

STATE OF MINNESOTA

Journal of the Senate

EIGHTY-FIFTH LEGISLATURE

THIRTY-SIXTH DAY

St. Paul, Minnesota, Saturday, March 24, 2007

The Senate met at 1:00 p.m. and was called to order by the President.

CALL OF THE SENATE

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

Prayer was offered by Senator Gary W. Kubly.

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

Anderson	Fischbach	Latz	Ortman	Sieben
Bakk	Foley	Limmer	Pappas	Skoe
Berglin	Frederickson	Lourey	Pariseau	Skogen
Betzold	Gimse	Lynch	Pogemiller	Sparks
Bonoff	Hann	Marty	Prettner Solon	Stumpf
Carlson	Ingebrigtsen	Metzen	Rest	Tomassoni
Chaudhary	Johnson	Michel	Robling	Torres Ray
Clark	Jungbauer	Moua	Rummel	Vandever
Cohen	Koch	Murphy	Saltzman	Vickerman
Day	Koering	Neuville	Saxhaug	Wergin
Dille	Kubly	Olseen	Scheid	Wiger
Doll	Langseth	Olson, G.	Senjem	
Erickson Ropes	Larson	Olson, M.	Sheran	

The President declared a quorum present.

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

EXECUTIVE AND OFFICIAL COMMUNICATIONS

The following communication was received.

March 21, 2007

The Honorable James P. Metzen
President of the Senate

Dear President Metzen:

Please be advised that I have received, approved, signed and deposited in the Office of the

Secretary of State, S.F. No. 736.

Sincerely,
Tim Pawlenty, Governor

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 274, 270, 1542 and 2205.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Transmitted March 24, 2007

FIRST READING OF HOUSE BILLS

The following bills were read the first time.

H.F. No. 274: A bill for an act relating to the Rural Finance Authority; providing for sale of bonds; appropriating money.

Senator Pogemiller moved that H.F. No. 274 be laid on the table. The motion prevailed.

H.F. No. 270: A bill for an act relating to habitual truants; removing a provision relating to termination of jurisdiction; amending Minnesota Statutes 2006, section 260C.193, subdivision 6.

Referred to the Committee on Judiciary.

H.F. No. 1542: A bill for an act relating to public safety; specifying amount of methamphetamine precursor drugs that consumers may purchase; amending Minnesota Statutes 2006, section 152.02, subdivision 6.

Referred to the Committee on Health, Housing and Family Security.

H.F. No. 2205: A bill for an act relating to crimes; providing for applicability of certain old sex offender provisions for crimes committed before enactment of new sex offender law; amending Minnesota Statutes 2006, section 609.3455, by adding a subdivision.

Referred to the Committee on Judiciary.

REPORTS OF COMMITTEES

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

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

S.F. No. 1525: A bill for an act relating to public safety; increasing fines relating to pipeline

violations; amending Minnesota Statutes 2006, sections 299F.60, subdivision 1; 299J.16, subdivision 1.

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

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

S.F. No. 1221: A bill for an act relating to human services; changing child welfare provisions; extending a disability pilot project two years; amending Minnesota Statutes 2006, sections 256.01, subdivision 2; 256B.69, subdivision 23; 259.24, subdivision 3; 259.53, subdivision 1; 259.57, subdivision 1; 259.67, subdivisions 4, 7; 259.75, subdivision 8; 260.012; 260.755, subdivisions 12, 20; 260.761, subdivision 7; 260.765, subdivision 5; 260.771, subdivisions 1, 2; 260B.157, subdivision 1; 260C.152, subdivision 5; 260C.163, subdivision 1; 260C.201, subdivision 11; 260C.212, subdivisions 1, 4; 260C.317, subdivision 3; 260C.331, subdivision 1; 626.556, subdivisions 2, 3, 10, 10a, 10c, 10f, by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapter 260; repealing Laws 1997, chapter 8, section 1; Minnesota Rules, part 9560.0102, subpart 2, item C.

