any other law to the contrary, the State Interagency Coordinating Council expires on June 30, ~~2005~~ 2009.

Sec. 13. Minnesota Statutes 2004, section 125A.51, is amended to read:

125A.51 [PLACEMENT OF CHILDREN WITHOUT DISABILITIES; EDUCATION AND TRANSPORTATION.]

The responsibility for providing instruction and transportation for a pupil without a disability who has a short-term or temporary physical or emotional illness or disability, as determined by the standards of the commissioner, and who is temporarily placed for care and treatment for that illness or disability, must be determined as provided in this section.

(a) The school district of residence of the pupil is the district in which the pupil's parent or guardian resides.

(b) When parental rights have been terminated by court order, the legal residence of a child placed in a residential or foster facility for care and treatment is the district in which the child resides.

(c) Before the placement of a pupil for care and treatment, the district of residence must be notified and provided an opportunity to participate in the placement decision. When an immediate emergency placement is necessary and time does not permit resident district participation in the

placement decision, the district in which the pupil is temporarily placed, if different from the district of residence, must notify the district of residence of the emergency placement within 15 days of the placement.

(d) When a pupil without a disability is temporarily placed for care and treatment in a day program and the pupil continues to live within the district of residence during the care and treatment, the district of residence must provide instruction and necessary transportation to and from the treatment facility for the pupil. Transportation shall only be provided by the district during regular operating hours of the district. The district may provide the instruction at a school within the district of residence, at the pupil's residence, or in the case of a placement outside of the resident district, in the district in which the day treatment program is located by paying tuition to that district. The district of placement may contract with a facility to provide instruction by teachers licensed by the state Board of Teaching.

(e) When a pupil without a disability is temporarily placed in a residential program for care and treatment, the district in which the pupil is placed must provide instruction for the pupil and necessary transportation while the pupil is receiving instruction, and in the case of a placement outside of the district of residence, the nonresident district must bill the district of residence for the actual cost of providing the instruction for the regular school year and for summer school, excluding transportation costs.

(f) Notwithstanding paragraph (e), if the pupil is homeless and placed in a public or private homeless shelter, then the district that enrolls the pupil under section 127A.47, subdivision 2, shall provide the transportation, unless the district that enrolls the pupil and the district in which the pupil is temporarily placed agree that the district in which the pupil is temporarily placed shall provide transportation. When a pupil without a disability is temporarily placed in a residential program outside the district of residence, the administrator of the court placing the pupil must send timely written notice of the placement to the district of residence. The district of placement may contract with a residential facility to provide instruction by teachers licensed by the state Board of Teaching. For purposes of this section, the state correctional facilities operated on a fee-for-service basis are considered to be residential programs for care and treatment.

(g) The district of residence must include the pupil in its residence count of pupil units and pay tuition as provided in section 123A.488 to the district providing the instruction. Transportation costs must be paid by the district providing the transportation and the state must pay transportation aid to that district. For purposes of computing state transportation aid, pupils governed by this subdivision must be included in the disabled transportation category if the pupils cannot be transported on a regular school bus route without special accommodations.

Sec. 14. Minnesota Statutes 2004, section 125A.76, subdivision 1, is amended to read:

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

(a) "Base year" for fiscal year 1998 and later fiscal years means the second fiscal year preceding the fiscal year for which aid will be paid.

(b) "Basic revenue" has the meaning given it in section 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) "Essential personnel" means teachers, cultural liaisons, related services, and support services staff providing direct services to students. Essential personnel may also include special education paraprofessionals or clericals providing support to teachers and students by preparing paperwork and making arrangements related to special education compliance requirements, including parent meetings and individual education plans.

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

(e) "Program growth factor" means 1.046 for fiscal year 2003, ~~and~~; 1.0 for fiscal year years 2004, 2005, and 2006; 1.042 for fiscal year 2007; and 1.046 for fiscal year 2008 and later.

**[EFFECTIVE DATE.]** This section is effective for revenue for fiscal year 2006.

Sec. 15. Minnesota Statutes 2004, section 125A.76, subdivision 3, is amended to read:

Subd. 3. [ADJUSTED SPECIAL EDUCATION BASE REVENUE.] For fiscal year 1997 ~~2006~~ and later, a district's adjusted special education base revenue equals the district's special education base revenue times the ratio of the district's ~~average daily membership unduplicated count of students with an individual education plan for the current school year to the district's average daily membership unduplicated count of students with an individual education plan for the base year.~~

**[EFFECTIVE DATE.]** This section is effective for revenue for fiscal year 2006.

Sec. 16. Minnesota Statutes 2004, section 125A.76, subdivision 4, is amended to read:

Subd. 4. [STATE TOTAL SPECIAL EDUCATION AID.] The state total special education aid for fiscal year 2004 equals \$530,642,000. The state total special education aid for fiscal year 2005 equals \$529,164,000. The state total special education aid for fiscal year 2006 equals \$528,846,000. The state total special education aid for later fiscal years equals:

- (1) the state total special education aid for the preceding fiscal year; times
- (2) the program growth factor; times
- (3) the ratio of the state total average daily membership for the current fiscal year to the state total average daily membership for the preceding fiscal year.

**[EFFECTIVE DATE.]** This section is effective for revenue for fiscal year 2006.

Sec. 17. Minnesota Statutes 2004, section 125A.79, subdivision 1, is amended to read:

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

(a) "Unreimbursed special education cost" means the sum of the following:

- (1) expenditures for teachers' salaries, contracted services, supplies, equipment, and transportation services eligible for revenue under section 125A.76; plus
- (2) expenditures for tuition bills received under sections 125A.03 to 125A.24 and 125A.65 for services eligible for revenue under section 125A.76, subdivision 2; minus
- (3) revenue for teachers' salaries, contracted services, supplies, and equipment under section 125A.76; minus
- (4) tuition receipts under sections 125A.03 to 125A.24 and 125A.65 for services eligible for revenue under section 125A.76, subdivision 2.

(b) ~~"General revenue" means for fiscal year 1996, the sum of the general education revenue according to section 126C.10, subdivision 1, as adjusted according to section 127A.47, subdivision 7, plus the total referendum revenue according to section 126C.17, subdivision 4. For fiscal years 1997 and later, "General revenue" means the sum of the general education revenue according to section 126C.10, subdivision 1, as adjusted according to section 127A.47, subdivisions 7 and 8, plus the total referendum revenue minus transportation sparsity revenue minus total operating capital revenue.~~

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

(d) "Program growth factor" means 1.02 for fiscal year 2003, ~~and~~; 1.0 for fiscal year years 2004 and 2005; and 1.02 for fiscal year 2006 and later.

**[EFFECTIVE DATE.]** This section is effective for revenue for fiscal year 2006.

Sec. 18. Minnesota Statutes 2004, section 125A.79, subdivision 6, is amended to read:

Subd. 6. [STATE TOTAL SPECIAL EDUCATION EXCESS COST AID.] The state total special education excess cost aid for fiscal year 2004 equals \$92,067,000. The state total special education aid for fiscal year 2005 equals \$91,811,000. The state total special education excess cost aid for fiscal year 2006 equals \$91,784,000. The state total special education excess cost aid for fiscal year ~~2006~~ 2007 and later fiscal years equals:

- (1) the state total special education excess cost aid for the preceding fiscal year; times
- (2) the program growth factor; times
- (3) the ratio of the state total average daily membership for the current fiscal year to the state total average daily membership for the preceding fiscal year;
- (4) all less the amount transferred into the charter school special education reimbursement account under section 125A.795.

**[EFFECTIVE DATE.]** This section is effective for revenue for fiscal year 2006.

Sec. 19. [125A.795] [CHARTER SCHOOL SPECIAL EDUCATION REIMBURSEMENT ACCOUNT.]

Subdivision 1. [ACCOUNT CREATED.] The charter school special education reimbursement account is created in the state general fund.

Subd. 2. [REVENUE.] The estimated amount necessary to pay for the state share of net unreimbursed special education costs of charter school pupils with a disability is transferred from the appropriation for special education excess cost aid to the charter school special education reimbursement account.

Subd. 3. [REVIEW.] The commissioner of education must examine the tuition bills from charter schools and may adjust the bills in the same manner as authorized under section 125A.80.

**[EFFECTIVE DATE.]** This section is effective July 1, 2005, for revenue for fiscal year 2006.

Sec. 20. Minnesota Statutes 2004, section 126C.40, subdivision 1, is amended to read:

Subdivision 1. [TO LEASE BUILDING OR LAND.] (a) When an independent or a special school district or a group of independent or special school districts finds it economically advantageous to rent or lease a building or land for any instructional purposes or for school storage or furniture repair, and it determines that the operating capital revenue authorized under section 126C.10, subdivision 13, is insufficient for this purpose, it may apply to the commissioner for permission to make an additional capital expenditure levy for this purpose. An application for permission to levy under this subdivision must contain financial justification for the proposed levy, the terms and conditions of the proposed lease, and a description of the space to be leased and its proposed use.

(b) The criteria for approval of applications to levy under this subdivision must include: the reasonableness of the price, the appropriateness of the space to the proposed activity, the feasibility of transporting pupils to the leased building or land, conformity of the lease to the laws and rules of the state of Minnesota, and the appropriateness of the proposed lease to the space needs and the financial condition of the district. The commissioner must not authorize a levy under this subdivision in an amount greater than 90 percent of the cost to the district of renting or leasing a building or land for approved purposes. The proceeds of this levy must not be used for custodial or other maintenance services. A district may not levy under this subdivision for the purpose of leasing or renting a district-owned building or site to itself.

(c) For agreements finalized after July 1, 1997, a district may not levy under this subdivision for the purpose of leasing: (1) a newly constructed building used primarily for regular kindergarten, elementary, or secondary instruction; or (2) a newly constructed building addition or additions used primarily for regular kindergarten, elementary, or secondary instruction that contains more than 20 percent of the square footage of the previously existing building.

(d) Notwithstanding paragraph (b), a district may levy under this subdivision for the purpose of leasing or renting a district-owned building or site to itself only if the amount is needed by the district to make payments required by a lease purchase agreement, installment purchase agreement, or other deferred payments agreement authorized by law, and the levy meets the requirements of paragraph (c). A levy authorized for a district by the commissioner under this paragraph may be in the amount needed by the district to make payments required by a lease purchase agreement, installment purchase agreement, or other deferred payments agreement authorized by law, provided that any agreement include a provision giving the school districts the right to terminate the agreement annually without penalty.

(e) The total levy under this subdivision for a district for any year must not exceed \$90 times the resident pupil units for the fiscal year to which the levy is attributable.

(f) For agreements for which a review and comment have been submitted to the Department of Education after April 1, 1998, the term "instructional purpose" as used in this subdivision excludes expenditures on stadiums.

(g) The commissioner of education may authorize a school district to exceed the limit in paragraph (e) if the school district petitions the commissioner for approval. The commissioner shall grant approval to a school district to exceed the limit in paragraph (e) for not more than five years if the district meets the following criteria:

(1) the school district has been experiencing pupil enrollment growth in the preceding five years;

(2) the purpose of the increased levy is in the long-term public interest;

(3) the purpose of the increased levy promotes colocation of government services; and

(4) the purpose of the increased levy is in the long-term interest of the district by avoiding over construction of school facilities.

(h) A school district that is a member of an intermediate school district may include in its authority under this section 90 percent of the costs associated with leases of administrative and classroom space for intermediate school district programs. This authority must not exceed \$22.50 times the adjusted marginal cost pupil units of the member districts. This authority is in addition to any other authority authorized under this section.

(i) In addition to the allowable capital levies in paragraph (a), a district that is a member of the "Technology and Information Education Systems" data processing joint board, that finds it economically advantageous to enter into a lease purchase agreement for a building for a group of school districts or special school districts for staff development purposes, may levy for its portion of lease costs attributed to the district within the total levy limit in paragraph (e).

(j) A school district that is a member of the Wright Technical Center may include in its authority under this section 90 percent of the costs associated with leases of administrative and classroom space at the Wright Technical Center. This authority must not exceed \$22.50 times the adjusted marginal cost pupil units of the member districts. This authority may be in addition to any other authority authorized under this section.

Sec. 21. Minnesota Statutes 2004, section 126C.457, is amended to read:

126C.457 [CAREER AND TECHNICAL LEVY.]

For taxes payable in 2006, 2007, and 2008, 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. 22. [127A.21] [STATE COORDINATOR FOR WORLD LANGUAGES.]

(a) The commissioner of education shall designate a full-time state coordinator for world languages education within the Department of Education by July 1, 2005. The commissioner shall seek input from the Quality Teaching Network before designating or hiring the coordinator who must have classroom experience teaching world languages. The coordinator, at a minimum, shall:

(1) survey school districts in the state to:

(i) identify the types of existing world language programs and exemplary model extended world languages programs; and

(ii) in consultation with Minnesota postsecondary institutions, identify and address staff development needs of current world language teachers and preservice teachers;

(2) identify successful extended world language programs from other states;

(3) establish guidelines for a variety of model extended world languages programs;

(4) research and recommend the funding necessary to implement various models of extended world languages programs in different languages; and

(5) support and monitor, using the most recent information available, current world languages programs.

(b) For the purposes of this section, "extended world languages program" means a world languages program:

(1) with a sequence of consecutive years in any of kindergarten through grade 12, including, for example, sequences of kindergarten through grade 12, grades 5 through 12, and grades 7 through 12; and

(2) based on professionally recognized proficiency guidelines, and which incorporates current best practices for world language programs.

Sec. 23. Minnesota Statutes 2004, section 127A.47, subdivision 7, is amended to read:

Subd. 7. [ALTERNATIVE ATTENDANCE PROGRAMS.] The general education aid and special education aid for districts must be adjusted for each pupil attending a nonresident district under sections 123A.05 to 123A.08, 124D.03, 124D.06, 124D.08, and 124D.68. The adjustments must be made according to this subdivision.

(a) General education aid paid to a resident district must be reduced by an amount equal to the referendum equalization aid attributable to the pupil in the resident district.

(b) General education aid paid to a district serving a pupil in programs listed in this subdivision must be increased by an amount equal to the referendum equalization aid attributable to the pupil in the nonresident district.

(c) If the amount of the reduction to be made from the general education aid of the resident district is greater than the amount of general education aid otherwise due the district, the excess reduction must be made from other state aids due the district.

(d) For fiscal year 2006, the district of residence must pay tuition to a district or an area learning center, operated according to paragraph (e) (f), providing special instruction and services to a pupil with a disability, as defined in section 125A.02, or a pupil, as defined in section 125A.51, who is enrolled in a program listed in this subdivision. The tuition must be equal to (1) the actual cost of providing special instruction and services to the pupil, including a proportionate amount for debt service and for capital expenditure facilities and equipment, and debt service but not including any amount for special transportation and unreimbursed building lease and debt service costs for facilities used primarily for special education, minus (2) if the pupil receives special instruction and services outside the regular classroom for more than 60 percent of the school day, the amount of general education revenue and referendum aid attributable to that pupil for the portion of time the pupil receives special instruction and services outside of the regular

classroom, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation, minus (3) special education aid but not including any amount for transportation, attributable to that pupil, that is received by the district providing special instruction and services. For purposes of this paragraph, general education revenue and referendum aid attributable to a pupil must be calculated using the serving district's average general education revenue and referendum aid per adjusted pupil unit.

(e) For fiscal year 2007 and later, special education aid paid to a resident district must be reduced by an amount equal to (1) the actual cost of providing special instruction and services, including special transportation and unreimbursed building lease and debt service costs for facilities used primarily for special education, for a pupil with a disability, as defined in section 125A.02, or a pupil, as defined in section 125A.51, who is enrolled in a program listed in this subdivision, minus (2) if the pupil receives special instruction and services outside the regular classroom for more than 60 percent of the school day, the amount of general education revenue and referendum aid attributable to that pupil for the portion of time the pupil receives special instruction and services outside of the regular classroom, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation, minus (3) special education aid attributable to that pupil, that is received by the district providing special instruction and services. For purposes of this paragraph, general education revenue and referendum aid attributable to a pupil must be calculated using the serving district's average general education revenue and referendum aid per adjusted pupil unit. Special education aid paid to the district providing special instruction and services for the pupil, or to the fiscal agent district for a cooperative, must be increased by the amount of the reduction in the aid paid to the resident district. If the resident district's special education aid is insufficient to make the full adjustment, the remaining adjustment shall be made to other state aids due to the district.

(f) An area learning center operated by a service cooperative, intermediate district, education district, or a joint powers cooperative may elect through the action of the constituent boards to charge the resident district tuition for pupils rather than to have the general education revenue paid to a fiscal agent school district. Except as provided in paragraph (d) or (e), the district of residence must pay tuition equal to at least 90 percent of the district average general education revenue per pupil unit minus an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times .0485 for fiscal year 2006, and .0458 for fiscal year 2007 and later fiscal years, calculated without basic skills revenue and transportation sparsity revenue, times the number of pupil units for pupils attending the area learning center, plus the amount of compensatory revenue generated by pupils attending the area learning center.

Sec. 24. Minnesota Statutes 2004, section 134.31, is amended by adding a subdivision to read:

Subd. 6. [ADVISORY COMMITTEE.] The commissioner shall appoint an advisory committee of five members to advise the staff of the Minnesota Library for the Blind and Physically Handicapped on long-range plans and library services. Members shall be people who use the library. Section 15.059 governs this committee except that the committee shall not expire.

Sec. 25. 2005 Senate File No. 1879, article 3, section 3, subdivision 32, if enacted, is amended to read:

Subd. 32. [SPECIAL EDUCATION; REGULAR.] For special education aid under Minnesota Statutes, section 125A.75:

\$528,846,000	.....	2006
\$ 527,446,000	<u>546,111,000</u>	..... 2007

The 2006 appropriation includes \$83,078,000 for 2005 and \$445,768,000 for 2006.

The 2007 appropriation includes \$83,019,000 for 2006 and \$444,427,000 463,092,000 for 2007.

Sec. 26. 2005 Senate File No. 1879, article 3, section 3, subdivision 35, if enacted, is amended to read:

Subd. 35. [SPECIAL EDUCATION; EXCESS COSTS.] For excess cost aid under Minnesota Statutes, section 125A.79, subdivision 7:

\$91,784,000	.....	2006
\$ 91,595,000	<u>93,430,000</u>	..... 2007

The 2006 appropriation includes \$37,455,000 for 2005 and \$54,329,000 for 2006.

The 2007 appropriation includes \$37,417,000 39,252,000 for 2006 and \$54,178,000 for 2007.

Sec. 27. 2005 Senate File No. 1879, article 3, section 3, subdivision 36, if enacted, is amended to read:

Subd. 36. [LITIGATION COSTS FOR SPECIAL EDUCATION.] For paying the costs a district incurs under Minnesota Statutes, section 125A.75, subdivision 8:

\$ 17,000 <u>0</u>	.....	2006
\$ 17,000 <u>0</u>	.....	2007

Sec. 28. [EMINENCE CREDENTIALING.]

Subdivision 1. [GOAL.] It is the goal of the state to support the teaching and revitalization of the Dakota and Anishinaabe languages. The Native Language Eminence Credentialing Task Force is created to achieve this goal.

Subd. 2. [MEMBERSHIP.] The Native Language Eminence Credentialing Task Force consists of the following members:

(1) four members representing public schools with large Native American populations appointed by the commissioner of education;

(2) one member appointed by each federally recognized Indian tribe in the state;

(3) one member appointed by each institution of higher education that trains credentialed Dakota and Anishinaabe language teachers;

(4) one member representing the Minnesota Historical Society;

(5) the chair of the state Indian Affairs Council; and

(6) three native speakers of the Anishinaabe language and three native speakers of the Dakota language, all appointed by the Dakota Ojibwe Language Revitalization Alliance.

Subd. 3. [ADMINISTRATION.] (a) The Native Language Eminence Credentialing Task Force is governed by Minnesota Statutes, section 15.059.

(b) The task force shall elect a chair from its membership. The commissioner of education shall provide staff and administrative support for the task force.

Subd. 4. [DUTIES.] The task force shall review and recommend changes to the eminence credentials for teachers of the Dakota and Anishinaabe languages in order to increase the number of fluent "first speakers" who can teach the language and the number of teachers of the Dakota and Anishinaabe languages by considering and addressing the following:

(1) whether a rating system should be developed that includes separate ratings for fluency of the spoken language, writing and reading skills in language, and specifying which dialect of the Anishinaabe and Dakota languages is being spoken;

(2) whether a strategy for determining the level of fluency should be developed;

(3) consistency of evaluation of language fluency;

(4) identifying issues between tribal authority and state law around strategies of language revitalization; and

(5) a strategy to provide affordable and accessible language and culture credentials throughout Minnesota.

Subd. 5. [REPORT.] The task force shall submit a report to the legislature by January 15, 2006, to fulfill the duties of the task force.

Subd. 6. [EXPIRATION.] The task force expires upon submission of the report on January 15, 2006.

**Sec. 29. [TASK FORCE ON DELIVERY OF SPECIAL EDUCATION TO NONPUBLIC SCHOOL STUDENTS BY PUBLIC SCHOOL DISTRICTS.]**

Subdivision 1. [PURPOSE; ESTABLISHMENT.] With the congressional reauthorization of the federal Individuals with Disabilities Education Act, a task force on the delivery of special education services to nonpublic school students by public school districts shall be established to compare and evaluate how the individual needs of each child are being met, if services are provided in the least restrictive environment, and whether best practices and program efficiencies are being used in the specific areas of transportation, location of services, and shared time aid.

Subd. 2. [MEMBERS.] The governor shall appoint the members of the task force from each of the following:

(1) two members from the Department of Education, one representing special education programs and policy and one representing district finances;

(2) two special education teachers with one member from a public school and one member from a nonpublic school;

(3) two special education administrators with one member from a public school and one member from a nonpublic school;

(4) two members with one from each of two special education advocacy organizations;

(5) two parents of children receiving special education services with one member from a public school and one member from a nonpublic school;

(6) two elementary school principals with one member from a public school and one member from a nonpublic school;

(7) two superintendents with one member from a public school district and one member from a nonpublic school district;

(8) two school business officials with one from a public school and one from a nonpublic school; and

(9) two school board officials with one from a public school and one from a nonpublic school.

The task force may select additional members to work on the task force. The commissioner of education shall provide necessary materials and assistance.

Subd. 3. [REPORT.] The task force shall submit a report by January 15, 2006, to the house of representatives and senate committees having jurisdiction over education on the delivery of special education services to nonpublic school students by public school districts, to compare and evaluate how the individual needs of each child are being met in the least restrictive environment, and whether best practices and program efficiencies are being used.

Subd. 4. [EXPIRATION.] This section expires January 31, 2006.

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

Sec. 30. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. [NONPUBLIC STUDENT SPECIAL EDUCATION TASK FORCE.] For funding of a task force on delivery of special education to nonpublic school students by public school districts:

\$50,000                      .....                      2006

Subd. 3. [NATIVE LANGUAGE EMINENCE CREDENTIALING TASK FORCE.] For funding of a task force to support the teaching and revitalization of the Dakota and Anishinaabe languages:

\$102,000                      .....                      2006

Sec. 31. [REPEALER.]

Minnesota Statutes 2004, section 125A.75, subdivision 8, is repealed.

#### ARTICLE 6

#### TECHNOLOGY, FACILITIES, AND ACCOUNTING

Section 1. Minnesota Statutes 2004, section 123B.42, is amended by adding a subdivision to read:

Subd. 1a. [CURRICULUM; ELECTRONIC COMPONENTS.] A school district that provides curriculum to resident students that has both physical and electronic components must make the electronic component accessible to a resident student in a home school in compliance with sections 120A.22 and 120A.24 at the request of the student or the student's parent or guardian, provided that the district does not incur more than an incidental cost as a result of providing access electronically.

Sec. 2. Minnesota Statutes 2004, section 123B.492, is amended to read:

123B.492 [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. Schools and school districts are strongly encouraged to use a pool for supervised competitive high school diving that meets the requirements of Minnesota Rules, part 4717.3750. A school or district using a pool for supervised training practice for competitive high school diving for either training practice or competition that does not meet the requirements of 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. 3. Minnesota Statutes 2004, section 123B.54, as amended by 2005 S. F. No. 1879, article 3, section 1, if enacted, is amended to read:

123B.54 [DEBT SERVICE APPROPRIATION.]

(a) ~~\$22,942,000~~ \$22,282,000 in fiscal year 2008 and ~~\$21,942,000~~ \$21,182,000 in fiscal year 2009 and later are appropriated from the general fund to the commissioner of education for payment of debt service equalization aid under section 123B.53.

(b) The appropriations in paragraph (a) must be reduced by the amount of any money specifically appropriated for the same purpose in any year from any state fund.

Sec. 4. [123B.715] [ACOUSTICAL PERFORMANCE CRITERIA.]

School districts are encouraged to consider the American National Standards Institute acoustical performance criteria design requirements and guidelines for schools of the maximum background noise level and reverberation times when designing a new building or remodeling an existing building.

Sec. 5. Minnesota Statutes 2004, 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) "Online learning" is an interactive course or program that delivers instruction from a teacher 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) "Online 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 online 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) "Online learning student" is a student enrolled in an online learning course or program delivered by an online 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. 6. Minnesota Statutes 2004, section 124D.095, subdivision 4, is amended to read:

Subd. 4. [ONLINE LEARNING PARAMETERS.] (a) An online learning student must receive academic credit for completing the requirements of an online learning course or program. Secondary credits granted to an online 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 online learning students, and must continue to provide nonacademic services to online learning students. If a student completes an online 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 online 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 online learning student in proportion to the number of online learning courses the student takes from an online learning provider that is not the enrolling district.

(b) An online learning student may:

(1) enroll during a single school year in a maximum of 12 semester-long courses or their equivalent delivered by an online 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) enroll in additional courses with the online learning provider under a separate agreement that includes terms for payment of any tuition or course fees.

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

(d) An online 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 online learning provider must assist an online learning student whose family qualifies for the education tax credit

under section 290.0674 to acquire computer hardware and educational software for online learning purposes.

(e) An enrolling district may offer online learning to its enrolled students. Such online learning does not generate online learning funds under this section. An enrolling district that offers online 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 online learning from an enrolling district. The delivery of instruction occurs when the student interacts with the computer or the teacher and receives ongoing assistance and assessment of learning. The instruction may include curriculum developed by persons other than a teacher with a Minnesota license.

(f) An online 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 online learning students. The delivery of instruction occurs when the student interacts with the computer or the teacher and receives ongoing assistance and assessment of learning. 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 online learning instruction must not instruct more than 40 students in any one online learning course or program.

Sec. 7. Minnesota Statutes 2004, section 124D.095, subdivision 8, is amended to read:

Subd. 8. [FINANCIAL ARRANGEMENTS.] (a) For a student enrolled in an online learning course, the department must calculate average daily membership and make payments according to this subdivision.

(b) The initial online learning average daily membership equals 1/12 for each semester course or a proportionate amount for courses of different lengths. The adjusted online learning average daily membership equals the initial online learning average daily membership times .88.

(c) No online learning average daily membership shall be generated if: (1) the student does not complete the online learning course, or (2) the student is enrolled in online learning provided by the enrolling district and the student was either enrolled in a Minnesota public school for the school year before the school year in which the student first enrolled in online learning, or the student is enrolled in an instructional program in which at least 40 percent of the total instructional time takes place in the school's facilities. For students enrolled in online learning according to clause (2), the department shall calculate average daily membership according to section 126C.05, subdivision 8.

(d) Online learning average daily membership under this subdivision for a student currently enrolled in a Minnesota public school and who was enrolled in a Minnesota public school for the school year before the school year in which the student first enrolled in online learning shall be used only for computing average daily membership according to section 126C.05, subdivision 19, paragraph (a), clause (ii) (2), and for computing online learning aid according to section ~~126C.24~~ 124D.096.

(e) Online learning average daily membership under this subdivision for students not included in paragraph (c) or (d) shall be used only for computing average daily membership according to section 126C.05, subdivision 19, paragraph (a), clause (ii) (2), and for computing payments under paragraphs (f) and (g).

(f) Subject to the limitations in this subdivision, the department must pay an online learning provider an amount equal to the product of the adjusted online learning average daily membership for students under paragraph (e) times the student grade level weighting under section 126C.05, subdivision 1, times the formula allowance.

(g) The department must pay each online learning provider 100 percent of the amount in paragraph (f) within 45 days of receiving final enrollment and course completion information each quarter or semester.

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

Sec. 8. Minnesota Statutes 2004, section 124D.095, is amended by adding a subdivision to read:

Subd. 10. [ONLINE LEARNING ADVISORY COUNCIL.] (a) An online learning advisory council is established under section 15.059, except that the term for each council member shall be three years. The advisory council is composed of 12 members from throughout the state who have demonstrated experience with or interest in online learning. The members of the council shall be appointed by the commissioner. The advisory council shall bring to the attention of the commissioner any matters related to online learning and provide input to the department in matters related, but not restricted, to:

- (1) quality assurance;
- (2) teacher qualifications;
- (3) program approval;
- (4) special education;
- (5) attendance;
- (6) program design and requirements; and
- (7) fair and equal access to programs.

(b) The online learning advisory council under this subdivision expires June 30, 2008.

Sec. 9. [125B.26] [TELECOMMUNICATIONS/INTERNET ACCESS EQUITY AID.]

Subdivision 1. [COSTS TO BE SUBMITTED.] (a) A district or charter school shall submit its actual telecommunications/Internet access costs for the previous fiscal year, adjusted for any e-rate revenue received, to the department by August 15 of each year as prescribed by the commissioner. Costs eligible for reimbursement under this program are limited to the following:

(1) ongoing or recurring telecommunications/Internet access costs associated with Internet access, data lines, and video links providing:

(i) the equivalent of one data line, video link, or integrated data/video link that relies on a transport medium that operates at a minimum speed of 1.544 megabytes per second (T1) for each elementary school, middle school, or high school under section 120A.05, subdivisions 9, 11, and 13, including the recurring telecommunications line lease costs and ongoing Internet access service fees; or

(ii) the equivalent of one data line or video circuit, or integrated data/video link that relies on a transport medium that operates at a minimum speed of 1.544 megabytes per second (T1) for each district, including recurring telecommunications line lease costs and ongoing Internet access service fees;

(2) recurring costs of contractual or vendor-provided maintenance on the school district's wide area network to the point of presence at the school building up to the router, codec, or other service delivery equipment located at the point of presence termination at the school or school district;

(3) recurring costs of cooperative, shared arrangements for regional delivery of telecommunications/Internet access between school districts, postsecondary institutions, and public libraries including network gateways, peering points, regional network infrastructure, Internet2 access, and network support, maintenance, and coordination; and

(4) service provider installation fees for installation of new telecommunications lines or increased bandwidth.

(b) Costs not eligible for reimbursement under this program include:

(1) recurring costs of school district staff providing network infrastructure support;

(2) recurring costs associated with voice and standard telephone service;

(3) costs associated with purchase of network hardware, telephones, computers, or other peripheral equipment needed to deliver telecommunications access to the school or school district;

(4) costs associated with laying fiber for telecommunications access;

(5) costs associated with wiring school or school district buildings;

(6) costs associated with purchase, installation, or purchase and installation of Internet filtering; and

(7) costs associated with digital content, including online learning or distance learning programming, and information databases.

Subd. 2. [E-RATES.] To be eligible for aid under this section, a district or charter school is required to file an e-rate application either separately or through its telecommunications access cluster and have a current technology plan on file with the department. Discounts received on telecommunications expenditures shall be reflected in the costs submitted to the department for aid under this section.

Subd. 3. [REIMBURSEMENT CRITERIA.] The commissioner shall develop criteria for approving costs submitted by organized school districts and charter schools under subdivision 1.

Subd. 4. [DISTRICT AID.] For fiscal year 2006 and later, a district or charter school's Internet access equity aid equals the district or charter school's approved cost for the previous fiscal year according to subdivision 1 exceeding \$15 times the district's adjusted marginal cost pupil units for the previous fiscal year or no reduction if the district is part of an organized telecommunications access cluster. Equity aid must be distributed to the telecommunications access cluster for districts that are members of the cluster or to individual districts and charter schools not part of a telecommunications access cluster.

Subd. 5. [TELECOMMUNICATIONS/INTERNET ACCESS SERVICES FOR NONPUBLIC SCHOOLS.] (a) Districts shall provide each year upon formal request by or on behalf of a nonpublic school, not including home schools, located in that district or area, ongoing or recurring telecommunications access services to the nonpublic school either through existing district providers or through separate providers.

(b) The amount of district aid for telecommunications access services for each nonpublic school under this subdivision equals the lesser of:

(1) 90 percent of the nonpublic school's approved cost for the previous fiscal year according to subdivision 1 exceeding \$10 for fiscal year 2006 and later times the number of weighted pupils enrolled at the nonpublic school as of October 1 of the previous school year; or

(2) the product of the district's aid per pupil unit according to subdivision 4 times the number of weighted pupils enrolled at the nonpublic school as of October 1 of the previous school year.

(c) For purposes of this subdivision, nonpublic school pupils shall be weighted by grade level using the weighting factors defined in section 126C.05, subdivision 1.

(d) Each year, a district providing services under paragraph (a) may claim up to five percent of the aid determined in paragraph (b) for costs of administering this subdivision. No district may expend an amount for these telecommunications access services which exceeds the amount allocated under this subdivision. The nonpublic school is responsible for the Internet access costs not covered by this section.

(e) At the request of a nonpublic school, districts may allocate the amount determined in

paragraph (b) directly to the nonpublic school to pay for or offset the nonpublic school's costs for telecommunications access services; however, the amount allocated directly to the nonpublic school may not exceed the actual amount of the school's ongoing or recurring telecommunications access costs.

Subd. 6. [SEVERABILITY.] If any portion of this section is found by a court to be unconstitutional, the remaining portions of the section shall remain in effect.

**[EFFECTIVE DATE.]** This section is effective for revenue for fiscal year 2006.

Sec. 10. Minnesota Statutes 2004, section 126C.17, subdivision 11, is amended to read:

Subd. 11. [REFERENDUM DATE.] (a) Except for a referendum held under paragraph (b) or (d), any referendum under this section held on a day other than the first Tuesday after the first Monday in November must be conducted by mail in accordance with section 204B.46. Notwithstanding subdivision 9, paragraph (b), to the contrary, in the case of a referendum conducted by mail under this paragraph, the notice required by subdivision 9, paragraph (b), must be prepared and delivered by first-class mail at least 20 days before the referendum.

(b) In addition to the referenda allowed in subdivision 9, clause (a), the commissioner may grant authority to a district to hold a referendum on a different day if the district is in statutory operating debt and has an approved plan or has received an extension from the department to file a plan to eliminate the statutory operating debt.

(c) The commissioner must approve, deny, or modify each district's request for a referendum levy on a different day within 60 days of receiving the request from a district.

(d) In addition to the referenda allowed in subdivision 9, paragraph (a), a district may hold a referendum on the same day as a district election for a facility under chapter 475 if the referendum is directly related to the operating costs of the proposed facility except for licensed personnel costs.

**[EFFECTIVE DATE.]** This section is effective for referenda held on or after July 1, 2005.

Sec. 11. Minnesota Statutes 2004, section 126C.63, subdivision 5, is amended to read:

Subd. 5. [LEVY.] "Levy" means a district's net debt service levy after the reduction of debt service equalization aid under section 123B.53, subdivision 6. For taxes payable in 2003 and later, each district's maximum effort debt service levy for purposes of subdivision 8, must be reduced by an equal number of percentage points if the commissioner of finance determines that the levy reduction will not result in a payment from the general fund in the state treasury according to section 16A.641, as would be required under section 126C.72, subdivision 3. A district's levy that is adjusted under this section must not be reduced below ~~30.1~~ 25 percent of the district's adjusted net tax capacity.

Sec. 12. Minnesota Statutes 2004, section 126C.63, subdivision 8, is amended to read:

Subd. 8. [MAXIMUM EFFORT DEBT SERVICE LEVY.] (a) "Maximum effort debt service levy" means the lesser of:

(1) a levy in whichever of the following amounts is applicable:

(i) in any district receiving a debt service loan for a debt service levy payable in 2002 and thereafter, or granted a capital loan after January 1, 2002, a levy in total dollar amount computed at a rate of ~~40~~ 32 percent of adjusted net tax capacity for taxes payable in 2002 and thereafter;

(ii) in any district receiving a debt service loan for a debt service levy payable in 2001 or earlier, or granted a capital loan before January 2, ~~2001~~ 2002, a levy in a total dollar amount computed at a rate of ~~32~~ 28 percent of adjusted net tax capacity for taxes payable in 2002 and thereafter; or

(2) a levy in any district for which a capital loan was approved prior to August 1, 1981, a levy

in a total dollar amount equal to the sum of the amount of the required debt service levy and an amount which when levied annually will in the opinion of the commissioner be sufficient to retire the remaining interest and principal on any outstanding loans from the state within 30 years of the original date when the capital loan was granted.

(b) The board in any district affected by the provisions of paragraph (a), clause (2), may elect instead to determine the amount of its levy according to the provisions of paragraph (a), clause (1). If a district's capital loan is not paid within 30 years because it elects to determine the amount of its levy according to the provisions of paragraph (a), clause (2), the liability of the district for the amount of the difference between the amount it levied under paragraph (a), clause (2), and the amount it would have levied under paragraph (a), clause (1), and for interest on the amount of that difference, must not be satisfied and discharged pursuant to Minnesota Statutes 1988, or an earlier edition of Minnesota Statutes if applicable, section 124.43, subdivision 4.

Sec. 13. Minnesota Statutes 2004, section 128C.12, subdivision 1, is amended to read:

Subdivision 1. [DUES AND EVENTS REVENUE.] (a) The state auditor annually must examine the accounts of, and audit all money paid to, the State High School League by its members. The audit must include financial and compliance issues. ~~The state auditor audit must also audit include all money derived from any event sponsored by the league. League audits must include audits of administrative regions of the league. The league and its administrative regions may not contract with private auditors. The scope of the state auditor's examinations of the league must be agreed upon by the board and the state auditor, provided that all requirements of this section must be met.~~

(b) The administrative regions of the league may contract with the state auditor or with a private certified public accountant for the audit required by this section. If the audit is performed by a private certified public accountant, the state auditor may require additional information from the private certified public accountant as the state auditor deems in the public interest. The state auditor may accept the audit or make additional examinations as the state auditor deems to be in the public interest.

Sec. 14. Minnesota Statutes 2004, section 128C.12, subdivision 3, is amended to read:

Subd. 3. [COPIES.] ~~The state auditor board must file copies of the financial and compliance audit report with the commissioner of education and the director of the Legislative Reference Library.~~

Sec. 15. Minnesota Statutes 2004, section 128D.11, subdivision 9, is amended to read:

Subd. 9. [NET DEBT DEFINED.] The net debt of the school district for the purposes of this limitation is the amount of bonds less the amount of all money and the face value of all securities then held as a sinking fund for the payment of such bonds, and shall not include school aid and tax anticipation certificates of indebtedness not in default or bonds issued to pay pension fund liabilities under section 475.52, subdivision 6.

Sec. 16. Minnesota Statutes 2004, 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, for obligations authorized before July 1, 2005, 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 levies 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. For obligations authorized on July 1, 2005, or thereafter, the amount of any surplus remaining in the debt service fund of a school district when the obligations and interest thereon are paid in full may be appropriated to any other general purpose by the

school district without any reduction in state aid or levies or may be used to reduce the general fund levies authorized under chapters 122A, 123A, 123B, 124D, and 126C, and the state aids authorized under 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.

(c) 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.

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

Sec. 17. Laws 1996, chapter 412, article 5, section 24, is amended to read:

Sec. 24. [BONDS PAID FROM TACONITE PRODUCTION TAX REVENUES.]

Subdivision 1. [REFUNDING BONDS.] The appropriation of funds from the distribution of taconite production tax revenues to the taconite environmental protection tax fund and the northeast Minnesota economic protection fund made by Laws 1988, chapter 718, article 7, sections 62 and 63, Laws 1989, chapter 329, article 5, section 20, Laws 1990, chapter 604, article 8, section 13, Laws 1992, chapter 499, article 5, section 29, and by sections 18 to 20 Laws 1996, chapter 412, article 5, sections 20 to 22, and Laws 2000, chapter 489, article 5, sections 24 to 26, shall continue to apply to bonds issued under Minnesota Statutes, chapter 475, to refund bonds originally issued pursuant to those chapters.

Subd. 2. [LOCAL PAYMENTS.] School districts that are required in Laws 1988, chapter 718, article 7, sections 62 and 63, Laws 1989, chapter 329, article 5, section 20, Laws 1990, chapter 604, article 8, section 13, Laws 1992, chapter 499, article 5, section 29, and by sections 18 to 20 Laws 1996, chapter 412, article 5, sections 20 to 22, and Laws 2000, chapter 489, article 5, sections 24 to 26, to impose levies to pay debt service on the bonds issued under those provisions to the extent the principal and interest on the bonds is not paid by distributions from the taconite environmental protection fund and the northeast Minnesota economic protection trust, may pay their portion of the principal and interest from any funds available to them. To the extent a school district uses funds other than the proceeds of a property tax levy to pay its share of the principal and interest on the bonds, the requirement to impose a property tax to pay the local share does not apply to the school district.

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

Sec. 18. Laws 2003, First Special Session chapter 9, article 4, section 29, as amended by Laws 2003, First Special Session chapter 23, section 18, is amended to read:

Sec. 29. [GARAGE LEASE LEVY; SARTELL.]

For taxes payable in 2004, 2005, and 2006, and 2007, independent school district No. 740 748, Sartell, may levy up to \$107,000 each year and for taxes payable in 2008 may levy up to \$67,000 for the purpose of leasing a school bus storage facility. The department of education shall include this levy in the calculation of eligible building lease levy under Minnesota Statutes, section 126C.40, subdivision 1. This levy shall not allow the district to exceed the \$90 per resident pupil unit cap in that section. The district is eligible to make this levy only if it sells its current school bus storage site to the city of Sartell and the district may not use this levy as part of a lease purchase agreement to replace its current school bus storage facility.

Sec. 19. 2005 S.F. No. 1879, article 3, section 3, subdivision 41, if enacted, is amended to read:

Subd. 41. [DEBT SERVICE EQUALIZATION.] For debt service aid according to Minnesota Statutes, section 123B.53, subdivision 6:

\$25,654,000	.....	2006		
\$ 24,611,000	<u>24,519,000</u>		.....	2007

The 2006 appropriation includes \$4,654,000 for 2005 and \$21,000,000 for 2006.

The 2007 appropriation includes \$3,911,000 for 2006 and ~~\$20,700,000~~ 20,608,000 for 2007.