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

Page 33, after line 22, insert:

"Sec. 20. Minnesota Statutes 2006, section 260C.212, subdivision 9, is amended to read:

Subd. 9. **Review of certain child placements.** (a) When a developmentally disabled child or emotionally disturbed child needs placement in a residential facility for the sole reason of accessing services or a level of skilled care that cannot be provided in the parent's home, the child must be placed pursuant to a voluntary placement agreement between the responsible social services agency and the child's parent. The voluntary placement agreement must give the responsible social services agency legal responsibility for the child's physical care, custody, and control, but must not transfer legal custody of the child to the agency. The voluntary placement agreement must be executed in a form developed and promulgated by the commissioner of human services. The responsible social services agency shall report to the commissioner the number of children who are the subject of a voluntary placement agreement under this subdivision and other information regarding these children as the commissioner may require.

(b) If a developmentally disabled child or a child diagnosed as emotionally disturbed has been placed in a residential facility pursuant to a voluntary release by the child's parent or parents because of the child's disabling conditions or need for long-term residential treatment or supervision, the social services agency responsible for the placement shall report to the court and bring a petition for review of the child's foster care status as required in section 260C.141, subdivision 2a.

~~(b)~~ (c) If a child is in placement due solely to the child's developmental disability or emotional disturbance, and the court finds compelling reasons not to proceed under section 260C.201, subdivision 11, and custody of the child is not transferred to the responsible social services agency under section 260C.201, subdivision 1, paragraph (a), clause (2), and no petition is required by section 260C.201, subdivision 11.

~~(e)~~ (d) Whenever a petition for review is brought pursuant to this subdivision, a guardian ad

litem shall be appointed for the child."

Renumber the sections in sequence

Amend the title numbers accordingly

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

SECOND READING OF SENATE BILLS

S.F. Nos. 1525 and 1221 were read the second time.

MOTIONS AND RESOLUTIONS

Senator Langseth moved that the name of Senator Moua be added as a co-author to S.F. No. 1657. The motion prevailed.

Senator Torres Ray moved that the name of Senator Marty be added as a co-author to S.F. No. 1956. The motion prevailed.

Senator Marty moved that the name of Senator Torres Ray be added as a co-author to S.F. No. 2055. The motion prevailed.

Senator Marty moved that the name of Senator Torres Ray be added as a co-author to S.F. No. 2056. The motion prevailed.

Senator Marty moved that the name of Senator Torres Ray be added as a co-author to S.F. No. 2093. The motion prevailed.

Senator Skogen moved that the name of Senator Gimse be added as a co-author to S.F. No. 2107. The motion prevailed.

Senator Pogemiller moved that H.F. No. 274 be taken from the table. The motion prevailed.

H.F. No. 274: A bill for an act relating to the Rural Finance Authority; providing for sale of bonds; appropriating money.

SUSPENSION OF RULES

Senator Pogemiller moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to H.F. No. 274 and that the rules of the Senate be so far suspended as to give H.F. No. 274 its second and third reading and place it on its final passage. The motion prevailed.

H.F. No. 274 was read the second time.

Senator Vickerman moved to amend H.F. No. 274 as follows:

Delete everything after the enacting clause, and delete the title, of H.F. No. 274, and insert the language after the enacting clause, and the title, of S.F. No. 227, the first engrossment.

The motion prevailed. So the amendment was adopted.

H.F. No. 274 was read the third time, as amended, and placed on its final passage.

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

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

Those who voted in the affirmative were:

Anderson	Fischbach	Latz	Ortman	Sieben
Bakk	Foley	Limmer	Pappas	Skoe
Berglin	Frederickson	Lourey	Pariseau	Skogen
Betzold	Gimse	Lynch	Pogemiller	Sparks
Bonoff	Hann	Marty	Prettner Solon	Stumpf
Carlson	Ingebrigtsen	Metzen	Rest	Tomassoni
Chaudhary	Johnson	Michel	Robling	Torres Ray
Clark	Jungbauer	Moua	Rummel	Vandever
Cohen	Koch	Murphy	Saltzman	Vickerman
Day	Koering	Neuville	Saxhaug	Wergin
Dille	Kubly	Olseen	Scheid	Wiger
Doll	Langseth	Olson, G.	Senjem	
Erickson Ropes	Larson	Olson, M.	Sheran	

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 General Orders.

GENERAL ORDERS

The Senate resolved itself into a Committee of the Whole, with Senator Frederickson in the chair.

After some time spent therein, the committee arose, and Senator Frederickson reported that the committee had considered the following:

S.F. No. 167 and H.F. No. 736, which the committee recommends to pass.

On motion of Senator Pogemiller, the report of the Committee of the Whole, as kept by the Secretary, was adopted.

RECESS

Senator Pogemiller 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.

MOTIONS AND RESOLUTIONS - CONTINUED

Remaining on the Order of Business of Motions and Resolutions, Senator Pogemiller moved that the Senate proceed to the Order of Business of Introduction and First Reading of Senate Bills. The motion prevailed.

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bills were read the first time.

Senator Wergin introduced—

S.F. No. 2129: A bill for an act relating to sales and use tax; providing sales tax exemptions for construction of certain publicly owned facilities in the city of Princeton; amending Minnesota Statutes 2006, section 297A.71, by adding subdivisions.

Referred to the Committee on Taxes.

Senator Kubly introduced—

S.F. No. 2130: A bill for an act relating to environment; authorizing a study to assess the air emissions of biomass gasification facilities; appropriating money.

Referred to the Committee on Environment and Natural Resources.

Senator Kubly introduced—

S.F. No. 2131: A bill for an act relating to environment; appropriating money to characterize emissions from biomass gasification facilities.

Referred to the Committee on Finance.

Senator Michel introduced—

S.F. No. 2132: A bill for an act relating to elections; providing term limits for state legislators; proposing an amendment to the Minnesota Constitution, article IV, section 6.

Referred to the Committee on State and Local Government Operations and Oversight.

Senator Torres Ray introduced—

S.F. No. 2133: A bill for an act relating to landlord and tenant; requiring expungement of court eviction records after one year; amending Minnesota Statutes 2006, section 504B.241, subdivision 4.

Referred to the Committee on Health, Housing and Family Security.

Senator Vandever introduced–

S.F. No. 2134: A bill for an act relating to state government; establishing procedures and restrictions relating to hiring outside attorneys; amending Minnesota Statutes 2006, section 8.065.

Referred to the Committee on State and Local Government Operations and Oversight.

Senator Sieben introduced–

S.F. No. 2135: A bill for an act relating to capital improvements; appropriating money for a highway 10/61 corridor vista enhancement project; authorizing sale of general obligation bonds.

Referred to the Committee on Finance.

Senator Senjem introduced–

S.F. No. 2136: A bill for an act relating to natural resources; appropriating money for design and engineering for restoration of Lake Zumbro; authorizing the sale and issuance of state bonds.

Referred to the Committee on Finance.

Senators Wiger; Bonoff; Rummel; Olson, G. and Hann introduced–

S.F. No. 2137: A bill for an act relating to education; directing the commissioner of education to report to the legislature on Department of Education efforts to obtain waivers from and changes in the No Child Left Behind Act, and on evaluating school performance data.

Referred to the Committee on Education.

Senator Koering introduced–

S.F. No. 2138: A bill for an act relating to capital improvements; appropriating money for a wastewater treatment facility in the city of Garrison; authorizing the sale and issuance of state bonds.

Referred to the Committee on Finance.

Senator Vandever introduced–

S.F. No. 2139: A bill for an act relating to education; prohibiting the high school league from limiting athletic participation of charter school students on the basis of the student's charter school enrollment; amending Minnesota Statutes 2006, section 128C.02, by adding a subdivision.

Referred to the Committee on Education.

Senators Tomassoni and Pappas introduced–

S.F. No. 2140: A bill for an act relating to higher education; establishing grants for construction management education; adding a surcharge to permit fees; establishing an account; requiring a report; appropriating money; amending Minnesota Statutes 2006, section 16B.70, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 16B.

Referred to the Committee on Business, Industry and Jobs.

Senator Day introduced–

S.F. No. 2141: A bill for an act relating to the state of Minnesota; creating a State Amusement Ride; proposing coding for new law in Minnesota Statutes, chapter 1.

Referred to the Committee on Business, Industry and Jobs.