Sec. 20. [HEALTH AND SAFETY REVENUE; GRAND RAPIDS.]

Notwithstanding Minnesota Statutes, section 123B.57, subdivision 6, Independent School District No. 318, Grand Rapids, may use health and safety revenue to construct appurtenances used exclusively to house and maintain mechanical air handling systems that maintain the air quality necessary for a healthy environment.

Sec. 21. [HEALTH AND SAFETY REVENUE; NEW ULM.]

Notwithstanding Minnesota Statutes, section 123B.57, subdivision 6, Independent School District No. 88, New Ulm, may use health and safety revenue to construct appurtenances used exclusively to house and maintain mechanical air handling systems that maintain the air quality necessary for a healthy environment.

**[EFFECTIVE DATE.]** This section is effective retroactively from January 1, 2004.

Sec. 22. [DISABLED ACCESS LEVY AUTHORITY; EAST GRAND FORKS.]

Notwithstanding the time limits established in Minnesota Statutes, section 123B.58, subdivision 3, Independent School District No. 595, East Grand Forks, may levy its remaining disabled access levy authority over five or fewer years.

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

Sec. 23. [LEASE LEVY; ADMINISTRATIVE SPACE, WACONIA.]

Independent School District No. 110, Waconia, may lease administrative space under Minnesota Statutes, section 126C.40, subdivision 1, if the district can demonstrate to the commissioner's satisfaction that the administrative space is less expensive than instructional space that the district would otherwise lease. The commissioner must deny this levy authority unless the district passes a resolution stating its intent to lease instructional space under Minnesota Statutes, section 126C.40, subdivision 1, if the commissioner does not grant authority under this section. The resolution must also certify that a lease of administrative space under this section is less expensive than the district's proposed instructional lease. Levy authority under this section shall not exceed the total levy authority under Minnesota Statutes, section 126C.40, subdivision 1, paragraph (e).

**[EFFECTIVE DATE.]** This section is effective for revenue for taxes payable in 2006 through 2011.

Sec. 24. [TAX BASE ADJUSTMENTS, FERTILE-BELTRAMI.]

(a) Notwithstanding Minnesota Statutes, section 123B.61, the commissioner of education, when making offsetting levy adjustments between levy categories to ensure that each levy category is positive for Independent School District No. 599, Fertile-Beltrami, shall make such adjustments first between levy categories that are imposed on identical tax bases before making such adjustments between levy categories that are imposed on different tax bases. The commissioner may make offsetting levy adjustments between the general fund and the debt service fund, if necessary.

(b) The commissioner of education must make the offsetting levy adjustments according to the process in paragraph (a) until Independent School District No. 599, Fertile-Beltrami's current referendum authority, under Minnesota Statutes, section 126C.17, expires.

Sec. 25. [RESIDENTIAL PROGRAM FACILITIES; WORTHINGTON.]

Subject to Minnesota Statutes, section 16A.695, Independent School District No. 518, Worthington, may use the facilities provided under Laws 1994, chapter 643, section 14, subdivision 8, as amended by Laws 1995, chapter 76, to provide adult foster care or child foster care services licensed by the commissioner of human services or for other special education purposes.

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

Sec. 26. [FUND TRANSFERS.]

Subdivision 1. [BUTTERFIELD.] Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, for calendar years 2005 through 2007, on June 30 of each year, Independent School District No. 836, Butterfield, may permanently transfer up to \$50,000 from its reserved operating capital account in its general fund to its undesignated general fund balance and \$60,000 from its reserved bus purchase account in its general fund to its undesignated general fund balance. The total amount transferred for the three-year period must not total more than \$50,000 from the reserved operating capital account and \$60,000 from the reserved bus purchase account.

Subd. 2. [CHOKIO-ALBERTA.] Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, on June 30, 2005, Independent School District No. 771, Chokio-Alberta, may permanently transfer up to \$150,000 from its reserved operating capital account and up to \$50,000 from its reserved account for disabled accessibility to the undesignated general fund balance.

Subd. 3. [CLINTON-GRACEVILLE-BEARDSLEY.] Notwithstanding Minnesota Statutes, sections 123B.79, 123B.80, and 475.64, subdivision 4, on June 30, 2005, Independent School District No. 2888, Clinton-Graceville-Beardsley may permanently transfer up to \$244,000 from its reserved for disabled accessibility account to its unrestricted general fund account without making a levy reduction.

Subd. 4. [HASTINGS.] Notwithstanding Minnesota Statutes, section 123A.27, on June 30, 2005, Independent School District No. 200, Hastings, may permanently transfer up to \$300,000 from its reserved account for instructional services from entities formed for cooperative services for special education and secondary vocational programs in its general fund to its unrestricted general fund account.

Subd. 5. [LAKE CRYSTAL-WELLCOME MEMORIAL.] Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, on June 30, 2005, upon approval of the commissioner of education, Independent School District No. 2071, Lake Crystal-Wellcome Memorial, may permanently transfer up to \$133,000 from its reserved account for handicapped access to its undesignated general fund balance.

Subd. 6. [M.A.C.C.R.A.Y.] Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, upon approval of the commissioner of education, on June 30, 2005, Independent School District No. 2180, M.A.C.C.R.A.Y., may permanently transfer up to \$230,000 from its reserved account for handicapped access to its undesignated general fund balance.

Subd. 7. [MCLEOD WEST.] Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, on or before June 30, 2007, Independent School District No. 2887, McLeod West, may permanently transfer up to \$200,000 from its reserved operating capital account in its general fund to the undesignated fund balance.

Subd. 8. [RUSSELL.] Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, on June 30, 2005, Independent School District No. 418, Russell, may transfer up to \$50,000 from its reserved capital accounts in its general fund to its undesignated fund balance.

Subd. 9. [RUTHTON.] Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, on June 30, 2005, Independent School District No. 584, Ruthton, may permanently transfer up to \$140,000 from its reserved for operating capital account to the undesignated general fund balance.

Subd. 10. [WINDOM.] Notwithstanding Minnesota Statutes, sections 123B.79 and 123B.80, on June 30, 2005, Independent School District No. 177, Windom, may permanently transfer up to \$270,000 from its reserved for operating capital account to the undesignated balance in its general fund.

Subd. 11. [WIN-E-MAC.] Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, on June 30, 2005, Independent School District No. 2609, Win-E-Mac, may permanently transfer up to \$87,000 from its reserved account for disabled accessibility to its reserved operating capital account in its general fund.

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

Sec. 27. [STUDY OF AVERAGE SCHOOL CONSTRUCTION COSTS.]

The commissioner shall submit a report by January 15, 2006, to the house of representatives and senate committees having jurisdiction over education finance on the costs of construction of new school facilities as defined in Minnesota Statutes, section 120A.05, including elementary school, middle school, secondary school, or prekindergarten through grade 12 facilities. The commissioner shall review the ranges in costs per square foot of new school construction that received a positive review and comment during the period July 1, 2002, to June 30, 2005, and shall evaluate the specific reasons for those ranges in costs.

Sec. 28. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. [EQUITY IN TELECOMMUNICATIONS ACCESS.] For equity in telecommunications access:

<u>\$5,000,000</u>	<u>.....</u>	<u>2006</u>
<u>\$5,000,000</u>	<u>.....</u>	<u>2007</u>

If the appropriation amount is insufficient, the commissioner shall reduce the reimbursement rate in Minnesota Statutes, section 125B.26, subdivisions 4 and 5, and the revenue for the fiscal years 2006 and 2007 shall be prorated. The base for this program in fiscal year 2008 and later is \$10,000,000. Any balance in the first year does not cancel but is available in the second year.

Subd. 3. [EMERGENCY AID, RED LAKE.] For Independent School District No. 38, Red Lake, for onetime emergency aid to repair infrastructure damage to the Red Lake High School as a result of the March 21, 2005, school shooting:

<u>\$100,000</u>	<u>.....</u>	<u>2006</u>
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The school district must submit proposed expenditures for these funds for review and comment approval under Minnesota Statutes, section 123B.71, before the commissioner releases the funds to the district.

Sec. 29. [REPEALER.]

Minnesota Statutes 2004, section 128C.12, subdivision 4, is repealed.

**[EFFECTIVE DATE.]** This section is effective for revenue for fiscal year 2006.

ARTICLE 7  
NUTRITION

Section 1. Minnesota Statutes 2004, section 124D.111, subdivision 1, is amended to read:

Subdivision 1. [SCHOOL LUNCH AID COMPUTATION.] Each school year, the state must pay districts participating in the national school lunch program the amount of eight ten cents for each full paid, reduced, and free student lunch served to students in the district.

Sec. 2. Minnesota Statutes 2004, section 124D.118, subdivision 4, is amended to read:

Subd. 4. [REIMBURSEMENT.] In accordance with program guidelines, the commissioner shall reimburse each participating public or nonpublic school ~~nine~~ 14 cents for each half-pint of milk that is served to kindergarten students and is not part of a school lunch or breakfast reimbursed under section 124D.111 or 124D.1158.

Sec. 3. 2005 S.F. No. 1879, article 3, section 3, subdivision 43, if enacted, is amended to read:

Subd. 43. [SCHOOL LUNCH.] For school lunch aid according to Minnesota Statutes, section 124D.111, and Code of Federal Regulations, title 7, section 210.17:

\$	<del>7,748,000</del> <u>9,585,000</u>	.....	2006
\$	<del>7,826,000</del> <u>9,781,000</u>	.....	2007

Sec. 4. 2005 S.F. No. 1879, article 3, section 3, subdivision 44, if enacted, is amended to read:

Subd. 44. [TRADITIONAL SCHOOL BREAKFAST; MILK FOR KINDERGARTENERS.] For traditional school breakfast aid under Minnesota Statutes, section 124D.1158 and milk for kindergarteners under Minnesota Statutes, section 124D.118:

\$	<del>4,634,000</del> <u>4,878,000</u>	.....	2006
\$	<del>4,723,000</del> <u>4,968,000</u>	.....	2007

Sec. 5. [MILK CONSUMPTION PILOT PROGRAM.]

Independent School District No. 11, Anoka-Hennepin, and Independent School District No. 709, Duluth, are each eligible to receive \$25,000 in fiscal year 2006 to establish a pilot program to enhance milk consumption in the schools. The funds must be used by the districts to enhance the attractiveness of consuming milk to students in both the school lunch and a la carte programs, including, at a minimum, improving refrigeration, purchasing products or packaging not previously available, and upgrading quality of products previously supplied. The pilot program must be implemented during the 2005-2006 school year. Each district must develop a plan to implement the pilot program. The plan must be developed by district food service personnel, the dairy which is contracted to provide milk to the districts' schools, and representatives of the Midwest Dairy Association and the Midwest Dairy Council. The plan must be submitted to the Department of Education by August 15, 2005. Additional funds for the program may be sought from interested individuals and organizations. Each eligible school district must report to the house of representatives and senate committees having jurisdiction over kindergarten through grade 12 education funding and agriculture funding by October 15, 2006. The report should include statistics on the prior year's consumption in the district, the various methods chosen to enhance consumption, and the results of those methods.

Sec. 6. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. [MILK CONSUMPTION PILOT PROGRAM.] For milk consumption pilot program grants:

<u>\$50,000</u>	.....	<u>2006</u>
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## ARTICLE 8

### STATE AGENCIES

Section 1. 2005 S.F. No. 1879, article 3, section 3, subdivision 50, if enacted, is amended to read:

Subd. 50. [DEPARTMENT.] (a) For the Department of Education:

\$	<del>21,772,000</del>	<u>21,411,000</u>	.....	2006
\$	<del>21,772,000</del>	<u>22,646,000</u>	.....	2007

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

(b) \$260,000 each year is for the Minnesota Children's Museum.

(c) \$41,000 each year is for the Minnesota Academy of Science.

(d) \$621,000 each year is for the Board of Teaching.

(e) \$165,000 each year is for the Board of School Administrators.

(f) ~~\$29,000 each year is for Minnesota's Washington, D.C., office~~ None of the amounts appropriated under this subdivision may be used for Minnesota's Washington, D.C., office.

(g) ~~None of the amounts appropriated under this subdivision or any federal funds may be used for the communications function within the Office of Finance and Administration. The Department of Education shall not relocate or rename this function to avoid making this reduction.~~

(h) \$128,000 each year is for the funding of a world languages coordinator in the Department of Education.

(i) \$50,000 in fiscal year 2006 and \$75,000 in fiscal year 2007 is for the development and distribution to school districts of materials addressing the dangers of methamphetamine.

(j) \$300,000 in fiscal year 2006 and \$1,600,000 in fiscal year 2007 and later are for value-added index assessment model.

(k) The base in fiscal year 2008 and later for the Department of Education shall be \$22,804,000.

Sec. 2. 2005 S.F. No. 1879, article 3, section 4, if enacted, is amended to read:

Sec. 3. [APPROPRIATIONS; MINNESOTA STATE ACADEMIES.]

The sums indicated in this section are appropriated from the general fund to the Minnesota State Academies for the Deaf and the Blind for the fiscal years designated:

\$	<del>10,466,000</del>	<u>10,878,000</u>	.....	2006
\$	<del>10,466,000</del>	<u>10,953,000</u>	.....	2007

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

Sec. 4. 2005 S.F. No. 1879, article 3, section 5, if enacted, is amended to read:

Sec. 5. [APPROPRIATIONS; PERPICH CENTER FOR ARTS EDUCATION.]

The sums indicated in this section are appropriated from the general fund to the Perpich Center for Arts Education for the fiscal years designated:

\$	<del>6,423,000</del>	<u>6,424,000</u>	.....	2006
\$	<del>6,423,000</del>	<u>6,422,000</u>	.....	2007

Any balance in the first year does not cancel but is available in the second year. The base appropriation for fiscal year 2008 and later is \$6,672,000.

Sec. 6. [USE OF FEDERAL FUNDS.]

Subdivision 1. [FEDERAL GRANTS AND AIDS.] The expenditures of federal grants and aids

as shown in the biennial budget document and its supplements are approved and appropriated and shall be spent as indicated.

Subd. 2. [EXCEPTIONS.] (a) Notwithstanding subdivision 1, the following grants and aids are appropriated as indicated in this section.

(b) Ninety-five percent of the improving teacher quality state grant is appropriated for the professional compensation initiative under Minnesota Statutes, section 122A.4142.

(c) \$200,000 of the twenty-first century community learning centers funds is appropriated to the summit academy for the quantum opportunities program.

(d) \$500,000 of the improving teacher quality state grant is appropriated for the principals' leadership institute under Minnesota Statutes, section 122A.74. This appropriation is not available until the commissioner of education has determined that an equal amount has been committed for the operation of the institute from nonstate sources and the programmatic elements are sufficiently reflective of the goals the state has established for principals.

## ARTICLE 9

### SCHOOL EMPLOYEE HEALTH INSURANCE

Section 1. [62A.662] [SCHOOL EMPLOYEE INSURANCE PLAN.]

Subdivision 1. [DEFINITIONS.] For purposes of this section:

(1) "eligible employee" means a person who is insurance eligible under a collective bargaining agreement or under the personnel policy of an eligible employer; and

(2) "eligible employer" means a school district as defined in section 120A.05; a service cooperative as defined in section 123A.21; an intermediate district as defined in section 136D.01; a cooperative center for vocational education as defined in section 123A.22; a regional management information center as defined in section 123A.23; an education unit organized under section 471.59; or a charter school organized under section 124D.10.

Subd. 2. [CREATION OF BOARD.] (a) The Minnesota School Employee Insurance Board is created as a public corporation subject to the provisions of chapter 317A, except as otherwise provided in this section. As provided in section 15.082, the state is not liable for obligations of this public corporation.

(b) The board shall create and administer the Minnesota School Employee Insurance Pool as described in this section.

(c) Insurance plans and offerings must be effective July 1, 2009.

(d) If the board does not offer coverage by December 15, 2010, the board expires and this section expires on that date.

Subd. 3. [BOARD OF DIRECTORS.] (a) The School Employee Insurance Board consists of:

(1) seven members representing exclusive representatives of eligible employees, appointed by exclusive representatives, as provided in paragraph (b); and

(2) seven members representing eligible employers, appointed by the Minnesota School Boards Association.

(b) The seven members of the board who represent statewide affiliates of exclusive representatives of eligible employees are appointed as follows: four members appointed by Education Minnesota and one member each appointed by the Service Employees International Union, the Minnesota School Employees Association, and American Federation of State, County, and Municipal Employees.

(c) Appointing authorities must make their initial appointments no later than August 1, 2005, by

filing a notice of the appointment with the commissioner of commerce. Notices of subsequent appointments must be filed with the board. An entity entitled to appoint a board member may replace the board member at any time.

(d) Board members are eligible for compensation and expense reimbursement under section 15.0575, subdivision 3.

(e) The board must arrange for one or more methods of dispute resolution so as to minimize the possibility of deadlocks.

(f) The board shall establish governance requirements, including staggered terms, term limits, quorum, a plan of operation, and audit provisions.

Subd. 4. [DESIGN AND NATURE OF PLAN.] (a) Health coverage offered through the Minnesota School Employee Insurance Pool shall be made available by the board to all eligible employees of eligible employers, as defined in subdivision 1.

(b) If an eligible employer provides health coverage or money to purchase health coverage to eligible employees, the coverage must be provided or purchased only through the health plans offered by the board.

(c) Nothing in this section affects the right of each eligible employer to determine, through collective bargaining under the public employer labor relations act:

(1) the employer's eligibility requirements regarding the terms and conditions under which employees, dependents, retirees, and other persons are eligible for health coverage from the employer;

(2) how much of the premium charged for the insurance will be paid by the employer and how much will be paid by the eligible person; and

(3) which health plan or plans offered by the board will be made available by the eligible employer.

(d) The board must initially offer at least six health plans. One plan must provide coverage without a deductible and without other enrollee cost-sharing other than reasonable co-payments for nonpreventive care. One plan must be a high deductible health plan that qualifies under federal law for use with a health savings account. The other four plans must have levels of enrollee cost-sharing that are between the two plans just described. The board may establish more than one tier of premium rates for any specific plan. Plans and premium rates may vary across geographic regions established by the board. The health plans must comply with chapters 62A, 62J, 62M, and 62Q, and must provide the optimal combination of coverage, cost, choice, and stability in the judgment of the board. All health plans offered must be approved by the commissioner of commerce. The board shall investigate the feasibility of offering coverage through more than one health plan company or other network of health care providers.

(e) The board must include claims reserves, stabilization reserves, reinsurance, and other features that, in the judgment of the board, will result in long-term stability and solvency of the health plans offered.

(f) The board may determine whether the health plans should be fully insured through a health carrier licensed in this state, self-insured, or a combination of those two alternatives.

(g) The health plans must include disease management and consumer education, including wellness programs and measures encouraging the wise use of health coverage, to the extent determined to be appropriate by the board.

(h) Upon request of the board, health plans that are providing or have provided coverage to employees of eligible employers within two years prior to the effective date of this section, shall provide to the board at no charge nonidentifiable aggregate claims data for that coverage. The information must include data relating to employee group benefit sets, demographics, and claims

experience. Notwithstanding section 13.203, Minnesota service cooperatives must also comply with this paragraph.

(i) Effective July 1, 2007, no contract entered into between an eligible employer and an eligible employee or the exclusive representative of an eligible employee shall contain provisions that establish cash payment in lieu of health insurance to an eligible employee if the employee is not receiving such payment on or before June 30, 2007. Nothing in this section shall prevent any eligible employee who otherwise qualifies for payment of cash in lieu of insurance on June 30, 2007, to continue to receive this payment.

(j) All premiums paid for health coverage provided by the board must be used by the board solely for the cost of the operation of the board and the benefit of eligible employees and eligible employers in connection with the health coverage offered by the board.

Subd. 5. [MCHA MEMBERSHIP AND ASSESSMENTS.] The board is a contributing member of the Minnesota Comprehensive Health Association and must pay assessments made by the association on its premium revenues, as provided in section 62E.11, subdivision 5, paragraph (b).

Subd. 6. [REPORT.] The board shall report to the legislature by January 15, 2009, on a final design for the pool that complies with subdivision 4 and on governance requirements for the board, including staggered terms, term limits, quorum, and a plan of operation and audit provisions. The report must include any legislative changes necessary to ensure conformance with chapters 62A, 62J, 62M, and 62Q.

Subd. 7. [PERIODIC EVALUATION.] (a) Beginning January 15, 2010, and for the next two years, the board must submit an annual report to the commissioner of commerce and the legislature, in compliance with sections 3.195 and 3.197, summarizing and evaluating the performance of the pool during the previous year of operation.

(b) Beginning in 2013 and in each odd-numbered year thereafter, the board must submit to the legislature a biennial report summarizing and evaluating the performance of the pool during the preceding two fiscal years.

Sec. 2. Minnesota Statutes 2004, section 62E.02, subdivision 23, is amended to read:

Subd. 23. [CONTRIBUTING MEMBER.] "Contributing member" means those companies regulated under chapter 62A and offering, selling, issuing, or renewing policies or contracts of accident and health insurance; health maintenance organizations regulated under chapter 62D; nonprofit health service plan corporations regulated under chapter 62C; community integrated service networks regulated under chapter 62N; fraternal benefit societies regulated under chapter 64B; the Minnesota employees insurance program established in section 43A.317, effective July 1, 1993; and joint self-insurance plans regulated under chapter 62H; and the Minnesota School Employee Insurance Board created under section 62A.662. For the purposes of determining liability of contributing members pursuant to section 62E.11 payments received from or on behalf of Minnesota residents for coverage by a health maintenance organization or a community integrated service network, or the Minnesota School Employee Insurance Board shall be considered to be accident and health insurance premiums.

Sec. 3. Minnesota Statutes 2004, section 62E.10, subdivision 1, is amended to read:

Subdivision 1. [CREATION; TAX EXEMPTION.] There is established a Comprehensive Health Association to promote the public health and welfare of the state of Minnesota with membership consisting of all insurers; self-insurers; fraternal; joint self-insurance plans regulated under chapter 62H; the Minnesota employees insurance program established in section 43A.317, effective July 1, 1993; the Minnesota School Employee Insurance Board created under section 62A.662; health maintenance organizations; and community integrated service networks licensed or authorized to do business in this state. The Comprehensive Health Association is exempt from the taxes imposed under chapter 297I and any other laws of this state and all property owned by the association is exempt from taxation.

Sec. 4. Minnesota Statutes 2004, section 62E.11, subdivision 5, is amended to read:

Subd. 5. [ALLOCATION OF LOSSES.] (a) Each contributing member of the association shall share the losses due to claims expenses of the comprehensive health insurance plan for plans issued or approved for issuance by the association, and shall share in the operating and administrative expenses incurred or estimated to be incurred by the association incident to the conduct of its affairs. Claims expenses of the state plan which exceed the premium payments allocated to the payment of benefits shall be the liability of the contributing members. Contributing members shall share in the claims expense of the state plan and operating and administrative expenses of the association in an amount equal to the ratio of the contributing member's total accident and health insurance premium, received from or on behalf of Minnesota residents as divided by the total accident and health insurance premium, received by all contributing members from or on behalf of Minnesota residents, as determined by the commissioner. Payments made by the state to a contributing member for medical assistance, MinnesotaCare, or general assistance medical care services according to chapters 256, 256B, and 256D shall be excluded when determining a contributing member's total premium.

(b) In making the allocation of losses provided in paragraph (a), the association's assessment against the Minnesota School Employee Insurance Board must equal the product of (1) the percentage of premiums assessed against other association members; (2) .3885; and (3) premiums received by the Minnesota School Employee Insurance Board. For purposes of this calculation, premiums of the board used must be net of rate credits and retroactive rate refunds on the same basis as the premiums of other association members.

Sec. 5. Minnesota Statutes 2004, section 297I.05, subdivision 5, is amended to read:

Subd. 5. [HEALTH MAINTENANCE ORGANIZATIONS, NONPROFIT HEALTH SERVICE PLAN CORPORATIONS, AND COMMUNITY INTEGRATED SERVICE NETWORKS, AND THE MINNESOTA SCHOOL EMPLOYEE INSURANCE BOARD.] (a) Health maintenance organizations, community integrated service networks, and nonprofit health care service plan corporations are exempt from the tax imposed under this section for premiums received in calendar years 2001 to 2003.

(b) For calendar years after 2003, a tax is imposed on health maintenance organizations, community integrated service networks, and nonprofit health care service plan corporations. The rate of tax is equal to one percent of gross premiums less return premiums received in the calendar year.

(c) A tax is imposed on the Minnesota School Employee Insurance Board under section 62A.662. The rate of tax is equal to .36 percent of gross premiums less return premiums received in the calendar year.

(d) In approving the premium rates as required in sections 62L.08, subdivision 8, and 62A.65, subdivision 3, the commissioners of health and commerce shall ensure that any exemption from tax as described in paragraph (a) is reflected in the premium rate.

~~(d)~~ (e) The commissioner shall deposit all revenues, including penalties and interest, collected under this chapter from health maintenance organizations, community integrated service networks, and nonprofit health service plan corporations, and the Minnesota School Employee Insurance Board in the health care access fund. Refunds of overpayments of tax imposed by this subdivision must be paid from the health care access fund. There is annually appropriated from the health care access fund to the commissioner the amount necessary to make any refunds of the tax imposed under this subdivision.

Sec. 6. [PROGRESS DEPENDENT UPON FUNDING.]

The board shall carry out its obligations to the extent permitted by financial and other resources available to the board for that purpose. The board may seek and accept gifts and grants.

Sec. 7. [APPROPRIATION; LOAN.]

The base appropriation for this program in fiscal year 2008 is \$3,000,000 to the commissioner of commerce as a loan for start-up costs to the Minnesota School Employee Insurance Board. The Minnesota School Employee Insurance Board must repay the loan to the general fund in ten equal installments paid at the end of each fiscal year, beginning with the 2010 fiscal year.

Sec. 8. [EFFECTIVE DATE.]

This article is effective for fiscal year 2008 and later.

#### ARTICLE 10

#### TECHNICAL AND CONFORMING AMENDMENTS

Section 1. Minnesota Statutes 2004, section 120B.31, subdivision 4, is amended to read:

Subd. 4. [STATISTICAL ADJUSTMENTS.] In developing policies and assessment processes to hold schools and districts accountable for high levels of academic standards, ~~including the profile of learning under section 120B.021,~~ the commissioner shall aggregate student data over time to report student performance levels measured at the school district, regional, or statewide level. When collecting and reporting the data, the commissioner shall: (1) acknowledge the impact of significant demographic factors such as residential instability, the number of single parent families, parents' level of education, and parents' income level on school outcomes; and (2) organize and report the data so that state and local policy makers can understand the educational implications of changes in districts' demographic profiles over time. Any report the commissioner disseminates containing summary data on student performance must integrate student performance and the demographic factors that strongly correlate with that performance.

Sec. 2. Minnesota Statutes 2004, section 121A.41, subdivision 10, is amended to read:

Subd. 10. [SUSPENSION.] "Suspension" means an action by the school administration, under rules promulgated by the school board, prohibiting a pupil from attending school for a period of no more than ten school days. If a suspension is longer than five days, the suspending administrator must provide the superintendent with a reason for the longer suspension. This definition does not apply to dismissal from school for one school day or less, except as provided in federal law for a student with a disability. Each suspension action may include a readmission plan. The readmission plan shall include, where appropriate, a provision for implementing alternative educational services upon readmission and may not be used to extend the current suspension. Consistent with section ~~125A.09~~ 125A.091, subdivision 3 5, the readmission plan must not obligate a parent to provide a sympathomimetic medication for the parent's child as a condition of readmission. The school administration may not impose consecutive suspensions against the same pupil for the same course of conduct, or incident of misconduct, except where the pupil will create an immediate and substantial danger to self or to surrounding persons or property, or where the district is in the process of initiating an expulsion, in which case the school administration may extend the suspension to a total of 15 days. In the case of a student with a disability, the student's individual education plan team must meet immediately but not more than ten school days after the date on which the decision to remove the student from the student's current education placement is made. The individual education plan team and other qualified personnel shall at that meeting: conduct a review of the relationship between the child's disability and the behavior subject to disciplinary action; and determine the appropriateness of the child's education plan.

The requirements of the individual education plan team meeting apply when:

- (1) the parent requests a meeting;
- (2) the student is removed from the student's current placement for five or more consecutive days; or
- (3) the student's total days of removal from the student's placement during the school year exceed ten cumulative days in a school year. The school administration shall implement alternative educational services when the suspension exceeds five days. A separate administrative conference is required for each period of suspension.

Sec. 3. Minnesota Statutes 2004, section 124D.10, subdivision 8, is amended to read:

Subd. 8. [STATE AND LOCAL REQUIREMENTS.] (a) A charter school shall meet all applicable state and local health and safety requirements.

(b) A school sponsored by a school board may be located in any district, unless the school board of the district of the proposed location disapproves by written resolution.

(c) A charter school must be nonsectarian in its programs, admission policies, employment practices, and all other operations. A sponsor may not authorize a charter school or program that is affiliated with a nonpublic sectarian school or a religious institution.

(d) Charter schools must not be used as a method of providing education or generating revenue for students who are being home-schooled.

(e) The primary focus of a charter school must be to provide a comprehensive program of instruction for at least one grade or age group from five through 18 years of age. Instruction may be provided to people younger than five years and older than 18 years of age.

(f) A charter school may not charge tuition.

(g) A charter school is subject to and must comply with chapter 363A and section 121A.04.

(h) A charter school is subject to and must comply with the Pupil Fair Dismissal Act, sections 121A.40 to 121A.56, and the Minnesota Public School Fee Law, sections 123B.34 to 123B.39.

(i) A charter school is subject to the same financial audits, audit procedures, and audit requirements as a district. Audits must be conducted in compliance with generally accepted governmental auditing standards, the Federal Single Audit Act, if applicable, and section 6.65. A charter school is subject to and must comply with sections 15.054; 118A.01; 118A.02; 118A.03; 118A.04; 118A.05; 118A.06; 123B.52, subdivision 5; 471.38; 471.391; 471.392; 471.425; 471.87; 471.88, subdivisions 1, 2, 3, 4, 5, 6, 12, 13, and 15; 471.881; and 471.89. The audit must comply with the requirements of sections 123B.75 to 123B.83, except to the extent deviations are necessary because of the program at the school. Deviations must be approved by the commissioner. The Department of Education, state auditor, or legislative auditor may conduct financial, program, or compliance audits. A charter school determined to be in statutory operating debt under sections 123B.81 to 123B.83 must submit a plan under section 123B.81, subdivision 4.

(j) A charter school is a district for the purposes of tort liability under chapter 466.

(k) A charter school must comply with sections 13.32; 120A.22, subdivision 7; 121A.75; and 260B.171, subdivisions 3 and 5.

(l) A charter school is subject to the Pledge of Allegiance requirement under section 121A.11, subdivision 3.

(m) Charter school board of director open meeting requirements are governed according to subdivision 4.

Sec. 4. Minnesota Statutes 2004, section 124D.40, is amended to read:

124D.40 [YOUTH WORKS GRANTS.]

Subdivision 1. [APPLICATION.] An eligible organization interested in receiving a grant under sections 124D.39 to 124D.44 may prepare and submit an application to the commission ~~an application that complies with section 124D.41.~~

Subd. 2. [GRANT AUTHORITY.] The commission must use any state appropriation and any available federal funds, including any grant received under federal law, to award grants to establish programs for youth works ~~meeting the requirements of section 124D.41.~~ At least one grant each must be available for a metropolitan proposal, a rural proposal, and a statewide proposal. If a portion of the suburban metropolitan area is not included in the metropolitan grant

proposal, the statewide grant proposal must incorporate at least one suburban metropolitan area. In awarding grants, the commission may select at least one residential proposal and one nonresidential proposal, provided the proposals meet or exceed the criteria in section 124D.41.

Sec. 5. Minnesota Statutes 2004, section 127A.41, subdivision 8, is amended to read:

Subd. 8. [APPROPRIATION TRANSFERS.] (a) If a direct appropriation from the general fund to the department for any education aid or grant authorized in this chapter and chapters 122A, 123A, 123B, 124D, 125A, 126C, and 134, excluding appropriations under sections 124D.135, 124D.16, 124D.20, ~~124D.21~~, 124D.22, 124D.52, 124D.531, ~~124D.54~~, 124D.55, and 124D.56, exceeds the amount required, the commissioner may transfer the excess to any education aid or grant appropriation that is insufficient. However, section 126C.20 applies to a deficiency in the direct appropriation for general education aid. Excess appropriations must 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. 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.

(b) Transfers for aids paid under section 127A.45, subdivisions 12, paragraph (a), 12a, paragraph (a), and 13, shall be made during the fiscal year after the fiscal year of the entitlement. Transfers for aids paid under section 127A.45, subdivisions 11, 12, paragraph (b), and 12a, paragraph (b), shall be made during the fiscal year of the appropriation.

Sec. 6. Minnesota Statutes 2004, section 127A.45, subdivision 12, is amended to read:

Subd. 12. [PAYMENT PERCENTAGE FOR CERTAIN AIDS.] (a) One hundred percent of the aid for the current fiscal year must be paid for the following aids: reimbursement for enrollment options transportation, according to sections 124D.03, subdivision 8, 124D.09, subdivision 22, and 124D.10; school lunch aid, according to section 124D.111; hearing impaired support services aid, according to section 124D.57; and Indian postsecondary preparation grants according to section ~~124D.80~~ 124D.81.

(b) One hundred percent of the aid for the current fiscal year, based on enrollment in the previous year, must be paid for the first grade preparedness program according to section 124D.081."

Correct the subdivision and section totals and the summary by fund

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 31 and nays 32, as follows:

Those who voted in the affirmative were:

Bachmann	Gerlach	LeClair	Ortman	Tomassoni
Belanger	Hann	Limmer	Reiter	Wergin
Chaudhary	Jungbauer	McGinn	Robling	Wiger
Day	Kierlin	Michel	Rosen	
Fischbach	Kleis	Neuville	Ruud	
Frederickson	Koering	Nienow	Sams	
Gaither	Larson	Olson	Senjem	

Those who voted in the negative were:

Anderson	Foley	Langseth	Pogemiller	Solon
Bakk	Higgins	Lourey	Ranum	Sparks
Berglin	Hottinger	Marko	Rest	Stumpf
Betzold	Johnson, D.E.	Marty	Saxhaug	Vickerman
Cohen	Kelley	Metzen	Scheid	
Dibble	Kiscaden	Moua	Skoe	
Dille	Kubly	Murphy	Skoglund	

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

Senator Ortman moved that S.F. No. 65 be laid on the table.

The question was taken on the adoption of the motion.

The roll was called, and there were yeas 28 and nays 35, as follows:

Those who voted in the affirmative were:

Bachmann	Gaither	Koering	Neuville	Rosen
Belanger	Gerlach	Larson	Nienow	Ruud
Day	Hann	LeClair	Olson	Senjem
Dille	Jungbauer	Limmer	Ortman	Wergin
Fischbach	Kierlin	McGinn	Reiter	
Frederickson	Kleis	Michel	Robling	

Those who voted in the negative were:

Anderson	Foley	Langseth	Pogemiller	Skoglund
Bakk	Higgins	Lourey	Ranum	Solon
Berglin	Hottinger	Marko	Rest	Sparks
Betzold	Johnson, D.E.	Marty	Sams	Stumpf
Chaudhary	Kelley	Metzen	Saxhaug	Tomassoni
Cohen	Kiscaden	Moua	Scheid	Vickerman
Dibble	Kubly	Murphy	Skoe	Wiger

The motion did not prevail.

Senator Murphy moved to amend S.F. No. 65 as follows:

Page 1, after line 32, insert:

"Transportation	\$78,966,000	\$80,221,000	\$159,187,000"
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Page 66, after line 10, insert:

"ARTICLE 8  
APPROPRIATIONS

TRANSPORTATION, METROPOLITAN COUNCIL, PUBLIC SAFETY

Section 1. [TRANSPORTATION, METROPOLITAN COUNCIL, PUBLIC SAFETY APPROPRIATIONS.]

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or another named fund, to the agencies and for the purposes specified in this article, to be available for the fiscal years indicated for each purpose. The figures "2006" and "2007," where used in this article, mean that the appropriations listed under them are available for the year ending June 30, 2006, or June 30, 2007, respectively. The term "first year" means the year ending June 30, 2006, and the term "second year" means the year ending June 30, 2007.

SUMMARY BY FUND

	2006	2007	TOTAL
General	\$78,966,000	\$80,221,000	\$159,187,000
Airports	19,458,000	19,458,000	38,916,000
C.S.A.H.	441,335,000	453,948,000	895,283,000
M.S.A.S.	117,048,000	120,841,000	237,889,000
Special Revenue	45,741,000	45,096,000	90,837,000
Highway User	8,568,000	8,638,000	17,206,000
Trunk Highway	1,148,201,000	1,262,744,000	2,410,945,000

TOTAL	\$1,859,317,000	\$1,990,946,000	\$3,850,263,000
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APPROPRIATIONS

Available for the Year  
Ending June 30

2006	2007
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Sec. 2. TRANSPORTATION

Subdivision 1. Total  
Appropriation

\$1,668,391,000	\$1,799,349,000
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The appropriations in this section are from the trunk highway fund, except when another fund is named.

Summary by Fund

	2006	2007
General	16,221,000	16,221,000
Airports	19,408,000	19,408,000
C.S.A.H.	441,335,000	453,948,000
M.S.A.S.	117,048,000	120,841,000
Trunk Highway	1,074,379,000	1,188,931,000

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Multimodal Systems	42,147,000	42,147,000
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Summary by Fund

Airports	19,383,000	19,383,000
General	16,156,000	16,156,000
Trunk Highway	6,608,000	6,608,000

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

(a) Aeronautics

20,220,000	20,220,000
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Summary by Fund

Airports	19,383,000	19,383,000
Trunk Highway	837,000	837,000

Except as otherwise provided, the appropriations in this subdivision are from the state airports fund.

(1) Airport Development  
and Assistance

14,298,000	14,298,000
------------	------------

These appropriations must be spent according to Minnesota Statutes, section 360.305, subdivision 4.

Notwithstanding Minnesota Statutes, section 16A.28, subdivision 6, funds are available for five years after appropriation.

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

Of the state airports fund appropriation in Laws 2003, First Special Session chapter 19, article 1, section 2, subdivision 2, paragraph (a), clause (1), \$1,900,000 cancels to the state airports fund. This cancellation is effective the day following final enactment.

(2) Aviation Support and Services

5,922,000                      5,922,000

Summary by Fund

Airports	5,085,000	5,085,000
Trunk Highway	837,000	837,000

\$65,000 the first year and \$65,000 the second year are for the Civil Air Patrol.

(b) Transit

16,605,000                      16,605,000

Summary by Fund

General	15,810,000	15,810,000
Trunk Highway	795,000	795,000

(c) Freight

5,322,000                      5,322,000

Summary by Fund

General	346,000	346,000
Trunk Highway	4,976,000	4,976,000
Subd. 3. State Roads		1,012,272,000

1,126,824,000

Summary by Fund

General	9,000	9,000
Trunk Highway	1,012,263,000	1,126,815,000

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

(a) Infrastructure Investment and Planning

801,561,000                      916,113,000

(1) Infrastructure Investment Support

168,207,000                      168,207,000

\$266,000 the first year and \$266,000 the second year are available for grants to metropolitan planning organizations outside the seven-county metropolitan area.

\$75,000 the first year and \$75,000 the second year are for a transportation research contingent account to finance research projects that are reimbursable from the federal government or from other sources. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

\$600,000 the first year and \$600,000 the second year are available for grants for transportation studies outside the metropolitan area to identify critical concerns, problems, and issues. These grants are available (1) to regional development commissions and (2) in regions where no regional development commission is functioning, to joint powers boards established under agreement of two or more political subdivisions in the region to exercise the planning functions of a regional development commission, and (3) in regions where no regional development commission or joint powers board is functioning, to the department's district office for that region.

(2) State Road Construction

576,950,000	680,950,000
-------------	-------------

It is estimated that these appropriations will be funded as follows:

Federal Highway Aid

280,000,000	384,000,000
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Highway User Taxes

296,950,000	296,950,000
-------------	-------------

The commissioner of transportation shall notify the chair of the Transportation Budget Division of the senate and the chair of the Transportation Finance Committee of the house of representatives of any significant events that should cause these estimates to change.

This appropriation is for the actual construction, reconstruction, and improvement of trunk highways, including design-build contracts and consultant usage to support these activities. This includes the cost of actual payment to landowners for lands acquired for highway rights-of-way, payment to lessees, interest subsidies, and relocation expenses.

The commissioner may transfer up to \$15,000,000 each year to the transportation revolving loan fund.

The commissioner may receive money covering other shares of the cost of partnership projects. These receipts are appropriated to the commissioner for these projects.

## (3) Highway Debt Service

56,404,000	66,956,000
------------	------------

\$42,086,000 the first year and \$62,005,000 the second year are for transfer to the state bond fund. If this appropriation is insufficient to make all transfers required in the year for which it is made, the commissioner of finance shall notify the Committee on Finance of the senate and the Committee on Ways and Means of the house of representatives of the amount of the deficiency and shall then transfer that amount under the statutory open appropriation. Any excess appropriation cancels to the trunk highway fund.

## (b) Infrastructure Operations and Maintenance

204,746,000	204,746,000
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## (c) Electronic Communications

5,965,000	5,965,000
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## Summary by Fund

General	9,000	9,000
Trunk Highway	5,956,000	5,956,000

\$9,000 the first year and \$9,000 the second year are from the general fund for equipment and operation of the Roosevelt signal tower for Lake of the Woods weather broadcasting.

Subd. 4. Local Roads	558,383,000	574,789,000
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## Summary by Fund

C.S.A.H.	441,335,000	453,948,000
M.S.A.S.	117,048,000	120,841,000

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

## (a) County State Aids

441,335,000	453,948,000
-------------	-------------

This appropriation is from the county state-aid highway fund and is available until spent.

## (b) Municipal State Aids

117,048,000	120,841,000
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This appropriation is from the municipal state-aid street fund and is available until spent.

If an appropriation for either county state aids or municipal state aids does not exhaust the balance in the fund from which it is made in the year for which it is made, the commissioner of finance, upon request of the commissioner of

transportation, shall notify the chair of the Transportation Finance Committee of the house of representatives and the chair of the Transportation Budget Division of the senate of the amount of the remainder and shall then add that amount to the appropriation. The amount added is appropriated for the purposes of county state aids or municipal state aids, as appropriate.

If the appropriation for either county state aids or municipal state aids does exhaust the balance in the fund from which it is made in the year for which it is made, the commissioner of finance shall notify the chair of the Transportation Finance Committee of the house of representatives and the chair of the Transportation Budget Division of the senate of the amount by which the appropriation exceeds the balance and shall then reduce that amount from the appropriation.