Senator Rest introduced–

S.F. No. 2142: A bill for an act relating to statutory cities; providing mechanisms for discharge of city charter commission; amending Minnesota Statutes 2006, section 410.05, subdivision 5.

Referred to the Committee on State and Local Government Operations and Oversight.

Senator Marty introduced–

S.F. No. 2143: A bill for an act relating to transportation; establishing a county state-aid highways grant program for metropolitan cities; amending Minnesota Statutes 2006, section 162.08, by adding a subdivision.

Referred to the Committee on Finance.

Senators Kubly, Frederickson, Chaudhary, Marty and Anderson introduced–

S.F. No. 2144: A bill for an act relating to public health; requiring a report of radiation emissions in Monticello.

Referred to the Committee on Energy, Utilities, Technology and Communications.

Senator Sheran introduced–

S.F. No. 2145: A bill for an act relating to health; classifying certain data as private; requiring informed consent for birth defects information; making available a visit by a public health nurse; amending Minnesota Statutes 2006, sections 13.3806, by adding a subdivision; 144.2215, subdivision 1.

Referred to the Committee on Health, Housing and Family Security.

Senator Pogemiller introduced–

S.F. No. 2146: A bill for an act relating to constitutional amendments; proposing an amendment to the Minnesota Constitution, article XI; increasing the sales tax rate by three-eighths of one percent and dedicating the receipts for natural resource and cultural heritage purposes; creating a natural heritage fund; creating a parks and trails fund; creating a clean water fund; creating a sustainable drinking water fund; creating an arts and cultural heritage fund; establishing the Natural Heritage Enhancement Council; providing for appointments; amending Minnesota Statutes 2006, sections 114D.20, subdivision 6; 114D.30, subdivision 6; 114D.45; 297A.62, subdivision 1;

297A.94; 297B.02, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 85; 97A; 103H; 129D.

Referred to the Committee on Rules and Administration.

MOTIONS AND RESOLUTIONS - CONTINUED

Pursuant to Rule 26, Senator Pogemiller, Chair of the Committee on Rules and Administration, designated S.F. No. 1997 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 1997: A bill for an act relating to government operations; appropriating money for the general legislative and administrative expenses of state government; raising fees; regulating state and local government operations; modifying provisions related to public employment; providing for automatic voter registration; abolishing the Department of Employee Relations; amending Minnesota Statutes 2006, sections 4.035, subdivision 3; 5.12, subdivision 1; 15.06, subdivisions 2, 8; 15B.17, subdivision 1; 16A.1286, subdivision 2; 16B.03; 16C.08, subdivision 2; 43A.02, by adding a subdivision; 43A.03, subdivision 3; 43A.08, subdivisions 1, 2a; 43A.24, subdivision 1; 43A.346, subdivision 1; 45.013; 84.01, subdivision 3; 116.03, subdivision 1; 116J.01, subdivision 5; 116J.035, subdivision 4; 174.02, subdivision 2; 201.12; 201.13, subdivision 3; 201.161; 241.01, subdivision 2; 270B.14, by adding a subdivision; 302A.821, subdivision 4; 321.0206; 336.1-110; 336.9-525; 517.08, subdivisions 1b, 1c; Laws 2005, First Special Session chapter 1, article 4, section 121; proposing coding for new law in Minnesota Statutes, chapter 5; repealing Minnesota Statutes 2006, sections 43A.03, subdivision 4; 43A.08, subdivision 1b; Laws 2006, chapter 253, section 22.

CALL OF THE SENATE

Senator Betzold imposed a call of the Senate for the balance of the proceedings on S.F. No. 1997. The Sergeant at Arms was instructed to bring in the absent members.

Senator Betzold moved to amend S.F. No. 1997 as follows:

Page 1, line 29, delete "6,489,000" and insert "2,119,000" and delete "10,700,000" and insert "4,243,000"

Page 2, line 2, delete "4,005,000" and insert "6,849,000" and delete "7,856,000" and insert "10,700,000"

Page 4, after line 23, insert:

"\$310,000 of this appropriation must be transferred to the Help America Vote Act account and is designated as a portion of the match required by section 253(b)(5) of the Help America Vote Act."