Subd. 5. General Support and Services	55,589,000	55,589,000
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Summary by Fund

General	56,000	56,000
Airports	25,000	25,000
Trunk Highway	55,508,000	55,508,000

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

(a) Department Support

38,999,000	38,999,000
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Summary by Fund

Airports	25,000	25,000
Trunk Highway	38,974,000	38,974,000

(b) Buildings

16,590,000	16,590,000
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Summary by Fund

General	56,000	56,000
Trunk Highway	16,534,000	16,534,000

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

Subd. 6. Transfers

(a) With the approval of the commissioner of finance, the commissioner of transportation may transfer unencumbered balances among the appropriations from the trunk highway fund and

the state airports fund made in this section. No transfer may be made from the appropriation for state road construction. No transfer may be made from the appropriations for debt service to any other appropriation. Transfers under this paragraph may not be made between funds. Transfers between programs must be reported immediately to the chair of the Transportation Budget Division of the senate and the chair of the Transportation Finance Committee of the house of representatives.

(b) The commissioner of finance shall transfer from the flexible account in the county state-aid highway fund \$5,650,000 the first year and \$1,480,000 the second year to the municipal turnback account in the municipal state-aid street fund and the remainder in each year to the county turnback account in the county state-aid highway fund.

#### Subd. 7. Use of State Road Construction Appropriations

Any money appropriated to the commissioner of transportation for state road construction for any fiscal year before fiscal year 2006 is available to the commissioner during fiscal years 2006 and 2007 to the extent that the commissioner spends the money on the state road construction project for which the money was originally encumbered during the fiscal year for which it was appropriated. The commissioner of transportation shall report to the commissioner of finance by August 1, 2005, and August 1, 2006, on a form the commissioner of finance provides, on expenditures made during the previous fiscal year that are authorized by this subdivision.

#### Subd. 8. Contingent Appropriation

The commissioner of transportation, with the approval of the governor after review by the Legislative Advisory Commission under Minnesota Statutes, section 3.30, may transfer all or part of the unappropriated balance in the trunk highway fund to an appropriation (1) for trunk highway design, construction, or inspection in order to take advantage of an unanticipated receipt of income to the trunk highway fund or to take advantage of federal advanced construction funding, (2) for trunk highway maintenance in order to meet an emergency, or (3) to pay tort or environmental claims. Any transfer as a result of the use of federal advanced construction funding must include an analysis of the effects on the long-term trunk highway fund balance. The

amount transferred is appropriated for the purpose of the account to which it is transferred.

Sec. 3. METROPOLITAN COUNCIL  
TRANSIT

57,503,000                      58,753,000

(a) Bus Transit

53,453,000                      53,453,000

This appropriation is for bus system operations.

(b) Rail Operations

4,050,000                      5,300,000

This appropriation is for operations of the Hiawatha light rail transit line.

This appropriation is for paying 50 percent of operating costs for the Hiawatha light rail transit line after operating revenue and federal funds are used for light rail transit operations. The remaining operating costs up to a maximum of \$4,050,000 the first year and \$5,300,000 the second year are to be paid by the Hennepin County Regional Rail Authority, using any or all of these sources:

- (1) general tax revenues of Hennepin County;
- (2) the authority's reserves; and
- (3) taxes levied under Minnesota Statutes, section 398A.04, subdivision 8, notwithstanding any provision in that subdivision that limits amounts that may be levied for light rail transit purposes.

Sec. 4. PUBLIC SAFETY

Subdivision 1. Total  
Appropriation

132,448,000                      131,869,000

Summary by Fund

General	5,242,000	5,247,000
Trunk Highway	73,022,000	73,013,000
Highway User	8,443,000	8,513,000
Special Revenue	45,741,000	45,096,000

Subd. 2. Administration  
and Related Services

9,684,000                      9,689,000

Summary by Fund

General	2,371,000	2,376,000
Trunk Highway	5,938,000	5,938,000
Highway User	1,385,000	1,385,000

(a) Office of Communications

385,000                      385,000

## Summary by Fund

General	39,000	39,000
Trunk Highway	346,000	346,000
(b) Public Safety Support		
6,855,000	6,860,000	

## Summary by Fund

General	2,241,000	2,246,000
Trunk Highway	3,248,000	3,248,000
Highway User	1,366,000	1,366,000

\$375,000 the first year and \$380,000 the second year are for payment of public safety officer survivor benefits under Minnesota Statutes, section 299A.44. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

\$314,000 the first year and \$314,000 the second year are to be deposited in the public safety officer's benefit account. This money is available for reimbursements under Minnesota Statutes, section 299A.465.

\$508,000 the first year and \$508,000 the second year are for soft body armor reimbursements under Minnesota Statutes, section 299A.38.

\$792,000 the first year and \$792,000 the second year are appropriated from the general fund for transfer by the commissioner of finance to the trunk highway fund on December 31, 2005, and December 31, 2006, respectively, in order to reimburse the trunk highway fund for expenses not related to the fund. These represent amounts appropriated out of the trunk highway fund for general fund purposes in the administration and related services program.

\$610,000 the first year and \$610,000 the second year are appropriated from the highway user tax distribution fund for transfer by the commissioner of finance to the trunk highway fund on December 31, 2005, and December 31, 2006, respectively, in order to reimburse the trunk highway fund for expenses not related to the fund. These represent amounts appropriated out of the trunk highway fund for highway user tax distribution fund purposes in the administration and related services program.

\$716,000 the first year and \$716,000 the second year are appropriated from the highway user tax distribution fund for transfer by the commissioner of finance to the general fund on

December 31, 2005, and December 31, 2006, respectively, in order to reimburse the general fund for expenses not related to the fund. These represent amounts appropriated out of the general fund for operation of the criminal justice data network related to driver and motor vehicle licensing.

## (c) Technical Support Services

2,454,000                      2,454,000

## Summary by Fund

General	91,000	91,000	
Trunk Highway	2,344,000	2,344,000	
Highway User	19,000	19,000	
Subd. 3. State Patrol		70,047,000	70,038,000

## Summary by Fund

General	2,871,000	2,871,000
Trunk Highway	67,084,000	67,075,000
Highway User	92,000	92,000

## (a) Patrolling Highways

60,739,000                      60,730,000

## Summary by Fund

General	37,000	37,000
Trunk Highway	60,610,000	60,601,000
Highway User	92,000	92,000

\$3,700,000 the first year is for the cost of adding State Patrol positions. If money transferred to the trunk highway fund in the first year from the alcohol enforcement account in the special revenue fund is less than the amount specified in this paragraph, the commissioner shall make up the difference by transferring to the trunk highway fund money allocated to the commissioner under the federal Repeat Offender Transfer Program, Public Law 105-206, section 164.

## (b) Commercial Vehicle Enforcement

6,474,000                      6,474,000

This appropriation is from the trunk highway fund.

## (c) Capitol Security

2,834,000                      2,834,000

The commissioner may not (1) spend any money from the trunk highway fund for capitol security or (2) permanently transfer any state trooper

from the patrolling highways activity to capitol security.

The commissioner may not transfer any money (1) appropriated for Department of Public Safety administration, the patrolling of highways, commercial vehicle enforcement, or driver and vehicle services to capitol security or (2) from capitol security.

Subd. 4. Driver and Vehicle Services

51,389,000	50,814,000	
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Summary by Fund

Highway User	6,966,000	7,036,000
Special Revenue	44,423,000	43,778,000

(a) Vehicle Services

23,383,000	23,849,000	
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Summary by Fund

Highway User	6,966,000	7,036,000
Special Revenue	16,417,000	16,813,000

This appropriation is from the vehicle services operating account in the special revenue fund.

(b) Driver Services

28,006,000	26,965,000	
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This appropriation is from the driver services operating account in the special revenue fund.

Subd. 5. Traffic Safety	324,000	324,000
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This appropriation is from the driver services operating account in the special revenue fund.

The commissioner of public safety shall spend 50 percent of the money available to the state under Public Law 105-206, section 164, and the remaining 50 percent must be transferred to the commissioner of transportation for hazard elimination activities under United States Code, title 23, section 152.

Subd. 6. Pipeline Safety	994,000	994,000
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This appropriation is from the pipeline safety account in the special revenue fund.

Sec. 5. GENERAL CONTINGENT ACCOUNTS

	375,000	375,000
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Summary by Fund

Trunk Highway	200,000	200,000
Highway User	125,000	125,000
Airports	50,000	50,000

The appropriations in this section may only be spent with the approval of the governor after consultation with the Legislative Advisory Commission pursuant to Minnesota Statutes, section 3.30.

If an appropriation in this section for either year is insufficient, the appropriation for the other year is available for it.

Sec. 6. TORT CLAIMS	600,000	600,000
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To be spent by the commissioner of finance.

This appropriation is from the trunk highway fund.

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

## ARTICLE 9

### PUBLIC SAFETY ACTIVITIES, FEES, ACCOUNTS

Section 1. Minnesota Statutes 2004, section 115A.908, subdivision 1, is amended to read:

Subdivision 1. [FEE CHARGED.] A fee of \$4 \$8 shall be charged on the initial registration and each subsequent transfer of title within the state, other than transfers for resale purposes, of every motor vehicle weighing more than 1,000 pounds. The fee shall be collected ~~in an appropriate manner~~ by the ~~motor vehicle registrar~~ commissioner of public safety. Registration plates or certificates of title may not be issued by the ~~motor vehicle registrar~~ commissioner of public safety for the ownership or operation of a motor vehicle subject to the transfer fee unless the fee is paid. The fee may not be charged on the transfer of:

- (1) previously registered vehicles if the transfer is to the same person;
- (2) vehicles subject to the conditions specified in section 297A.70, subdivision 2; or
- (3) vehicles purchased in another state by a resident of another state if more than 60 days have elapsed after the date of purchase and the purchaser is transferring title to this state and has become a resident of this state after the purchase.

Sec. 2. Minnesota Statutes 2004, section 168.013, subdivision 8, is amended to read:

Subd. 8. [PROCEEDS TO HIGHWAY USER FUND; VEHICLE SERVICES OPERATING ACCOUNT.] (a) Unless otherwise specified in this chapter, the net proceeds of the registration tax imposed on motor vehicles under this chapter shall ~~must~~ be collected by the ~~registrar of motor vehicles and commissioner,~~ paid into the state treasury, and credited to the highway user tax distribution fund.

(b) All fees collected under this chapter, unless otherwise specified, must be deposited in the vehicle services operating account in the special revenue fund under section 299A.705.

Sec. 3. Minnesota Statutes 2004, section 168.09, subdivision 7, is amended to read:

Subd. 7. [DISPLAY OF TEMPORARY PERMIT; SPECIAL PLATES.] (a) A vehicle that displays a special plate issued under section 168.021; 168.12, subdivision 2, 2a, 2b, 2c, or 2d; 168.123; 168.124; 168.125; 168.126; 168.128; or 168.129, may display a temporary permit in conjunction with expired registration if:

- (1) the current registration tax and all other fees have been paid in full; and

(2) the plate requires replacement under section 168.12, subdivision 1, paragraph (b) (d), clause (3).

(b) A vehicle that is registered under section 168.10 may display a temporary permit in conjunction with expired registration, with or without a registration license plate, if:

(1) the license plates have been applied for and the registration tax has been paid in full, as provided for in section 168.10; and

(2) the vehicle is used solely as a collector vehicle while displaying the temporary permit and not used for general transportation purposes.

(c) The permit is valid for a period of 60 days. The permit must be in a ~~form~~ format prescribed by the commissioner of ~~public safety~~ and whenever practicable must be posted upon the driver's side of the rear window on the inside of the vehicle. The permit is valid only for the vehicle for which it was issued to allow a reasonable time for the new license plates to be manufactured and delivered to the applicant.

Sec. 4. Minnesota Statutes 2004, section 168.105, subdivision 2, is amended to read:

Subd. 2. [AFFIDAVIT FOR REGISTRATION AND TAXATION.] (a) A classic motorcycle must be ~~listed for taxation taxed and registration registered~~ by ~~executed the vehicle owner submitting an affidavit to the commissioner stating~~ (1) the name and address of the owner, (2) the name and address of the person from whom purchased, (3) the make of the classic motorcycle, (4) the year and number of the model, (5) the manufacturer's vehicle identification number, (6) that the motorcycle is owned and operated solely as a collector's item and will not be used for general transportation purposes, and (7) that the owner has one or more motor vehicles with regular license plates.

(b) When the ~~registrar commissioner~~ is satisfied that the affidavit is true, correct, and complete and ~~that the owner has paid a \$10 registration tax, the registrar commissioner shall list the vehicle for taxation and registration~~ register the vehicle and shall issue special number plates.

Sec. 5. Minnesota Statutes 2004, section 168.105, subdivision 3, is amended to read:

Subd. 3. [SPECIAL CLASSIC PLATES.] The ~~registrar commissioner~~ shall issue number plates of the same size as standard motorcycle license plates and inscribed "collector" and "Minnesota" with the registration number or other combination of characters authorized under section 168.12, subdivision 2a, but without a date. The plates are valid without renewal as long as the classic motorcycle exists and may be issued for the applicant's use only for the classic motorcycle. The ~~registrar commissioner~~ may revoke the plates for noncompliance with this subdivision.

Sec. 6. Minnesota Statutes 2004, section 168.105, subdivision 5, is amended to read:

Subd. 5. [ORIGINAL PLATES.] (a) Instead of being issued ~~special~~ classic motorcycle plates, a classic motorcycle registered under this section may display original Minnesota number plates issued in the same year as the model year of the motorcycle on which they are displayed. The number of on the original plates must be provided to the ~~registrar commissioner~~.

(b) Original Minnesota number plates may not be used if the number on the original plate is identical to the number on a current collector's plate issued by the ~~registrar commissioner~~.

(c) ~~A person currently using classic motorcycle plates issued under this section, shall return those plates to the registrar before substituting original plates.~~

(d) ~~If the vehicle is not registered as a collector vehicle, the registrar may commissioner shall charge a fee of \$10 for registering the number on the original plates.~~

Sec. 7. Minnesota Statutes 2004, section 168.12, is amended to read:

168.12 [LICENSE PLATES.]

Subdivision 1. [NUMBER PLATES; DESIGN, VISIBILITY, PERIODS OF ISSUANCE.] (a) The registrar commissioner, upon the approval and payment, shall issue to the applicant the number plates required by law this chapter, bearing the state name and the an assigned vehicle registration number assigned. The number assigned by the commissioner may be a combination of a letter or sign with figures. The color of the plates and the color of the abbreviation of the state name and the number assigned shall must be in marked contrast. The plates shall must be lettered, spaced, or distinguished to suitably indicate the registration of the vehicle according to the rules of the registrar, and commissioner.

(b) When a vehicle is registered on the basis of total gross weight, the plates issued shall must clearly indicate by letters or other suitable insignia the maximum gross weight for which the tax has been paid. These number

(c) The plates shall must be so treated as to be at least 100 times brighter than the conventional painted number plates. When properly mounted on an unlighted vehicle, these number the plates, when viewed from a vehicle equipped with standard headlights, shall must be visible for a distance of not less than 1,500 feet and readable for a distance of not less than 110 feet.

(b) (d) The registrar commissioner shall issue these number plates for the following periods:

(1) New number plates issued pursuant to section 168.012, subdivision 1, shall must be issued to a vehicle for as long as it the vehicle is owned by the exempt agency and the plate shall not be transferable from one vehicle to another but the plate may be transferred with the vehicle from one tax-exempt agency to another.

(2) Plates issued for passenger automobiles as defined in section 168.011, subdivision 7, shall must be issued for a seven-year period. All plates issued under this paragraph must be replaced if they are seven years old or older at the time of annual registration renewal or will become so during the registration period.

(3) Number Plates issued under sections 168.053 and 168.27, subdivisions 16 and 17, shall must be for a seven-year period.

(4) Number Plates issued under subdivisions 2c and 2d and section 168.123 shall must be issued for the life of the veteran under section 169.79.

(5) Plates for any vehicle not specified in clauses (1) to (3), except for trailers as hereafter provided, shall must be issued for the life of the vehicle. Beginning with number plates issued for the year 1981, plates issued for trailers with a total gross weight of 3,000 pounds or less shall must be issued for the life of the trailer and shall must be not more than seven inches in length and four inches in width.

(e) (e) In a year in which plates are not issued, the registrar commissioner shall issue for each registration a tab or sticker to designate the year of registration. This tab or sticker shall must show the calendar year or years for which the sticker is issued, and is valid only for that period. The number plates, number tabs, or and stickers issued for a motor vehicle may not be transferred to another motor vehicle during the period for which it the sticker is issued, except when issued for a motor vehicle registered under section 168.187.

(d) Notwithstanding (f) Despite any other provision of this subdivision, number plates issued to a vehicle which is used for behind-the-wheel instruction in a driver education course in a public school may be transferred to another vehicle used for the same purpose without payment of any additional fee. The registrar shall be notified public school shall notify the commissioner of each transfer of number plates under this paragraph and. The commissioner may prescribe a form format for notification.

Subd. 2. [AMATEUR RADIO LICENSEE; SPECIAL PLATES.] (a) Any The commissioner shall issue amateur radio plates to an applicant who:

(1) is an owner or joint owner of a passenger automobile, van or pickup truck, or a self-propelled recreational motor vehicle, and;

(2) is a resident of this state, and who;

(3) holds an official amateur radio station license, or a citizens radio service class D license, in good standing, issued by the Federal Communications Commission shall upon compliance;

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

(5) pays a fee of \$10 for each set of special plates and any other fees required by this chapter; and

(6) complies with all laws of this state relating to this chapter and rules governing the registration of motor vehicles and the licensing of motor vehicles and drivers, be furnished with license plates for the motor vehicle, as prescribed by law, upon which;

(b) In lieu of the numbers registration number required for identification under subdivision 1, shall be inscribed the plates must indicate the official amateur call letters of the applicant, as assigned by the Federal Communications Commission, and the words "AMATEUR RADIO."

The applicant shall pay in addition to the registration tax required by law, the sum of \$10 for the special license plates, and at the time of delivery of the special license plates the applicant shall surrender to the registrar the current license plates issued for the motor vehicle.

(c) This provision for the issue of special license plates shall apply applies only if the applicant's motor vehicle is already registered in Minnesota so that the applicant has valid regular Minnesota plates issued for that motor vehicle under which to operate it during the time that it will take to have the necessary special license plates made.

(d) If owning or jointly owning more than one motor vehicle of the type specified in this subdivision, the applicant may apply for special plates for each of not more than two motor vehicles; and, if each application complies with this subdivision, the registrar commissioner shall furnish the applicant with the special plates, inscribed with indicating the official amateur call letters and other distinguishing information as the registrar commissioner considers necessary, for each of the two motor vehicles.

(e) And The registrar commissioner may make reasonable rules governing the use of the special license plates as will assure the full compliance by the owner and holder of the special plates, with all existing laws governing the registration of motor vehicles, and the transfer and the use thereof of the plates.

(b) (f) Despite any contrary provision of subdivision 1, the special license plates issued under this subdivision may be transferred by an owner to another motor vehicle listed in paragraph (a) and registered to the same owner, upon the payment of a fee of \$5. The registrar commissioner must be notified of before the transfer and may prescribe a form format for the notification.

(e) Fees collected under this subdivision must be paid into the state treasury and credited to the highway user tax distribution fund.

Subd. 2a. [PERSONALIZED PLATES; RULES.] (a) The commissioner shall issue personalized license plates must be issued or, if requested for special plates issued under section 168.123 for veterans, 168.124 for medal of honor recipients, or 168.125 for former prisoners of war, applicable personalized special veterans plates, to an applicant for registration of who:

(1) is an owner of a passenger automobile including a passenger automobile registered as a classic car, pioneer car, collector car, or street rod; van; pickup truck as defined in section 168.011, subdivision 29, and any other truck with a manufacturer's nominal rated capacity of one ton or less and resembling a pickup truck; a motorcycle, including a classic motorcycle; or self-propelled a recreational motor vehicle, upon compliance with the laws of this state relating to registration of the vehicle and upon payment of;

(2) pays a onetime fee of \$100 in addition to and any other fees required by this chapter;

(3) pays the registration tax required by law this chapter for the motor vehicle; and

(4) complies with this chapter and rules governing registration of motor vehicles and licensing of drivers.

(b) The registrar commissioner shall designate charge a replacement fee for personalized license plates that is calculated to cover the cost of replacement and personalized special veterans plates issued under section 168.123 as specified in subdivision 5. This fee must be paid by the applicant whenever the personalized license plates are required to be replaced by law, except that as provided in section 168.124, subdivision 3, and 168.125, subdivision 1b, no fee may be charged to replace plates issued under those sections.

(c) In lieu of the numbers registration number assigned as provided in subdivision 1, personalized license plates and personalized special veterans plates must have imprinted on them a series of not more than seven numbers and letters, or five numbers and letters for personalized special veterans plates, in any combination and, as applicable, satisfy the design requirements of sections 168.123, 168.124, or 168.125. When an applicant has once obtained personalized plates or personalized special veterans plates, the applicant shall have a prior claim for similar personalized plates or personalized special veterans plates in the next succeeding year as long as current motor vehicle registration is maintained.

(d) The commissioner of public safety shall adopt rules in the manner provided by chapter 14, regulating the issuance and transfer of personalized license plates and personalized special veterans plates. No words or combination of letters placed on personalized license these plates may be used for commercial advertising, be of an obscene, indecent, or immoral nature, or be of a nature that would offend public morals or decency. The call signals or letters of a radio or television station are not commercial advertising for the purposes of this subdivision.

(b) Notwithstanding (e) Despite the provisions of subdivision 1, personalized license plates and personalized special veterans plates issued under this subdivision may be transferred to another motor vehicle owned or jointly listed in paragraph (a) and owned by the applicant, upon the payment of a fee of \$5, which must be paid into the state treasury and credited to the highway user tax distribution fund.

(f) The registrar commissioner may by rule provide a form specify the format for notification.

(g) A personalized license plate or personalized special veterans plate issued for a classic car, pioneer car, collector car, street rod, or classic motorcycle may not be transferred to a vehicle not eligible for such a license plate.

(e) Notwithstanding (h) Despite any law to the contrary, if the personalized license plates are lost, stolen, or destroyed, the applicant may apply and shall receive must be issued duplicate license plates bearing the same combination of letters and numbers and the same design as (1) the former personalized plates or personalized special veterans plates under section 168.123 upon the payment of the fee required by section 168.29 or (2) the former personalized special veterans plates issued under section 168.124 or 168.125, without charge.

(d) Fees from the sale of permanent and duplicate personalized license plates must be paid into the state treasury and credited to the highway user tax distribution fund.

Subd. 2b. [FIREFIGHTERS; SPECIAL PLATES.] (a) The registrar commissioner shall issue special license plates, or a single license plate in the case of a motorcycle plate, to any applicant who:

(1) is both a member of a fire department receiving state aid under chapter 69 and an owner or joint owner of a passenger automobile, or a truck with a manufacturer's nominal rated capacity of one ton and resembling a pickup truck, upon payment of or a motorcycle;

(2) pays a fee of \$10 and upon payment of any other fees required by this chapter;

(3) pays the registration tax required by law this chapter for the motor vehicle and compliance with other laws of this state relating to; and

~~(4) complies with this chapter and rules governing the registration of motor vehicles and licensing of motor vehicles and drivers.~~

~~(b) In lieu of the identification required under subdivision 1, the special license plates shall be inscribed with a symbol must bear an emblem of a Maltese Cross together with five any numbers or characters prescribed by the commissioner. No applicant shall receive more than two sets of plates for motor vehicles owned or jointly owned by the applicant.~~

~~(b) (c) Special plates issued under this subdivision may only be used during the period that the owner or joint owner of the motor vehicle is a member of a fire department as specified in this subdivision. When the person individual to whom the special plates were issued is no longer a member of a fire department or when the motor vehicle ownership is transferred, the owner shall remove the special license plates shall be removed from the motor vehicle and returned to the registrar. Upon return removal of the special plates, or special motorcycle plate, either the owner or purchaser of the motor vehicle is entitled to receive regular plates or a regular motorcycle plate for the motor vehicle without cost for the remainder of the registration period for which the special plate or plates were issued.~~

~~Firefighter license plates issued pursuant to this subdivision may be transferred to another motor vehicle upon payment of \$5, which fee shall be paid into the state treasury and credited to the highway user tax distribution fund. (d) A special motorcycle license plate issued under this subdivision must be the same size as a standard motorcycle license plate.~~

~~(e) Upon payment of a fee of \$5, plates issued under this subdivision for a passenger automobile or truck may be transferred to another passenger automobile or truck owned or jointly owned by the person to whom the plates were issued. On payment of a fee of \$5, a plate issued under this subdivision for a motorcycle may be transferred to another motorcycle owned or jointly owned by the person to whom the plate was issued.~~

~~(e) (f) The commissioner of public safety may adopt rules under the Administrative Procedure Act, sections 14.001 to 14.69, to govern the issuance and use of the special plates authorized in this subdivision. All fees from the sale of special license plates for firefighters shall be paid into the state treasury and credited to the highway user tax distribution fund.~~

Subd. 2c. [NATIONAL GUARD; SPECIAL PLATES.] (a) The registrar commissioner shall issue special license plates to any applicant who:

(1) is a regularly enlisted, commissioned, or retired member of the Minnesota National Guard, other than an inactive member who is not a retired member, and is an owner ~~or joint owner~~ of a passenger automobile, van, or pickup truck included within the definition of a passenger automobile upon payment of;

(2) pays a fee of \$10, ~~payment of~~ and any other fees required by this chapter;

(3) pays the registration tax required by law, ~~and compliance with other laws of this state relating to this chapter; and~~

(4) complies with this chapter and rules governing the registration of motor vehicles and licensing of motor vehicles and drivers.

(b) The adjutant general shall design the emblem for these special plates subject to the approval of the registrar commissioner. No

(c) An applicant shall must not be issued more than two sets of plates for motor vehicles owned or jointly owned by registered to the applicant. The adjutant general shall estimate the number of special plates that will be required and submit the estimate to the registrar.

~~(b) (d) Special plates issued under this subdivision may only be used during the period that the owner or joint owner of the motor vehicle is an active or retired member of the Minnesota National Guard as specified in this subdivision. When the person individual to whom the special plates were issued is no longer an active or retired member of the Minnesota National Guard, the~~

special plates must be removed from the vehicle ~~and returned to by the registrar~~ owner. Upon ~~return~~ removal of the special plates, either the owner or purchaser of the motor vehicle is entitled to receive regular plates for the motor vehicle without cost for the remainder of the registration period for which the special plates were issued.

(e) While the person is an active or retired member of the Minnesota National Guard, plates issued pursuant to this subdivision may be transferred to another motor vehicle owned ~~or jointly owned~~ by that person individual upon payment of a fee of \$5.

(e) (f) For purposes of this subdivision, "retired member" means ~~a person~~ an individual placed on the roll of retired officers or roll of retired enlisted members in the Office of the Adjutant General under section 192.18 and who is not deceased.

(d) ~~All fees collected under the provisions of this subdivision shall be paid into the state treasury and credited to the highway user tax distribution fund.~~

(e) (g) The ~~registrar~~ commissioner may adopt rules under the Administrative Procedure Act to govern the issuance and use of the special plates authorized by this subdivision.

Subd. 2d. [READY RESERVE; SPECIAL PLATES.] (a) The ~~registrar~~ commissioner shall issue special license plates to an applicant who:

(1) is not eligible for special license National Guard plates under subdivision 2c, who is a member of the United States Armed Forces Ready Reserve as described in United States Code, title 10, section 10142 or 10143, and is an owner ~~or joint owner~~ of a passenger automobile, van, or pickup truck, ~~on paying~~;

(2) pays a fee of \$10, paying and any other fees required by this chapter;

(3) pays the registration tax required by law, and complying with other laws of this state relating to this chapter; and

(4) complies with this chapter and rules governing the registration of motor vehicles and licensing of motor vehicles and drivers.

(b) The commissioner of veterans affairs shall design the emblem for these special plates subject to the approval of the ~~registrar~~ commissioner. ~~No~~

(c) An applicant ~~may~~ must not be issued more than two sets of plates for motor vehicles owned ~~or jointly owned~~ by the applicant. ~~The commissioner of veterans affairs shall estimate the number of special plates that will be required and submit the estimate to the registrar.~~

(b) (d) Special plates issued under this subdivision may only be used during the period that the owner ~~or joint owner~~ of the motor vehicle is a member of the ready reserve. When the person owner is no longer a member, the special plates must be removed from the motor vehicle and returned to the registrar by the owner. On ~~returning~~ removing the special plates, either the owner or purchaser of the motor vehicle is entitled to receive regular plates for the motor vehicle without cost for the rest of the registration period for which the special plates were issued. While the person owner is a member of the ready reserve, plates issued under this subdivision may be transferred to another motor vehicle owned ~~or jointly owned~~ by that person individual on paying a fee of \$5.

(e) ~~The fees collected under this subdivision must be paid into the state treasury and credited to the highway user tax distribution fund.~~

(d) (e) The ~~registrar~~ commissioner may adopt rules under the Administrative Procedure Act to govern the issuance and use of the special plates authorized by this subdivision.

Subd. 2e. [VOLUNTEER AMBULANCE ATTENDANTS; SPECIAL PLATES.] (a) The ~~registrar~~ commissioner shall issue special license plates to an applicant who:

(1) is a volunteer ambulance attendant as defined in section 144E.001, subdivision 15, and who

~~owns or jointly owns a motor vehicle taxed as a passenger automobile. The registrar shall issue the special plates on payment of;~~

~~(2) pays the registration tax required by law this chapter for the motor vehicle, compliance with all other applicable laws relating to;~~

~~(3) pays a fee of \$10 and any other fees required by this chapter; and~~

~~(4) complies with this chapter and rules governing the registration of motor vehicles and licensing of motor vehicles and drivers, and payment of an additional fee of \$10.~~

~~(b) The registrar commissioner shall not issue more than two sets of these plates to each qualified applicant.~~

~~(b) A person (c) An individual may use special plates issued under this subdivision only during the period that the person individual is a volunteer ambulance attendant. When the person individual to whom the special plates were issued ceases to be a volunteer ambulance attendant, the person individual shall return remove each set of special plates issued to that person. When ownership of a the motor vehicle is transferred, the person individual shall remove the special plates from that motor vehicle and return them to the registrar. On return removal of each set of plates, the owner of the motor vehicle, or new owner in case of a transferred motor vehicle, is entitled to receive regular license plates for the motor vehicle without cost for the rest of the registration period for which the set of special plates were issued. Special plates issued under this subdivision may be transferred to another motor vehicle owned by the volunteer ambulance attendant on payment of a fee of \$5.~~

~~(e) The fees specified in this subdivision must be paid into the state treasury and deposited in the highway user tax distribution fund.~~

~~(d) The commissioner may adopt rules governing the design, issuance, and sale of the special plates authorized by this subdivision.~~

Subd. 2f. [ORIGINAL LICENSE PLATES.] (a) On application of the owner and in lieu of issuing license plates under subdivision 1 to a motor vehicle registered and taxed as a passenger automobile, the registrar commissioner may assign to the motor vehicle original Minnesota number registration plates issued in the same year as the model year of the motor vehicle, if (1) the original license plates are at least 20 years old, (2) the owner of the motor vehicle has the original license plates in possession at the time of the application, and (3) the owner provides the license plate number to the registrar commissioner.

(b) License Plates displayed under this subdivision, including tabs and stickers applied to the plates, must be clearly legible and must be displayed at the front and rear of on the motor vehicle.

(c) The registrar commissioner shall not assign the registration number on the original license plates to the motor vehicle if the registrar commissioner determines that the number on the original plate is identical to the number on any current license plate in the current or reserved numbering system used by the registrar commissioner. A person currently using license plates issued by the registrar on the vehicle shall return those license plates to the registrar before displaying original license plates under this subdivision.

(d) Notwithstanding Despite subdivision 1, an original license plate whose number has been assigned under this subdivision may be displayed for as long as the license plates, including tabs and stickers on the plates, are clearly legible and the number is not subsequently used by the commissioner as a plate number in a registration numbering system.

(e) Notwithstanding Despite subdivision 1, original license plates assigned under this subdivision need not bear a tab or sticker to indicate the month or year of registration if the motor vehicle carries the registration certificate issued under section 168.11 at all times when the motor vehicle is operated on the public highways.

(f) The registrar commissioner may charge a fee for receiving an application and assigning original license plate numbers.

Subd. 5. [ADDITIONAL FEE.] (a) In addition to any fee otherwise authorized or any tax otherwise imposed upon any motor vehicle, the payment of which is required as a condition to the issuance of any number license plate or plates, the commissioner of public safety shall impose the fee specified in paragraph (b) that is calculated to cover the cost of manufacturing and issuing the license plate or plates, except for license plates issued to disabled veterans as defined in section 168.031 and license plates issued pursuant to section 168.124, 168.125, or 168.27, subdivisions 16 and 17, for passenger automobiles. The commissioner shall issue graphic design license plates shall only be issued for vehicles registered pursuant to section 168.017 and recreational vehicles registered pursuant to section 168.013, subdivision 1g.

(b) Unless otherwise specified or exempted by statute, the following plate and validation sticker fees apply for the original, duplicate, or replacement issuance of a plate in a plate year:

Sequential <u>Regular</u> Double Plate	\$4.25
Sequential Special Plate-Double	\$7.00
Sequential <u>Regular</u> Single Plate	\$3.00
Sequential Special Plate-Single	\$5.50
<u>Utility Trailer</u> Self-Adhesive Plate	\$2.50
Nonsequential Double Plate	\$14.00
Nonsequential Single Plate	\$10.00
Duplicate Sticker	\$1.00

~~(c) Fees collected under this subdivision must be paid into the state treasury and credited to the highway user tax distribution fund.~~

**[EFFECTIVE DATE.]** This section is effective August 1, 2005, except that amendments to subdivision 2a are effective August 1, 2006.

Sec. 8. Minnesota Statutes 2004, section 168.123, is amended to read:

168.123 [VETERANS; SPECIAL LICENSE PLATES.]

Subdivision 1. [GENERAL REQUIREMENTS; FEES.] (a) On payment of a fee of \$10 for each set of two plates, or for a single plate in the case of a motorcycle plate, payment of the registration tax required by law, and compliance with other applicable laws relating to the vehicle registration and licensing of a passenger automobile, pickup truck, van, self-propelled recreational equipment, or motorcycle, as applicable, the registrar commissioner shall issue:

(1) special license veteran's plates to an applicant who served in the active military service in a branch of the armed forces of the United States or of a nation or society allied with the United States in conducting a foreign war, was discharged under honorable conditions, and is ~~an owner or joint~~ a registered owner of a passenger automobile, pickup truck, van, or self-propelled recreational ~~equipment~~ motor vehicle, or truck resembling a pickup truck and having a manufacturer's nominal rated capacity of one ton, but which is not a commercial motor vehicle as defined in section 169.01, subdivision 75; or

(2) a veteran's special motorcycle license plate as described in subdivision 2, paragraph (a), (f), (h), or (i) or another special license plate designed by the commissioner of public safety to an applicant who is a Vietnam veteran who served after July 1, 1961, and before July 1, 1978, and who served in the active military service in a branch of the armed forces of the United States in conducting a foreign war, was discharged under honorable conditions, and is ~~an owner or joint~~ registered owner of a motorcycle and meets the criteria listed in this paragraph and in subdivision 2, paragraph (a), (f), (h), or (i). Plates issued under this clause must be the same size as standard regular motorcycle license plates. Special motorcycle license plates issued under this clause are not subject to section 168.1293.

(b) The additional fee of \$10 is payable for each set of veteran's plates, is payable only when

the plates are issued, and is not payable in a year in which tabs or stickers are issued instead of number plates. ~~An applicant must not be issued more than two sets of plates for vehicles listed in paragraph (a) and owned or jointly owned by the applicant.~~

(c) The veteran shall ~~must~~ have a certified copy of the veteran's discharge papers, indicating character of discharge, at the time of application. If an applicant served in the active military service in a branch of the armed forces of a nation or society allied with the United States in conducting a foreign war and is unable to obtain a record of that service and discharge status, the commissioner of veterans affairs may certify the applicant as qualified for the veterans' license plates provided under this section.

(d) For license plates issued for one-ton trucks described in paragraph (a), clause (1), the commissioner shall collect a surcharge of \$5 on each \$10 fee collected under paragraph (a). The surcharge must be deposited in the vehicle services operating account in the special revenue fund.

Subd. 2. [DESIGN.] The commissioner of veterans affairs shall design the emblem for the veterans' special plates, subject to the approval of the ~~registrar~~ commissioner, that satisfy the following requirements:

(a) For a Vietnam veteran who served after July 1, 1961, and before July 1, 1978, the special plates must bear the inscription "VIETNAM VET" and the letters "V" and "V" with the first letter directly above the second letter and both letters just preceding the first numeral of the special license plate number.

(b) For a veteran stationed on the island of Oahu, Hawaii, or offshore, during the attack on Pearl Harbor on December 7, 1941, the special plates must bear the inscription "PEARL HARBOR SURVIVOR" and the letters "P" and "H" with the first letter directly above the second letter and both letters just preceding the first numeral of the special license plate number.

(c) For a veteran who served during World War I or World War II, the special plates must bear the inscription "WORLD WAR VET" and:

(1) for a World War I veteran, the characters "W" and "I" with the first character directly above the second character and both characters just preceding the first numeral of the special license plate number; or

(2) for a World War II veteran, the characters "W" and "II" with the first character directly above the second character and both characters just preceding the first numeral of the special license plate number.

(d) For a veteran who served during the Korean Conflict, the special plates must bear the inscription "KOREAN VET" and the letters "K" and "V" with the first letter directly above the second letter and both letters just preceding the first numeral of the special license plate number.

(e) For a combat wounded veteran who is a recipient of the purple heart medal, the special plates must bear the inscription "COMBAT WOUNDED VET" and ~~inscribed with~~ have a facsimile on an emblem of the official purple heart medal and the letters "C" over "W" with the first letter directly over the second letter just preceding the first numeral of the special license plate number.

(f) For a Persian Gulf War veteran, the special plates must bear the inscription "GULF WAR VET" and the letters "G" and "W" with the first letter directly above the second letter and both letters just preceding the first numeral of the special license plate number. For the purposes of this section, "Persian Gulf War veteran" means a person who served on active duty after August 1, 1990, in a branch of the armed forces of the United States or a nation or society allied with the United States or the United Nations during Operation Desert Shield, Operation Desert Storm, or other military operation in the Persian Gulf area combat zone as designated in United States Presidential Executive Order No. 12744, dated January 21, 1991.

(g) For a veteran who served in the Laos War after July 1, 1961, and before July 1, 1978, the special plates must bear the inscription "LAOS WAR VET" and the letters "L" and "V" with the

first letter directly above the second letter and both letters just preceding the first numeral of the special license plate number.

(h) For a veteran who is the recipient of:

(1) the Iraq Campaign Medal, the special plates must be inscribed with a facsimile of that medal and must bear the inscription "IRAQ WAR VET" directly below the special plate number;

(2) the Afghanistan Campaign Medal, the special plates must be inscribed with a facsimile of that medal and must bear the inscription "AFGHAN WAR VET" directly below the special plate number; or

(3) the Global War on Terrorism Expeditionary Medal, the special plates must be inscribed with a facsimile of that medal and must bear the inscription "GWOT VETERAN" directly below the special plate number.

(i) For a veteran who is the recipient of the Global War on Terrorism Service Medal, the special plates must be inscribed with a facsimile of that medal and must bear the inscription "GWOT VETERAN" directly below the special plate number. In addition, any member of the National Guard or other military reserves who has been ordered to federally funded state active service under United States Code, title 32, as defined in section 190.05, subdivision 5b, and who is the recipient of the Global War on Terrorism Service Medal, is eligible for the license plate described in this paragraph, irrespective of whether that person qualifies as a veteran under section 197.447.

Subd. 2a. [TEMPORARY SURCHARGE.] For license plates issued under subdivision 2, paragraphs (h) and (i), the commissioner shall collect a surcharge of \$5 on each \$10 fee collected under subdivision 1, paragraph (a). The surcharge must be deposited in the vehicle services operating account in the special revenue fund.

Subd. 3. [NUMBER ESTIMATED.] The commissioner of veterans affairs shall estimate the number of special plates that will be required and submit the estimate to the registrar.

Subd. 4. [PLATES TRANSFER.] (a) On payment of a fee of \$5, plates issued under subdivision 1, paragraph (a), clause (1), may be transferred to another passenger automobile, pickup truck, van, or self-propelled recreational equipment owned or jointly owned by motor vehicle, or one-ton truck described in subdivision 1, paragraph (a), clause (1), registered to the person individual to whom the plates were issued.

(b) On payment of a fee of \$5, a plate issued under subdivision 1, paragraph (a), clause (2), may be transferred to another motorcycle owned or jointly owned by registered to the person individual to whom the plate was issued.

Subd. 5. [FEES CREDITED.] Fees collected under this section must be paid into the state treasury and credited to the highway user tax distribution fund.

Subd. 6. [RULES.] The registrar commissioner may adopt rules under the Administrative Procedure Act to govern the issuance and use of the special plates authorized by this section.

[EFFECTIVE DATE.] This section is effective July 1, 2005, except that amendments to subdivision 1, paragraph (a), clause (2); subdivision 2; and subdivision 2a, are effective the day following final enactment.

Sec. 9. Minnesota Statutes 2004, section 168.1235, is amended to read:

168.1235 [VETERANS SERVICE GROUPS; SPECIAL STICKERS GROUP EMBLEMS.]

Subdivision 1. [GENERAL REQUIREMENTS; FEES.] (a) On payment of a fee of \$10 for each set of two license plates, 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, van, or self-propelled recreational vehicle, as applicable, The registrar commissioner shall issue a special license plate sticker emblem for each plate to an applicant who:

(1) is a member of a congressionally chartered veterans service organization and is an owner or joint a registered owner of a passenger automobile, pickup truck, van, or self-propelled recreational vehicle;

(2) pays the registration tax required by law;

(3) pays a fee of \$10 for each set of two plates, and any other fees required by this chapter; and

(4) complies with this chapter and rules governing the registration of motor vehicles and licensing of drivers.

(b) The additional fee of \$10 is payable at the time of initial application for the special license plate stickers emblem and when the license plates must be replaced or renewed. An applicant must not be issued more than two sets of special license plate stickers emblems for motor vehicles listed in paragraph (a) and ~~owned or jointly owned by~~ registered to the applicant.