Correct the section totals and the appropriation summary

The motion prevailed. So the amendment was adopted.

Senator Betzold moved to amend S.F. No. 1997 as follows:

Page 19, line 10, delete everything after the comma

Page 19, delete line 11 and insert "the same insurance must be made available at full cost to domestic partners of state employees without state payment for any portion of the insurance."

The motion prevailed. So the amendment was adopted.

Senator Rest moved to amend S.F. No. 1997 as follows:

Page 14, after line 10, insert:

"Sec. 4. [13.595] GRANTS.

Subdivision 1. **Definitions.** For purposes of this section, the following terms have the meanings given them.

(a) "Completion of the evaluation process" means that the granting agency has completed negotiating the grant agreement with the selected grantee.

(b) "Grant agreement" has the meaning given in section 16B.97, subdivision 1.

(c) "Grantee" means a person that applies for or receives a grant.

(d) "Granting agency" means the state government entity that provides the grant.

(e) "Opened" means the act that occurs once the deadline for submitting a response to a proposal to the granting agency has been reached.

(f) "Request for proposal" means the data outlining the responsibilities the granting agency wants the grantee to assume.

(g) "Response" means the data submitted by a grantee as required by a request for proposal.

Subd. 2. **Request for applications.** Data created by a granting agency to create a request for proposal is classified as nonpublic until the request for proposal is published. To the extent that a granting agency involves persons outside the granting agency to create the request for proposal, the data remain nonpublic in the hands of all persons who may not further disseminate any data that are created or reviewed as part of the request for proposal development. At publication, the data in the request for proposal is public.

Subd. 3. **Responses to request for proposals.** (a) Responses submitted by a grantee are private or nonpublic until the responses are opened. Once the responses are opened, the name and address of the grantee and the amount requested is public. All other data in a response is private or nonpublic data until completion of the evaluation process. After a granting agency has completed the evaluation process, all remaining data in the responses is public with the exception of trade secret data as defined and classified in section 13.37. A statement by a grantee that the response is copyrighted or otherwise protected does not prevent public access to the response.

(b) If all responses are rejected prior to completion of the evaluation process, all data, other than that made public at the opening, remain private or nonpublic until a resolicitation of proposals results in completion of the evaluation process or a determination is made to abandon the grant. If the rejection occurs after the completion of the evaluation process, the data remain public. If a resolicitation of proposals does not occur within one year of the grant opening date, the remaining data become public.

Subd. 4. **Evaluation data.** (a) Data created or maintained by a granting agency as part of the evaluation process referred to in this section are protected nonpublic data until completion of the evaluation process at which time the data are public with the exception of trade secret data as defined and classified in section 13.37.

(b) If a granting agency asks individuals outside the granting agency to assist with the evaluation of the responses, the granting agency may share not public data in the responses with those individuals. The individuals participating in the evaluation may not further disseminate the not public data they review."

Page 15, after line 17, insert:

"Sec. 10. **[16B.97] GRANTS MANAGEMENT.**

Subdivision 1. **Grant agreement.** (a) A grant agreement is a written instrument or electronic document defining a legal relationship between a granting agency and a grantee when the principal purpose of the relationship is to transfer cash or something of value to the recipient to support a public purpose authorized by law instead of acquiring by professional or technical contract, purchase, lease, or barter property or services for the direct benefit or use of the granting agency.

(b) This section does not apply to capital project grants to political subdivisions as defined by section 16A.86.

Subd. 2. **Grants governance.** The commissioner shall provide leadership and direction for policy related to grants management in Minnesota in order to foster more consistent, streamlined interaction between executive agencies, funders, and grantees that will enhance access to grant opportunities and information and lead to greater program accountability and transparency. The commissioner has the duties and powers stated in this section. An executive agency must do what the commissioner requires under this section.

Subd. 3. **Discretionary powers.** The commissioner has the authority to:

(1) review grants management practices and propose policy and procedure improvements to the governor, legislature, executive agencies, and the federal government;

(2) sponsor, support, and facilitate innovative and collaborative grants management projects with public and private organizations;

(3) review, recommend, and implement alternative strategies for grants management;

(4) collect and disseminate information, issue reports relating to grants management, and sponsor and conduct conferences and studies; and

(5) participate in conferences and other appropriate activities related to grants management issues.