(c) ~~The commissioner of veterans affairs shall determine what documentation is required by each applicant to show that the applicant is a member of a congressionally chartered veterans service organization and is entitled to the special license plate stickers~~ applicant must present a valid card indicating membership in the American Legion or Veterans of Foreign Wars.

Subd. 2. [DESIGN.] (a) The commissioner of veterans affairs, after consultation with each of the congressionally chartered veterans service organizations, shall design the special license plate stickers emblems, subject to the approval of the registrar commissioner. The emblem, symbol, or other pictorial representation on the sticker must be at least as large as the letters and numerals on the plate and the registrar commissioner shall allow for plates with spaces for the stickers emblem in place of a numeral or letter.

(b) Each congressionally chartered veterans service organization must arrange for any applicable rules of the national organization to be changed or copyrights to be released before the commissioner may issue special license plate stickers emblems to members of any particular service organization under this section.

Subd. 3. [NUMBER ESTIMATED.] ~~The commissioner of veterans affairs shall estimate the number of special plate stickers that will be required and submit the estimate to the registrar.~~

Subd. 4. [PLATE STICKERS EMBLEM TRANSFER.] Notwithstanding ~~Despite~~ section 168.12 or other law to the contrary, on payment of a fee of \$5, the veterans service organization special plate stickers emblems issued under subdivision 1, may be transferred by the owner to other license plates on a passenger automobile, pickup truck, van, or self-propelled recreational vehicle ~~owned or jointly owned by~~ registered to the person to whom the stickers emblems were issued.

Subd. 5. [FEES CREDITED.] ~~Fees collected under this section must be paid into the state treasury and credited to the highway user tax distribution fund.~~

Sec. 10. Minnesota Statutes 2004, section 168.124, is amended to read:

168.124 [SPECIAL PLATES FOR MEDAL OF HONOR RECIPIENTS.]

Subdivision 1. [ISSUANCE AND DESIGN.] (a) ~~The registrar of motor vehicles commissioner~~ shall issue special license plates bearing the inscription "MEDAL OF HONOR" to an applicant who:

(1) is a recipient of the Congressional Medal of Honor and upon the applicant's compliance with the laws of this state relating to;

(2) is a registered owner of a passenger automobile, motorcycle, or recreational motor vehicle; and

(3) complies with this chapter and rules governing the registration of motor vehicles and licensing of motor vehicles and drivers.

(b) The special license plates must be of a design and size determined by the registrar commissioner. Only one set of plates, or a single plate in the case of a motorcycle, bearing the inscription "MEDAL OF HONOR" may be issued for each qualified applicant.

Subd. 2. [APPLICATION.] Application for issuance of these plates may be made only at the time of renewal or first application for registration.

Subd. 3. [NO FEE.] The registrar commissioner shall issue a set of medal of honor plates to qualified applicants free of charge and the plates must be replaced by the department without charge if they become damaged. In addition, no fee may be charged for a subsequent year when tabs or stickers are issued for that a motor vehicle listed in subdivision 1 on which the special medal of honor plates are placed. The motor vehicle must be for personal use, not commercial purposes.

Subd. 4. [TRANSFER.] Despite the provisions of section 168.12, subdivision 1, medal of honor plates issued under this section may be transferred to another personal motor vehicle owned or jointly owned by registered to the medal of honor recipient upon notification to the registrar of motor vehicles commissioner.

Subd. 5. [MOTOR VEHICLE; SPECIAL DEFINITION.] For purposes of this section, "motor vehicle" means a vehicle for personal use, not used for commercial purposes, and may include a passenger automobile, van, pickup truck, motorcycle, or recreational vehicle.

Subd. 6. [WHEN ISSUED.] The registrar of motor vehicles shall begin issuing medal of honor plates for the calendar year 1984 and thereafter.

Sec. 11. Minnesota Statutes 2004, section 168.125, is amended to read:

168.125 [SPECIAL LICENSE PLATES FOR FORMER PRISONERS OF WAR.]

Subdivision 1. [ISSUANCE AND DESIGN.] (a) The registrar commissioner shall issue special license plates bearing the inscription "EX-POW" to any applicant who:

(1) is both a former prisoner of war and ~~an owner or joint~~ a registered owner of a passenger automobile, motorcycle, or recreational motor vehicle ~~upon the applicant's compliance with all the laws of this state relating to;~~ and

(2) complies with this chapter and rules governing the registration of motor vehicles and licensing of motor vehicles and drivers.

(b) The special license plates shall must be of a design and size to be determined by the commissioner. Only one set of plates, or a single plate in the case of a motorcycle, bearing the "EX-POW" inscription may be issued for only one motor vehicle per each qualified applicant.

Subd. 1a. [APPLICATION.] Application for issuance of these plates shall must be made at the time of renewal or first application for registration. The application shall must include a certification by the commissioner of veterans affairs that the applicant was a member of the military forces of the United States who was captured, separated, and incarcerated by an enemy of the United States during a period of armed conflict.

Subd. 1b. [NO FEE.] The registrar commissioner shall issue a set of EX-POW plates, or a single plate for a motorcycle, to qualified applicants, free of charge ~~for the cost of the plates,~~ and shall replace them without charge if they become damaged. In addition, no fee may be charged for a subsequent year when tabs or stickers are issued for that motor vehicle on which the special EX-POW plates are placed.

Subd. 1c. [PLATES TRANSFER.] ~~Notwithstanding~~ Despite the provisions of section 168.12, subdivision 1, the special license plates issued under this section may be transferred to another motor vehicle ~~owned or jointly owned by~~ registered to the former prisoner of war upon notification to the registrar of motor vehicles commissioner.

Subd. 1d. [SURVIVING SPOUSE.] Upon the death of a former prisoner of war, the registrar commissioner shall continue to issue free of charge, upon renewal, the special license plates to a motor vehicle owned by the surviving spouse of the former prisoner of war. Special license plates issued to a surviving spouse may be transferred to another motor vehicle owned by registered to the surviving spouse as provided in subdivision 1c. No fee may be charged for replacement plates issued to a surviving spouse or for tabs or stickers issued for the motor vehicle on which the special "EX-POW" plates are placed. A surviving spouse is not exempt from the motor vehicle registration tax.

Subd. 1e. [MOTOR VEHICLE; SPECIAL DEFINITION.] For purposes of this section, "motor vehicle" means a passenger automobile, van, pickup truck, motorcycle, or recreational vehicle.

Subd. 2. [SPECIAL PLATES; EX-POW AND DISABILITY INSIGNIA EMBLEMS.] The registrar commissioner shall issue special license plates bearing both the "EX-POW" and disability insignia emblem to any applicant who is entitled to the special license plates provided under this section and who is also entitled to special license plates for the physically disabled under section 168.021 upon compliance with the provisions of both sections. The special license plates shall must be of a design and size to be determined by the commissioner.

Subd. 3. [RULES; COMMISSIONER OF PUBLIC SAFETY.] The commissioner of public safety may promulgate adopt by rule, in accordance with the provisions of chapter 14, the procedures for issuance or transfer of the special license plates authorized under this section.

Subd. 4. [RULES; COMMISSIONER OF VETERANS AFFAIRS.] The commissioner of veterans affairs shall establish the procedure for obtaining the certification of former prisoner of war status.

Subd. 5. [SAVINGS PROVISION.] Nothing in this section shall alter alters the exemption for disabled war veterans provided for in section 168.031.

Sec. 12. Minnesota Statutes 2004, section 168.1255, is amended to read:

168.1255 [SPECIAL VETERAN CONTRIBUTION LICENSE PLATES.]

Subdivision 1. [GENERAL REQUIREMENTS AND PROCEDURES.] The registrar commissioner shall issue special veteran contribution license plates to an applicant who:

- (1) is a veteran, as defined in section 197.447;
- (2) is an owner or joint a registered owner of a passenger automobile, pickup truck, or van;
- (3) pays a fee of \$10 to cover the costs of handling and manufacturing the plates;
- (4) pays the registration tax required under section 168.013;
- (5) pays the fees required under this chapter;
- (6) pays an additional onetime World War II memorial contribution of \$30, which the department shall retain until all start-up costs associated with the development and issuing of the plates have been recovered, after which the commissioner shall deposit contributions in the World War II donation match account; and
- (7) complies with laws this chapter and rules governing the registration of motor vehicles and licensing of vehicles and drivers.

Subd. 2. [DESIGN.] The commissioner of veterans affairs shall design an emblem for the special plates, subject to the approval of the registrar commissioner of public safety, that satisfy satisfies the following requirements in this subdivision:

- (1) the special veteran contribution plates must bear the inscription "PROUD TO BE A VETERAN" on the bottom of the plate; and

(2) the flag of the United States of America must appear on the left side of the plate just preceding the first letter or numeral of the special license plate number.

Subd. 3. [PLATE TRANSFERS.] ~~Notwithstanding~~ Despite section 168.12, subdivision 1, on payment of a transfer fee of \$5, plates issued under this section may be transferred to another passenger automobile, pickup truck, or van owned or jointly owned by registered to the person individual to whom the special veteran contribution plates were issued.

Subd. 4. [FEES CREDITED.] ~~The fees collected under this section must be deposited in the state treasury and credited to the highway user tax distribution fund.~~ Fees collected under this section do not include the contributions collected for the World War II memorial donation match account.

Subd. 5. [RECORD.] The ~~registrar~~ commissioner shall maintain a record of the number of special plates issued under this section.

Sec. 13. Minnesota Statutes 2004, section 168.127, subdivision 6, is amended to read:

Subd. 6. [FEES.] Instead of the filing fee described in section 168.33, subdivision 7, the applicant for fleet registration shall pay an equivalent administrative fee to the commissioner for each vehicle in the fleet. ~~The administrative fee must be deposited in the state treasury and credited to the highway user tax distribution fund.~~

Sec. 14. Minnesota Statutes 2004, section 168.128, is amended to read:

168.128 [LIMOUSINE REGISTRATION, LICENSE PLATES.]

Subdivision 1. [UNIQUE LIMOUSINE REGISTRATION CATEGORY.] A unique vehicle registration category is established for limousines as ~~defined in section 168.011, subdivision 35.~~

Subd. 2. [LICENSE PLATES.] (a) A person who operates a limousine for other than personal use shall ~~apply to~~ register the motor vehicle as provided in this section.

(b) A person who operates a limousine for personal use may apply. The ~~registrar~~ commissioner shall issue limousine license plates ~~upon the applicant's compliance with laws relating to registration and licensing of motor vehicles and drivers and certification by~~ to the registered owner of a limousine who:

(1) certifies that an insurance policy under section 65B.13 in an aggregate amount of \$300,000 per accident is in effect for the entire period of the registration ~~under section 65B.135.~~ The applicant must provide the registrar;

(2) provides the commissioner with proof that the passenger automobile license tax and a \$10 fee have been paid for each limousine receiving limousine license plates; and

(3) complies with this chapter and rules governing the registration of motor vehicles and licensing of drivers.

(c) The limousine license plates must be designed to specifically identify the vehicle as a limousine and must be clearly marked with the letters "LM." Limousine license plates may not be transferred upon sale of the limousine, but may be transferred to another limousine owned by the same person upon notifying the ~~registrar~~ commissioner and paying a \$5 transfer fee.

Subd. 3. [INSURANCE.] (a) The application must include a certificate of insurance verifying that a valid commercial insurance policy is in effect and giving the name of the insurance company and the number of the insurance policy. The policy must provide stated limits of liability, exclusive of interest and costs, with respect to each motor vehicle for which coverage is granted, of not less than \$100,000 because of bodily injury to one person in any one accident and, subject to ~~said that~~ that limit for one person, of not less than \$300,000 because of injury to two or more persons in any one accident and of not less than \$100,000 because of injury to or destruction of property. The insurance company must notify the commissioner if the policy is canceled or if the policy no longer provides the coverage required by this subdivision.

(b) The commissioner shall immediately notify the commissioner of transportation if the policy of a person required to have a permit under section 221.84 is canceled or no longer provides the coverage required by this subdivision.

~~Subd. 4. [FEES CREDITED TO HIGHWAY USER FUND.] Fees collected from the sale of license plates under this section must be paid into the state treasury and credited to the highway user tax distribution fund.~~

Sec. 15. Minnesota Statutes 2004, section 168.129, is amended to read:

168.129 [SPECIAL COLLEGIATE LICENSE PLATES.]

Subdivision 1. [GENERAL REQUIREMENTS AND PROCEDURES.] The commissioner of public safety shall issue special collegiate license plates to an applicant who:

- (1) is ~~an owner or joint~~ a registered owner of a passenger automobile, ~~pickup truck, or van;~~
- (2) pays a fee ~~determined by the commissioner~~ as specified in section 168.12, subdivision 5, to cover the costs of handling and manufacturing the plates;
- (3) pays the registration tax required under section 168.013;
- (4) pays the fees required under this chapter;
- (5) contributes at least \$25 annually to the scholarship account established in subdivision 6; and
- (6) complies with laws this chapter and rules governing registration of motor vehicles and licensing of ~~vehicles and drivers.~~

Subd. 2. [DESIGN.] (a) After consultation with each participating college, university, or postsecondary system, the commissioner shall design the an emblem for each special collegiate ~~plates~~ plate.

(b) In consultation with the commissioner, a participating college or university annually shall indicate the anticipated number of plates needed.

Subd. 3. [NO REFUND.] Contributions under this section must not be refunded.

Subd. 4. [PLATES TRANSFER.] ~~Notwithstanding~~ Despite section 168.12, subdivision 1, on payment of a transfer fee of \$5, plates issued under this section may be transferred to another ~~passenger vehicle, pickup, or van owned or jointly owned by~~ automobile registered to the person individual to whom the special collegiate plates were issued.

~~Subd. 5. [FEES CREDITED.] The fees collected under this section must be deposited in the state treasury and credited to the highway user tax distribution fund. Fees collected under this section do not include the contributions collected for the scholarship account.~~

Subd. 6. [SCHOLARSHIP ACCOUNT.] A scholarship account is created in the state treasury. Except for one percent that may be retained by the commissioner of ~~public safety~~ for administrative costs, all contributions received under this section must be deposited by the commissioner in the scholarship account. Money in the scholarship account is appropriated to the governing board of the institution to which it is attributable, as provided in subdivision 7.

Subd. 7. [RECORD.] The commissioner shall maintain a record of the number of license plates issued for each postsecondary institution or system ~~in order~~ to determine the amount of scholarship funds available to that institution or system.

Sec. 16. Minnesota Statutes 2004, section 168.1291, is amended to read:

168.1291 [SPECIAL LICENSE PLATES; UNIFORM DESIGN, UNIQUE EMBLEMS.]

Subdivision 1. [DEFINITION.] For purposes of this section "special license plates" means license plates issued under sections 168.12, subdivisions 2b and 2e; 168.1235; and 168.129.

Subd. 2. [UNIFORM DESIGN OF SPECIAL PLATES.] (a) The commissioner shall design a single special license plate that will contain a unique number and a space for a unique symbol emblem for plates issued under sections 168.12, subdivisions 2b and 2e; 168.1235; and 168.129. The commissioner shall design a unique symbol emblem related to the purpose of each special license plate.

(b) Any provision of sections 168.12, subdivisions 2b to 2e; 168.123; and 168.129, that requires the placement of a specified letter or letters on a special license plate applies to those license plates only to the extent that the commissioner includes the letter or letters in the design. ~~Where~~

(c) If a law authorizing a special license plate contains a specific requirement for graphic design of that license plate, that requirement applies to the appropriate unique symbol ~~the commissioner designs emblem~~.

Subd. 3. [ISSUANCE OF SPECIAL PLATES WITH UNIQUE SYMBOLS EMBLEMS.] ~~Notwithstanding~~ Despite section 168.12, subdivisions 2b to 2e; 168.123; or 168.129, beginning with special license plates issued in calendar year 1996, the commissioner shall issue each class of special license plates permanently marked with specific designs under those laws only until the commissioner's supply of those license plates is exhausted. Thereafter the commissioner shall issue under those laws only the license plate authorized under subdivision 2, with the appropriate unique symbol emblem attached.

Subd. 4. [FEES.] ~~Notwithstanding~~ Despite section 168.12, subdivisions 2b to 2e; 168.123; or 168.129, the commissioner shall charge a fee of \$10 for each set of license plates issued under this section.

Subd. 5. [APPLICATION APPLICABILITY.] This section does not apply to a special motorcycle license plate designed by the ~~registrar~~ commissioner under section 168.123, subdivision 1, clause (2).

Sec. 17. Minnesota Statutes 2004, section 168.1293, is amended to read:

168.1293 [SPECIAL LICENSE PLATES; AUTHORIZATION; DISCONTINUANCE.]

Subdivision 1. [DEFINITION.] For purposes of this section and section 168.1297, "special license plate" means a license plate that is authorized by law sections 168.12, subdivisions 2b and 2e; 168.1235; and 168.129, to have wording and graphics that differ from a Minnesota passenger vehicle license plate.

Subd. 2. [SUBMISSIONS TO ~~DEPARTMENT~~ COMMISSIONER.] (a) A person, legal entity, or other requester, however organized, that plans to seek legislation establishing a new special license plate shall submit the following information and fee to the ~~Department of Public Safety~~ commissioner:

(1) The requester shall submit a request for the special license plate being sought, describing the proposed license plate in general terms, the purpose of the plate, and the proposed fee or minimum contribution required for the plate.

(2) The requester shall submit the results of a scientific sample survey of Minnesota motor vehicle owners that indicates that at least 10,000 motor vehicle owners intend to purchase the proposed plate with the proposed fee or minimum contribution. The requester's plan to undertake the survey must be reported to the ~~department~~ commissioner before the survey is undertaken. The survey must be performed independently of the requester by another person or legal entity, however organized, that conducts similar sample surveys in the normal course of business.

(3) The requester shall submit an application fee of \$20,000, to cover the ~~department's~~ cost of reviewing the application for a new plate and developing the new special license plate if authorized by law. State funds may not be used to pay the application fee.

(4) The requester shall submit a marketing strategy that contains (i) short-term and long-term marketing plans for the requested plate, and (ii) a financial analysis showing the anticipated revenues and the planned expenditures of any fee or contribution derived from the requested plate.

(b) The requester shall submit the information required under paragraph (a) to the department commissioner at least 120 days before the convening of the next regular legislative session at which the requester will submit the proposal.

Subd. 3. [DESIGN; REDESIGN.] (a) If the proposed new special license plate sought by the requester is approved by law, the requester shall submit the proposed design for the plate to the department commissioner as soon as practicable, but not later than 120 days after the effective date of the law authorizing issuance of the plate. The department commissioner is responsible for selecting the final design for the special license plate.

(b) The requester that originally requested a special license plate subsequently approved by law may not submit a new design for the plate within the five years following the date of first issuance of the plate unless the inventory of those plates has been exhausted. The requester may deplete the remaining inventory of the plates by reimbursing the department commissioner for the cost of the plates.

Subd. 4. [REFUND OF FEE.] If the special license plate requested is not authorized in the legislative session at which authorization was sought, the department commissioner shall refund \$17,500 of the application fee to the requester.

Subd. 5. [DISCONTINUANCE OF PLATE.] (a) The department commissioner shall discontinue the issuance or renewal of any special license plate authorized by sections 168.12, subdivisions 2b and 2e; 168.1235; and 168.129, if (1) fewer than 1,000 sets of those plates are currently registered at the end of the first six years during which the plates are available, or (2) fewer than 1,000 sets of those plates are currently registered at the end of any subsequent two-year period following the first six years of availability.

(b) The department commissioner shall discontinue the issuance or renewal of any special license plate authorized by sections 168.12, subdivisions 2b and 2e; 168.1235; and 168.129, and distribution of any contributions resulting from that plate, if the department commissioner determines that (1) the fund or requester receiving the contributions no longer exists, (2) the requester has stopped providing services that are authorized to be funded from the contribution proceeds, (3) the requester has requested discontinuance, or (4) contributions have been used in violation of subdivision 6.

(c) Nothing in this subdivision applies to license plates issued under section 168.123, 168.124, 168.125, 168.1251, or 168.1255.

Subd. 6. [USE OF CONTRIBUTIONS.] Contributions made as a condition of obtaining a special license plate authorized by sections 168.12, subdivisions 2b and 2e; 168.1235; and 168.129, and interest earned on the contributions, may not be spent for commercial or for-profit purposes.

Subd. 7. [DEPOSIT OF FEE; APPROPRIATION.] The commissioner shall deposit the application fee under subdivision 2, paragraph (a), clause (3), in the highway-user tax distribution fund ~~and vehicle services operating account of the special revenue fund~~ under section 299A.705. An amount sufficient to pay the department's cost in implementing and administering this section, including payment of refunds under subdivision 4, is appropriated to the commissioner.

Sec. 18. Minnesota Statutes 2004, section 168.1296, is amended to read:

168.1296 [SPECIAL CRITICAL HABITAT LICENSE PLATES.]

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

- (1) is ~~an owner or joint~~ a registered owner of a passenger automobile, ~~pickup truck, or van~~;
- (2) pays a fee of \$10 to cover the costs of handling and manufacturing the plates;
- (3) pays the registration tax required under section 168.013;

(4) pays the fees required under this chapter;

(5) contributes a minimum of \$30 annually to the Minnesota critical habitat private sector matching account established in section 84.943; and

(6) complies with laws this chapter and rules governing registration of motor vehicles and licensing of ~~vehicles and drivers~~.

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

Subd. 2. [DESIGN.] After consultation with interested groups, the commissioner of natural resources and the ~~registrar~~ commissioner shall jointly select a suitable symbol for use by the ~~registrar~~ commissioner to design the ~~special~~ plates.

Subd. 3. [NO REFUND.] Contributions under this section must not be refunded.

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

Subd. 5. [CONTRIBUTION AND FEES CREDITED.] Contributions under subdivision 1, paragraph (a), clause (5), must be paid to the ~~registrar~~ commissioner and credited to the Minnesota critical habitat private sector matching account established in section 84.943. The fees collected under this section must be deposited in the ~~highway user tax distribution fund~~ vehicle services operating account of the special revenue fund under section 299A.705.

Subd. 6. [RECORD.] The ~~registrar~~ commissioner shall maintain a record of the number of ~~special~~ plates issued under this section.

Sec. 19. Minnesota Statutes 2004, section 168.1297, is amended to read:

168.1297 [SPECIAL "ROTARY MEMBER" LICENSE PLATES.]

Subdivision 1. [GENERAL REQUIREMENTS AND PROCEDURES.] The ~~registrar~~ commissioner shall issue special "Rotary member" license plates to an applicant who:

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

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

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

(4) pays the fees required under this chapter;

(5) submits proof to the ~~registrar~~ commissioner that the applicant is a member of Rotary International; and

(6) complies with laws this chapter and rules governing registration of motor vehicles and licensing of ~~vehicles and drivers~~.

Subd. 2. [DESIGN.] A special license plate under this section consists of a ~~special~~ license plate as described in section 168.1291 with a unique ~~symbol~~ emblem that is the recognized emblem of Rotary International.

Subd. 3. [COMPLIANCE WITH OTHER LAW.] The commissioner shall take no action under this section unless the commissioner determines that Rotary International, or one or more districts of Rotary International, has complied with section 168.1293, subdivision 2, paragraph (a). Issuance and renewal of license plates under this section are subject to section 168.1293, subdivisions 3 to 6.

Sec. 20. Minnesota Statutes 2004, section 168.15, subdivision 1, is amended to read:

Subdivision 1. [TRANSFER OF OWNERSHIP.] (a) Upon the transfer of ownership, destruction, theft, dismantling, or permanent removal by the owner from this state of any motor vehicle registered in accordance with this chapter, the right of the owner of the vehicle to use the registration certificate and number plates assigned to the vehicle expires.

(b) When the ownership of a motor vehicle is transferred to another resident of person required to register the vehicle in this state, the transferor shall ~~surrender the registration plates, unless otherwise provided for in this chapter,~~ and assign the registration tax paid to the credit of the transferee unless the registration stickers are surrendered to the commissioner before the first day of the new registration period.

(c) When seeking to become the owner by gift, trade, or purchase of any vehicle for which a registration certificate has been issued under this chapter, a person shall join with the registered owner in transmitting with the application for transfer of ownership, the registration certificate, with the assignment and notice of sale duly executed ~~upon the reverse side, or,~~

(d) In case of loss of the title or certificate of registration of a vehicle not subject to section 325E.15, the person shall make application to the commissioner with proof of loss ~~by sworn statement, in writing, and satisfactory to the registrar~~ of the title as specified in section 168A.09 and assign a notice of sale of the vehicle on the application for title as specified in section 168A.04.

(e) Upon the transfer of any motor vehicle by a manufacturer or dealer, for use within the state, whether by sale, lease, or otherwise, the ~~manufacturer or dealer~~ transferor shall, within ten days after the transfer, file with the registrar commissioner (1) a notice ~~or report~~ containing the date of transfer, a description of the motor vehicle, and the transferee's name, ~~street and number of residence, if in a city, and post office residence address in the state or if not a natural person then the transferee's business and mailing address,~~ and shall ~~also transmit with it~~ (2) the transferee's application for registration.

Sec. 21. Minnesota Statutes 2004, section 168.16, is amended to read:

168.16 [REGISTRATION TAX REFUND; APPROPRIATION.]

(a) After the registration tax upon any motor vehicle has been paid for any year registration period, refund must be made for errors made in computing the registration tax or fees and for the error on the part of an owner who may in error have registered a motor vehicle that was not before, nor at the time of registration, nor at any time thereafter during the ~~current past year preceding registration period,~~ subject to registration tax in this state as provided by section 168.012.

(b) Unless otherwise provided in this chapter, a claim for a refund of an overpayment of registration tax must be filed within 3-1/2 years from the date of payment.

~~The refund must be made from any fund in possession of the registrar and deducted from the registrar's monthly report to the commissioner of finance. A detailed report of the refund must accompany the report.~~

(c) The former registered owner of a transferred vehicle, by an assignment in writing endorsed upon the registration certificate and delivered to the registrar commissioner within the time provided in this subdivision, shall assign, except for vehicles registered under section 168.187, to the new owner the right to have the tax paid by the former registered owner accredited to the new owner who duly registers the vehicle unless the registration stickers are surrendered to the commissioner before the first day of the new registration period.

(d) Any owner ~~at~~ is entitled to a refund of the unused portion of the registration tax paid on the owner's vehicle upon filing a claim, verified by the commissioner, ~~if the time of such occurrence, whose vehicle is:~~

~~(1) declared by an insurance company to be a total loss due to flood or tornado damage, permanently destroyed, due to accident, fire, or an Act of God as defined in section 115B.02; or~~

~~(2) sold to the federal government, the state, or a political subdivision of the state, shall upon filing a verified claim be entitled to a refund of the unused portion of the tax paid upon the vehicle, computed as follows:~~

~~(1) if the vehicle is registered under the calendar year system of registration, the refund is computed pro rata by the month, 1/12 of the annual tax paid for each month of the year remaining after the month in which the plates and certificate were returned to the registrar;~~

~~(2) if the vehicle is registered under the monthly series system of registration, the amount of~~

~~(e) The refund is must be equal to the sum of the amounts of the license fee remaining registration tax attributable to those months remaining in for the licensing registration period after the month in which the plates and certificate of registration or title were returned to the registrar commissioner.~~

~~(b) (f) There is hereby appropriated to the persons entitled to a refund, from the fund or account in the state treasury to which the money was credited, an amount sufficient to make the refund and payment.~~

Sec. 22. Minnesota Statutes 2004, section 168.31, subdivision 5, is amended to read:

Subd. 5. [REFUND.] For the annual registration tax paid on any vehicle before the calendar year registration period for which that tax was assessed, the owner of the vehicle who paid the tax shall be is entitled to full refund if such vehicle is permanently destroyed or removed from the state before the calendar year for which the tax was paid or if it is not used at all during the calendar year for which the tax was paid, and the owner makes affidavit concerning the nonuse as provided by section 168.012 the registration stickers are surrendered before the first day of the new registration period.

Sec. 23. Minnesota Statutes 2004, section 168.27, subdivision 11, is amended to read:

Subd. 11. [DEALERS' LICENSES; LOCATION CHANGE NOTICE; FEE.] (a) Application for a dealer's license or notification of a change of location of the place of business on a dealer's license must include a street address, not a post office box, and is subject to the registrar's commissioner's approval.

~~(b) Upon the filing of an application for a dealer's license and the proper fee, the registrar is authorized, unless the application on its face appears to be invalid, to the commissioner shall grant a 90-day temporary license. During the 90-day period following issuance of the temporary license, the registrar commissioner shall investigate the fitness of the applicant, inspect the place of business site, and make other investigation as necessary to insure compliance with the licensing law this section and rules adopted under this section.~~

~~(c) The registrar commissioner may extend the temporary license 30 days to allow the temporarily licensed dealer to come into full compliance with this section and rules adopted under this section.~~

~~At the end of the period of investigation (d) In no more than 120 days following issuance of the temporary license, the dealer license must either be granted or denied.~~

~~(e) A license must be denied under the following conditions:~~

~~(1) The license must be denied if within the previous ten years the applicant was enjoined due to a violation of section 325F.69 or convicted of violating section 325E.14, 325E.15, 325E.16, or 325F.69, or convicted under section 609.53 of receiving or selling stolen vehicles, or convicted of violating United States Code, title 15, sections 1981 to 1991, as amended through December 31, 1984, or pleaded guilty, entered a plea of nolo contendere or no contest, or has been found guilty in a court of competent jurisdiction of any charge of failure to pay state or federal income or sales~~

taxes or felony charge of forgery, embezzlement, obtaining money under false pretenses, theft by swindle, extortion, conspiracy to defraud, or bribery.

(2) The license must also be denied if within the previous year the applicant has been denied a dealer license.

(3) A license must also be denied if the applicant has had a dealer license revoked within the previous ten years.

(f) If the application is approved, the ~~registrar~~ commissioner shall license the applicant as a ~~motor vehicle~~ dealer for one year from the date the temporary license is granted and issue a certificate of license that must include a distinguishing number of identification of the dealer. The license must be displayed in a prominent place in the dealer's licensed location place of business.

(g) Each initial application for a license must be accompanied by a fee of ~~\$50~~ \$100 in addition to the annual fee. The annual fee ~~shall be \$100~~ is \$150. All The initial fees and annual fees must be paid into the state treasury and credited to the general fund except that \$50 of each initial and annual fee must be paid into the vehicle services operating account in the special revenue fund under section 299A.705.

Sec. 24. [168.326] [EXPEDITED DRIVER AND VEHICLES SERVICES; FEE.]

(a) When an applicant requests and pays an expedited service fee of \$20, in addition to other specified and statutorily mandated fees and taxes, the commissioner shall expedite the processing of an application for a driver's license, driving instruction permit, Minnesota identification card, or vehicle title transaction.

(b) A driver's license agent or deputy registrar may retain \$10 of the expedited service fee for each expedited service request processed by the licensing agent or deputy registrar.

(c) When expedited service is requested, materials must be mailed or delivered to the requester within three days of receipt of the expedited service fee excluding Saturdays, Sundays, or the holidays listed in section 645.44, subdivision 5. The requester shall comply with all relevant requirements of the requested document.

(d) The commissioner may decline to accept an expedited service request if it is apparent at the time it is made that the request cannot be granted.

(e) The expedited service fees collected under this section for an application for a driver's license, driving instruction permit, or Minnesota identification card minus any portion retained by a licensing agent or deputy registrar under paragraph (b) must be paid into the driver services operating account in the special revenue fund specified under section 299A.705.

(f) The expedited service fees collected under this section for a transaction for a vehicle service minus any portion retained by a licensing agent or deputy registrar under paragraph (b) must be paid into the vehicle services operating account in the special revenue fund specified under section 299A.705.

Sec. 25. [168.327] [DRIVER AND VEHICLE RECORD FEES.]

Subdivision 1. [RECORDS AND FEES.] (a) Upon request by any person authorized in this section, the commissioner shall furnish a certified copy of any driver's license record, instruction permit record, Minnesota identification card record, vehicle registration record, vehicle title record, or accident record.

(b) Other than accident records governed under section 169.09, subdivision 13, the requester shall pay a fee of \$10 for each certified record specified in paragraph (a) or a fee of \$9 for each record that is not certified.

(c) In addition to the record fee in paragraph (b), the fee for a copy of the history of any vehicle title not in electronic format is \$1 for each page of the historical record.

(d) Fees collected under paragraph (b) for driver's license, instruction permit, and Minnesota identification card records must be paid into the state treasury with 50 cents of each fee credited to the general fund. The remainder of the fees collected must be credited to the driver services operating account in the special revenue fund under section 299A.705.

(e) Fees collected under paragraphs (b) and (c) for vehicle registration or title records must be paid into the state treasury with 50 cents of each fee credited to the general fund. The remainder of the fees collected must be credited to the vehicle services operating account in the special revenue fund specified in section 299A.705.

(f) The commissioner shall permit a person to inquire into a record by the person's own electronic means for a fee of \$4.50 for each inquiry, except that no fee may be charged when the requester is the subject of the data.

(1) Of the \$4.50 fee, \$2.70 must be deposited in the general fund.

(2) For driver's license, instruction permit, or Minnesota identification card records, the remainder must be deposited in the driver services operating account in the special revenue fund under section 299A.705.

(3) For vehicle title or registration records, the remainder must be deposited in the vehicle services operating account in the special revenue fund under section 299A.705.

(g) Fees and the deposit of the fees for accident records and reports are governed by section 169.09, subdivision 13.

Subd. 2. [REQUESTS FOR INFORMATION; SURCHARGE ON FEE.] (a) Except as otherwise provided in subdivision 3, the commissioner shall impose a surcharge of 50 cents on each fee charged by the commissioner under section 13.03, subdivision 3, for copies or electronic transmittals of public information about the registration of a vehicle or an applicant, or holder of a driver's license, instruction permit, or Minnesota identification card.

(b) The surcharge only applies to a fee imposed in response to a request made in person or by mail, or to a request for transmittal through a computer modem. The surcharge does not apply to the request of an individual for information about that individual's driver's license, instruction permit, or Minnesota identification card or about vehicles registered or titled in the individual's name.

(c) The surcharges collected under this subdivision must be credited to the general fund.

Subd. 3. [EXCEPTION TO FEE AND SURCHARGE.] (a) Notwithstanding subdivision 2 or section 13.03, a fee or surcharge may not be imposed in response to a request for public information about the registration of a vehicle if the commissioner is satisfied that:

(1) the requester seeks the information on behalf of a community-based, nonprofit organization designated by a local law enforcement agency to be a requester; and

(2) the information is needed to identify suspected prostitution law violators, controlled substance law violators, or health code violators.

(b) The commissioner shall not require a requester under paragraph (a) to make a minimum number of data requests or limit the requester to a maximum number of data requests.

Sec. 26. Minnesota Statutes 2004, section 168.33, as amended by Laws 2005, chapter 10, article 1, section 28, is amended to read:

168.33 [COMMISSIONER AS REGISTRAR OF MOTOR VEHICLES; DEPUTY REGISTRARS.]

Subdivision 1. [REGISTRAR COMMISSIONER'S DUTIES AND POWERS, GENERALLY.] The commissioner of public safety shall be is the registrar of motor vehicles of the state of Minnesota, and shall exercise all the powers granted to and perform all the duties

imposed by this chapter. The commissioner of public safety ~~may employ not to exceed eight persons as inspectors, is authorized to obtain information and report to the registrar regarding motor about all vehicles subject to taxation under this chapter upon which the tax has not been paid, and to present suitable complaints to courts of competent jurisdiction.~~

Subd. 2. [DEPUTY REGISTRARS.] ~~(a) The registrar may appoint, hire, and discharge and fix the compensation of the necessary employees, in the manner provided by law, as may be required to enable the registrar to properly carry out the duties imposed by this chapter. The registrar commissioner may appoint, and for cause discontinue, a deputy registrar for any statutory or home rule charter city as the public interest and convenience may require, without regard to whether the county auditor of the county in which the city is situated has been appointed as the deputy registrar for the county or has been discontinued as the deputy registrar for the county, and without regard to whether the county in which the city is situated has established a county license bureau which that issues motor vehicle licenses as provided in section 373.32.~~

~~(b) The registrar commissioner may appoint, and for cause discontinue, a deputy registrar for any statutory or home rule charter city as the public interest and convenience may require, if the auditor for the county in which the city is situated chooses not to accept appointment as the deputy registrar for the county or is discontinued as a deputy registrar, or if the county in which the city is situated has not established a county license bureau which that issues motor vehicle licenses as provided in section 373.32. A person The individual appointed by the registrar commissioner as a deputy registrar for any statutory or home rule charter city must be a resident of the county in which the city is situated.~~

~~(c) The registrar commissioner may appoint, and for cause discontinue, the county auditor of each county as a deputy registrar. Upon approval of the county board, the auditor, with the approval of the director of motor vehicles, may appoint, and for cause discontinue, the clerk or equivalent officer of each statutory or home rule charter city or any other person as a deputy registrar as public interest and convenience may require, regardless of the appointee's county of residence. At the request of the governing body of a statutory or home rule charter city, the auditor shall appoint, and may for cause discontinue, the clerk or equivalent officer of a city, or another officer or employee of the city designated by the governing body, as a deputy registrar:~~

~~(1) if the city is a county seat or, if not, is larger than the seat of the county in which it is situated; and~~

~~(2) no office of a deputy registrar is situated within the city or within 15 miles of the city by the most direct public route.~~

~~(d) Notwithstanding Despite any other provision, a person other than a county auditor or a director of a county license bureau, who was appointed by the registrar before August 1, 1976, as a deputy registrar for any statutory or home rule charter city, may continue to serve as deputy registrar and may be discontinued for cause only by the registrar commissioner. The county auditor who appointed the deputy registrars is responsible for the acts of deputy registrars appointed by the auditor.~~

~~(e) Each deputy, before entering upon the discharge of duties, shall take and subscribe an oath to faithfully discharge the duties and to uphold the laws of the state.~~

~~(f) If a deputy registrar appointed under this subdivision is not an officer or employee of a county or statutory or home rule charter city, the deputy shall in addition give bond to the state in the sum of \$10,000, or a larger sum as may be required by the registrar commissioner, conditioned upon the faithful discharge of duties as deputy registrar.~~

~~(e) (g) Until January 1, 2009, a corporation governed by chapter 302A may be appointed a deputy registrar. Upon application by an individual serving as a deputy registrar and the giving of the requisite bond as provided in this subdivision, personally assured by the individual or another individual approved by the commissioner of public safety, a corporation named in an application shall become then becomes the duly appointed and qualified successor to the deputy registrar. The appointment of any corporation as a deputy registrar expires January 1, 2009. A county board shall~~

~~appoint, or~~ The commissioner shall appoint ~~if the county board declines to do so,~~ an individual as successor to the corporation as a deputy registrar. ~~The county board or commissioner shall appoint as the successor agent to a corporation whose appointment expires under this paragraph an officer of the corporation if the officer applies for appointment before July 1, 2009.~~

~~(f) (h) Each deputy registrar appointed under this subdivision shall keep and maintain, in a convenient public place within or in close proximity to the place for which appointed, a registration and motor vehicle tax collection bureau, to be approved by the registrar, office locations approved by the commissioner for the registration of motor vehicles and the collection of taxes and fees on motor vehicles.~~

~~(i) The deputy registrar shall keep records and make reports to the registrar commissioner as the registrar, from time to time, may require commissioner requires. The records must be maintained at the facility offices of the deputy registrar. The records and facilities offices of the deputy registrar must at all times be open to the inspection of the registrar commissioner or the registrar's commissioner's agents. The deputy registrar shall report to the registrar commissioner by the next working day following receipt all registrations made and taxes and fees collected by the deputy registrar.~~

~~(j) The filing fee imposed under subdivision 7 must be deposited in the treasury of the place for which appointed or, if not a public official, a deputy shall retain the filing fee, but the registration tax and any additional fees for delayed registration the deputy registrar has collected the deputy registrar shall deposit by the next working day following receipt in an approved state depository to the credit of the state through the commissioner of finance. The place for which the deputy registrar is appointed through its governing body must provide the deputy registrar with facilities and personnel to carry out the duties imposed by this subdivision if the deputy is a public official. In all other cases, the deputy shall maintain a suitable facility for serving the public.~~

Subd. 2a. [DEPUTY REGISTRARS, CONTINUATION IN OFFICE.] Persons serving as deputy registrars on July 1, 1970, shall continue to hold such office until a successor is duly appointed and qualifies.

Subd. 2b. [DEPUTY REGISTRARS, EMPLOYMENT STATUS.] (a) Deputy registrars, and their employees, who retain the filing fee in lieu of a salary, shall, after July 1, 1971, be considered as independent contractors for pension purposes, and ineligible because of such service for coverage under the Minnesota State Retirement System or membership in the Public Employees Retirement Association.

(b) Those deputy registrars as defined in this subdivision who are covered by the Minnesota State Retirement System on June 30, 1971, shall have the option of terminating said may terminate coverage on July 1, 1971, or ~~of continuing said~~ continue coverage until termination of state service. The form of ~~the this~~ option and the time for filing shall must be as prescribed by the board of directors of the system. Those choosing to continue said coverage, shall provide from the filing fees retained the employee and employer contributions as required by chapter 352.

Subd. 3. [RECORD OF VEHICLE REGISTRATION; DISCLOSURE.] (a) The registrar commissioner shall keep a suitable record of all motor registered vehicles registered ~~in the registrar's office, indexed,~~ according to (1) registration plate number, according to (2) name of the registered owner, according to (3) make of motor vehicle and the factory vehicle's identification number, for such makes as are a vehicle so identified, or according to, if none, the vehicle's serial number of such makes as are so identified until the manufacturers thereof adopt and use an manufacturer adopts and uses a vehicle identification number, and according to such other information as the registrar shall deem advisable. Duplicates of the certificate of registration shall be used, until a more efficient system is evolved, to make the registration number and registered owner's indexes herein required, and such other copies as are desirable. The registrar may furnish to any one applying therefor transcripts of such records for not less than the cost of preparing the same; provided, that any sums in excess of such cost received by the registrar for furnishing such transcripts shall be paid by the registrar into the state treasury.

(b) The commissioner shall furnish to any person applying for a copy of the registration, a copy as specified in section 168.327.