Subd. 4. **Duties.** (a) The commissioner shall:

(1) create general grants management policies and procedures that are applicable to all executive agencies. The commissioner may approve exceptions to these policies and procedures for particular grant programs. Exceptions shall expire or be renewed after five years. Executive agencies shall retain management of individual grants programs;

(2) provide a central point of contact concerning statewide grants management policies and procedures;

(3) serve as a resource to executive agencies in such areas as training, evaluation, collaboration, and best practices in grants management;

(4) ensure grants management needs are considered in the development, upgrade, and use of statewide administrative systems and leverage existing technology wherever possible;

(5) oversee and approve future professional and technical service contracts and other information technology spending related to executive agency grants management activities;

(6) provide a central point of contact for comments about executive agencies violating statewide grants governance policies and about fraud and waste in grants processes;

(7) forward received comments to the appropriate agency for further action, and may follow up as necessary;

(8) provide a single listing of all available executive agency competitive grant opportunities and resulting grant recipients;

(9) selectively audit executive agency grants to ensure funds are spent as intended;

(10) selectively review development and implementation of executive agency grants, policies, and practices; and

(11) selectively review executive agency compliance with best practices.

(b) The commissioner may determine that it is cost-effective for agencies to develop and use shared grants management technology systems. This system would be governed under section 16E.01, subdivision 3, paragraph (b).

Sec. 11. [16B.98] GRANTS MANAGEMENT PROCESS.

Subdivision 1. **Limitation.** As a condition of receiving a grant from an appropriation of state funds, the recipient of the grant must agree to minimize administrative costs. The granting agency is responsible for negotiating appropriate limits to these costs so that the state derives the optimum benefit for grant funding.

Subd. 2. **Ethical practices and conflict of interest.** An employee of the executive branch involved directly or indirectly in grants processes, at any level, is subject to the code of ethics in section 43A.38.

Subd. 3. **Conflict of interest.** (a) The commissioner must develop policies regarding code of ethics and conflict of interest designed to prevent conflicts of interest for employees, committee members, or others involved in the recommendation, awarding, and administration of grants. The

policies must apply to employees who are directly or indirectly in the grants process, which may include the following:

- (1) developing request for proposals or evaluation criteria;
- (2) drafting, recommending, awarding, amending, revising, or entering into grant agreements;
- (3) evaluating or monitoring performance; or
- (4) authorizing payments.

(b) The policies must include:

(1) a process to make all parties to the grant aware of policies and laws relating to conflict of interest, and training on how to avoid and address potential conflicts; and

(2) a process under which those who have a conflict of interest or a potential conflict of interest must disclose the matter.

(c) If the employee, appointing authority, or commissioner determines that a conflict of interest exists, the matter shall be assigned to another employee who does not have a conflict of interest. If it is not possible to assign the matter to an employee who does not have a conflict of interest, interested personnel shall be notified of the conflict and the employee may proceed with the assignment.

Subd. 4. **Reporting of violations.** A state employee who discovers evidence of violation of laws or rules governing grants is encouraged to report the violation or suspected violation to the employee's supervisor, the commissioner or the commissioner's designee, or the legislative auditor. The legislative auditor shall report to the Legislative Audit Commission if there are multiple complaints about the same agency. The auditor's report to the Legislative Audit Commission under this section must disclose only the number and type of violations alleged. An employee making a good faith report under this section has the protections provided for under section 181.932, prohibiting the employer from discriminating against the employee.

Subd. 5. **Creation and validity of grant agreements.** (a) A grant agreement is not valid and the state is not bound by the grant unless:

(1) the grant has been executed by the head of the agency or a delegate who is party to the grant; and

(2) the accounting system shows an encumbrance for the amount of the grant in accordance with policy approved by the commissioner.

(b) The combined grant agreement and amendments must not exceed five years without specific, written approval by the commissioner according to established policy, procedures, and standards, or unless the commissioner determines that a longer duration is in the best interest of the state.

(c) A fully executed copy of the grant agreement with all amendments and other required records relating to the grant must be kept on file at the granting agency for a time equal to that required of grantees in subdivision 8.

(d) Grant agreements must comply with policies established by the commissioner for minimum grant agreement standards and practices.

(e) The attorney general may periodically review and evaluate a sample of state agency grants to ensure compliance with applicable laws.

Subd. 6. **Grant administration.** A granting agency shall diligently administer and monitor any grant it has entered into.

Subd. 7. **Grant payments.** Payments to the grantee may not be issued until the grant agreement is fully executed.

Subd. 8. **Audit.** (a) A grant agreement made by an executive agency must include an audit clause that provides that the books, records, documents, and accounting procedures and practices of the grantee or other party that are relevant to the grant or transaction are subject to examination by the granting agency and either the legislative auditor or the state auditor, as appropriate, for a minimum of six years from the grant agreement end date, receipt and approval of all final reports, or the required period of time to satisfy all state and program retention requirements, whichever is later. If a grant agreement does not include an express audit clause, the audit authority under this subdivision is implied.

(b) If the granting agency is a local unit of government, and the governing body of the local unit of government requests that the state auditor examine the books, records, documents, and accounting procedures and practices of the grantee or other party according to this subdivision, the granting agency shall be liable for the cost of the examination. If the granting agency is a local unit of government, and the grantee or other party requests that the state auditor examine all books, records, documents, and accounting procedures and practices related to the grant, the grantee or other party that requested the examination shall be liable for the cost of the examination.

Subd. 9. **Authority of attorney general.** The attorney general may pursue remedies available by law to avoid the obligation of an agency to pay under a grant or to recover payments made if activities under the grant are so unsatisfactory, incomplete, or inconsistent that payment would involve unjust enrichment. The contrary opinion of the granting agency does not affect the power of the attorney general under this subdivision.

Subd. 10. **Grants with Indian tribes and bands.** Notwithstanding any other law, an agency may not require an Indian tribe or band to deny its sovereignty as a requirement or condition of a grant with an agency."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Betzold moved to amend S.F. No. 1997 as follows:

Page 36, after line 20, insert:

"Sec. 39. **BALANCE CARRIED FORWARD.**

Notwithstanding Minnesota Statutes, section 16A.1522, subdivision 4, any positive unrestricted general fund budgetary balance as of June 30, 2007, is carried forward to the fiscal year ending June 30, 2008."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Koch moved to amend S.F. No. 1997 as follows:

Page 35, line 1, after "chairs" insert "and ranking minority members"

The motion prevailed. So the amendment was adopted.

Senator Limmer moved to amend S.F. No. 1997 as follows:

Page 16, delete section 10

Page 19, delete section 14

Renumber 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 22 and nays 40, as follows:

Those who voted in the affirmative were:

Day	Ingebrigtsen	Michel	Robling	Vickerman
Fischbach	Johnson	Neuville	Senjem	Wergin
Frederickson	Jungbauer	Olson, G.	Skogen	
Gimse	Koch	Ortman	Sparks	
Hann	Limmer	Pariseau	Vandever	

Those who voted in the negative were:

Anderson	Cohen	Larson	Olson, M.	Scheid
Bakk	Dille	Latz	Pappas	Sheran
Berglin	Doll	Lourey	Pogemiller	Sieben
Betzold	Erickson Ropes	Lynch	Prettner Solon	Skoe
Bonoff	Foley	Marty	Rest	Stumpf
Carlson	Koering	Metzen	Rummel	Tomassoni
Chaudhary	Kubly	Moua	Saltzman	Torres Ray
Clark	Langseth	Olseen	Saxhaug	Wiger

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

Senator Robling moved to amend S.F. No. 1997 as follows:

Page 3, after line 20, insert:

"All legislative offices should, whenever possible, implement information technology systems that are compatible and work seamlessly across the legislature. Wherever possible, single systems should be implemented to avoid unnecessary duplication and inefficiency. The directors

of information technology for the senate, house of representatives, and the Legislative Coordinating Commission must submit a written report describing their efforts to collaborate on implementing shared information technology systems. The report must be submitted to the chairs of the house of representatives and senate committees with jurisdiction over rules and to the Legislative Coordinating Commission on January 15, 2008, and January 15, 2009."