~~(c) The registrar commissioner shall also furnish copies thereof vehicle registration records, without charge, to the chiefs of police of the cities of Minneapolis, St. Paul, and Duluth, county sheriffs, prosecuting attorneys, and other law enforcement agencies with the power to arrest.~~

~~Subd. 6. [APPLICATION FORMS.] The Every deputy registrar shall provide, in a manner and format prescribed by the registrar, necessary forms and information to deputy registrars. The registrar and deputy registrars shall immediately destroy all number plates surrendered and shall cancel all certificates surrendered use application forms or formats as prescribed by or approved by the commissioner.~~

Subd. 7. [FILING FEE.] (a) In addition to all other statutory fees and taxes, a filing fee of:

~~(i) (1) \$4.50 is imposed on every motor vehicle registration renewal, excluding pro rate transactions; and~~

~~(ii) \$7 (2) \$8.50 is imposed on every other type of vehicle transaction, including pro rate transactions;~~

except that a filing fee may not be charged for a document returned for a refund or for a correction of an error made by the Department of Public Safety, a licensed auto dealer, or a deputy registrar. The filing fee must be shown as a separate item on all registration renewal notices sent out by the department commissioner. No filing fee or other fee may be charged for the permanent surrender of a certificate of title and license plates for a motor vehicle.

~~(b) Filing All of the fees collected under this subdivision by the department paragraph (a), clause (1), by the department, must be paid into the state treasury and credited to the highway user tax distribution fund, except fees for registrations of motor vehicles. Filing fees collected for registrations of motor vehicles in conjunction with a title transfer or first application in this state must be paid into the state treasury with 50 percent of the money credited to the general fund and 50 percent credited to the highway user tax distribution fund vehicle services operating account in the special revenue fund under section 299A.705. Of the fee collected under paragraph (a), clause (2), by the department, \$3.50 must be paid into the general fund with the remainder deposited into the vehicle services operating account in the special revenue fund under section 299A.705.~~

~~(c) A motor vehicle dealer shall retain \$2.50 of each filing fee imposed under this subdivision for a completed transaction involving the sale of a motor vehicle to or by a licensed dealer, if the dealer electronically transmits the transaction to the department commissioner or a deputy registrar. The department commissioner shall develop procedures to implement this subdivision in consultation with the Minnesota Deputy Registrar Association and the Minnesota Automobile Dealers Association. Deputy registrars shall must not be prohibited from receiving and processing required documents supporting an electronic transaction.~~

Subd. 8. [TEMPORARY DISABILITY PERMIT AND FEE.] The registrar commissioner shall allow deputy registrars to implement and follow procedures for processing applications and accepting and remitting fee payments for 30-day temporary disability permits issued under section 169.345, subdivision 3, paragraph (c), that are identical or substantially similar to the procedures required by law or rule for motor vehicle registration and titling transactions.

Subd. 9. [RULES.] The commissioner of public safety may adopt rules for administering and enforcing this section.

Sec. 27. Minnesota Statutes 2004, section 168.345, subdivision 1, is amended to read:

Subdivision 1. [INFORMATION BY TELEPHONE.] Information concerning motor about vehicle registrations shall not be furnished on the telephone to any person except the personnel of law enforcement agencies and the personnel of governmental motor vehicle and registration offices.

Sec. 28. Minnesota Statutes 2004, section 168.345, subdivision 2, is amended to read:

Subd. 2. [LESSEES; INFORMATION.] The registrar commissioner may not furnish

information concerning about registered owners of passenger automobiles who are lessees under a lease for a term of 180 days or more to any person except the personnel of law enforcement agencies and federal, state, and local governmental units, and, at the registrar's commissioner's discretion, to persons who use the information to notify lessees of automobile recalls. The registrar commissioner may release information about lessees in the form of summary data, as defined in section 13.02, to persons who use the information in conducting statistical analysis and market research.

Sec. 29. Minnesota Statutes 2004, section 168.381, is amended to read:

168.381 [MANUFACTURE OF VEHICLE LICENSE PLATES; APPROPRIATIONS.]

Subdivision 1. [CORRECTIONAL FACILITIES; OTHER MANUFACTURERS.] (a) License number Plates required by law this chapter may be manufactured by the Minnesota Correctional Facility-St. Cloud, the Minnesota Correctional Facility-Stillwater, or other facility established by law for the confinement of persons convicted of felony, upon order from the registrar of motor vehicles commissioner. The order must state the quality of material desired in the plates, the plate specifications, and the amount or number desired.

(b) Should the commissioner of corrections decide not to supply the required quantity of license plates, or discontinue the manufacture of plates, the commissioner of public safety is authorized to seek other suppliers on a competitive basis.

Subd. 2. [LABORATORY TESTING; COSTS.] (a) Materials purchased to be used in the manufacture of ~~motor vehicle number~~ plates must be tested as to conformance with specifications established by the commissioner of public safety in a privately operated laboratory service to be designated by the commissioner. The cost of the laboratory must be included in the cost of materials purchased.

(b) The cost of delivery of ~~number~~ plates to the commissioner of ~~public safety~~ at places designated by the commissioner must be included in the expenses incurred in their manufacture.

Subd. 3. [SPECIFICATIONS.] The commissioner of ~~public safety~~ shall establish new or revised specifications for the material and equipment used in the manufacture of ~~number~~ plates ordered for manufacture after August 1, 1975, and may from time to time revise the specifications; provided that the specifications conform to the requirements of section 168.12. In establishing new or revised specifications, the commissioner shall consult with and give consideration to the advice and recommendations of representatives of the Minnesota State Patrol, local police officers' associations, and the county sheriffs' association.

Subd. 4. [APPROPRIATIONS.] (a) Money appropriated to the Department of Public Safety to procure the plates for any fiscal year or years are is available for allotment, encumbrance, and expenditure from and after the date of the enactment of the appropriation. Materials and equipment used in the manufacture of ~~number~~ plates are subject only to the approval of the commissioner of ~~public safety~~.

(b) This section contemplates that money to be appropriated to the Department of Public Safety ~~in order~~ to carry out the terms and provisions of this section will be appropriated by the legislature from the highway user tax distribution fund.

(c) A sum sufficient is appropriated annually from the ~~highway user tax distribution~~ vehicle services operating account in the special revenue fund to the commissioner of ~~public safety~~ to pay the costs of purchasing, delivering, and mailing ~~motor vehicle license number~~ plates, license plate registration tabs or stickers, and ~~license plate~~ registration notices.

Sec. 30. Minnesota Statutes 2004, section 168.54, subdivision 4, is amended to read:

Subd. 4. [TRANSFER FEE.] A fee of \$3 is imposed upon every transfer of ownership by the commissioner of ~~public safety~~ of any ~~motor~~ vehicle for which a registration certificate has heretofore been issued under this chapter, except vehicles sold for the purposes of salvage or, dismantling, or permanent removal from the state.

Sec. 31. Minnesota Statutes 2004, section 168.54, subdivision 5, is amended to read:

Subd. 5. [PROCEEDS TO GENERAL FUND.] The ~~registrar~~ commissioner shall collect the proceeds of the fee imposed under this section and deposit them in the general fund pursuant to section 168A.31.

Sec. 32. Minnesota Statutes 2004, section 168A.152, subdivision 2, is amended to read:

Subd. 2. [INSPECTION FEE; PROCEEDS TO GENERAL FUND VEHICLE SERVICES OPERATING ACCOUNT.] (a) A fee of ~~\$20~~ \$35 must be paid to the department before the department issues a certificate of title for a vehicle that has been inspected and for which a certificate of inspection has been issued pursuant to subdivision 1. The only additional fee that may be assessed for issuing the certificate of title is the filing fee imposed under section 168.33, subdivision 7.

(b) Fees Of the fee collected by the department under this subdivision, for conducting inspections under subdivision 1, ~~\$20~~ must be deposited in the general fund and the remainder of the fee collected must be deposited in the vehicle services operating account in the special revenue fund as specified in section 299A.705.

Sec. 33. Minnesota Statutes 2004, section 168A.29, is amended to read:

168A.29 [FEES.]

Subdivision 1. [AMOUNTS.] (a) The department shall must be paid the following fees:

(1) for filing an application for and the issuance of an original certificate of title, the sum of ~~\$3~~ \$5.50 of which \$2.50 must be paid into the vehicle services operating account of the special revenue fund under section 299A.705;

(2) for each security interest when first noted upon a certificate of title, including the concurrent notation of any assignment thereof and its subsequent release or satisfaction, the sum of \$2, except that no fee is due for a security interest filed by a public authority under section 168A.05, subdivision 8;

(3) for the transfer of the interest of an owner and the issuance of a new certificate of title, the sum of ~~\$3~~ \$5.50 of which \$2.50 must be paid into the vehicle services operating account of the special revenue fund under section 299A.705;

(4) for each assignment of a security interest when first noted on a certificate of title, unless noted concurrently with the security interest, the sum of \$1;

(5) for issuing a duplicate certificate of title, the sum of ~~\$4~~ \$6.50 of which \$2.50 must be paid into the vehicle services operating account of the special revenue fund under section 299A.705.

(b) After June 30, 1994, in addition to each of the fees required under paragraph (a), clauses (1) and (3), the department shall must be paid \$3.50. The additional \$3.50 fee collected under this paragraph must be deposited in the special revenue fund and credited to the public safety motor vehicle account established in section 299A.70.

Subd. 2. [FEE IN LIEU OF OTHER FEE.] If a person applies for an original or a new certificate of title to a vehicle, concurrently with an application, as transferee, of registration of the vehicle, the fee prescribed in subdivision 1 shall must be in lieu of the fee prescribed by section 168.54, with respect to any transfer of ownership or registration of the vehicle to the applicant.

Subd. 3. [NO CERTIFICATE ISSUED UNTIL FEES PAID.] Subject to subdivision 2, the department shall not issue a certificate of title to a vehicle until all fees prescribed by sections 168.54 and 168A.10, subdivision 6, with respect to any prior transfer of ownership or registration of the vehicle shall have been paid.

Sec. 34. Minnesota Statutes 2004, section 168A.31, is amended to read:

## 168A.31 [DISPOSITION OF FEES; PAYMENT OF EXPENSES.]

Subdivision 1. [~~PAID TO GENERAL FUND DISTRIBUTION.~~] All fees prescribed by sections 168A.01 to 168A.31 and 168.54 collected by the department must be paid into the general fund, unless otherwise specified in chapter 168A.

Subd. 2. [EXPENSES; APPROPRIATION.] All necessary expenses incurred by the department for the administration of sections 168A.01 to 168A.31 ~~shall~~ must be paid from ~~moneys~~ money in the ~~transfer of ownership revolving vehicle services operating~~ account of the special revenue fund as specified in section 299A.705, and such funds are hereby appropriated.

Sec. 35. Minnesota Statutes 2004, section 169.09, subdivision 13, is amended to read:

Subd. 13. [REPORTS CONFIDENTIAL; EVIDENCE, FEE, PENALTY, APPROPRIATION.]  
(a) All ~~written~~ reports and supplemental reports information required under this section ~~shall~~ must be for the use of the commissioner of public safety and other appropriate state, federal, county, and municipal governmental agencies for accident analysis purposes, except:

(1) the commissioner of public safety or any law enforcement agency shall, upon written request of any ~~person~~ individual involved in an accident or upon written request of the representative of the ~~person's individual's~~ individual's estate, surviving spouse, or one or more surviving next of kin, or a trustee appointed ~~pursuant to~~ under section 573.02, disclose to the requester, the requester's legal counsel, or a representative of the requester's insurer the report required under subdivision 8;

(2) the commissioner of public safety shall, upon written request, provide the driver filing a report under subdivision 7 with a copy of the report filed by the driver;

(3) the commissioner of public safety may verify with insurance companies vehicle insurance information to enforce sections 65B.48, 169.792, 169.793, 169.796, and 169.797;

(4) the commissioner of public safety shall provide the commissioner of transportation the information obtained for each traffic accident involving a commercial motor vehicle, for purposes of administering commercial vehicle safety regulations; and

(5) the commissioner of public safety may give to the United States Department of Transportation commercial vehicle accident information in connection with federal grant programs relating to safety.

(b) Accident reports and data contained in the reports ~~shall~~ are not be discoverable under any provision of law or rule of court. No report shall be used as evidence in any trial, civil or criminal, or any action for damages or criminal proceedings arising out of an accident, ~~except that~~. However, the commissioner of public safety shall furnish, upon the demand of any person who has, or claims to have, made a report; or, upon demand of any court, a certificate showing that a specified accident report has or has not been made to the commissioner solely to prove compliance or failure to comply with the requirements that the report be made to the commissioner.

(c) Nothing in this subdivision prevents any ~~person~~ individual who has made a report ~~pursuant to~~ under this section from providing information to any ~~persons~~ individuals involved in an accident or their representatives or from testifying in any trial, civil or criminal, arising out of an accident, as to facts within the ~~person's individual's~~ individual's knowledge. It is intended by this subdivision to render privileged the reports required, but it is not intended to prohibit proof of the facts to which the reports relate.

(d) Disclosing any information contained in any accident report, except as provided in this subdivision, section 13.82, subdivision 3 or 6, or other statutes, is a misdemeanor.

(e) The commissioner of public safety ~~may~~ shall charge authorized persons as described in paragraph (a) a \$5 fee for a copy of an accident report. Ninety percent of the \$5 fee collected under this paragraph must be deposited in the special revenue fund and credited to the driver services operating account established in section 299A.705 and ten percent must be deposited in

the general fund. The commissioner may also furnish copies of the modified accident records an electronic copy of the database of accident records, which must not contain personal or private data on an individual, to private agencies as provided in paragraph (g), for not less than the cost of preparing the copies on a bulk basis as provided in section 13.03, subdivision 3.

(f) The fees specified in paragraph (e) notwithstanding, the commissioner and law enforcement agencies may shall charge commercial users who request access to response or incident data relating to accidents a fee not to exceed 50 cents per report record. "Commercial user" is a user who in one location requests access to data in more than five accident reports per month, unless the user establishes that access is not for a commercial purpose. Of the money collected by the commissioner under this paragraph is appropriated to the commissioner, 90 percent must be deposited in the special revenue fund and credited to the driver services operating account established in section 299A.705 and ten percent must be deposited in the general fund.

(g) The fees in paragraphs (e) and (f) notwithstanding, the commissioner may shall provide a modified an electronic copy of the accident records database that does to the public on a case-by-case basis using the cost-recovery charges provided for under section 13.03, subdivision 3. The database provided must not contain names, driver's license numbers, vehicle license plate numbers, addresses, or other identifying data to the public upon request personal or private data on an individual. However, unless the accident records data base includes the motor vehicle identification number, the commissioner shall include the vehicle license registration plate number if a private agency certifies and agrees that the agency:

- (1) is in the business of collecting accident and damage information on vehicles;
- (2) will use the vehicle license registration plate number only for the purpose of identifying vehicles that have been involved in accidents or damaged in order, to provide this information to persons seeking access to a vehicle's history and not for the purpose of identifying individuals or for any other purpose; and
- (3) will be subject to the penalties and remedies under sections 13.08 and 13.09.

Sec. 36. Minnesota Statutes 2004, section 169A.60, subdivision 16, is amended to read:

Subd. 16. [FEES CREDITED TO HIGHWAY USER FUND.] Fees collected from the sale or reinstatement of license plates under this section must be paid into the state treasury and credited one-half to the highway user tax distribution fund vehicle services operating account in the special revenue fund specified in section 299A.705 and one-half to the general fund.

Sec. 37. Minnesota Statutes 2004, section 171.06, subdivision 2, is amended to read:

Subd. 2. [FEES.] (a) The fees for a license and Minnesota identification card are as follows:

Classified Driver's License D-	<del>\$18.50</del> <u>\$21.50</u>	C-	<del>\$22.50</del> <u>\$25.50</u>
B-	<del>\$29.50</del> <u>\$32.50</u>	A-	<del>\$37.50</del> <u>\$40.50</u>
Classified Under-21 D.L.		D-	<del>\$18.50</del> <u>\$21.50</u>
B-	<del>\$29.50</del> <u>\$32.50</u>	A-	<del>\$17.50</del> <u>\$20.50</u>
Instruction Permit			\$9.50
Provisional License			<del>\$9.50</del> <u>\$12.50</u>
Duplicate License or duplicate identification card			<del>\$8.00</del> <u>\$11.00</u>
Minnesota identification card or Under-21 Minnesota identification card, other than duplicate, except as otherwise provided in section 171.07, subdivisions 3 and 3a			<del>\$12.50</del> <u>\$15.50</u>

(b) Notwithstanding paragraph (a), a person an individual who holds a provisional license and has a driving record free of (1) convictions for a violation of section 169A.20, 169A.33, 169A.35, or sections 169A.50 to 169A.53, (2) convictions for crash-related moving violations, and (3) convictions for moving violations that are not crash related, shall have a \$3.50 credit toward the

fee for any classified under-21 driver's license. "Moving violation" has the meaning given it in section 171.04, subdivision 1.

(c) In addition to the driver's license fee required under paragraph (a), the registrar commissioner shall collect an additional \$4 processing fee from each new applicant or person individual renewing a license with a school bus endorsement to cover the costs for processing an applicant's initial and biennial physical examination certificate. The department shall not charge these applicants any other fee to receive or renew the endorsement.

Sec. 38. Minnesota Statutes 2004, section 171.061, subdivision 4, is amended to read:

Subd. 4. [FEE; EQUIPMENT.] (a) The agent may charge and retain a filing fee of \$3.50 \$5 for each application. Except as provided in paragraph (b), the fee shall cover all expenses involved in receiving, accepting, or forwarding to the department the applications and fees required under sections 171.02, subdivision 3; 171.06, subdivisions 2 and 2a; and 171.07, subdivisions 3 and 3a.

(b) The department shall maintain the photo identification equipment for all agents appointed as of January 1, 2000. Upon the retirement, resignation, death, or discontinuance of an existing agent, and if a new agent is appointed in an existing office pursuant to Minnesota Rules, chapter 7404, and notwithstanding the above or Minnesota Rules, part 7404.0400, the department shall provide and maintain photo identification equipment without additional cost to a newly appointed agent in that office if the office was provided the equipment by the department before January 1, 2000. All photo identification equipment must be compatible with standards established by the department.

(c) A filing fee retained by the agent employed by a county board must be paid into the county treasury and credited to the general revenue fund of the county. An agent who is not an employee of the county shall retain the filing fee in lieu of county employment or salary and is considered an independent contractor for pension purposes, coverage under the Minnesota State Retirement System, or membership in the Public Employees Retirement Association.

(d) Before the end of the first working day following the final day of the reporting period established by the department, the agent must forward to the department all applications and fees collected during the reporting period except as provided in paragraph (c).

Sec. 39. Minnesota Statutes 2004, section 171.07, subdivision 11, is amended to read:

Subd. 11. [STANDBY OR TEMPORARY CUSTODIAN.] (a) Upon the written request of the applicant and upon payment of an additional fee of \$3.50, the department shall issue a driver's license or Minnesota identification card bearing a symbol or other appropriate identifier indicating that the license holder has appointed an individual to serve as a standby or temporary custodian under chapter 257B.

(b) The request must be accompanied by a copy of the designation executed under section 257B.04.

(c) The department shall maintain a computerized records system of all persons individuals listed as standby or temporary custodians by driver's license and identification card applicants. This data shall must be released to appropriate law enforcement agencies under section 13.69. Upon a parent's request and payment of a fee of \$3.50, the department shall revise its list of standby or temporary custodians to reflect a change in the appointment.

(d) At the request of the license or cardholder, the department shall cancel the standby or temporary custodian indication without additional charge. However, this paragraph does not prohibit a fee that may be applicable for a duplicate or replacement license or card, renewal of a license, or other service applicable to a driver's license or identification card.

(e) Notwithstanding sections 13.08, subdivision 1, and 13.69, the department and department employees are conclusively presumed to be acting in good faith when employees rely on statements made, in person or by telephone, by persons purporting to be law enforcement and subsequently release information described in paragraph (b). When acting in good faith, the department and department personnel are immune from civil liability and not subject to suit for damages resulting from the release of this information.

(f) The department and its employees:

(1) have no duty to inquire or otherwise determine whether a designation submitted under this subdivision is legally valid and enforceable; and

(2) are immune from all civil liability and not subject to suit for damages resulting from a claim that the designation was not legally valid and enforceable.

(g) Of the fees received by the department under this subdivision:

(1) Up to ~~\$111,000 received in fiscal year 1997 and up to \$61,000 received in subsequent fiscal years~~ must be deposited in the general fund.

(2) All other fees must be deposited in the ~~trunk-highway~~ driver services operating account in the special revenue fund specified in section 299A.705.

Sec. 40. Minnesota Statutes 2004, section 171.13, subdivision 6, is amended to read:

Subd. 6. [INITIAL MOTORCYCLE ENDORSEMENT FEE.] A person applying for an initial motorcycle endorsement on a driver's license shall pay at the place of examination a total fee of \$21, which includes the examination fee and endorsement fee, but does not include the fee for a duplicate driver's license prescribed in section 171.06, subdivision 2. Of this amount, \$11 must be credited as provided in section 171.06, subdivision 2a, paragraph (a), clause (1), \$2.50 must be credited to the ~~trunk-highway~~ driver services operating account in the special revenue fund specified under section 299A.705, and the remainder must be credited to the general fund.

Sec. 41. Minnesota Statutes 2004, section 171.13, is amended by adding a subdivision to read:

Subd. 7. [REPEAT EXAMINATION FEE.] (a) A fee of \$10 must be paid by an individual to take a third and any subsequent knowledge test administered by the department if the individual has failed two previous consecutive knowledge tests on the subject.

(b) A fee of \$20 must be paid by an individual to take a third and any subsequent skills or road test administered by the department if the individual has previously failed two consecutive skill or road tests in a specified class of motor vehicle.

(c) All fees received under this subdivision must be paid into the state treasury and credited to the driver services operating account in the special revenue fund specified under section 299A.705.

Sec. 42. Minnesota Statutes 2004, section 171.20, subdivision 4, as amended by Laws 2005, chapter 136, article 18, section 12, is amended to read:

Subd. 4. [REINSTATEMENT FEE.] (a) Before the license is reinstated, (1) ~~a person an individual~~ whose driver's license has been suspended under section 171.16, subdivisions 2 and 3; 171.18; or 171.182, or who has been disqualified from holding a commercial driver's license under section 171.165, and (2) ~~a person an individual~~ whose driver's license has been suspended under section 171.186 and who is not exempt from such a fee, must pay a fee of \$20.

(b) Before the license is reinstated, ~~a person an individual~~ whose license has been suspended under sections 169.791 to 169.798 must pay a \$20 reinstatement fee.

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

(d) Reinstatement fees collected under paragraph (a) for suspensions under sections 171.16, subdivision 3, and 171.18, subdivision 1, clause (10), ~~shall~~ must be deposited in the special revenue fund and are appropriated to the Peace Officer Standards and Training Board for peace officer training reimbursement to local units of government.

(e) A suspension may be rescinded without fee for good cause.

Sec. 43. Minnesota Statutes 2004, section 171.26, as amended by Laws 2005, chapter 136, article 18, section 13, is amended to read:

171.26 [~~MONEY CREDITED TO FUNDS DRIVER SERVICES OPERATING ACCOUNT.~~] All money received under this chapter must be paid into the state treasury and credited to the ~~trunk highway driver services operating account~~ in the special revenue fund specified under section 299A.705, except as provided in subdivision 3; sections 171.06, subdivision 2a; 171.07, subdivision 11, paragraph (g); ~~171.12, subdivision 8~~; 171.20, subdivision 4, paragraph (d); and 171.29, subdivision 2, paragraph (b).

Sec. 44. Minnesota Statutes 2004, section 171.29, subdivision 2, is amended to read:

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

(b) A person whose driver's license has been revoked as provided in subdivision 1 under section 169A.52, 169A.54, or 609.21, ~~shall~~ must pay a \$250 fee plus a \$40 surcharge before the driver's license is reinstated. Beginning July 1, 2002, the surcharge is \$145. Beginning July 1, 2003, the surcharge is \$430. The \$250 fee is to be credited as follows:

(1) Twenty percent must be credited to the ~~trunk highway driver services operating account~~ in the special revenue fund as specified in section 299A.705.

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

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

(4) Five percent must be credited to a separate account to be known as the vehicle forfeiture account, which is created in the special revenue fund. The money in the account is annually appropriated to the commissioner for costs of handling vehicle forfeitures.

(c) The revenue from \$50 of each surcharge must be credited to a separate account to be known as the traumatic brain injury and spinal cord injury account. The money in the account is annually appropriated to the commissioner of health to be used as follows: 83 percent for contracts with a qualified community-based organization to provide information, resources, and support to assist persons with traumatic brain injury and their families to access services, and 17 percent to maintain the traumatic brain injury and spinal cord injury registry created in section 144.662. For the purposes of this ~~clause~~ paragraph, a "qualified community-based organization" is a private, not-for-profit organization of consumers of traumatic brain injury services and their family members. The organization must be registered with the United States Internal Revenue Service under section 501(c)(3) as a tax-exempt organization and must have as its purposes:

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

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

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

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

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

No A patient's name, identifying information, or identifiable medical data will must not be disclosed to the organization without the informed voluntary written consent of the patient or patient's guardian or, if the patient is a minor, of the parent or guardian of the patient.

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

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

Sec. 45. Minnesota Statutes 2004, section 171.36, is amended to read:

171.36 [LICENSE RENEWAL; FEES; PROCEEDS TO TRUNK HIGHWAY FUND DRIVER SERVICES OPERATING ACCOUNT.]

All licenses shall expire one year from the date of issuance and may be renewed upon application to the commissioner. Each application for an original or renewal school license shall must be accompanied by a fee of \$150 and each application for an original or renewal instructor's license shall must be accompanied by a fee of \$50. The license fees collected under sections 171.33 to 171.41 shall must be paid into the trunk highway driver services operating account in the special revenue fund specified under section 299A.705. No A license fee shall must not be refunded in the event that the license is rejected or revoked.

Sec. 46. [299A.705] [DRIVER AND VEHICLE SERVICES OPERATING ACCOUNTS.]

Subdivision 1. [VEHICLE SERVICES OPERATING ACCOUNT.] (a) The vehicle services operating account is created in the special revenue fund, consisting of all money from the vehicle services fees specified in chapters 168 and 168A and any other money otherwise donated, allotted, appropriated, or legislated to this account.

(b) Funds appropriated are available to administer vehicle services as specified in chapters 168 and 168A and section 169.345, including:

- (1) designing, producing, issuing, and mailing vehicle registrations, plates, emblems, and titles;
- (2) collecting title and registration taxes and fees;
- (3) transferring vehicle registration plates and titles;
- (4) maintaining vehicle records;
- (5) issuing disability certificates and plates;
- (6) licensing vehicle dealers;
- (7) appointing, monitoring, and auditing deputy registrars; and
- (8) inspecting vehicles when required by law.

Subd. 2. [DRIVER SERVICES OPERATING ACCOUNT.] (a) The driver services operating account is created in the special revenue fund, consisting of all money collected under chapter 171 and any other money otherwise donated, allotted, appropriated, or legislated to the account.

(b) Money in the account must be used by the commissioner of public safety to administer the driver services specified in chapters 169A and 171, including the activities associated with producing and mailing drivers' licenses and identification cards and notices relating to issuance, renewal, or withdrawal of driving and identification card privileges for any fiscal year or years and for the testing and examination of drivers.

## Sec. 47. [INSTRUCTION TO REVISOR.]

(a) In the statute listed in column A, the revisor shall change the reference in column B to the reference shown in column C:

<u>A</u>	<u>B</u>	<u>C</u>
<u>168.181,</u> <u>subdivision 1</u>	<u>sections 168.181</u> <u>to 168.231</u>	<u>this section and</u> <u>sections 168.183</u> <u>to 168.221</u>
<u>168.211</u> <u>168.221</u>	<u>168.231</u> <u>168.231</u>	<u>168.221</u> <u>168.211 and this</u> <u>section</u>
<u>168.346</u>	<u>168.345,</u> <u>subdivision 4</u>	<u>168.327,</u> <u>subdivision 3</u>

(b) The revisor of statutes shall renumber Minnesota Statutes, section 168.33, subdivision 3, as section 168.0185.

(c) The revisor of statutes shall also correct any references in Minnesota Rules to the rules repealed or renumbered by this act, as appropriate.

## Sec. 48. [REPEALER.]

(a) Minnesota Statutes 2004, sections 168.012, subdivision 12; 168.041, subdivision 11; 168.105, subdivision 6; 168.231; 168.345, subdivisions 3 and 4; 170.23; 171.12, subdivision 8; and 171.185, are repealed.

(b) Minnesota Statutes 2004, sections 168C.01; 168C.02; 168C.03; 168C.04; 168C.05; 168C.06; 168C.07; 168C.08; 168C.09; 168C.10; 168C.11; 168C.12; and 168C.13, are repealed.

(c) Minnesota Rules, parts 7407.0100; 7407.0200; 7407.0300; 7407.0400; 7407.0500; 7407.0600; 7407.0700; 7407.0800; 7407.0900; 7407.1000; 7407.1100; 7407.1200; and 7407.1300, are repealed.

## ARTICLE 10

## TRANSPORTATION POLICY

Section 1. Minnesota Statutes 2004, section 13.44, subdivision 3, is amended to read:

Subd. 3. [REAL PROPERTY; APPRAISAL DATA.] (a) [CONFIDENTIAL OR PROTECTED NONPUBLIC DATA.] Estimated or appraised values of individual parcels of real property which that are made by personnel of the state, its agencies and departments, or a political subdivision or by independent appraisers acting for the state, its agencies and departments, or a political subdivision for the purpose of selling or acquiring land through purchase or condemnation are classified as confidential data on individuals or protected nonpublic data.

(b) [PRIVATE OR NONPUBLIC DATA.] Appraised values of individual parcels of real property that are made by appraisers working for fee owners or contract purchasers who have received an offer to purchase their property from the state or a political subdivision are classified as private data on individuals or nonpublic data.

(c) [PUBLIC DATA.] The data made confidential or protected nonpublic by the provisions of under paragraph (a) shall or made private or nonpublic under paragraph (b) become public upon the occurrence of any of the following:

(1) ~~the negotiating parties exchange appraisals;~~

(2) ~~the data are submitted to a court-appointed condemnation commissioner;~~

(3) (2) the data are presented in court in condemnation proceedings; or

(4) (3) the negotiating parties enter into an agreement for the purchase and sale of the property;

or

~~(5) the data are submitted to the owner under section 117.036.~~

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

Sec. 2. Minnesota Statutes 2004, section 16B.49, is amended to read:

16B.49 [CENTRAL MAILING SYSTEM.]

(a) The commissioner shall maintain and operate for state agencies, departments, institutions, and offices a central mail handling unit. Official, outgoing mail for units in St. Paul must be delivered unstamped to the unit. The unit shall also operate an interoffice mail distribution system. The department may add personnel and acquire equipment that may be necessary to operate the unit efficiently and cost-effectively. Account must be kept of the postage required on that mail, which is then a proper charge against the agency delivering the mail. To provide funds for the payment of postage, each agency shall make advance payments to the commissioner sufficient to cover its postage obligations for at least 60 days. For purposes of this section, the Minnesota State Colleges and Universities is a state agency.

(b) Notwithstanding paragraph (a) or section 16C.09, the commissioner may approve the performance of mail-related functions by an agency outside the state's central mail-handling unit if the agency demonstrates it furthers program effectiveness, better use of services, greater efficiency, or greater economy in state government.

Sec. 3. Minnesota Statutes 2004, section 117.036, is amended to read:

117.036 [APPRAISAL AND NEGOTIATION REQUIREMENTS APPLICABLE TO ACQUISITION OF PROPERTY FOR TRANSPORTATION PURPOSES.]

Subdivision 1. [APPLICATION.] This section applies to the acquisition of property for public highways, streets, roads, alleys, airports, mass transit facilities, or for other transportation facilities or purposes.

Subd. 2. [APPRAISAL.] ~~(a) Before commencing an eminent domain proceeding under this chapter the commissioner of transportation acquires an interest in real property under this chapter, or before any other acquiring authority commences an eminent domain proceeding under this chapter, the acquiring authority must obtain at least one appraisal for the property proposed to be acquired. In making the appraisal, the appraiser must confer with one or more of the fee owners or contract purchasers of the property, if reasonably possible. Notwithstanding section 13.44 or any other law to the contrary, the acquiring authority must provide the fee owner or contract purchaser with a copy of the appraisal at least 20 days before presenting a petition under section 117.055, the acquiring authority must provide the owner with a copy of the appraisal and inform the owner of the owner's fee owner or contract purchaser of the right to obtain an appraisal under this section. Upon request, the acquiring authority must make available to the fee owner or contract purchaser all appraisals of the property.~~

(b) The fee owner or contract purchaser may obtain an appraisal by a qualified appraiser of the property proposed to be acquired. The fee owner or contract purchaser is entitled to reimbursement for the reasonable costs of the appraisal from the acquiring authority up to a maximum of \$1,500 ~~within 30 days after the~~ if the fee owner or contract purchaser:

(1) submits to the acquiring authority a copy of the appraisal and the information necessary for reimbursement, provided that the owner does so;

(2) requests reimbursement within 60 90 days after the owner receives receiving the appraisal from the authority under paragraph (a) and at least 30 days before a condemnation commissioners' hearing; and

(3) ensures that the appraisal is conducted in accordance with the Uniform Standards of Professional Appraisal Practice.

The acquiring authority must pay the reimbursement to the fee owner or contract purchaser within

30 days after receiving a copy of the appraisal and the reimbursement information. Upon agreement between the acquiring authority and either the fee owner or contract purchaser, the acquiring authority may pay the reimbursement up to \$1,500 directly to the appraiser.

Subd. 3. [NEGOTIATION.] In addition to the appraisal requirements under subdivision 2, before commencing an eminent domain proceeding, the acquiring authority must make a good faith attempt to negotiate personally with the fee owner or contract purchaser of the property in order to acquire the property by direct purchase instead of the use of eminent domain proceedings. In making this negotiation, the acquiring authority must consider the appraisals in its possession, including any appraisal obtained and furnished by the fee owner or contract purchaser if available, and other information that may be relevant to a determination of damages under this chapter.

Subd. 4. [CONDEMNATION COMMISSIONERS' HEARING.] (a) Notwithstanding section 13.44, an owner's appraisal may not be used or considered in a condemnation commissioners' hearing conducted under section 117.085, nor may the owner's appraiser testify, unless a copy of the owner's appraiser's written report is provided to the acquiring authority at least five days before the hearing.

(b) Notwithstanding section 13.44, the acquiring authority's appraisal may not be used or considered in a condemnation commissioners' hearing conducted under section 117.085, nor may the acquiring authority's appraiser testify, unless a copy of the acquiring authority's appraiser's written report is provided to the owner or contract purchaser at least five days before the hearing.

Sec. 4. [160.298] [HIGHWAY SIGN PROGRAM; BILLING, ACCOUNT, APPROPRIATION.]

The commissioner of transportation may bill highway operations units of the department and local road authorities for the costs of a centrally managed highway sign program. These costs may include equipment acquisition and rental, labor, materials, and other costs as determined by the commissioner. Receipts must be credited to a special account, which is established in the trunk highway fund, and are appropriated to the commissioner to pay the costs for which the billings are made. Amounts credited to the account are exempt from statewide and agency indirect costs payments.

Sec. 5. Minnesota Statutes 2004, section 161.14, subdivision 25, is amended to read:

Subd. 25. [PAUL BUNYAN EXPRESSWAY.] ~~That portion of Trunk Highway marked 371 from Little Falls to its intersection with Trunk Highway marked 2 in Cass Lake, except for that portion named in subdivision 45, and that portion of Trunk Highway marked 2 from its intersection with Trunk Highway marked 371 in Cass Lake to Bemidji, is named and designated the "Paul Bunyan Expressway." The commissioner shall adopt a suitable marking design to mark this highway and shall erect the appropriate signs.~~

Sec. 6. Minnesota Statutes 2004, section 161.14, is amended by adding a subdivision to read:

Subd. 52. [PURPLE HEART MEMORIAL HIGHWAY.] (a) Except for that portion designated under subdivision 45, the route signed as Trunk Highway 371 on the effective date of this subdivision, from its intersection with U. S. Highway 10 near the city of Little Falls to its intersection with U. S. Highway 2 in the city of Cass Lake, is named and designated the "Purple Heart Memorial Highway."

(b) Subject to the provisions of section 161.139, the commissioner shall adopt a suitable marking design to mark the highway and shall erect the appropriate signs.

Sec. 7. Minnesota Statutes 2004, section 161.14, is amended by adding a subdivision to read:

Subd. 53. [BIAUSWAH BRIDGE.] The bridge over the St. Louis River that is part of Legislative Route No. 185, marked as Trunk Highway 23 on the effective date of this section, is named and designated "Biauswah Bridge In Honor of Native American Veterans." After consulting with the Fond du Lac Band of Lake Superior Chippewa, the commissioner of

transportation shall adopt a suitable marking design to memorialize this bridge and shall erect the appropriate signs, subject to section 161.139.

Sec. 8. Minnesota Statutes 2004, section 161.361, subdivision 2, is amended to read:

Subd. 2. [REPAYMENT.] Subject to the availability of state money, the commissioner shall repay the amounts advanced under this section, up to the state's share of project costs, under terms of the agreement. The agreement may provide for payment of interest for funds advanced under subdivisions 1a and 1b at a rate of interest agreed upon by the parties. ~~The maximum interest rate that may be paid is the rate earned by the state on invested commissioner of finance cash for the month before the date the agreement is executed or the actual interest paid by the road authority in borrowing for the amount advanced, whichever rate is less.~~

Sec. 9. Minnesota Statutes 2004, section 161.368, is amended to read:

161.368 [HIGHWAY CONTRACTS WITH TRIBAL AUTHORITIES.]

On behalf of the state, the commissioner may enter into ~~cost-sharing~~ agreements with Indian tribal authorities for the purpose of providing maintenance, design, and construction to highways on tribal lands. These agreements may include (1) a provision for waiver of immunity from suit by a party to the contract on the part of the tribal authority with respect to any controversy arising out of the contract and (2) a provision conferring jurisdiction on state district courts to hear such a controversy.

Sec. 10. Minnesota Statutes 2004, section 161.442, is amended to read:

161.442 [RECONVEYANCE TO FORMER OWNER.]

Notwithstanding sections 161.23, 161.41, 161.411, 161.43, 161.44, or any other statute, the commissioner of transportation, with the consent of the owner, or for good cause and with the consent of the court, may transfer, sell, or convey real property including fixtures, and interests in real property including easements, to the owner from whom the property was acquired by the state for trunk highway purposes through a pending eminent domain action. The transfer of title may be by stipulation, partial dismissal, bill of sale, or conveyance. Any resulting change in the state's acquisition must be explained in the final certificate for that action. This provision does not confer on a landowner the right to compel a reconveyance without the consent of the commissioner.

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

Sec. 11. Minnesota Statutes 2004, section 162.02, subdivision 2, is amended to read:

Subd. 2. [RULES; ADVISORY COMMITTEE.] (a) The rules shall be made and promulgated by the commissioner acting with the advice of a committee ~~which shall be selected by the several county boards acting through the officers of the statewide association of county commissioners.~~ The committee shall be composed of nine members so selected that each member shall be from a different state highway construction district. Not more than five of the nine members of the committee shall be county commissioners. The remaining members shall be county highway engineers. In the event that agreement cannot be reached on any rule, the commissioner's determination shall be final. The rules shall be printed and copies ~~thereof shall be forwarded to the county engineers of the several counties.~~ For the purposes of this section, the expedited process for adopting rules established in section 14.389 may be used.

(b) Notwithstanding section 15.059, subdivision 5, the committee does not expire.

Sec. 12. Minnesota Statutes 2004, section 162.02, subdivision 3a, is amended to read:

Subd. 3a. [VARIANCES FROM RULES AND ENGINEERING STANDARDS.] The commissioner may grant variances from the rules and from the engineering standards developed pursuant to section 162.021 or 162.07, subdivision 2. A political subdivision in which a county state-aid highway is located or is proposed to be located may submit a written request to the commissioner for a variance for that highway. The commissioner shall publish notice of the

request in the State Register and give notice to all persons known to the commissioner to have an interest in the matter. The commissioner may grant or deny the variance within 30 days of providing notice of the request. If a written objection to the request is received within ~~20~~ seven days of providing notice, the variance shall be granted or denied only after a contested case hearing has been held on the request. If no timely objection is received and the variance is denied without hearing, the political subdivision may request, within 30 days of receiving notice of denial, and shall be granted a contested case hearing. For purposes of this subdivision, "political subdivision" includes (1) an agency of a political subdivision which has jurisdiction over parks, and (2) a regional park authority.

Sec. 13. Minnesota Statutes 2004, section 162.06, subdivision 2, is amended to read:

Subd. 2. [ADMINISTRATIVE COSTS OF DEPARTMENT.] ~~A sum of 1-1/2~~ Two percent shall ~~must~~ be deducted from the total amount available in the county state-aid highway fund, set aside in a separate account, and used for administrative costs incurred by the state Transportation Department in carrying out the provisions relating to the county state-aid highway system.

Sec. 14. Minnesota Statutes 2004, section 162.08, subdivision 3, is amended to read:

Subd. 3. [AID TO TOWNS.] (a) Any county having within its boundaries organized town governments may, by resolution, allocate to the towns within its boundaries so much of the money apportioned to it under the provisions of sections 162.01 to 162.181, that it deems necessary to aid ~~the townships~~ in the construction of town roads, including replacement of town road signs. The resolution shall set forth the amount of money or the percentage of its apportionment that the county has allocated to the towns. A certified copy of the resolution shall be forwarded to the commissioner on or before the second Tuesday of January of each year. Upon receipt of such resolution and upon determining the amount of money to be apportioned to the county, the commissioner shall certify to the commissioner of finance the amount of money, as set forth in the resolution, that is to be paid out of the county's apportionment for distribution to the towns. The commissioner of finance shall thereupon issue a warrant in that amount payable to the county treasurer, and the proceeds thereof shall be distributed by the county to the towns. All money so allocated and distributed shall be used by the towns solely for the construction of town roads, including replacement of town road signs.

(b) Each county board so allocating such funds may devise a formula taking into account each town's levy for road and bridge purposes, its mileage of town roads and population outside the corporate limits of all cities within the township, and such other factors as the county board shall deem advisable as a means of dividing the allocation among the several towns in order that such division among the towns be as equitable as possible. No part of the money allocated for expenditure solely within cities having a population of less than 5,000 shall be allocated or distributed to the towns. The commissioner of transportation shall maintain a permanent record of the allocations of county state-aid highway funds ~~to~~ for the townships in each county.

(c) In making the annual apportionments of county state-aid highway funds, the commissioner shall reduce the money needs of said counties in the amounts necessary to equalize their status with those counties not making such ~~township~~ allotments. In complying with this paragraph, the commissioner shall disregard allotments to towns for replacement of town road signs.

Sec. 15. Minnesota Statutes 2004, section 162.09, subdivision 2, is amended to read:

Subd. 2. [RULES; ADVISORY COMMITTEE.] (a) The rules shall be made and promulgated by the commissioner acting with the advice of a committee ~~which shall be~~ selected by the governing bodies of such cities, acting through the officers of the statewide association of municipal officials. The committee shall be composed of 12 members, so selected that there shall be one member from each state highway construction district and in addition one member from each city of the first class. Not more than six members of the committee shall be elected officials of the cities. The remaining members of the committee shall be city engineers. In the event that agreement cannot be reached on any rule the commissioner's determination shall be final. The rules shall be printed and copies ~~thereof shall be~~ forwarded to the clerks and engineers of the cities. For the purposes of this section, the expedited process for adopting rules established in section 14.389 may be used.

(b) Notwithstanding section 15.059, subdivision 5, the committee does not expire.

Sec. 16. Minnesota Statutes 2004, section 162.09, subdivision 3a, is amended to read:

Subd. 3a. [VARIANCES FROM RULES AND ENGINEERING STANDARDS.] The commissioner may grant variances from the rules and from the engineering standards developed pursuant to section 162.13, subdivision 2. A political subdivision in which a municipal state-aid street is located or is proposed to be located may submit a written request to the commissioner for a variance for that street. The commissioner shall publish notice of the request in the State Register and give notice to all persons known to the commissioner to have an interest in the matter. The commissioner may grant or deny the variance within 30 days of providing notice of the request. If a written objection to the request is received within 20 seven days of providing notice, the variance shall be granted or denied only after a contested case hearing has been held on the request. If no timely objection is received and the variance is denied without hearing, the political subdivision may request, within 30 days of receiving notice of denial, and shall be granted a contested case hearing. For purposes of this subdivision, "political subdivision" includes (1) an agency of a political subdivision which has jurisdiction over parks, and (2) a regional park authority.

Sec. 17. Minnesota Statutes 2004, section 162.14, subdivision 6, is amended to read:

Subd. 6. [ADVANCES.] Any such city may make advances from any funds available to it for the purpose of expediting the construction, reconstruction, improvement, or maintenance of its municipal state-aid street system; ~~provided that such advances shall not exceed the city's total estimated apportionment for the three years following the year the advance is made.~~ Advances made by any such city shall be repaid out of subsequent apportionments made to such city in accordance with the commissioner's rules.

Sec. 18. [162.031] [CONSTRUCTION ACROSS ANOTHER COUNTY OR STATE.]

When a county state-aid highway route is so located that in order to achieve the designated objectives the commissioner determines that it is necessary to construct the highway across a portion of another county or state, the county initiating the construction is authorized to spend county state-aid highway funds for that purpose in the same manner as other expenditures for county state-aid highway purposes are made. No part of that highway may be constructed in another county until both counties approve the construction.

Sec. 19. [162.091] [CONSTRUCTION ACROSS ANOTHER MUNICIPALITY OR STATE.]

When a municipal state-aid street route is so located that in order to achieve the designated objectives the commissioner determines that it is necessary to construct the street across a portion of another municipality or state, the municipality initiating the construction is authorized to spend municipal state-aid street funds for that purpose in the same manner as other expenditures for municipal state-aid street purposes are made. No part of that street may be constructed in another municipality until both municipalities approve the construction.

Sec. 20. Minnesota Statutes 2004, section 168.011, subdivision 3, is amended to read:

Subd. 3. [HIGHWAY.] A "Highway" is any public thoroughfare for vehicles, including streets in cities has the meaning given "street or highway" in section 169.01, subdivision 29.

Sec. 21. Minnesota Statutes 2004, section 168.011, subdivision 5, is amended to read:

Subd. 5. [OWNER.] "Owner" means any person, ~~firm, association, or corporation~~ owning or renting leasing a motor vehicle, or having the exclusive use thereof of the vehicle, under a lease or otherwise, for a period of greater than 30 days.

Sec. 22. Minnesota Statutes 2004, section 168.011, subdivision 5a, is amended to read:

Subd. 5a. [REGISTERED OWNER.] "Registered owner" means any person, ~~firm, association, or corporation~~, other than a secured party, having title to a motor vehicle. If a passenger

automobile, as defined in subdivision 7, is under lease for a term of 180 days or more, the lessee is deemed to be the registered owner, for purposes of registration only; provided that the application for renewal of the registration of a passenger automobile described in this subdivision shall be is sent to the lessor.

Sec. 23. Minnesota Statutes 2004, section 168.011, subdivision 6, is amended to read:

Subd. 6. [TAX, FEE.] "Tax" or "fee" means the annual registration tax imposed on motor vehicles in lieu of all other taxes thereon, except wheelage taxes, so-called, which may be imposed by any city, and except gross earnings taxes paid by companies subject or made subject thereto. Such The annual tax shall be deemed is both a property tax and a highway use tax and shall be on the basis of the calendar year.

Sec. 24. Minnesota Statutes 2004, section 168.011, subdivision 7, is amended to read:

Subd. 7. [PASSENGER AUTOMOBILE.] (a) "Passenger automobile" means any motor vehicle designed and used for carrying not more than 15 persons individuals including the driver.

(b) "Passenger automobile" does not include motorcycles, motor scooters, and buses described in subdivision 9, paragraph (a), clause (2) buses, or school buses.

(c) For purposes of taxation only, "Passenger automobile" includes pickup trucks and vans, including those vans designed to carry passengers, with a manufacturer's nominal rated carrying capacity of one ton, but does not include commuter vans as defined in section 168.126.

Sec. 25. Minnesota Statutes 2004, section 168.011, subdivision 25, is amended to read:

Subd. 25. [RECREATIONAL EQUIPMENT VEHICLE.] (a) "Recreational equipment vehicle" means travel trailers including those which that telescope or fold down, chassis-mounted campers, house-cars, motor homes, tent trailers, slip-in campers, and converted buses that provide temporary human living quarters. A

(b) "Recreational vehicle" is considered to provide temporary living quarters if it a vehicle that:

- (1) is not used as the residence of the owner or occupant;
- (2) is used for temporary living quarters by the owner or occupant while engaged in recreational or vacation activities; and
- (3) is either self-propelled or towed on the public streets or highways incidental to the recreational or vacation activities.

(b) For the purposes of this subdivision, a Subd. 25a. [MOTOR HOME.] (a) "Motor home" means a unit recreational vehicle designed to provide temporary living quarters, The motor home has a living unit built into as an integral part of, or permanently attached to the chassis of, a self-propelled motor vehicle chassis or van.

(b) A motor home must contain permanently installed, independent, life-support systems which that meet the American National Standards Institute standard number A119.2 for recreational vehicles and provide at least four of the following facilities, two of which must be from the systems listed in clauses (1), (5), and (6): (1) a cooking facility with liquid propane gas supply, (2) a refrigerator, (3) a self-contained toilet or a toilet connected to a plumbing system with a connection for external water disposal, (4) a heating or air conditioning system separate from the motor vehicle engine, (5) a potable water supply system including a sink with a faucet either self-contained or with connections for an external source, and (6) a separate 110-125 volt volts electrical power supply.

(c) For purposes of this subdivision, "permanently installed" means built into or attached as an integral part of a chassis or van, and designed not to be removed except for repair or replacement. A system which that is readily removable or held in place by clamps or tie-downs is not permanently installed.

(e) ~~(d)~~ Motor homes include ~~but are not limited to, the following a:~~

(1) type A motor home -, which is a raw chassis upon which is built a driver's compartment and an entire body that provides temporary living quarters as defined ~~described~~ in this paragraph (b);

(2) type B motor home -, which is a ~~van-type vehicle~~ van that conforms to the ~~motor home definition description~~ in this paragraph (b) and has been completed or altered by the a final-stage manufacturer; and

(3) type C motor home -, which is an incomplete vehicle upon which is permanently attached a body designed to provide temporary living quarters as defined ~~described~~ in this paragraph (b).

~~(d)~~ (e) A motor vehicle with a slip-in ~~campers are~~ camper or other removable equipment that is mounted into or on a motor vehicle commonly known as a pickup truck, in the pickup box, either by bolting through the floor of the pickup box or by firmly clamping to the side of the pickup box. The vehicle may is not a motor home, is not a recreational vehicle, and must not be registered as a recreational vehicle under section 168.013.

Sec. 26. Minnesota Statutes 2004, section 168.011, is amended by adding a subdivision to read:

Subd. 37. [ALL-TERRAIN VEHICLE.] "All-terrain vehicle" has the meaning given in section 84.92, subdivision 8.

Sec. 27. Minnesota Statutes 2004, section 168.011, is amended by adding a subdivision to read:

Subd. 38. [PERSON.] "Person" has the meaning given in section 168A.01, subdivision 14.

Sec. 28. Minnesota Statutes 2004, section 168.011, is amended by adding a subdivision to read:

Subd. 39. [STATE.] "State" means a state of the United States, the District of Columbia, Puerto Rico, the United States Virgin Islands, or any territory or insular possession subject to the jurisdiction of the United States.

Sec. 29. Minnesota Statutes 2004, section 168.011, is amended by adding a subdivision to read:

Subd. 40. [VEHICLE.] "Vehicle" has the meaning given in section 168A.011, subdivision 24.

Sec. 30. Minnesota Statutes 2004, section 168.012, subdivision 1, as amended by Laws 2005, chapter 135, section 3, is amended to read:

Subdivision 1. [VEHICLES EXEMPT FROM TAX, FEES, OR PLATE DISPLAY.] (a) The following vehicles are exempt from the provisions of this chapter requiring payment of tax and registration fees, except as provided in subdivision 1c:

(1) vehicles owned and used solely in the transaction of official business by the federal government, the state, or any political subdivision;

(2) vehicles owned and used exclusively by educational institutions and used solely in the transportation of pupils to and from those institutions;

(3) vehicles used solely in driver education programs at nonpublic high schools;

(4) vehicles owned by nonprofit charities and used exclusively to transport disabled persons for charitable, religious, or educational purposes;

(5) ambulances owned by ambulance services licensed under section 144E.10, the general appearance of which is unmistakable;

(6) motorized foot scooters as defined in section 169.01, subdivision 4c; and

(7) vehicles owned by a commercial driving school licensed under section 171.34, or an employee of a commercial driving school licensed under section 171.34, and the vehicle is used exclusively for driver education and training.

(b) Vehicles owned by the federal government, municipal fire apparatuses including fire-suppression support vehicles, police patrols, and ambulances, the general appearance of which is unmistakable, are not required to register or display number plates.

(c) Unmarked vehicles used in general police work, liquor investigations, or arson investigations, and passenger automobiles, pickup trucks, and buses owned or operated by the Department of Corrections, must be registered and must display appropriate license number plates, furnished by the registrar at cost. Original and renewal applications for these license plates authorized for use in general police work and for use by the Department of Corrections must be accompanied by a certification signed by the appropriate chief of police if issued to a police vehicle, the appropriate sheriff if issued to a sheriff's vehicle, the commissioner of corrections if issued to a Department of Corrections vehicle, or the appropriate officer in charge if issued to a vehicle of any other law enforcement agency. The certification must be on a form prescribed by the commissioner and state that the vehicle will be used exclusively for a purpose authorized by this section.

(d) Unmarked vehicles used by the Departments of Revenue and Labor and Industry, fraud unit, in conducting seizures or criminal investigations must be registered and must display passenger vehicle classification license number plates, furnished at cost by the registrar. Original and renewal applications for these passenger vehicle license plates must be accompanied by a certification signed by the commissioner of revenue or the commissioner of labor and industry. The certification must be on a form prescribed by the commissioner and state that the vehicles will be used exclusively for the purposes authorized by this section.

(e) Unmarked vehicles used by the Division of Disease Prevention and Control of the Department of Health must be registered and must display passenger vehicle classification license number plates. These plates must be furnished at cost by the registrar. Original and renewal applications for these passenger vehicle license plates must be accompanied by a certification signed by the commissioner of health. The certification must be on a form prescribed by the commissioner and state that the vehicles will be used exclusively for the official duties of the Division of Disease Prevention and Control.

(f) Unmarked vehicles used by staff of the Gambling Control Board in gambling investigations and reviews must be registered and must display passenger vehicle classification license number plates. These plates must be furnished at cost by the registrar. Original and renewal applications for these passenger vehicle license plates must be accompanied by a certification signed by the board chair. The certification must be on a form prescribed by the commissioner and state that the vehicles will be used exclusively for the official duties of the Gambling Control Board.

(g) All other motor vehicles must be registered and display tax-exempt number plates, furnished by the registrar at cost, except as provided in subdivision 1c. All vehicles required to display tax-exempt number plates must have the name of the state department or political subdivision, nonpublic high school operating a driver education program, or licensed commercial driving school, plainly displayed on both sides of the vehicle; except that each state hospital and institution for the mentally ill and mentally retarded may have one vehicle without the required identification on the sides of the vehicle, and county social service agencies may have vehicles used for child and vulnerable adult protective services without the required identification on the sides of the vehicle. This identification must be in a color giving contrast with that of the part of the vehicle on which it is placed and must endure throughout the term of the registration. The identification must not be on a removable plate or placard and must be kept clean and visible at all times; except that a removable plate or placard may be utilized on vehicles leased or loaned to a political subdivision or to a nonpublic high school driver education program.

Sec. 31. Minnesota Statutes 2004, section 168.031, is amended to read:

168.031 [REGISTRATION EXEMPTION; ACTIVE MILITARY-RELATED SERVICE.]

(a) The motor vehicle of any person who engages in active military service ~~in time of war or other emergency declared by proper authority in any branch or unit of the military or naval forces of the United States~~ armed forces shall be exempt from the motor vehicle registration tax during

the period of such active service and for 40 90 days immediately thereafter if the owner has filed, before, during or within 90 days after completion of that active service, files with the registrar of motor vehicles a written application for exemption with such proof of military service as the registrar may have required and if the motor vehicle is not operated on a public highway within the state during the requested period of exemption, except by the owner while on furlough or leave of absence from the military.

(b) The motor vehicle of any disabled war veteran, which vehicle has been furnished free, in whole or in part, by the United States government to said disabled veteran, shall be exempt from the motor vehicle registration tax. The motor vehicle owned and registered by a former prisoner of war that bears the "EX-POW" plates is exempt from the motor vehicle registration tax.

(c) For purposes of this section, the term "active service" shall have the meaning given this term in section 190.05, subdivisions 5b and 5c, but excludes service performed exclusively for purposes of:

(1) annual training and other periodic inactive duty training for National Guard and other reserve members;

(2) special training periodically made available to National Guard and other reserve members;

(3) service performed in accordance with section 190.08, subdivision 3; and

(4) service performed as part of the active guard/reserve program pursuant to United States Code, title 32, section 502(f), or other applicable authority.

**[EFFECTIVE DATE.]** This section is effective the day following final enactment and applies to persons serving in active military service on or after that date.

Sec. 32. Minnesota Statutes 2004, section 168.091, subdivision 1, is amended to read:

Subdivision 1. **[NONRESIDENT BUYER.]** (a) Upon payment of a fee of \$1, the registrar commissioner may issue a permit to a nonresident purchasing a new or used motor vehicle in this state for the sole purpose of allowing such nonresident to remove the vehicle to be removed from this state for registration in another state or country. Such

(b) The permit ~~shall be~~ is in lieu of any other registration or taxation for use of the highways and ~~shall be~~ is valid for a period of 31 days from the date of sale, trade, or gift.

(c) The permit ~~shall~~ must be available in ~~such form~~ an electronic format as the registrar may determine and, whenever practicable, shall be determined by the commissioner.

(d) If the sale, gift, or trade information is electronically transmitted to the commissioner by a dealer or deputy registrar of motor vehicles, the \$1 fee is waived.

(e) The permit must be posted upon the left side of the inside rear window of the vehicle or, if not practicable, where it is plainly visible to law enforcement. Each ~~such~~ such permit ~~shall be~~ is valid only for the vehicle for which the permit was issued.

Sec. 33. Minnesota Statutes 2004, section 168.10, subdivision 1c, is amended to read:

Subd. 1c. **[COLLECTOR'S VEHICLE, COLLECTOR LICENSE.]** (a) The owner of any motor vehicle, including any truck, (1) that is (i) at least 20 model years old, or (ii) at least ten model years old and with a body or engine style of which not more than 500 were manufactured in or imported into the United States in any model year, (2) that was manufactured after 1935, and (3) that is owned and operated solely as a collector's vehicle, shall list the vehicle for taxation and registration as follows: provided in paragraph (b).

(4) (b) The owner shall execute an affidavit stating (1) the name and address of the person from whom purchased and of the new owner, (2) the make of the motor vehicle, (3) the year and number of the model, (4) the manufacturer's identification number, (5) in the case of a vehicle described in paragraph (a), clause (1)(ii), that the vehicle has a body or engine style of which not

more than 500 were manufactured or imported into the United States in any model year, and (6) that the vehicle is owned and operated solely as a collector's item and not for general transportation purposes; ~~and.~~

~~(2)~~ (c) The owner shall provide a statement of the manufacturer or importer regarding the number of vehicles manufactured or imported during the model year.

(d) The owner shall also prove that the owner also has one or more vehicles with regular license plates.

If the registrar is satisfied that the affidavit is true and correct and the owner pays a \$25 tax, the registrar shall list the vehicle for taxation and registration and shall issue a single number plate.

~~(b)~~ (e) The number plate issued shall bear the inscription "Collector," "Minnesota," and the registration number or other combination of characters authorized under section 168.12, subdivision 2a, but no date. The number plate is valid without renewal as long as the vehicle is in existence. The registrar has the power to revoke the plate for failure to comply with this subdivision.

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

Sec. 34. [168.1251] [DISABLED VETERANS OF AMERICA PLATES.]

Subdivision 1. [ISSUANCE AND DESIGN.] The commissioner shall issue special license plates bearing the inscription "DISABLED AMERICAN VETERAN" to an applicant who is certified in writing by the United States Department of Veterans Affairs or the state commissioner of veterans affairs as having a permanent and total service-connected disability, who complies with all laws relating to the registration and licensing of motor vehicles and drivers, and who pays a fee of \$10 for each set of license plates applied for. The special license plates must be of a design and size determined by the commissioner.

Subd. 2. [APPLICATION.] Application for issuance of these plates may be made only at the time of renewal or first application for registration.

Subd. 3. [TRANSFER.] On payment of a fee of \$5, special plates issued under this section may be transferred to another personal motor vehicle owned or jointly owned by the disabled veteran upon notification to the commissioner.

Subd. 4. [SURCHARGE.] For each set of special plates issued under this section, the commissioner shall collect a surcharge of \$5 on each \$10 fee collected under subdivision 1.

Subd. 5. [MOTOR VEHICLE; SPECIAL DEFINITION.] For purposes of this section, "motor vehicle" means a vehicle for personal use, not used for commercial purposes, and may include a passenger automobile, van, pickup truck, motorcycle, or recreational vehicle.

Subd. 6. [FEES CREDITED.] Fees, including surcharges, collected under this section must be credited to the vehicle services operating account in the special revenue fund.

Sec. 35. Minnesota Statutes 2004, section 168.185, is amended to read:

168.185 [USDOT NUMBERS.]

(a) An owner of a truck or truck-tractor having a gross vehicle weight of more than 10,000 pounds, as defined in section 169.01, subdivision 46, other than a farm truck that is not used in interstate commerce, shall report to the registrar at the time of registration its USDOT carrier number. A person subject to this paragraph who does not have a USDOT number shall apply for the number at the time of registration by completing a form MCS-150 Motor Carrier Identification Report, issued by the Federal Motor Carrier Safety Administration, or comparable document as determined by the registrar. The registrar shall not assign a USDOT carrier number to a vehicle owner who is not subject to this paragraph.

(b) Assigned USDOT numbers need not be displayed on the outside of the vehicle, but must be

made available upon request of an authorized agent of the registrar, peace officer, other employees of the State Patrol authorized in chapter 299D, or employees of the Minnesota Department of Transportation. The vehicle owner shall notify the registrar if there is a change to the owner's USDOT number.

(c) If an owner fails to report or apply for a USDOT number, the registrar shall suspend the owner's registration.

(d) Until October 1, 2003, paragraphs (a) to (c) do not apply to an agricultural fertilizer or agricultural chemical retailer while exclusively engaged in delivering fertilizer or agricultural chemicals to a farmer for on-farm use.

Sec. 36. Minnesota Statutes 2004, section 168A.20, is amended by adding a subdivision to read:

Subd. 5. [SATISFACTION OF AUTOMOBILE LIEN SEVEN YEARS OLD; RELEASE.] (a) A security interest perfected under this chapter expires seven years from the perfection date for a passenger automobile, as defined in section 168.011, subdivision 7.

(b) A lien holder may notify the department in writing or in a format approved by the department during the sixth year of the lien, no later than 90 days in advance of the seven-year anniversary, if the lien will not be satisfied during this registration period and the lien must be extended up to seven additional years as requested by the lien holder.

Sec. 37. Minnesota Statutes 2004, 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 that are required to be placarded under Code of Federal Regulations, title 49, parts 100-185;~~ or
- (5) is outwardly equipped and identified as a school bus, except for type 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~~ an authorized emergency vehicle, or a recreational ~~equipment~~ vehicle 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.

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

Sec. 38. Minnesota Statutes 2004, section 169.01, subdivision 76, is amended to read:

Subd. 76. [HAZARDOUS MATERIALS.] "Hazardous materials" means those materials found to be hazardous for the purposes of the federal Hazardous Materials Transportation Act and that require the motor vehicle to be placarded under Code of Federal Regulations, title 49, ~~part 172, subpart F~~ parts 100-185.

Sec. 39. Minnesota Statutes 2004, section 169.01, subdivision 78, is amended to read:

Subd. 78. [RECREATIONAL VEHICLE COMBINATION.] (a) "Recreational vehicle combination" means a combination of vehicles consisting of a pickup truck as defined in section 168.011, subdivision 29, attached by means of a fifth-wheel coupling to a camper-semitrailer which has hitched to it a trailer carrying a watercraft as defined in section 86B.005, subdivision 18; off-highway motorcycle as defined in section 84.787, subdivision 7; motorcycle; motorized bicycle; snowmobile as defined in section 84.81, subdivision 3; ~~or~~ all-terrain vehicle as defined in section 84.92, subdivision 8; or equestrian equipment or supplies.

(b) For purposes of this subdivision:

(a) (1) A "fifth-wheel coupling" is a coupling between a camper-semitrailer and a towing pickup truck in which a portion of the weight of the camper-semitrailer is carried over or forward of the rear axle of the towing pickup.

(b) (2) A "camper-semitrailer" is a trailer, other than a manufactured home as defined in section 327B.01, subdivision 13, designed for human habitation and used for vacation or recreational purposes for limited periods.

Sec. 40. Minnesota Statutes 2004, section 169.06, subdivision 5, is amended to read:

Subd. 5. [TRAFFIC-CONTROL SIGNAL.] (a) Whenever traffic is controlled by traffic-control signals exhibiting different colored lights, or colored lighted arrows, successively one at a time or in combination, only the colors Green, Red, and Yellow shall be used, except for special pedestrian signals carrying a word or legend, ~~and said.~~ The traffic-control signal lights shall or colored lighted arrows indicate and apply to drivers of vehicles and pedestrians as follows:

(1) Green indication:

(i) Vehicular traffic facing a circular green signal may proceed straight through or turn right or left unless a sign at such place prohibits either such turn. But vehicular traffic, including vehicles turning right or left, shall yield the right-of-way to other vehicles and to pedestrians lawfully within the intersection or adjacent crosswalk at the time such this signal is exhibited.

(ii) Vehicular traffic facing a green arrow signal, shown alone or in combination with another indication, may cautiously enter the intersection only to make the movement indicated by such the arrow, or such other movement as is permitted by other indications shown at the same time. Such vehicular traffic shall yield the right-of-way to pedestrians lawfully within an adjacent crosswalk and to other traffic lawfully using the intersection.

(iii) Unless otherwise directed by a pedestrian-control signal as provided in subdivision 6, pedestrians facing any green signal, except when the sole green signal is a turn arrow, may proceed across the roadway within any marked or unmarked crosswalk. Every driver of a vehicle shall yield the right-of-way to such pedestrian, except that the pedestrian shall yield the right-of-way to vehicles lawfully within the intersection at the time that the green signal indication is first shown.

(2) Steady yellow indication:

(i) Vehicular traffic facing a circular yellow signal is thereby warned that the related green movement is being terminated or that a red indication will be exhibited immediately thereafter when vehicular traffic ~~shall~~ must not enter the intersection, except for the continued movement allowed by any green arrow indication simultaneously exhibited.

(ii) Pedestrians facing a circular yellow signal, unless otherwise directed by a pedestrian-control signal as provided in subdivision 6, are thereby advised that there is insufficient time to cross the roadway before a red indication is shown and no pedestrian shall then start to cross the roadway.

(iii) Vehicular traffic facing a steady yellow arrow signal is thereby warned that the protected

vehicular movement permitted by the corresponding prior green arrow indication is being terminated.

(3) Steady red indication:

(i) Vehicular traffic facing a circular red signal alone shall ~~must~~ stop at a clearly marked stop line; but, if none, before entering the crosswalk on the near side of the intersection; or, if none, then before entering the intersection and shall remain standing until a green indication is shown, except as follows: (A) the driver of a vehicle ~~which is~~ stopped as close as practicable at the entrance to the crosswalk on the near side of the intersection or, if none, then at the entrance to the intersection in obedience to a red or stop signal, and with the intention of making a right turn may make ~~such~~ the right turn, after stopping, unless an official sign has been erected prohibiting such movement, ~~but~~ shall yield the right-of-way to pedestrians and other traffic lawfully proceeding as directed by the signal at ~~said~~ that intersection; or (B) the driver of a vehicle on a one-way street ~~which intersects~~ intersecting another one-way street on which traffic moves to the left shall stop in obedience to a red or stop signal and may then make a left turn into ~~said~~ the one-way street, unless an official sign has been erected prohibiting the movement, but shall yield the right-of-way to pedestrians and other traffic lawfully proceeding as directed by the signal at ~~said~~ that intersection.

(ii) Unless otherwise directed by a pedestrian-control signal as provided in subdivision 6, pedestrians facing a steady red signal alone shall not enter the roadway.

(iii) Vehicular traffic facing a steady red arrow signal, with the intention of making a movement indicated by the arrow, shall ~~must~~ stop at a clearly marked stop line; but, if none, before entering the crosswalk on the near side of the intersection; or, if none, then before entering the intersection and shall ~~must~~ remain standing until a permissive signal indication permitting the movement indicated by the red arrow is displayed, except as follows: when an official sign has been erected permitting a turn on a red arrow signal, the vehicular traffic facing a red arrow signal indication is permitted to enter the intersection to turn right, or to turn left from a one-way street into a one-way street on which traffic moves to the left, after stopping, but must yield the right-of-way to pedestrians and other traffic lawfully proceeding as directed by the signal at that intersection.

(b) In the event an official traffic-control signal is erected and maintained at a place other than an intersection, the provisions of this section are applicable except those which can have no application. Any stop required shall ~~must~~ be made at a sign or marking on the pavement indicating where the stop shall ~~must~~ be made, but in the absence of any such sign or marking the stop shall ~~must~~ be made at the signal.

(c) When a traffic-control signal indication or indications placed to control a certain movement or lane are so identified by placing a sign near the indication or indications, no other traffic-control signal indication or indications within the intersection shall ~~control~~ controls vehicular traffic for ~~such~~ that movement or lane.

Sec. 41. Minnesota Statutes 2004, section 169.06, subdivision 6, is amended to read:

Subd. 6. [PEDESTRIAN CONTROL SIGNAL.] (a) Whenever special pedestrian-control signals exhibiting the words "Walk" or "Don't Walk" or symbols of a "walking person" or "upraised hand" are in place ~~such~~, the signals shall or symbols indicate as follows:

(1) A steady "Walk;" ~~flashing or steady.~~ Pedestrians signal or the symbol of a "walking person" indicates that a pedestrian facing such either of these signals may proceed across the roadway in the direction of the signal, possibly in conflict with turning vehicles. Every driver of a vehicle shall yield the right-of-way to such pedestrian except that the pedestrian shall yield the right-of-way to vehicles lawfully within the intersection at the time that either signal indication is first shown.

(2) A "Don't Walk;" ~~signal or the symbol of an "upraised hand," flashing or steady.~~ No, indicates that a pedestrian shall not start to cross the roadway in the direction of such signals either signal, but any pedestrian who has partially crossed on the "Walk" or "walking person" signal indication shall proceed to a sidewalk or safety island while the "Don't Walk" signal is showing.

(b) A pedestrian crossing a roadway in conformity with this section is lawfully within the intersection and, when in a crosswalk, is lawfully within the crosswalk.

Sec. 42. Minnesota Statutes 2004, section 169.14, is amended by adding a subdivision to read:

Subd. 1a. [LICENSE REVOCATION.] The driver's license of a person who violates any speed limit established in this section, by driving in excess of 100 miles per hour, is revoked for six months under section 171.17, or for a longer minimum period of time applicable under section 169A.53, 169A.54, or 171.174.

Sec. 43. Minnesota Statutes 2004, section 169.14, subdivision 2, is amended to read:

Subd. 2. [SPEED LIMITS.] (a) Where no special hazard exists the following speeds shall be lawful, but any speeds in excess of such limits shall be 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 a maximum limit and any speed in excess thereof shall be 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; and
- (7) 25 miles per hour in residential roadways if adopted by the road authority having jurisdiction over the residential roadway.

(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.

(d) Notwithstanding section 609.0331 or 609.101 or other law to the contrary, a person who violates a speed limit established in this subdivision, or a speed limit designated on an appropriate sign under subdivision 4, 5, 5b, 5c, or 5e, by driving 20 miles per hour or more in excess of the applicable speed limit, is assessed an additional surcharge equal to the amount of the fine imposed for the speed violation, but not less than \$25.

Sec. 44. Minnesota Statutes 2004, section 169.18, subdivision 4, is amended to read:

Subd. 4. [PASSING ON THE RIGHT.] The driver of a vehicle may overtake and pass upon the right of another vehicle only upon the following conditions:

- (1) when the vehicle overtaken is making or about to make a left turn;
- (2) upon a street or highway with unobstructed pavement not occupied by parked vehicles of sufficient width for two or more lines of moving vehicles in each direction;
- (3) upon a one-way street, or upon any roadway on which traffic is restricted to one direction of movement, where the roadway is free from obstructions and of sufficient width for two or more lines of moving vehicles;

(4) when the driver of a vehicle may overtake and pass another vehicle upon the right only under conditions permitting such movement in safety. In no event shall such movement be made by driving onto the shoulder, whether paved or unpaved, or off the pavement or main-traveled portion of the roadway.

Sec. 45. Minnesota Statutes 2004, section 169.18, subdivision 5, is amended to read:

Subd. 5. [DRIVING LEFT OF ROADWAY CENTER; EXCEPTION.] (a) No vehicle shall be driven to the left side of the center of the roadway in overtaking and passing another vehicle proceeding in the same direction unless such left side is clearly visible and is free of oncoming traffic for a sufficient distance ahead to permit such overtaking and passing to be completely made without interfering with the safe operation of any vehicle approaching from the opposite direction or any vehicle overtaken. In every event the overtaking vehicle must return to the right-hand side of the roadway before coming within 100 feet of any vehicle approaching from the opposite direction;

(b) Except on a one-way roadway or as provided in paragraph (c), no vehicle shall, in overtaking and passing another vehicle or at any other time, be driven to the left half of the roadway under the following conditions:

(1) when approaching the crest of a grade or upon a curve in the highway where the driver's view along the highway is obstructed within a distance of 700 feet;

(2) when approaching within 100 feet of any underpass or tunnel, railroad grade crossing, intersection within a city, or intersection outside of a city if the presence of the intersection is marked by warning signs; or

(3) where official signs are in place prohibiting passing, or a distinctive centerline is marked, which distinctive line also so prohibits passing, as declared in the Manual on Uniform Traffic Control Devices adopted by the commissioner.

(c) Paragraph (b) does not apply to a self-propelled or towed implement of husbandry that (1) is escorted at the front by a registered motor vehicle that is displaying vehicular hazard warning lights visible to the front and rear in normal sunlight, and (2) does not extend into the left half of the roadway to any greater extent than made necessary by the total width of the right half of the roadway together with any adjacent shoulder that is suitable for travel.

(d) Paragraph (b) does not apply to a self-propelled or towed implement of husbandry that is operated to the left half of the roadway if such operation is not to a greater extent than is necessary to avoid collision with a parked vehicle, sign, or other stationary object located on the highway right-of-way.

Sec. 46. Minnesota Statutes 2004, section 169.18, subdivision 11, as amended by Laws 2005, chapter 120, section 2, is amended to read:

Subd. 11. [PASSING PARKED EMERGENCY VEHICLE; CITATION; PROBABLE CAUSE.] (a) When approaching and before passing an authorized emergency vehicle with its emergency lights activated that is parked or otherwise stopped on or next to a street or highway having two lanes in the same direction, the driver of a vehicle shall safely move the vehicle to the lane farthest away from the emergency vehicle, if it is possible to do so.

(b) When approaching and before passing an authorized emergency vehicle with its emergency lights activated that is parked or otherwise stopped on or next to a street or highway having more than two lanes in the same direction, the driver of a vehicle shall safely move the vehicle so as to leave a full lane vacant between the driver and any lane in which the emergency vehicle is completely or partially parked or otherwise stopped, if it is possible to do so.

(c) A peace officer may issue a citation to the driver of a motor vehicle if the peace officer has probable cause to believe that the driver has operated the vehicle in violation of this subdivision within the four-hour period following the termination of the incident or a receipt of a report under paragraph (d). The citation may be issued even though the violation was not committed in the presence of the peace officer.

(d) Although probable cause may be otherwise satisfied by other evidentiary elements or factors, probable cause is sufficient for purposes of this subdivision when the person cited is operating the vehicle described by a member of the crew of an authorized emergency vehicle responding to an incident in a timely report of the violation of this subdivision, which includes a description of the vehicle used to commit the offense and the vehicle's license plate number. For the purposes of issuance of a citation under paragraph (c), "timely" means that the report must be made within a four-hour period following the termination of the incident.

(e) For purposes of paragraphs (a) and (b) only, "authorized emergency vehicle" and "emergency vehicle" includes a towing vehicle defined in section 169.01, subdivision 52, that has activated flashing lights authorized under section 169.64, subdivision 3.

Sec. 47. Minnesota Statutes 2004, section 169.28, subdivision 2, is amended to read:

Subd. 2. [EXEMPT CROSSING.] (a) The commissioner may designate a crossing as an exempt crossing ~~if the crossing is:~~

- (1) if the crossing is on a rail line on which service has been abandoned; ~~or~~
- (2) if the crossing is on a rail line that carries fewer than five trains each year, traveling at speeds of ten miles per hour or less; or
- (3) as agreed to by the operating railroad and the Department of Transportation, following a diagnostic review of the crossing.

(b) The commissioner shall direct the railroad to erect at the crossing signs bearing the word "Exempt" that conform to section 169.06. The installation or presence of an exempt sign does not relieve a driver of the duty to use due care. A train must not proceed across an exempt crossing unless a police officer is present to direct traffic or a railroad employee is on the ground to warn traffic until the train enters the crossing.

(c) A vehicle that must stop at grade crossings under subdivision 1 is not required to stop at a marked exempt crossing unless directed otherwise by a police officer or a railroad employee.

Sec. 48. Minnesota Statutes 2004, section 169.448, is amended by adding a subdivision to read:

Subd. 4. [DAY ACTIVITY CENTER BUSES.] Notwithstanding subdivision 1, a vehicle used to transport adults to and from a day activity center may be equipped with prewarning flashing amber signals and a stop-signal arm, and the operator of the vehicle may activate this equipment, under the following circumstances:

- (1) the operator possesses a commercial driver's license with a school bus endorsement;
- (2) the vehicle is engaged in picking up or dropping off adults at locations predesignated by the day activity center that owns or leases the bus;
- (3) the vehicle is identified as a "day activity center bus" in letters at least eight inches high on the front and rear top of the bus; and
- (4) the name, address, and telephone number of the owner and operator of the bus is identified on each front door of the bus in letters not less than three inches high.

The provisions of section 169.444 relating to duties of care of a motorist to a school bus, and violations thereof, apply to a vehicle described in this section when the vehicle is operated in conformity with this subdivision. The provisions of section 169.443 relating to bus driver's duties apply to a vehicle described in this section except those that by their nature have no application.

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

Sec. 49. Minnesota Statutes 2004, section 169.522, is amended to read:

169.522 [SLOW-MOVING VEHICLE, SIGN REQUIRED.]

Subdivision 1. [DISPLAYING EMBLEM; RULES.] (a) All animal-drawn vehicles, motorized golf carts when operated on designated roadways pursuant to section 169.045, implements of husbandry, and other machinery, including all road construction machinery, which are designed for operation at a speed of 30 miles per hour or less shall, must display a triangular slow-moving vehicle emblem, except (1) when being used in actual construction and maintenance work and traveling within the limits of a construction area ~~which is marked in accordance with requirements of the Manual on Uniform Traffic Control Devices, as set forth in section 169.06, or~~ (2) for a towed implement of husbandry that is empty and that is not self-propelled, in which case it may be towed at lawful speeds greater than 30 miles per hour without removing the slow-moving vehicle emblem. The emblem shall must consist of a ~~fluorescent yellow-orange or illuminated red-orange~~ triangle with a dark red reflective border and be mounted so as to be visible from a distance of not less than 600 feet to the rear. When a primary power unit towing an implement of husbandry or other machinery displays a slow-moving vehicle emblem visible from a distance of 600 feet to the rear, it ~~shall~~ is not be necessary to display a similar emblem on the secondary unit. ~~After January 1, 1975, All slow-moving vehicle emblems sold in this state shall must be so designed that when properly mounted they are visible from a distance of not less than 600 feet to the rear when directly in front of lawful lower beam of headlamps on a motor vehicle. The commissioner of public safety shall adopt standards and specifications for the design and position of mounting the slow-moving vehicle emblem. Such standards and specifications shall must be adopted by rule in accordance with the Administrative Procedure Act. A violation of this section shall not be admissible evidence in any civil cause of action arising prior to January 1, 1970.~~

(b) An alternate slow-moving vehicle emblem consisting of a dull black triangle with a white reflective border may be used after obtaining a permit from the commissioner under rules of the commissioner. A person with a permit to use an alternate slow-moving vehicle emblem must:

(1) carry in the vehicle a regular slow-moving vehicle emblem and display the emblem when operating a vehicle between sunset and sunrise, and at any other time when visibility is impaired by weather, smoke, fog, or other conditions; and

(2) permanently affix to the rear of the slow-moving vehicle at least 72 square inches of reflective tape that reflects the color red.

Subd. 2. [PROHIBITION ON USE.] The use of this emblem ~~shall be~~ is restricted to the slow-moving vehicles specified in subdivision 1 and its use on any other type of vehicle or stationary object on the highway is prohibited.

Subd. 3. [DISPLAY REQUIRED.] No person shall sell, lease, rent, or operate any slow-moving vehicle, as defined in subdivision 1, except motorized golf carts and except those units designed to be completely mounted on a primary power unit, which is manufactured or assembled on or after July 1, 1967, unless ~~such the~~ vehicle is equipped with a slow-moving vehicle emblem-mounting device as specified in subdivision 1. Provided however, ~~no~~ a slow-moving vehicle shall must not be operated without such slow-moving vehicle emblem after January 1, 1968.

Sec. 50. Minnesota Statutes 2004, section 169.733, is amended to read:

169.733 [WHEEL FLAPS ON TRUCK AND TRAILER.]

Subdivision 1. [VEHICLES GENERALLY.] Every truck, truck-tractor, trailer, semitrailer, pole trailer, and rear-end dump truck, excepting rear-end dump farm trucks ~~and military vehicles of the United States, shall must~~ be provided with wheel flaps or other suitable protection above and behind the rearmost wheels of the vehicle or combination of vehicles to prevent, as far as practicable, such wheels from throwing dirt, water, or other materials on the windshields of following vehicles ~~which follow. Such~~ The flaps or protectors shall must be at least as wide as the tires they are protecting and shall have a ground clearance of not more than ~~one-fifth of the horizontal distance from the center of the rearmost axle to the flap under any conditions of loading or operation of the motor~~ nine inches from the ground when the vehicle is empty.

Subd. 2. [VEHICLE WITH CONVEYOR BELT.] For a dump truck or truck with a rigid box

fastened to its frame and having a conveyor belt or chain in the bottom of the vehicle ~~which~~ that moves the cargo to the rear end of the vehicle, the flaps ~~shall~~ must be mounted as far to the rear of the vehicle as practicable and ~~shall~~ have a ground clearance of not more than 18 inches when the vehicle is loaded.

Subd. 3. [BOTTOM-DUMP VEHICLE.] In addition to meeting the requirements of subdivision 1, a bottom-dump cargo vehicle transporting sand, gravel, aggregate, dirt, lime rock, silica, or similar material must be equipped with flaps that are mounted to the rear of the axles, cover the entire width of the vehicle, and a center flap between the wheel flaps, which must have a ground clearance of six inches or less when the vehicle is fully loaded.

Subd. 4. [ALTERNATIVE REQUIREMENTS.] If the motor vehicle is so designed and constructed that the above requirements are accomplished by means of body construction or other means of enclosure, then no such protectors or flaps ~~shall be~~ are required.

Subd. 5. [EXTENDED FLAPS.] If the rear wheels are not covered at the top by fenders, body or other parts of the vehicle, the flap or other protective means ~~shall~~ must be extended at least to a point directly above the center of the rearmost axle.

~~Subd. 6. [LAMPS OR WIRING.] Lamps or wiring shall not be attached to fender flaps.~~

Sec. 51. Minnesota Statutes 2004, section 169.81, subdivision 3c, is amended to read:

Subd. 3c. [RECREATIONAL VEHICLE COMBINATION.] Notwithstanding subdivision 3, a recreational vehicle combination may be operated without a permit if:

(1) the combination does not consist of more than three vehicles, and the towing rating of the pickup truck is equal to or greater than the total weight of all vehicles being towed;

(2) the combination does not exceed ~~60~~ 70 feet in length;

(3) the ~~camper-semitrailer~~ middle vehicle in the combination does not exceed 28 feet in length;

(4) the operator of the combination is at least 18 years of age;

(5) the trailer carrying a watercraft, motorcycle, motorized bicycle, off-highway motorcycle, snowmobile, ~~or all-terrain vehicle, or equestrian equipment or supplies~~ meets all requirements of law;

(6) the trailers in the combination are connected to the pickup truck and each other in conformity with section 169.82; and

(7) the combination is not operated within the seven-county metropolitan area, as defined in section 473.121, subdivision 2, during the hours of 6:00 a.m. to 9:00 a.m. and 4:00 p.m. to 7:00 p.m. on Mondays through Fridays.

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

Sec. 52. Minnesota Statutes 2004, section 169.824, subdivision 2, is amended to read:

Subd. 2. [GROSS VEHICLE WEIGHT OF ALL AXLES.] (a) Notwithstanding the provisions of section 169.85, the gross vehicle weight of all axles of a vehicle or combination of vehicles shall not exceed:

(1) except as provided in clause (2), 80,000 pounds for any vehicle or combination of vehicles on all state trunk highways as defined in section 160.02, subdivision 29, and for all routes designated under section 169.832, subdivision 11;

(2) on and after August 1, 2006, 88,000 pounds for any vehicle or combination of vehicles with six or more axles while exclusively engaged in hauling livestock on all state trunk highways other than interstate highways, if the vehicle has a permit under section 169.86, subdivision 5, paragraph (k);

(3) 73,280 pounds for any vehicle or combination of vehicles with five axles or less on all routes, other than state trunk highways and routes that are designated under section 169.832, subdivision 11, except that a vehicle needing reasonable access to a terminal or facilities for food, fuel, repairs, and rest, located within three miles of a ten-ton route, may not exceed 80,000 pounds. "Terminal" means any location where freight either originates, terminates, or is handled in the transportation process, or where commercial motor carriers maintain operating facilities; and

(3) (4) 80,000 pounds for any vehicle or combination of vehicles with six or more axles on all routes, other than state trunk highways and routes that are designated under section 169.832, subdivision 11.

(b) The maximum weights specified in this section for five consecutive axles shall not apply to a four-axle ready-mix concrete truck which was equipped with a fifth axle prior to June 1, 1981. The maximum gross weight on four or fewer consecutive axles of vehicles excepted by this clause shall not exceed any maximum weight specified for four or fewer consecutive axles in this section.

Sec. 53. Minnesota Statutes 2004, section 169.8261, is amended to read:

169.8261 [GROSS WEIGHT LIMITATIONS; FOREST PRODUCTS.]

(a) A vehicle or combination of vehicles hauling raw or unfinished forest products, including wood chips, by the most direct route to the nearest highway that has been designated under section 169.832, subdivision 11, may be operated on any highway with gross weights permitted under sections 169.822 to 169.829 without regard to load restrictions imposed on that highway, except that ~~such~~ the vehicles must:

(1) comply with seasonal load restrictions in effect between the dates set by the commissioner under section 169.87, subdivision 2;

(2) comply with bridge load limits posted under section 169.84;

(3) be equipped and operated with six axles and brakes;

(4) not exceed 90,000 pounds gross weight, or 98,000 pounds gross weight during the time when seasonal increases are authorized under section 169.826;

(5) not be operated on interstate and defense highways;

(6) obtain an annual permit from the commissioner of transportation; ~~and~~

(7) obey all road postings; and

(8) not exceed 20,000 pounds gross weight on any single axle.

(b) A vehicle operated under this section may exceed the legal axle weight limits listed in section 169.824 by not more than 12.5 percent; except that, the weight limits may be exceeded by not more than 22.5 percent during the time when seasonal increases are authorized under section 169.826, subdivision 1.

Sec. 54. Minnesota Statutes 2004, section 169.85, subdivision 1, is amended to read:

Subdivision 1. [DRIVER TO STOP FOR WEIGHING.] (a) The driver of a vehicle that has been lawfully stopped may be required by an officer to submit the vehicle and load to a weighing by means of portable or stationary scales.

(b) In addition, the officer may require that the vehicle be driven to the nearest available scales, but only if:

(1) the distance to the scales is no further than five miles, or if the distance from the point where the vehicle is stopped to the vehicle's destination is not increased by more than ten miles as a result of proceeding to the nearest available scales; and

(2) if the vehicle is a commercial motor vehicle, no more than two other commercial motor vehicles are waiting to be inspected at the scale.

(c) Official traffic control devices as authorized by section 169.06 may be used to direct the driver to the nearest scale.

(d) When a truck weight enforcement operation is conducted by means of portable or stationary scales and signs giving notice of the operation are must be posted within the highway right-of-way and adjacent to the roadway within two miles of the operation. The driver of a truck or combination of vehicles registered for or weighing in excess of 12,000 pounds shall proceed to the scale site and submit the vehicle to weighing and inspection.

Sec. 55. Minnesota Statutes 2004, section 169.85, subdivision 6, is amended to read:

Subd. 6. [OFFICER DEFINED.] When used in this section, the word "officer" means a ~~peace officer or member of the State Patrol~~, an employee of the Department of Public Safety described in section 299D.06, or a peace officer or person under the officer's direction and control employed by a local unit of government who is trained in weight enforcement by the Department of Public Safety.

Sec. 56. Minnesota Statutes 2004, section 169.851, subdivision 5, is amended to read:

Subd. 5. [EXCEPTION FOR FARM AND FOREST PRODUCTS.] ~~The maximum weight provisions of this section do~~ Subdivision 4 does not apply to the first haul of unprocessed or raw farm products and the transportation of raw and unfinished forest products, including wood chips, when the ~~prescribed maximum weight limitation is~~ limitations permitted under sections 169.822 to 169.829 are not exceeded by more than ten percent.

Sec. 57. Minnesota Statutes 2004, section 169.86, subdivision 5, is amended to read:

Subd. 5. [FEE; PROCEEDS DEPOSITED; APPROPRIATION.] The commissioner, with respect to highways under the commissioner's jurisdiction, may charge a fee for each permit issued. All such fees for permits issued by the commissioner of transportation shall be deposited in the state treasury and credited to the trunk highway fund. Except for those annual permits for which the permit fees are specified elsewhere in this chapter, the fees shall be:

(a) \$15 for each single trip permit.

(b) \$36 for each job permit. A job permit may be issued for like loads carried on a specific route for a period not to exceed two months. "Like loads" means loads of the same product, weight, and dimension.

(c) \$60 for an annual permit to be issued for a period not to exceed 12 consecutive months. Annual permits may be issued for:

(1) motor vehicles used to alleviate a temporary crisis adversely affecting the safety or well-being of the public;

(2) motor vehicles which travel on interstate highways and carry loads authorized under subdivision 1a;

(3) motor vehicles operating with gross weights authorized under section 169.826, subdivision 1a;

(4) special pulpwood vehicles described in section 169.863;

(5) motor vehicles bearing snowplow blades not exceeding ten feet in width; and

(6) noncommercial transportation of a boat by the owner or user of the boat.

(d) \$120 for an oversize annual permit to be issued for a period not to exceed 12 consecutive months. Annual permits may be issued for:

- (1) mobile cranes;
- (2) construction equipment, machinery, and supplies;
- (3) manufactured homes and manufactured storage buildings;
- (4) implements of husbandry when the movement is not made according to the provisions of paragraph (i);
- (5) double-deck buses;
- (6) commercial boat hauling; and
- (7) three-vehicle combinations consisting of two empty, newly manufactured trailers for cargo, horses, or livestock, not to exceed 28-1/2 feet per trailer; provided, however, the permit allows the vehicles to be moved from a trailer manufacturer to a trailer dealer only while operating on twin-trailer routes designated under section 169.81, subdivision 3, paragraph (c).

(e) For vehicles which have axle weights exceeding the weight limitations of sections 169.822 to 169.829, an additional cost added to the fees listed above. However, this paragraph applies to any vehicle described in section 168.013, subdivision 3, paragraph (b), but only when the vehicle exceeds its gross weight allowance set forth in that paragraph, and then the additional cost is for all weight, including the allowance weight, in excess of the permitted maximum axle weight. The additional cost is equal to the product of the distance traveled times the sum of the overweight axle group cost factors shown in the following chart:

#### Overweight Axle Group Cost Factors

Weight (pounds) exceeding weight limitations on axles	Cost Per Mile For Each Group Of:		
	Two consec- utive axles spaced within 8 feet or less	Three consec- utive axles spaced within 9 feet or less	Four consec- utive axles spaced within 14 feet or less
0-2,000	.12	.05	.04
2,001-4,000	.14	.06	.05
4,001-6,000	.18	.07	.06
6,001-8,000	.21	.09	.07
8,001-10,000	.26	.10	.08
10,001-12,000	.30	.12	.09
12,001-14,000	Not permitted	.14	.11
14,001-16,000	Not permitted	.17	.12
16,001-18,000	Not permitted	.19	.15
18,001-20,000	Not permitted	Not permitted	.16
20,001-22,000	Not permitted	Not permitted	.20

The amounts added are rounded to the nearest cent for each axle or axle group. The additional cost does not apply to paragraph (c), clauses (1) and (3).

For a vehicle found to exceed the appropriate maximum permitted weight, a cost-per-mile fee of 22 cents per ton, or fraction of a ton, over the permitted maximum weight is imposed in addition to the normal permit fee. Miles must be calculated based on the distance already traveled in the state plus the distance from the point of detection to a transportation loading site or unloading site within the state or to the point of exit from the state.

(f) As an alternative to paragraph (e), an annual permit may be issued for overweight, or oversize and overweight, construction equipment, machinery, and supplies. The fees for the permit are as follows:

Gross Weight (pounds) of Vehicle	Annual Permit Fee
90,000 or less	\$200

90,001 - 100,000	\$300
100,001 - 110,000	\$400
110,001 - 120,000	\$500
120,001 - 130,000	\$600
130,001 - 140,000	\$700
140,001 - 145,000	\$800

If the gross weight of the vehicle is more than 145,000 pounds the permit fee is determined under paragraph (e).

(g) For vehicles which exceed the width limitations set forth in section 169.80 by more than 72 inches, an additional cost equal to \$120 added to the amount in paragraph (a) when the permit is issued while seasonal load restrictions pursuant to section 169.87 are in effect.

(h) \$85 for an annual permit to be issued for a period not to exceed 12 months, for refuse-compactor vehicles that carry a gross weight of not more than: 22,000 pounds on a single rear axle; 38,000 pounds on a tandem rear axle; or, subject to section 169.828, subdivision 2, 46,000 pounds on a tridem rear axle. A permit issued for up to 46,000 pounds on a tridem rear axle must limit the gross vehicle weight to not more than 62,000 pounds.

(i) For vehicles exclusively transporting implements of husbandry, an annual permit fee of \$24. A vehicle operated under a permit authorized by this paragraph may be moved at the discretion of the permit holder without prior route approval by the commissioner if:

- (1) the total width of the transporting vehicle, including load, does not exceed 14 feet;
- (2) the vehicle is operated only between sunrise and 30 minutes after sunset, and is not operated at any time after 12:00 noon on Sundays or holidays;
- (3) the vehicle is not operated when visibility is impaired by weather, fog, or other conditions that render persons and other vehicles not clearly visible at 500 feet;
- (4) the vehicle displays at the front and rear of the load or vehicle a pair of flashing amber lights, as provided in section 169.59, subdivision 4, whenever the overall width of the vehicle exceeds 126 inches; and
- (5) the vehicle is not operated on a trunk highway with a surfaced roadway width of less than 24 feet unless such operation is authorized by the permit.

A permit under this paragraph authorizes movements of the permitted vehicle on an interstate highway, and movements of 75 miles or more on other highways.

(j) \$300 for a motor vehicle described in section 169.8261. The fee under this paragraph must be deposited as follows:

- (1) in fiscal years 2005 through 2010:
  - (i) the first \$50,000 in each fiscal year must be deposited in the trunk highway fund for costs related to administering the permit program and inspecting and posting bridges;
  - (ii) all remaining money in each fiscal year must be deposited in a bridge inspection and signing account in the special revenue fund. Money in the account is appropriated to the commissioner for:
    - (A) inspection of local bridges and identification of local bridges to be posted, including contracting with a consultant for some or all of these functions; and
    - (B) erection of weight-posting signs on local bridges; and

(2) in fiscal year 2011 and subsequent years must be deposited in the trunk highway fund.

(k) \$200 for an annual permit for a vehicle operating under authority of section 169.824, subdivision 2, paragraph (a), clause (2).

Sec. 58. [169.864] [SPECIAL PAPER PRODUCTS VEHICLE PERMIT.]

Subdivision 1. [THREE-UNIT VEHICLE.] The commissioner may issue a permit for a vehicle that meets the following requirements:

(1) is a combination of vehicles, including a truck-tractor and a semitrailer drawing one additional semitrailer, which may be equipped with an auxiliary dolly, and no semitrailer used in the three-vehicle combination has an overall length in excess of 28-1/2 feet;

(2) has a maximum gross vehicle weight of 108,000 pounds;

(3) complies with the axle weight limits in section 169.824 or with the federal bridge formula for axle groups not described in that section;

(4) complies with the tire weight limits in section 169.823 or the tire manufacturers' recommended load, whichever is less;

(5) is operated only in this state on Trunk Highway marked 2 between Grand Rapids and the port of Duluth; on Trunk Highway marked 169 between Grand Rapids and its junction with Trunk Highway marked 53; and on Trunk Highway marked 53 between Virginia and the port of Duluth; and

(6) the seasonal weight increases authorized under section 169.826, subdivision 1, do not apply.

Subd. 2. [TWO-UNIT VEHICLE.] The commissioner may issue a permit for a vehicle that meets the following requirements:

(1) is a combination of vehicles consisting of a truck-tractor and a single semitrailer that may exceed 48 feet, but not 53 feet, if the distance from the kingpin to the centerline of the rear axle group of the semitrailer does not exceed 43 feet;

(2) has a maximum gross vehicle weight of 90,000 pounds;

(3) has a maximum gross vehicle weight of 98,000 pounds during the time when seasonal weight increases authorized under section 169.826, subdivision 1, are in effect;

(4) complies with the axle weight limits in section 169.824 or with the federal bridge formula for axle groups not described in that section;

(5) complies with the tire weight limits in section 169.823 or the tire manufacturers' recommended load, whichever is less; and

(6) is operated only on highways identified in subdivision 1, clause (5).

Subd. 3. [RESTRICTIONS.] Vehicles issued permits under subdivisions 1 and 2 must comply with the following restrictions:

(1) the vehicle must be operated in compliance with seasonal load restrictions under section 169.87;

(2) the vehicle may not be operated on the interstate highway system; and

(3) the vehicle may be operated on streets or highways under the control of local authorities only upon the approval of the local authority; however, vehicles may have reasonable access to terminals and facilities for food, fuel, repairs, and rest and for continuity of route within one mile of the national network as provided by section 169.81, subdivision 3, and by Code of Federal Regulations, title 23, part 658.19.

Subd. 4. [PERMIT FEE.] Vehicle permits issued under subdivision 1, clause (1), must be annual permits. The fee is \$850 for each vehicle and must be deposited in the trunk highway fund. An amount sufficient to administer the permit program is appropriated from the trunk highway fund to the commissioner for the costs of administering the permit program.

**[EFFECTIVE DATE.]** This section is effective the later of August 1, 2006, or the date on which the commissioner determines that building permits have been issued for the construction of a new pulp and paper manufacturing facility at Grand Rapids.

Sec. 59. Minnesota Statutes 2004, section 169.87, subdivision 4, is amended to read:

Subd. 4. [VEHICLE TRANSPORTING MILK.] Until June 1, 2003 ~~2007~~, a weight restriction imposed under subdivision 1 by the commissioner of transportation or a local road authority, or imposed by subdivision 2, does not apply to a vehicle transporting milk from the point of production to the point of first processing if, at the time the weight restriction is exceeded, the vehicle is carrying milk loaded at only one point of production. This subdivision does not authorize a vehicle described in this subdivision to exceed a weight restriction of five tons per axle by more than two tons per axle.

**[EFFECTIVE DATE.]** This section is effective July 1, 2005.

Sec. 60. Minnesota Statutes 2004, section 169.99, subdivision 1b, is amended to read:

Subd. 1b. [SPEED.] The uniform traffic ticket must provide a blank or space wherein an officer who issues a citation for a violation of section ~~169.14, subdivision 2, paragraph (a), clause (3), a speed limit of 55 or 60 miles per hour~~ must specify whether the speed was greater than ten miles per hour in excess of ~~the lawful speed a 55 miles per hour speed limit, or more than five miles per hour in excess of a 60 miles per hour speed limit.~~

Sec. 61. Minnesota Statutes 2004, section 169A.52, subdivision 3, is amended to read:

Subd. 3. [TEST REFUSAL; LICENSE REVOCATION.] (a) Upon certification by the peace officer that there existed probable cause to believe the person had been driving, operating, or in physical control of a motor vehicle in violation of section 169A.20 (driving while impaired), and that the person refused to submit to a test, the commissioner shall revoke the person's license or permit to drive, or nonresident operating privilege, for a period of one year even if a test was obtained pursuant to this section after the person refused to submit to testing.

(b) Upon certification by the peace officer that there existed probable cause to believe the person had been driving, operating, or in physical control of a commercial motor vehicle with the presence of any alcohol in violation of section 169A.20 (driving while impaired), and that the person refused to submit to a test, the commissioner shall disqualify the person from operating a commercial motor vehicle ~~for a period of one year under section 171.165 (commercial driver's license disqualification)~~ and shall revoke the person's license or permit to drive or nonresident operating privilege ~~for a period of one year~~ according to the federal regulations adopted by reference in section 171.165, subdivision 2.

Sec. 62. Minnesota Statutes 2004, section 171.01, subdivision 22, is amended to read:

Subd. 22. [COMMERCIAL MOTOR VEHICLE.] "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 and carrying in bulk tanks a total of not more than 200 gallons of liquid fertilizer and petroleum products~~ that are required to be placarded under Code of Federal Regulations, title 49, parts 100-185; or
- (5) is outwardly equipped and identified as a school bus, except for type III school buses defined in section 169.01, subdivision 6, clause (5).

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

Sec. 63. Minnesota Statutes 2004, section 171.01, subdivision 35, is amended to read:

Subd. 35. **[HAZARDOUS MATERIALS.]** "Hazardous materials" means those materials found to be hazardous for the purposes of the federal Hazardous Materials Transportation Act and that require the motor vehicle to be placarded under Code of Federal Regulations, title 49, ~~part 172, subpart F~~ parts 100-185.

Sec. 64. Minnesota Statutes 2004, section 171.01, subdivision 47, is amended to read:

Subd. 47. **[STATE.]** "State" means ~~any a state of the United States, territory or possession of the United States, the District of Columbia, the Commonwealth of Puerto Rico or any province of the Dominion of Canada, the United States Virgin Islands, or any territory or insular possession subject to the jurisdiction of the United States.~~

Sec. 65. Minnesota Statutes 2004, section 171.01, is amended by adding a subdivision to read:

Subd. 48a. **[TANK VEHICLE.]** "Tank vehicle" means any commercial motor vehicle that is designed to transport any liquid or gaseous materials within a tank, as defined in Code of Federal Regulations, title 49, section 178.320, including a cargo tank or a portable tank as defined in Code of Federal Regulations, title 49, section 171.8, that is either permanently or temporarily attached to the vehicle or the chassis, except portable tanks having a rated capacity under 1,000 gallons.

Sec. 66. Minnesota Statutes 2004, section 171.02, is amended to read:

171.02 **[LICENSES; TYPES, ENDORSEMENTS, RESTRICTIONS.]**

Subdivision 1. **[LICENSE REQUIRED.]** Except when expressly exempted, a person shall not drive a motor vehicle upon a street or highway in this state unless the person has a license valid under this chapter for the type or class of vehicle being driven. The department shall not issue a driver's license to a person unless and until the person's license from any jurisdiction has been invalidated. The department shall provide to the issuing department of any jurisdiction, information that the licensee is now licensed in Minnesota. A person is not permitted to have more than one valid driver's license at any time. The department shall not issue to a person to whom a current Minnesota identification card has been issued a driver's license, other than ~~an instruction permit or~~ a limited license, unless the person's Minnesota identification card has been invalidated.

Subd. 2. **[DRIVER'S LICENSE CLASSIFICATIONS, ENDORSEMENTS, EXEMPTIONS.]**  
(a) ~~Drivers' licenses shall be~~ are classified according to the types of vehicles ~~which that~~ may be driven by the holder of each type or class of license. The commissioner may, as appropriate, subdivide the classes listed in this subdivision and issue licenses classified accordingly.

(b) ~~Except as provided in paragraph (c), clauses (1) and (2), and subdivision 2a, no class of license shall be~~ is valid to operate a motorcycle, school bus, tank vehicle, double-trailer or triple-trailer combination, vehicle transporting hazardous materials, or bus, unless so endorsed. ~~There shall be~~ are four general classes of licenses as follows: described in paragraphs (c) through (f).

~~(b)~~ (c) Class D; drivers' licenses are valid for:

(1) operating all farm trucks ~~operated by~~ if the farm truck is:

(i) ~~the owner, (ii) controlled and operated by a farmer, including operation by an immediate family member of the owner, (iii) or an employee of the owner not primarily employed to operate the farm truck, within 150 miles of the farm, or farmer;~~

(ii) used to transport agricultural products, farm machinery, or farm supplies, including hazardous materials, to or from a farm;

(iii) not used in the operations of a common or contract motor carrier as governed by Code of Federal Regulations, title 49, part 365; and

(iv) ~~an employee of the owner employed during harvest to operate the farm truck for the first, continuous transportation of agricultural products from the production site or on-farm storage site to any other location within 50 miles of that site used within 150 miles of the farm;~~

~~(2) notwithstanding paragraph (b), operating fire trucks and emergency fire equipment an authorized emergency vehicle, as defined in section 169.01, subdivision 5, whether or not in excess of 26,000 pounds gross vehicle weight, operated by a firefighter while on duty, or a tiller operator employed by a fire department who drives the rear portion of a midmount aerial ladder truck;~~

~~(3) operating a recreational equipment vehicle as defined in section 168.011, subdivision 25, that is operated for personal use;~~

~~(4) operating all single-unit vehicles except vehicles with a gross vehicle weight of more than 26,000 pounds, vehicles designed to carry more than 15 passengers including the driver, and vehicles that carry hazardous materials; and~~

~~(5) notwithstanding paragraph (e) (d), operating a type A school bus without a school bus endorsement if:~~

~~(i) the bus has a gross vehicle weight of 10,000 pounds or less;~~

~~(ii) the bus is designed to transport 15 or fewer passengers, including the driver; and~~

~~(iii) the requirements of subdivision 2a, paragraph (b), are satisfied, as determined by the commissioner; and~~

~~The holder of a class D license may also tow~~

~~(6) towing vehicles if:~~

~~(i) the towed vehicles have a gross vehicle weight of 10,000 pounds or less; or~~

~~(ii) the towed vehicles have a gross vehicle weight of more than 10,000 pounds and the combination of vehicles has a gross vehicle weight of 26,000 pounds or less.~~

~~(e) (d) Class C; drivers' licenses are valid for:~~

~~(1) operating class D motor vehicles;~~

~~(2) with a hazardous materials endorsement, transporting hazardous materials in class D vehicles; and~~

~~(3) with a school bus endorsement, operating school buses designed to transport 15 or fewer passengers, including the driver.~~

~~(d) (e) Class B; drivers' licenses are valid for operating all vehicles in class C motor vehicles, class D motor vehicles, and all other single-unit motor vehicles including, with a passenger endorsement, buses. The holder of a class B license may tow only vehicles with a gross vehicle weight of 10,000 pounds or less.~~

~~(e) (f) Class A; drivers' licenses are valid for operating any vehicle or combination of vehicles.~~

~~Subd. 2a. [EXCEPTIONS EXCEPTION FOR CERTAIN SCHOOL BUS DRIVERS.] (a) Notwithstanding subdivision 2, (1) a hazardous materials endorsement is not required to operate a vehicle 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 (2) a class C license or hazardous materials endorsement is not required to operate a farm vehicle as defined in Code of Federal Regulations, title 49, section 390.5, having a gross vehicle weight of 26,000 pounds or less while carrying in bulk tanks a total of not more than 1,500 gallons of liquid fertilizer.~~

~~(b) Notwithstanding subdivision 2, paragraph (c), the holder of a class D driver's license, without a school bus endorsement, may operate a type A school bus described in subdivision 2, paragraph (b), under the following conditions:~~

(1) (a) The operator is an employee of the entity that owns, leases, or contracts for the school bus and is not solely hired to provide transportation services under this paragraph subdivision.

(2) (b) The operator drives the school bus only from points of origin to points of destination, not including home-to-school trips to pick up or drop off students.

(3) (c) The operator is prohibited from using the eight-light system. Violation of this clause paragraph is a misdemeanor.

(4) (d) The operator's employer has adopted and implemented a policy that provides for annual training and certification of the operator in:

(i) (1) safe operation of the type of school bus the operator will be driving;

(ii) (2) understanding student behavior, including issues relating to students with disabilities;

(iii) (3) encouraging orderly conduct of students on the bus and handling incidents of misconduct appropriately;

(iv) (4) knowing and understanding relevant laws, rules of the road, and local school bus safety policies;

(v) (5) handling emergency situations; and

(vi) (6) safe loading and unloading of students.

(5) (e) A background check or background investigation of the operator has been conducted that meets the requirements under section 122A.18, subdivision 8, or 123B.03 for teachers; section 144.057 or chapter 245C for day care employees; or section 171.321, subdivision 3, for all other persons operating a type A school bus under this paragraph subdivision.

(6) (f) Operators shall submit to a physical examination as required by section 171.321, subdivision 2.

(7) (g) The operator's driver's license is verified annually by the entity that owns, leases, or contracts for the school bus.

(8) (h) A person who sustains a conviction, as defined under section 609.02, of violating section 169A.25, 169A.26, 169A.27, 169A.31, 169A.51, or 169A.52, or a similar statute or ordinance of another state is precluded from operating a school bus for five years from the date of conviction.

(9) (i) A person who has ever been convicted of a disqualifying offense as defined in section 171.321~~5~~, subdivision 1, paragraph (c), may not operate a school bus under this paragraph subdivision.

(10) (j) A person who sustains a conviction, as defined under section 609.02, of a fourth moving offense in violation of chapter 169 is precluded from operating a school bus for one year from the date of the last conviction.

(11) (k) Students riding the school bus must have training required under section 123B.90, subdivision 2.

(12) (l) An operator must be trained in the proper use of child safety restraints as set forth in the National Highway Traffic Safety Administration's "Guideline for the Safe Transportation of Pre-school Age Children in School Buses."

(13) (m) Annual certification of the requirements listed in this paragraph subdivision must be maintained under separate file at the business location for each operator licensed under this paragraph subdivision and subdivision 2, paragraph (b), clause (5). The business manager, school board, governing body of a nonpublic school, or any other entity that owns, leases, or contracts for the school bus operating under this paragraph subdivision is responsible for maintaining these files for inspection.

~~(14)~~ (n) The school bus must bear a current certificate of inspection issued under section 169.451.

~~(15)~~ (o) The word "School" on the front and rear of the bus must be covered by a sign that reads "Activities" when the bus is being operated under authority of this ~~paragraph~~ subdivision.

Subd. 3. [MOTORIZED BICYCLE.] (a) ~~No~~ A motorized bicycle shall ~~shall~~ may not be operated on any public roadway by any person who does not possess a valid driver's license, unless the person has obtained a motorized bicycle operator's permit or motorized bicycle instruction permit from the commissioner of public safety. The operator's permit may be issued to any person who has attained the age of 15 years and who has passed the examination prescribed by the commissioner. The instruction permit may be issued to any person who has attained the age of 15 years and who has successfully completed an approved safety course and passed the written portion of the examination prescribed by the commissioner.

(b) This course must consist of, but is not limited to, a basic understanding of:

- (1) motorized bicycles and their limitations;
- (2) motorized bicycle laws and rules;
- (3) safe operating practices and basic operating techniques;
- (4) helmets and protective clothing;
- (5) motorized bicycle traffic strategies; and
- (6) effects of alcohol and drugs on motorized bicycle operators.

(c) The commissioner may ~~promulgate~~ adopt rules prescribing the content of the safety course, examination, and the information to be contained on the permits. A person operating a motorized bicycle under a motorized bicycle permit is subject to the restrictions imposed by section 169.974, subdivision 2, on operation of a motorcycle under a two-wheel instruction permit.

(d) The fees for motorized bicycle operator's permits are as follows:

- |   |        |
|---|--------|
| (1) Examination and operator's permit,<br>valid for one year                | \$6    |
| (2) Duplicate   | \$3    |
| (3) Renewal permit before age 21<br>and valid until age 21                  | \$9    |
| (4) Renewal permit after age 21 <u>or older</u><br>and valid for four years | \$15   |
| (5) Duplicate of any renewal permit   | \$4.50 |
| (6) Written examination and<br>instruction permit, valid for<br>30 days     | \$6    |

Subd. 4. [RESTRICTED COMMERCIAL DRIVER'S LICENSE.] (a) The commissioner may issue restricted commercial drivers' licenses and take the following actions to the extent that the actions are authorized by regulation of the United States Department of Transportation entitled "Waiver for Farm-Related Service Industries" as published in the Federal Register, April 17, 1992 in Code of Federal Regulations, title 49, section 383.3, paragraph (f):

- (1) prescribe examination requirements and other qualifications for the license;
- (2) prescribe classes of vehicles that may be operated by holders of the license;
- (3) specify commercial motor vehicle operation that is authorized by the license, and prohibit other commercial motor vehicle operation by holders of the license; and

(4) prescribe the period of time during which the license is valid.

(b) Restricted commercial drivers' licenses are subject to sections 171.165 and 171.166 in the same manner as other commercial drivers' licenses.

(c) Actions of the commissioner under this subdivision are not subject to sections 14.05 to 14.47 of the Administrative Procedure Act.

Subd. 5. [EXEMPTION FOR CERTAIN BACKUP SNOWPLOW DRIVERS.] Pursuant to the waiver authorization set forth in Public Law 104-59, section 345, subsection (a), paragraph (5), a person who operates a commercial motor vehicle for the purpose of removing snow or ice from a roadway by plowing, salting, or sanding is not required to hold a commercial driver's license if the person:

(1) is an employee of a local unit of government with a population of 3,000 or less;

(2) is operating within the boundaries of the local unit of government;

(3) holds a valid class D driver's license; and

(4) except in the event of a lawful strike, is temporarily replacing the employee who normally operates the vehicle but either is unable to operate the vehicle or is in need of additional assistance due to a snow emergency as determined by the local unit of government.

Sec. 67. Minnesota Statutes 2004, section 171.03, is amended to read:

171.03 [PERSONS EXEMPT.]

The following persons are exempt from license hereunder:

~~(a) A person in the employ or service of the United States federal government is exempt while driving or operating a motor vehicle owned by or leased to the United States federal government, except that only a noncivilian operator of a commercial motor vehicle owned or leased by the United States Department of Defense or the Minnesota National Guard is exempt from the requirement to possess a valid commercial motor vehicle driver's license.~~

(b) A person in the employ or service of the United States federal government is exempt from the requirement to possess a valid class A, class B, or class C commercial driver's license while driving or operating for military purposes a commercial motor vehicle owned by or leased to the United States federal government if the person is:

(1) on active duty in the U. S. Coast Guard;

(2) on active duty in a branch of the U. S. Armed Forces, which includes the Army, Air Force, Navy, and Marine Corps;

(3) a member of a reserve component of the U. S. Armed Forces; or

(4) on active duty in the Army National Guard or Air National Guard, which includes (i) a member on full-time National Guard duty, (ii) a member undergoing part-time National Guard training, and (iii) a National Guard military technician, who is a civilian required to wear a military uniform.

The exemption provided under this paragraph does not apply to a U. S. Armed Forces Reserve technician.

~~(c) Any person while driving or operating any farm tractor, or implement of husbandry temporarily operated or moved on a highway, and is exempt. For purposes of this section, an all-terrain vehicle, as defined in section 84.92, subdivision 8, an off-highway motorcycle, as defined in section 84.787, subdivision 7, and an off-road vehicle, as defined in section 84.797, subdivision 7, are not implements of husbandry.~~

(3) (d) A nonresident who is at least 15 years of age and who has in immediate possession a valid driver's license issued to the nonresident in the home state or country may operate a motor vehicle in this state only as a driver;

(4) (e) A nonresident who has in immediate possession a valid commercial driver's license issued by a state or jurisdiction in compliance accordance with the ~~Commercial Motor Vehicle Safety Act of 1986, United States Code, title 49, sections 521, 2304, and 2701 to 2716 standards of Code of Federal Regulations, title 49, part 383,~~ and who is operating in Minnesota the class of commercial motor vehicle authorized by the issuing state; or jurisdiction is exempt.

(5) (f) Any nonresident who is at least 18 years of age, whose home state or country does not require the licensing of drivers may operate a motor vehicle as a driver, but only for a period of not more than 90 days in any calendar year, if the motor vehicle so operated is duly registered for the current calendar year in the home state or country of ~~such the~~ nonresident;

(6) (g) Any person who becomes a resident of the state of Minnesota and who has in possession a valid driver's license issued to the person under and pursuant to the laws of some other state or ~~province~~ jurisdiction or by military authorities of the United States may operate a motor vehicle as a driver, but only for a period of not more than 60 days after becoming a resident of this state, without being required to have a Minnesota driver's license as provided in this chapter;

(7) (h) Any person who becomes a resident of the state of Minnesota and who has in possession a valid commercial driver's license issued by another state or jurisdiction in compliance accordance with the ~~Commercial Motor Vehicle Safety Act of 1986, United States Code, title 49, sections 521, 2304, and 2701 to 2716 standards of Code of Federal Regulations, title 49, part 383,~~ is exempt for not more than 30 days after becoming a resident of this state; and.

(8) (i) Any person operating a snowmobile, as defined in section 84.81, is exempt.

Sec. 68. Minnesota Statutes 2004, section 171.04, subdivision 2, is amended to read:

Subd. 2. [DISQUALIFIED OPERATORS OF COMMERCIAL MOTOR VEHICLES.] During the period of disqualification, the department shall not issue a class C, class B, or class A commercial driver's license, including a limited license, to a person who has been disqualified from operating a commercial motor vehicle under section 171.165.

Sec. 69. Minnesota Statutes 2004, section 171.05, subdivision 1, is amended to read:

Subdivision 1. [PERSON 18 OR MORE YEARS OF AGE.] (a) Any person who is 18 or more years of age and who, except for a lack of instruction in operating a motor vehicle, would otherwise be qualified to obtain a class D driver's license under this chapter, may apply for an instruction permit and the department shall issue such the permit entitling. The instruction permit entitles the applicant, while having such permit in immediate possession, to drive a motor vehicle for which a class D license is valid upon the highways for a period of one year, but such person must be two years if the permit holder:

(1) has the permit in immediate possession; and

(2) is driving the vehicle while accompanied by an adult licensed driver who is actually occupying a seat beside the driver.

(b) Any license of a lower class may be used as an instruction permit ~~for to~~ operate a vehicle requiring a higher class license for a period of six months after passage of the written test or tests required for the higher class and when the licensee is accompanied by and receiving instruction from a holder of the appropriate higher class license. A copy of the record of examination taken for the higher class license must be carried by the driver while using such the lower class license as an instruction permit.

Sec. 70. Minnesota Statutes 2004, section 171.05, subdivision 2, is amended to read:

Subd. 2. [PERSON LESS THAN 18 YEARS OF AGE.] (a) Notwithstanding any provision in

subdivision 1 to the contrary, the department may issue an instruction permit to an applicant who is 15, 16, or 17 years of age and who:

(1) has completed a course of driver education in another state, has a previously issued valid license from another state, or is enrolled in either:

(i) a public, private, or commercial driver education program that is approved by the commissioner of public safety and that includes classroom and behind-the-wheel training; or

(ii) an approved behind-the-wheel driver education program when the student is receiving full-time instruction in a home school within the meaning of sections 120A.22 and 120A.24, the student is working toward a home-school diploma, the student's status as a home-school student has been certified by the superintendent of the school district in which the student resides, and the student is taking home-classroom driver training with classroom materials approved by the commissioner of public safety;

(2) has completed the classroom phase of instruction in the driver education program;

(3) has passed a test of the applicant's eyesight;

(4) has passed a department-administered test of the applicant's knowledge of traffic laws;

(5) has completed the required application, which must be approved by (i) either parent when both reside in the same household as the minor applicant or, if otherwise, then (ii) the parent or spouse of the parent having custody or, in the event there is no court order for custody, then (iii) the parent or spouse of the parent with whom the minor is living or, if items (i) to (iii) do not apply, then (iv) the guardian having custody of the minor or, in the event a person under the age of 18 has no living father, mother, or guardian, or is married or otherwise legally emancipated, then (v) the applicant's adult spouse, adult close family member, or adult employer; provided, that the approval required by this clause contains a verification of the age of the applicant and the identity of the parent, guardian, adult spouse, adult close family member, or adult employer; and

(6) has paid the fee required in section 171.06, subdivision 2.

(b) The instruction permit is valid for ~~one year~~ two years from the date of application and may be renewed upon payment of a fee equal to the fee for issuance of an instruction permit under section 171.06, subdivision 2.

Sec. 71. Minnesota Statutes 2004, section 171.05, subdivision 2b, is amended to read:

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

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

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

(d) The permit holder may not operate a vehicle while communicating over, or otherwise operating, a cellular or wireless telephone, whether handheld or hands free, when the vehicle is in motion. The permit holder may assert as an affirmative defense that the violation was made for the sole purpose of obtaining emergency assistance to prevent a crime about to be committed, or in the reasonable belief that a person's life or safety was in danger.

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

Sec. 72. Minnesota Statutes 2004, section 171.055, subdivision 2, is amended to read:

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

(b) A provisional license holder may not operate a vehicle while communicating over, or otherwise operating, a cellular or wireless telephone, whether handheld or hands free, when the vehicle is in motion. The provisional license holder may assert as an affirmative defense that the violation was made for the sole purpose of obtaining emergency assistance to prevent a crime about to be committed, or in the reasonable belief that a person's life or safety was in danger.

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

Sec. 73. Minnesota Statutes 2004, section 171.06, subdivision 2a, is amended to read:

Subd. 2a. [TWO-WHEELED VEHICLE ENDORSEMENT FEE INCREASED.] (a) The fee for any duplicate driver's license which is obtained for the purpose of adding a two-wheeled vehicle endorsement is increased by \$18.50 for each first such duplicate license and \$13 for each renewal thereof. The additional fee shall must be paid into the state treasury and credited as follows:

(1) \$11 of the additional fee for each first duplicate license, and \$7 of the additional fee for each renewal, must be credited to the motorcycle safety fund, which is hereby created; provided that any ten percent of fee receipts in excess of \$750,000 in a fiscal year shall must be credited 90 percent to the trunk highway fund and ten percent to the general fund, as provided in section 171.26.

(2) The remainder of the additional fee must be credited to the general fund.

(b) All application forms prepared by the commissioner for two-wheeled vehicle endorsements shall must clearly state the amount of the total fee that is dedicated to the motorcycle safety fund.

Sec. 74. Minnesota Statutes 2004, section 171.09, as amended by Laws 2005, chapter 136, article 18, section 11, is amended to read:

#### 171.09 [DRIVING RESTRICTIONS; AUTHORITY, VIOLATIONS.]

Subdivision 1. [AUTHORITY; VIOLATIONS.] (a) The commissioner shall have the authority, when good cause appears, to may impose restrictions suitable to the licensee's driving ability or such other restrictions applicable to the licensee as the commissioner may determine to be appropriate to assure the safe operation of a motor vehicle by the licensee. ~~The commissioner may,~~

(b) Pursuant to Code of Federal Regulations, title 49, section 383.95, if an applicant for a commercial driver's license either does not successfully complete the air brake component of the knowledge test, or does not successfully complete the skills test in a vehicle equipped with air

brakes as such tests are prescribed in Code of Federal Regulations, title 49, part 384, the department shall indicate on the class C, class B, or class A commercial driver's license, if issued, that the individual is restricted from operating a commercial motor vehicle equipped with air brakes.

(c) Upon receiving satisfactory evidence of any violation of the restrictions of on the license, the commissioner may suspend or revoke the license. A license suspension under this section is subject to section 171.18, subdivisions 2 and 3.

(b) (d) A person who drives, operates, or is in physical control of a motor vehicle while in violation of the restrictions imposed in a restricted driver's license issued to that person under paragraph (a) this section is guilty of a crime as follows:

(1) if the restriction relates to the possession or consumption of alcohol or controlled substances, the person is guilty of a gross misdemeanor; or

(2) if the restriction relates to another matter, the person is guilty of a misdemeanor.

Subd. 2. [NO-ALCOHOL RESTRICTION.] (a) Upon proper application by a person having a valid driver's license containing the restriction that the person must consume no alcohol and whose driving record contains no impaired driving incident within the past ten years, the commissioner must issue to the person a duplicate driver's license that does not show that restriction. Such issuance of a duplicate license does not rescind the no-alcohol restriction on the recipient's driving record. "Impaired driving incident" has the meaning given in section 169A.03, subdivision 22.

(b) Upon the issuance of a duplicate license to a person under paragraph (a), the no-alcohol restriction on the person's driving record is classified as private data on individuals, as defined in section 13.02, subdivision 12, but may be provided to requesting law enforcement agencies, probation and parole agencies, and courts.

Sec. 75. Minnesota Statutes 2004, section 171.12, subdivision 3, is amended to read:

Subd. 3. [APPLICATION AND RECORD, WHEN DESTROYED.] The department may cause applications for drivers' licenses, provisional licenses, and instruction permits, and related records, to be destroyed immediately after the period for which issued, except that:

(1) the driver's record pertaining to revocations, suspensions, cancellations, disqualifications, convictions, and accidents ~~shall be~~ is cumulative and must be kept for a period of at least five years;

(2) the driver's record pertaining to violations of a driver or vehicle out-of-service order must be kept for a period of at least ten years; and

(3) the driver's record pertaining to felony convictions in the commission of which a motor vehicle was used, to the alcohol-related offenses and licensing actions listed in section 169A.03, subdivisions 20 and 21, and to violations of ~~sections~~ section 169.09, to violations of section 169A.31, and to violations of section 171.24, subdivision 5, shall must be cumulative and kept for a period of at least 15 years, ~~except as provided in clause (3); and~~

~~(3) the driver's record pertaining to an offense, or a related licensing action, under section 169A.20, subdivision 1, clause (1) or (5), must be purged after ten years of any reference to the offense or action if (i) this offense or action involved an alcohol concentration of 0.08 or more but less than 0.10, (ii) this offense or action was a first impaired driving incident, and (iii) the driver has incurred no other impaired driving incident during the ten-year period. For purposes of this clause, "impaired driving incident" includes any incident that may be counted as a prior impaired driving conviction or a prior impaired driving-related loss of license, as defined in section 169A.03, subdivisions 20 and 21. This clause does not apply to the driver's record of a person to whom a commercial driver's license has been issued retained permanently.~~

Sec. 76. Minnesota Statutes 2004, section 171.12, subdivision 6, is amended to read:

Subd. 6. ~~[CERTAIN CONVICTIONS NOT RECORDED.]~~ (a) Except as provided in paragraph (b), the department shall not keep on the record of a driver any conviction for a violation of section 169.14, subdivision 2, paragraph (a), clause (3), a speed limit of 55 or 60 miles per hour unless the violation consisted of a speed greater than ten miles per hour in excess of the lawful speed a 55 miles per hour speed limit, or more than five miles per hour in excess of a 60 miles per hour speed limit.

(b) This subdivision does not apply to (1) a violation that occurs in a commercial motor vehicle, or (2) a violation committed by a holder of a class A, B, or C commercial driver's license, without regard to whether the violation was committed in a commercial motor vehicle or another vehicle.

Sec. 77. Minnesota Statutes 2004, section 171.13, subdivision 2, is amended to read:

Subd. 2. ~~[EXAMINATION UPON RENEWAL.]~~ (a) The department shall issue a driver's license upon renewal:

(1) when the applicant has passed an examination consisting of a screening of the applicant's eyesight since the last previous license renewal or issuance; and

(2) if applicable, when an applicant has passed a written examination since the last previous license renewal or issuance and after receiving a warning letter or attending a preliminary hearing as a habitual violator, within the meaning of rules adopted by the commissioner; and

(3) if applicable, when an applicant has passed a road examination since the last previous license renewal or issuance and after having had driving privileges suspended as a habitual violator, within the meaning of rules adopted by the commissioner.

(b) A screening of eyesight required by this subdivision does not constitute the practice of optometry as defined in section 148.56.

(c) The commissioner may adopt rules to administer this subdivision.

**[EFFECTIVE DATE.]** This section is effective August 1, 2006.

Sec. 78. [171.162] [COMMERCIAL DRIVER'S LICENSE, RECORDS CHECK.]

As required by Code of Federal Regulations, title 49, section 383.73, before issuing a class A, class B, or class C commercial driver's license, the department shall request the applicant's complete driving record from all states where the applicant was previously licensed over the last ten years to operate any type of motor vehicle.

Sec. 79. Minnesota Statutes 2004, section 171.165, subdivision 1, is amended to read:

Subdivision 1. ~~[FIRST VIOLATION FEDERAL STANDARDS.]~~ Subject to section 171.166, the commissioner shall disqualify a person from operating commercial motor vehicles for one year upon receiving a record of the first conviction of the person for committing a violation of any of the following offenses while operating a commercial motor vehicle:

(1) section 169A.20 or 169A.31;

(2) section 169.09, subdivision 1 or 2;

(3) a felony, other than a felony described in subdivision 3, paragraph (a), clause (2), item (ii);

(4) driving with a revoked, suspended, canceled, denied, or disqualified commercial driver's license;

(5) causing a fatality through the negligent or criminal operation of a commercial motor vehicle; or

(6) an offense committed in another state that would be grounds for disqualification under this subdivision or subdivision 2 if committed in Minnesota in accordance with the driver

disqualifications and penalties in Code of Federal Regulations, title 49, part 383, subpart D and Code of Federal Regulations, title 49, section 384.219.

Sec. 80. Minnesota Statutes 2004, section 171.165, subdivision 2, is amended to read:

Subd. 2. [IMPLIED CONSENT REVOCATION.] The commissioner shall disqualify a person from operating commercial motor vehicles for ~~one year from the effective date of a revocation under section 169A.52 or a statute or ordinance from another state or jurisdiction in conformity with it, if the person was driving, operating, or in physical control of a commercial motor vehicle at the time of the incident on which the revocation is based~~ in accordance with the driver disqualifications and penalties in Code of Federal Regulations, title 49, part 383, subpart D.

Sec. 81. Minnesota Statutes 2004, section 171.165, subdivision 6, is amended to read:

Subd. 6. [EXEMPTIONS.] (a) A disqualification shall not be imposed under this section on a recreational ~~equipment vehicle~~ operator, farmer, or firefighter authorized emergency vehicle operator operating a commercial motor vehicle within the scope of section 171.02, subdivision 2, paragraph (b).

(b) A conviction for a violation that occurred before August 1, 2005, while operating a vehicle that is not a commercial motor vehicle shall not be counted as a first or subsequent violation for purposes of determining the period for which a driver must be disqualified under this section.

Sec. 82. [171.167] [NOTICE TO COMMERCIAL DRIVER'S LICENSE INFORMATION SYSTEM.]

The department shall participate fully in the commercial driver's license information system established under the Commercial Motor Vehicle Safety Act of 1986 at United States Code, title 49, section 31309.

Sec. 83. Minnesota Statutes 2004, section 171.17, subdivision 1, is amended to read:

Subdivision 1. [OFFENSES.] (a) The department shall immediately revoke the license of a driver upon receiving a record of the driver's conviction of:

(1) manslaughter resulting from the operation of a motor vehicle or criminal vehicular homicide or injury under section 609.21;

(2) a violation of section 169A.20 or 609.487;

(3) a felony in the commission of which a motor vehicle was used;

(4) failure to stop and disclose identity and render aid, as required under section 169.09, in the event of a motor vehicle accident, resulting in the death or personal injury of another;

(5) perjury or the making of a false affidavit or statement to the department under any law relating to the ownership or operation of a motor vehicle;

(6) except as this section otherwise provides, three charges of violating within a period of 12 months any of the provisions of chapter 169 or of the rules or municipal ordinances enacted in conformance with chapter 169, for which the accused may be punished upon conviction by imprisonment;

(7) two or more violations, within five years, of the misdemeanor offense described in section 169.444, subdivision 2, paragraph (a);

(8) the gross misdemeanor offense described in section 169.444, subdivision 2, paragraph (b);  
or

(9) an offense in another state that, if committed in this state, would be grounds for revoking the driver's license; or

(10) a violation of an applicable speed limit by a person driving in excess of 100 miles per hour. The person's license must be revoked for six months for a violation of this clause, or for a longer minimum period of time applicable under section 169A.53, 169A.54, or 171.174.

(b) The department shall immediately revoke the school bus endorsement of a driver upon receiving a record of the driver's conviction of the misdemeanor offense described in section 169.443, subdivision 7.

Sec. 84. Minnesota Statutes 2004, section 171.18, subdivision 1, is amended to read:

Subdivision 1. [OFFENSES.] The commissioner may suspend the license of a driver without preliminary hearing upon a showing by department records or other sufficient evidence that the licensee:

(1) has committed an offense for which mandatory revocation of license is required upon conviction;

(2) has been convicted by a court for violating a provision of chapter 169 or an ordinance regulating traffic, other than a conviction for a petty misdemeanor, and department records show that the violation contributed in causing an accident resulting in the death or personal injury of another, or serious property damage;

(3) is an habitually reckless or negligent driver of a motor vehicle;

(4) is an habitual violator of the traffic laws;

(5) is incompetent to drive a motor vehicle as determined in a judicial proceeding;

(6) has permitted an unlawful or fraudulent use of the license;

(7) has committed an offense in another state that, if committed in this state, would be grounds for suspension;

(8) has committed a violation of section 169.444, subdivision 2, paragraph (a), within five years of a prior conviction under that section;

(9) has committed a violation of section 171.22, except that the commissioner may not suspend a person's driver's license based solely on the fact that the person possessed a fictitious or fraudulently altered Minnesota identification card;

(10) has failed to appear in court as provided in section 169.92, subdivision 4;

(11) has failed to report a medical condition that, if reported, would have resulted in cancellation of driving privileges; or

(12) has been found to have committed an offense under section 169A.33; or

(13) has paid or attempted to pay a fee required under this chapter for a license or permit by means of a dishonored check issued to the state or a driver's license agent, which must be continued until the registrar determines or is informed by the agent that the dishonored check has been paid in full.

However, an action taken by the commissioner under clause (2) or (5) must conform to the recommendation of the court when made in connection with the prosecution of the licensee.

Sec. 85. Minnesota Statutes 2004, section 171.30, subdivision 1, is amended to read:

Subdivision 1. [CONDITIONS OF ISSUANCE.] (a) In any case where a person's license has been suspended under section 171.18, 171.173, or 171.186, or revoked under section 169.792, 169.797, 169A.52, 169A.54, 171.17, or 171.172, the commissioner may issue a limited license to the driver including under the following conditions:

(1) if the driver's livelihood or attendance at a chemical dependency treatment or counseling program depends upon the use of the driver's license;

(2) if the use of a driver's license by a homemaker is necessary to prevent the substantial disruption of the education, medical, or nutritional needs of the family of the homemaker; or

(3) if attendance at a postsecondary institution of education by an enrolled student of that institution depends upon the use of the driver's license.

(b) The commissioner in issuing a limited license may impose such conditions and limitations as in the commissioner's judgment are necessary to the interests of the public safety and welfare including reexamination as to the driver's qualifications. The license may be limited to the operation of particular vehicles, to particular classes and times of operation, and to particular conditions of traffic. The commissioner may require that an applicant for a limited license affirmatively demonstrate that use of public transportation or carpooling as an alternative to a limited license would be a significant hardship.

(c) For purposes of this subdivision, "homemaker" refers to the person primarily performing the domestic tasks in a household of residents consisting of at least the person and the person's dependent child or other dependents.

(d) The limited license issued by the commissioner shall clearly indicate the limitations imposed and the driver operating under the limited license shall have the license in possession at all times when operating as a driver.

(e) In determining whether to issue a limited license, the commissioner shall consider the number and the seriousness of prior convictions and the entire driving record of the driver and shall consider the number of miles driven by the driver annually.

(f) If the person's driver's license or permit to drive has been revoked under section 169.792 or 169.797, the commissioner may only issue a limited license to the person after the person has presented an insurance identification card, policy, or written statement indicating that the driver or owner has insurance coverage satisfactory to the commissioner of public safety. The commissioner of public safety may require the insurance identification card provided to satisfy this subdivision be certified by the insurance company to be noncancelable for a period not to exceed 12 months.

(g) The limited license issued by the commissioner to a person under section 171.186, subdivision 4, must expire 90 days after the date it is issued. The commissioner must not issue a limited license to a person who previously has been issued a limited license under section 171.186, subdivision 4.

(h) The commissioner shall not issue a limited driver's license to any person described in section 171.04, subdivision 1, clause (6), (7), (8), (10), (11), or (14).

(i) The commissioner shall not issue a class A, class B, or class C limited license.

Sec. 86. Minnesota Statutes 2004, section 174.50, is amended by adding a subdivision to read:

Subd. 6b. [BRIDGE ENGINEERING AND DESIGN COSTS IN SMALLER CITIES.] Until June 30, 2007, the commissioner may make grants from the state transportation fund to a home rule or statutory city with a population of 5,000 or less and a net tax capacity of under \$200,000 for design and preliminary engineering of bridges on city streets. Grants under this subdivision are subject to the procedures and criteria established under subdivisions 5 and 6, and may be used for 100 percent of the design and preliminary engineering costs. Total grants under this subdivision to all cities may not exceed \$200,000.

Sec. 87. Minnesota Statutes 2004, section 174.86, subdivision 5, is amended to read:

Subd. 5. [COMMUTER RAIL CORRIDOR COORDINATING COMMITTEE.] (a) A Commuter Rail Corridor Coordinating Committee shall be established to advise the commissioner on issues relating to the alternatives analysis, environmental review, advanced corridor planning, preliminary engineering, final design, implementation method, construction of commuter rail, public involvement, land use, service, and safety. The Commuter Rail Corridor Coordinating Committee shall consist of:

(1) one member representing each significant funding partner in whose jurisdiction the line or lines are located;

(2) one member appointed by each county in which the corridors are located;

(3) one member appointed by each city in which advanced corridor plans indicate that a station may be located;

(4) two members appointed by the commissioner, one of whom shall be designated by the commissioner as the chair of the committee;

(5) one member appointed by each metropolitan planning organization through which the commuter rail line may pass; and

(6) one member appointed by the president of the University of Minnesota, if a designated corridor provides direct service to the university.

(b) A joint powers board existing on April 1, 1999, consisting of local governments along a commuter rail corridor, shall perform the functions set forth in paragraph (a) in place of the committee.

(c) Notwithstanding section 15.059, subdivision 5, the committee does not expire.

**[EFFECTIVE DATE.]** This section is effective retroactively from June 30, 2003. All actions taken in reliance on Minnesota Statutes, section 15.059 or 174.86, are ratified by the enactment of this section.

Sec. 88. Minnesota Statutes 2004, section 179A.03, subdivision 7, as amended by Laws 2005, chapter 125, article 2, section 1, is amended to read:

Subd. 7. [ESSENTIAL EMPLOYEE.] "Essential employee" means firefighters, peace officers subject to licensure under sections 626.84 to 626.863, 911 system and police and fire department public safety dispatchers, guards at correctional facilities, confidential employees, supervisory employees, assistant county attorneys, assistant city attorneys, principals, and assistant principals. However, for state employees, "essential employee" means all employees in law enforcement, public safety radio communications operators, health care professionals, correctional guards, professional engineering, and supervisory collective bargaining units, irrespective of severance, and no other employees. For University of Minnesota employees, "essential employee" means all employees in law enforcement, nursing professional and supervisory units, irrespective of severance, and no other employees. "Firefighters" means salaried employees of a fire department whose duties include, directly or indirectly, controlling, extinguishing, preventing, detecting, or investigating fires. Employees for whom the state court administrator is the negotiating employer are not essential employees. For Hennepin Healthcare System, Inc. employees, "essential employees" means all employees.

Sec. 89. Minnesota Statutes 2004, section 179A.10, subdivision 2, is amended to read:

Subd. 2. [STATE EMPLOYEES.] Unclassified employees, unless otherwise excluded, are included within the units which include the classifications to which they are assigned for purposes of compensation. Supervisory employees shall only be assigned to units 12 and 16. The following are the appropriate units of executive branch state employees:

(1) law enforcement unit;

(2) craft, maintenance, and labor unit;

(3) service unit;

(4) health care nonprofessional unit;

(5) health care professional unit;

- (6) clerical and office unit;
- (7) technical unit;
- (8) correctional guards unit;
- (9) state university instructional unit;
- (10) state college instructional unit;
- (11) state university administrative unit;
- (12) professional engineering unit;
- (13) health treatment unit;
- (14) general professional unit;
- (15) professional state residential instructional unit; ~~and~~
- (16) supervisory employees unit; and
- (17) public safety radio communications operator unit.

Each unit consists of the classifications or positions assigned to it in the schedule of state employee job classification and positions maintained by the commissioner. The commissioner may only make changes in the schedule in existence on the day prior to August 1, 1984, as required by law or as provided in subdivision 4.

**[EFFECTIVE DATE.]** This section is effective July 1, 2005.

Sec. 90. Minnesota Statutes 2004, section 192.502, subdivision 2, is amended to read:

Subd. 2. ~~[RENEWAL OF PROFESSIONAL LICENSES OR CERTIFICATIONS LICENSE, DRIVER'S LICENSE AND MOTOR VEHICLE REGISTRATION.]~~ The renewal of a license or certificate of registration for a ~~member of the Minnesota National Guard or other military reserves~~ person who has been ordered to active military service and who is required by law to be licensed or registered in order to carry on or practice a health or other trade, employment, occupation, or profession in the state is governed under sections 326.55 and 326.56.

(b) The renewal of a driver's license for a person who has been ordered to active military service is governed under section 171.27.

(c) The renewal and payment of the motor vehicle registration tax for a vehicle of a person who has been ordered to active military service is governed under section 168.031.

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

Sec. 91. Minnesota Statutes 2004, section 197.65, is amended to read:

197.65 ~~[RENEWAL OF PROFESSIONAL LICENSES OR CERTIFICATIONS LICENSE, MOTOR VEHICLE REGISTRATION AND DRIVER'S LICENSE.]~~

(a) The renewal of a license or certificate of registration for a person who is serving in or has recently been separated or discharged from active military service and who is required by law to be licensed or registered in order to carry on or practice a health or other trade, employment, occupation, or profession in the state is governed under sections 326.55 and 326.56.

(b) The renewal of a driver's license for a person who is serving in or has recently been separated or discharged from active military service is governed under section 171.27.

(c) The renewal and payment of the motor vehicle registration tax for a vehicle of a person who is serving in or has recently been separated or discharged from active military service is governed under section 168.031.

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

Sec. 92. [219.1651] [GRADE CROSSING SAFETY ACCOUNT.]

A Minnesota grade crossing safety account is created in the special revenue fund, consisting of money credited to the account by law. Money in the account is appropriated to the commissioner of transportation for rail-highway grade crossing safety projects on public streets and highways, including engineering costs. Money in the fund at the end of each fiscal year cancels to the trunk highway fund.

Sec. 93. Minnesota Statutes 2004, section 219.166, is amended to read:

219.166 [ESTABLISHMENT OF QUIET ZONES.]

A county, statutory or home rule charter city, or town may by ordinance establish a defined apply to the Federal Railroad Administration for the establishment of a "quiet zone" in which the sounding of horns, whistles, or other audible warnings by locomotives is regulated or prohibited. A quiet zone established under this section must consist of at least one-half mile of railroad right-of-way. All quiet zones, regulations, and ordinances adopted under this section must conform to federal law and the regulations of the Federal Railroad Administration under United States Code, title 49, section 20153.

Sec. 94. Minnesota Statutes 2004, section 219.567, is amended to read:

219.567 [FAILURE TO RING BELL.]

An engineer driving a locomotive on a railway who fails (1) to ring the bell or sound the whistle on the locomotive, or have it rung or sounded, at least 80 rods from a place where the railway crosses a traveled road or street on the same level, except in cities, or (2) to continue ringing the bell or sounding the whistle at intervals until the locomotive and attached train have completely crossed the road or street, in accordance with Federal Railroad Administration regulations under United States Code, title 49, section 20153, is guilty of a misdemeanor.

Sec. 95. Minnesota Statutes 2004, section 299D.03, subdivision 5, is amended to read:

Subd. 5. [TRAFFIC FINES AND FORFEITED BAIL MONEY.] (a) All fines and forfeited bail money, from traffic and motor vehicle law violations, collected from persons apprehended or arrested by officers of the State Patrol, shall be paid by the person or officer collecting the fines, forfeited bail money, or installments thereof, on or before the tenth day after the last day of the month in which these moneys were collected, to the county treasurer of the county where the violation occurred. Three-eighths of these receipts shall be credited to the general revenue fund of the county, except that in a county in a judicial district under section 480.181, subdivision 1, paragraph (b), this three-eighths share must be transmitted to the commissioner of finance for deposit in the state treasury and credited to the general fund. The other five-eighths of these receipts shall be transmitted by that officer to the commissioner of finance and must be credited as follows: (1) the first \$600,000 in each fiscal year must be credited to the railroad highway safety account in the special revenue fund, and (2) remaining receipts must be credited to the trunk highway fund. If, however, the violation occurs within a municipality and the city attorney prosecutes the offense, and a plea of not guilty is entered, one-third of the receipts shall be credited to the general revenue fund of the county, one-third of the receipts shall be paid to the municipality prosecuting the offense, and one-third shall be transmitted to the commissioner of finance as provided in this subdivision. All costs of participation in a nationwide police communication system chargeable to the state of Minnesota shall be paid from appropriations for that purpose.

(b) Notwithstanding any other provisions of law, all fines and forfeited bail money from violations of statutes governing the maximum weight of motor vehicles, collected from persons apprehended or arrested by employees of the state of Minnesota, by means of stationary or portable scales operated by these employees, shall be paid by the person or officer collecting the fines or forfeited bail money, on or before the tenth day after the last day of the month in which the collections were made, to the county treasurer of the county where the violation occurred.

Five-eighths of these receipts shall be transmitted by that officer to the commissioner of finance and shall be credited to the highway user tax distribution fund. Three-eighths of these receipts shall be credited to the general revenue fund of the county, except that in a county in a judicial district under section 480.181, subdivision 1, paragraph (b), this three-eighths share must be transmitted to the commissioner of finance for deposit in the state treasury and credited to the general fund.

Sec. 96. Minnesota Statutes 2004, section 360.013, subdivision 39, is amended to read:

Subd. 39. [AIRPORT.] "Airport" means any area of land or water, except a restricted landing area, which is designed for the landing and takeoff of aircraft, whether or not facilities are provided for the shelter, surfacing, or repair of aircraft, or for receiving or discharging passengers or cargo, and all appurtenant areas used or suitable for airport buildings or other airport facilities, including facilities described in section 116R.02, subdivision 6, and all appurtenant rights-of-way, whether heretofore or hereafter established. The operation and maintenance of airports is an essential public service.

Sec. 97. Minnesota Statutes 2004, section 360.017, subdivision 1, is amended to read:

Subdivision 1. [CREATION; AUTHORIZED DISBURSEMENTS.] (a) There is hereby created a fund to be known as the state airports fund. The fund shall consist of all money appropriated to it, or directed to be paid into it, by the legislature.

(b) The state airports fund shall be paid out on authorization of the commissioner and shall be used:

(1) to acquire, construct, improve, maintain, and operate airports and other air navigation facilities;

(2) to assist municipalities in the acquisition, construction, improvement, and maintenance of airports and other air navigation facilities;

(3) to assist municipalities to initiate, enhance, and market scheduled air service at their airports;

(4) to promote interest and safety in aeronautics through education and information; and

(5) to pay the salaries and expenses of the Department of Transportation related to aeronautic planning, administration, and operation. All allotments of money from the state airports fund for salaries and expenses shall be approved by the commissioner of finance.

A city, county, or town that adopts a comprehensive plan that the commissioner finds is incompatible with the state aviation plan is not eligible for assistance from the state airports fund.

Sec. 98. Minnesota Statutes 2004, section 360.065, is amended by adding a subdivision to read:

Subd. 3. [DISCLOSURE OF AIRPORT ZONING REGULATIONS.] Before accepting consideration or signing an agreement to sell or transfer real property that is located in safety zone A, B, or C, excluding safety zones associated with an airport owned or operated by the Metropolitan Airports Commission, under zoning regulations adopted by the governing body, the seller or transferor, whether executing the agreement in the seller or transferor's own right, or as executor, administrator, assignee, trustee, or otherwise by authority of law, must disclose in writing to the buyer or transferee the existence of airport zoning regulations that affect the real property.

Sec. 99. Minnesota Statutes 2004, section 515B.1-107, as amended by Laws 2005, chapter 121, section 4, is amended to read:

515B.1-107 [EMINENT DOMAIN.]

(a) If a unit is acquired by eminent domain, or if part of a unit is acquired by eminent domain leaving the unit owner with a remnant which may not practically or lawfully be used for any

material purpose permitted by the declaration, the award shall compensate the unit owner and secured party in the unit as their interests may appear, whether or not any common element interest is acquired. Upon acquisition, unless the order or final certificate otherwise provides, that unit's allocated interests are automatically reallocated among the remaining units in proportion to their respective allocated interests prior to the taking, and the association shall promptly prepare, execute, and record an amendment to the declaration reflecting the allocations. Any remnant of a unit remaining after part of a unit is taken under this subsection is thereafter a common element.

(b) Except as provided in subsection (a), if part of a unit is acquired by eminent domain, the award shall compensate the unit owner and secured party for the reduction in value of the unit and its interest in the common elements, whether or not any common elements are acquired. Upon acquisition, unless the order or final certificate otherwise provides, (i) that unit's allocated interests are reduced in proportion to the reduction in the size of the unit, or on any other basis specified in the declaration and (ii) the portion of the allocated interests divested from the partially acquired unit are automatically reallocated to that unit and to the remaining units in proportion to the respective allocated interests of those units before the taking, with the partially acquired unit participating in the reallocation on the basis of its reduced allocated interests.

(c) If part of the common elements is acquired by eminent domain, the association shall accept service of process on behalf of all unit owners and the portion of the award attributable to the common elements taken shall be paid to the association. In an eminent domain proceeding which seeks to acquire a part of the common elements, jurisdiction may be acquired by service of process upon the association. Unless the declaration provides otherwise, any portion of the award attributable to the acquisition of a limited common element shall be equally divided among the owners of the units to which that limited common element was allocated at the time of acquisition and their secured parties, as their interests may appear or as provided by the declaration.

(d) In any eminent domain proceeding the units shall be treated as separate parcels of real estate for valuation purposes, regardless of the number of units subject to the proceeding.

(e) Any distribution to a unit owner from the proceeds of an eminent domain award shall be subject to any limitations imposed by the declaration or bylaws.

(f) The court order or final certificate containing the final awards shall be recorded in every county in which any portion of the common interest community is located.

#### Sec. 100. [TOWN ROAD SIGN REPLACEMENT PROGRAM.]

Subdivision 1. [SCOPE OF PROGRAM.] The commissioner of transportation shall develop and implement a town road sign replacement program to:

- (1) inventory all county and town road signs;
- (2) evaluate town road signs for compliance with applicable sign standards;
- (3) remove and replace town road signs as the commissioner deems necessary; and
- (4) establish an ongoing sign maintenance program.

Subd. 2. [SIGN STANDARDS.] Standards for sign removal, replacement, and installation must conform to applicable federal, state, and local safety standards, including retroreflectivity standards and other provisions of the Manual on Uniform Traffic Control Devices adopted by the commissioner.

Subd. 3. [LOCAL GOVERNMENT PARTICIPATION.] The commissioner may establish conditions for local government participation in the town road sign replacement program, including, but not limited to, involvement of county engineers, and establishment and maintenance by the local government of a database of county and town road signs.

Subd. 4. [USE OF APPROPRIATIONS.] The commissioner may utilize the proceeds of state appropriations for the town road sign replacement program to match federal funds. The

commissioner may establish a pilot program in consultation with the Minnesota Association of Townships.

**[EFFECTIVE DATE.]** This section takes effect on the effective date of a state or federal appropriation for the town road sign replacement program.

Sec. 101. [DEVELOPMENT AUTHORIZED.]

Dakota County Regional Railroad Authority may exercise the powers conferred by Minnesota Statutes, section 398A.04, to plan, establish, acquire, develop, construct, purchase, enlarge, extend, improve, maintain, equip, operate, regulate, and protect a bus rapid transit system located within the Cedar Avenue transit corridor within Dakota County.

**[EFFECTIVE DATE.]** Pursuant to Minnesota Statutes, section 645.023, subdivision 1, paragraph (a), this section is effective without local approval the day following final enactment.

Sec. 102. [SUSPENSION OF PROGRAM TO VERIFY INSURANCE COVERAGE THROUGH SAMPLING.]

The commissioner of public safety shall take no action under Minnesota Statutes, section 169.796, subdivision 3, and shall discontinue all activities related to the program to verify insurance coverage through sampling, except as provided in sections 100 to 116.

Sec. 103. [REINSTATEMENT OF SUSPENDED LICENSES.]

The commissioner, without requiring proof of insurance or payment of a reinstatement fee, shall reinstate the driver's license of every vehicle owner whose license is suspended under Minnesota Statutes, section 169.796, subdivision 3, retroactive to the date of the suspension. The commissioner shall promptly refund any such reinstatement fees previously paid.

Sec. 104. [DISMISSAL OF CHARGES.]

All charges, complaints, and citations issued for a violation of Minnesota Statutes, section 169.796, subdivision 3, or a related violation, including driving after a license suspension imposed for failure to comply with the provisions of Minnesota Statutes, section 169.796, subdivision 3, are void and must be dismissed.

Sec. 105. [REMOVAL OF PREVIOUS VIOLATIONS.]

The commissioner shall purge from a person's driving record any notation of a violation of Minnesota Statutes, section 169.796, subdivision 3, and any notation of a related suspension or violation, including driving after a license suspension imposed for failure to comply with the provisions of Minnesota Statutes, section 169.796, subdivision 3. An insurer may not increase a premium for a policy of vehicle insurance on the basis of a violation described in this section by a named insured if the violation occurred before the effective date of this section, and any such increase previously imposed must be rescinded and any related premium increase promptly refunded.

Sec. 106. [REMEDATION FOR CONVICTIONS.]

A court in which a conviction for an offense referred to in section 101 occurred, must vacate the conviction, on its own motion, without cost to the person convicted, and must immediately notify the commissioner of public safety. The commissioner must then notify the person convicted that the conviction has been vacated and that the person's driving record has been purged of a violation of Minnesota Statutes, section 169.796, subdivision 3, or any other related suspension or violation, including driving after license suspension, for failure to comply with that subdivision.

Sec. 107. [REMEDATION BY INSURERS.]

(a) Insurers that issue or renew motor vehicle insurance in this state shall, within 60 days after the effective date of this section, inform the commissioner of commerce as to whether it has canceled, failed to renew, denied an application for coverage, or imposed a surcharge on any

motor vehicle insurance due to a suspension or conviction as a result of the law referenced in section 99, provide a list of any such persons, and indicate for each person the remediation the insurer intends to provide.

(b) Remediation under paragraph (a) must compensate the victim by providing refunds and reinstatements of coverage.

(c) Insurers shall provide the remediation without requiring that the person make a request for remediation.

(d) The commissioner of commerce shall enforce this section under its general enforcement powers under Minnesota Statutes, chapter 45.

Sec. 108. [REPORT.]

The commissioner of public safety shall report to the chairs of the house of representatives and senate committees with jurisdiction over transportation policy and finance by September 1, 2007, concerning the operation of the vehicle insurance verification program, and the impact of the program on the identification and number of uninsured motorists.

Sec. 109. [PUBLIC SAFETY FUNDING.]

The commissioner of public safety shall use unspent funds appropriated for purposes of administering Minnesota Statutes, section 169.796, subdivision 3, to carry out the provisions of sections 100 and 102. Funds remaining at the conclusion of fiscal year 2005 may be carried over to fiscal year 2006 until expended, to complete the required provisions of sections 100 and 102.

Sec. 110. [ROUSSAIN CEMETERY; DESIGNATION.]

On agreement of the Fond du Lac Band of Lake Superior Chippewa and the city of Duluth, the city shall name and dedicate the cemetery that is on land leased to the band by the city as "Roussain Cemetery." After consulting with the Fond du Lac Band, the city shall adopt a suitable marking design to memorialize the cemetery and erect the appropriate signs or memorials on assurance of the availability of noncity funds sufficient to pay all costs related to designing, erecting, and preserving the signs or memorials.

[EFFECTIVE DATE.] This section is effective the day after the governing body of Duluth and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 111. [WETLAND REPLACEMENT REQUIREMENT EXEMPTION.]

Notwithstanding any law to the contrary, due to the construction of a trail in or near the city of Cologne on type I and type III wetlands in the area between the improved portion of marked State Highway 284 and Benton Lake, wetland replacement is eligible for replacement under Minnesota Statutes, section 103G.222, subdivision 1, paragraph (1).

Sec. 112. [MAXIMUM TRAIN SPEED IN CITY OF ORR.]

In order to eliminate or reduce local safety hazards, a railway corporation may not permit a train to be operated at a speed in excess of 30 miles per hour while any portion of the engine or train is within the limits of the city of Orr in St. Louis County.

[EFFECTIVE DATE; LOCAL APPROVAL.] This section is effective the day after the governing body of the city of Orr and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 113. [ETHANOL MANDATE.]

Notwithstanding any other provision of law, if the minimum percentage of denatured alcohol that must be contained in gasoline sold or offered for sale in Minnesota under Minnesota Statutes, section 239.731, is more than ten percent, that percentage reverts to ten percent 90 days after the

effective date of any federal law relating to (1) the federal excise tax rate on gasoline-ethanol blends, or (2) the deposit of revenues from the federal excise tax on gasoline-ethanol blends, that in the determination of the commissioner of transportation will result in a loss of federal transportation funds to Minnesota that is directly attributable to requiring a minimum of more than ten percent denatured ethanol in gasoline sold or offered for sale in Minnesota.

Sec. 114. [ADDITIONAL DEPUTY REGISTRAR OF MOTOR VEHICLES FOR HENNEPIN COUNTY.]

Notwithstanding Minnesota Statutes, section 168.33, and rules adopted by the commissioner of public safety, limiting sites for the office of deputy registrar based on either the distance to an existing deputy registrar office or the annual volume of transactions processed by any deputy registrar within Hennepin County before or after the proposed appointment, the commissioner of public safety shall appoint a new deputy registrar of motor vehicles and driver's license agent for Hennepin County to operate a new full-service office of deputy registrar, with full authority to function as a registration and motor vehicle tax collection and driver's license bureau, at the Midtown Exchange Building in the city of Minneapolis. All other provisions regarding the appointment and operation of a deputy registrar of motor vehicles and driver's license agent under Minnesota Statutes, sections 168.33 and 171.061, and Minnesota Rules, chapter 7406, apply to the office.

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

Sec. 115. [DEPUTY REGISTRAR AND DRIVER'S LICENSE AGENT APPOINTMENT.]

Notwithstanding any restriction in law or rule concerning proximity of deputy motor vehicle registrar offices or predicted number of annual applications processed, the commissioner of public safety shall appoint the auditor of Carver County as a deputy motor vehicle registrar and driver's license agent in the city of Chanhassen. All provisions of Minnesota Statutes, sections 168.33 and 171.061, not inconsistent with this section, apply to the appointments under this section.

Sec. 116. [TRANSITION.]

Subdivision 1. [ASSIGNMENT OF JOB CLASSIFICATION TO UNIT.] The commissioner of the bureau of mediation services shall assign the job classifications and positions of employees working as public safety radio communications operators to state employee bargaining unit 17.

Subd. 2. [TERMS AND CONDITIONS OF EMPLOYMENT.] The terms and conditions of the collective bargaining agreement, memoranda of understanding, or other salary and benefit provisions covering public safety radio communications operators immediately before the effective date of this section remain in effect until a successor agreement between the commissioner of employee relations and the exclusive representative of bargaining unit 17 becomes effective, subject to Minnesota Statutes, section 179A.20, subdivision 6.

Subd. 3. [EXCLUSIVE REPRESENTATIVE.] The employee organization that is the exclusive representative of employees assigned to bargaining unit 17 on the day before the effective date of this section must be certified by the commissioner of the Bureau of Mediation Services as the exclusive representative of newly created bargaining unit 17, subject to future changes as provided in Minnesota Statutes, section 179A.12. For employees assigned to bargaining unit 17, the exclusive representative retains all rights and obligations under the contract governing these employees immediately before the effective date of this section, so long as that contract continues to apply to those employees.

**[EFFECTIVE DATE.]** This section is effective July 1, 2005.

Sec. 117. [RULE CHANGE; INSTRUCTION TO REVISOR.]

The revisor of statutes shall change Minnesota Rules, part 8820.3300, subpart 2, to require that comments be directed to the commissioner of transportation in conformity with the same period

allowed for written objections to be received by the commissioner under this act's amendments to Minnesota Statutes 2004, sections 162.02, subdivision 3a, and 162.09, subdivision 3a. The rule change is effective the same day as the effective date of this act's amendments to Minnesota Statutes 2004, sections 162.02, subdivision 3a, and 162.09, subdivision 3a.

Sec. 118. [REPEALER.]

(a) Minnesota Statutes 2004, sections 168.011, subdivision 19; and 168.15, subdivision 2, are repealed.

(b) Minnesota Statutes 2004, section 171.165, subdivisions 3, 4, 4a, and 4b, are repealed.

(c) Minnesota Statutes 2004, section 473.408, subdivision 1, is repealed.

(d) Minnesota Statutes 2004, sections 168.831; 168.832; 168.833; 168.834; 168.835; 168.836; and 168.837, are repealed.

(e) Minnesota Rules, part 7503.2400, is repealed.

(f) Minnesota Rules, parts 7800.0600; 7800.3200, subpart 1; 7805.0700; 8850.6900, subpart 20; and 8855.0500, subpart 1, are repealed.

Sec. 119. [EFFECTIVE DATE; EXPIRATION.]

Sections 99 to 106 are effective the day following final enactment and expire on June 10, 2006."

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Neuville moved to amend S.F. No. 65 as follows:

Page 66, after line 10, insert:

"ARTICLE 8  
COURT JURISDICTION

Section 1. [COURT JURISDICTION TO APPROPRIATE IS VOIDED.]

Subdivision 1. [INTENT.] The legislature intends that this act be enacted into law to avoid a constitutional confrontation between the legislative department of government and the other two departments of government under article III of the Minnesota Constitution, and to allow the legislature to fulfill its constitutional obligation under article XI, section 1, of the Minnesota Constitution to see that no money is paid out of the state treasury except pursuant to appropriation by law. This section is further intended to nullify and void the order of the Ramsey County District Court (file #C9-05-5928) issued on June 23, 2005, and any action of the special magistrate conducted pursuant to said order.

Subd. 2. [COURT JURISDICTION.] The courts of this state have no jurisdiction to order a variance to any of the provisions of this act or the appropriations made pursuant thereto."

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 30 and nays 33, as follows:

Those who voted in the affirmative were:

Bachmann	Gaither	Kleis	Michel	Rest
Belanger	Gerlach	Koering	Neuville	Robling
Day	Hann	Larson	Nienow	Rosen
Dille	Jungbauer	LeClair	Olson	Ruud
Fischbach	Kierlin	Limmer	Ortman	Senjem
Frederickson	Kiscaden	McGinn	Reiter	Wergin

Those who voted in the negative were:

Anderson	Foley	Lourey	Ranum	Sparks
Bakk	Higgins	Marko	Sams	Stumpf
Berglin	Hottinger	Marty	Saxhaug	Tomassoni
Betzold	Johnson, D.E.	Metzen	Scheid	Vickerman
Chaudhary	Kelley	Moua	Skoe	Wiger
Cohen	Kubly	Murphy	Skoglund	
Dibble	Langseth	Pogemiller	Solon	

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

Senator Nienow moved to amend S.F. No. 65 as follows:

Page 66, after line 10, insert:

"ARTICLE 8  
PAYMENT PROHIBITION

Section 1. [3.0985] [NO COMPENSATION DURING GOVERNMENT SHUTDOWN.]

Notwithstanding any law to the contrary, members of the legislature may not receive salary, per diem living expenses, mileage, or any other expenses during a government shutdown. For purposes of this section, "government shutdown" means a period after June 30 of an odd-numbered year in which the legislature has not passed and presented to the governor one or more of the bills designated as major appropriation or revenue bills by law, or by rules of both the house of representatives and the senate.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment."

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 25 and nays 34, as follows:

Those who voted in the affirmative were:

Bachmann	Gerlach	Koering	Michel	Robling
Day	Hann	Larson	Neuville	Rosen
Dille	Jungbauer	LeClair	Nienow	Senjem
Fischbach	Kierlin	Limmer	Olson	Sparks
Gaither	Kleis	McGinn	Reiter	Wergin

Those who voted in the negative were:

Anderson	Foley	Kubly	Murphy	Skoglund
Bakk	Frederickson	Langseth	Pogemiller	Solon
Berglin	Higgins	Lourey	Ranum	Stumpf
Betzold	Hottinger	Marko	Rest	Tomassoni
Chaudhary	Johnson, D.E.	Marty	Saxhaug	Vickerman
Cohen	Kelley	Metzen	Scheid	Wiger
Dibble	Kiscaden	Moua	Skoe	

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

Senator Murphy moved to amend the Murphy amendment to S.F. No. 65, adopted by the Senate June 30, 2005, as follows:

Page 12, after line 22, insert:

"Sec. 7. [LAPSE.]

Any portion of an appropriation in this article that remains unexpended and unencumbered on June 30, 2006, lapses to the fund from which it was appropriated."

Re-number the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Cohen moved to amend S.F. No. 65 as follows:

Page 4, after line 23, insert:

"Sec. 3. [EFFECTIVE DATE.]

This article is effective on or retroactively from July 1, 2005."

Page 17, after line 5, insert:

"Sec. 6. [EFFECTIVE DATE.]

This article is effective on or retroactively from July 1, 2005."

Page 62, line 23, after "effective" insert "on or retroactively from"

The motion prevailed. So the amendment was adopted.

Senator Scheid moved to amend the Scheid amendment to S.F. No. 65, adopted by the Senate June 30, 2005, as follows:

Page 1, line 11, delete "the day following final enactment" and insert "on or retroactively from July 1, 2005"

The motion prevailed. So the amendment was adopted.

S.F. No. 65 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 36 and nays 27, as follows:

Those who voted in the affirmative were:

Anderson	Foley	Lourey	Rest	Stumpf
Bakk	Higgins	Marko	Sams	Tomassoni
Berglin	Hottinger	Marty	Saxhaug	Vickerman
Betzold	Johnson, D.E.	Metzen	Scheid	Wiger
Chaudhary	Kelley	Moua	Skoe	
Cohen	Kiscaden	Murphy	Skoglund	
Dibble	Kubly	Pogemiller	Solon	
Dille	Langseth	Ranum	Sparks	

Those who voted in the negative were:

Bachmann	Gerlach	Larson	Nienow	Ruud
Belanger	Hann	LeClair	Olson	Senjem
Day	Jungbauer	Limmer	Ortman	Wergin
Fischbach	Kierlin	McGinn	Reiter	
Frederickson	Kleis	Michel	Robling	
Gaither	Koering	Neuville	Rosen	

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

### MOTIONS AND RESOLUTIONS - CONTINUED

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

### INTRODUCTION AND FIRST READING OF SENATE BILLS

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

#### **Senator Berglin introduced--**

**S.F. No. 93:** A bill for an act relating to state government; modifying state paid insurance benefits for certain executive branch public officials; amending Minnesota Statutes 2004, section 43A.24, subdivision 1.

Referred to the Committee on Rules and Administration.

#### **Senators Nienow, Jungbauer, Hann and McGinn introduced--**

**S.F. No. 94:** A bill for an act relating to the legislature; prohibiting payment of compensation to legislators during a period of government shutdown; proposing coding for new law in Minnesota Statutes, chapter 3.

Referred to the Committee on Rules and Administration.

### RECESS

Senator Johnson, D.E. moved that the Senate do now recess subject to the call of the President. The motion prevailed.

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

### MEMBERS EXCUSED

Senators Ourada, Pappas and Pariseau were excused from the Session of today. Senator Bachmann was excused from the Session of today from 11:15 to 11:45 a.m. Senator Johnson, D.J. was excused from the Session of today at 5:00 p.m. Senator Bakk was excused from the Session of today from 6:10 to 6:30 p.m.

**ADJOURNMENT**

Senator Johnson, D.E. moved that the Senate do now adjourn until 9:00 a.m., Friday, July 1, 2005. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate



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