The motion prevailed. So the amendment was adopted.

Senator Robling moved to amend S.F. No. 1997 as follows:

Page 16, after line 22, insert:

"Sec. 10. [16C.147] DOCUMENT IMAGING; USE OF PERSONS WITH DEVELOPMENTAL DISABILITIES.

The commissioner shall promote the use of persons with developmental disabilities to provide document imaging services for state and local government agencies."

Reorder the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Pappas moved to amend S.F. No. 1997 as follows:

Page 27, after line 32, insert:

"Sec. 31. Minnesota Statutes 2006, section 471.61, subdivision 1a, is amended to read:

Subd. 1a. **Dependents.** Notwithstanding the provisions of Minnesota Statutes 1969, section 471.61, as amended by Laws 1971, chapter 451, section 1, the word "dependents" as used therein shall mean spouse and minor unmarried children under the age of 18 years and dependent students under the age of 25 years actually dependent upon the employee, and others as defined by governmental units at their discretion.

EFFECTIVE DATE.

This section is effective the day following final enactment."

Reorder 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 42 and nays 20, as follows:

Those who voted in the affirmative were:

Anderson	Doll	Lynch	Pogemiller	Sieben
Bakk	Erickson Ropes	Marty	Prettner Solon	Skoe
Berglin	Foley	Metzen	Rest	Stumpf
Betzold	Koering	Michel	Rummel	Tomassoni
Bonoff	Kubly	Moua	Saltzman	Torres Ray
Carlson	Langseth	Murphy	Saxhaug	Wiger
Clark	Larson	Olseen	Scheid	
Cohen	Latz	Olson, M.	Senjem	
Dille	Lourey	Pappas	Sheran	

Those who voted in the negative were:

Day	Hann	Koch	Ortman	Sparks
Fischbach	Ingebrigtsen	Limmer	Pariseau	Vandever
Frederickson	Johnson	Neuville	Robling	Vickerman
Gimse	Jungbauer	Olson, G.	Skogen	Wergin

The motion prevailed. So the amendment was adopted.

Senator Neuville moved to amend S.F. No. 1997 as follows:

Page 5, after line 14, insert:

"\$500,000 the first year is for grants to be distributed to the counties participating in the development of the integrated financial system for enhancements to the system. Enhancements include:

(1) systems to improve the tracking and reporting of state and federal grants;

(2) electronic payments to vendors;

(3) electronic posting of state payments to the financial system;

(4) automating revenue collection and posting through check conversion, automatic clearing house transactions, or credit card processing;

(5) improvements to county budgetary systems;

(6) storage or linkage of electronic documents;

(7) improved executive level reporting and extraction of data; and

(8) improved information and reporting for audits.

Before the chief information officer may distribute the grants, this appropriation must

be matched by \$1,500,000 from nonstate sources. The grant funds shall be distributed on a pro rata basis to each of the counties participating in the development of the integrated financial system. The Minnesota Counties Computer Cooperative, acting as a fiscal agent for the participating counties, shall receive the grant money for the counties. The chief information officer may require a report or other information the chief information officer deems appropriate to verify that the requirements of this section have been met. The chief information officer shall report to the legislative committees with jurisdiction over state government policy and finance and economic development programs. This appropriation is available until June 30, 2011."

Senator Betzold moved to amend the Neuville amendment to S.F. No. 1997 as follows:

Page 1, line 3, before "\$500,000" insert "Of this appropriation,"

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

The question recurred on the adoption of the Neuville amendment, as amended. The motion prevailed. So the amendment, as amended, was adopted.

S.F. No. 1997 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 42 and nays 20, as follows:

Those who voted in the affirmative were:

Anderson	Doll	Lynch	Prettner Solon	Sparks
Bakk	Erickson Ropes	Marty	Rummel	Stumpf
Berglin	Foley	Metzen	Saltzman	Tomassoni
Betzold	Koering	Moua	Saxhaug	Torres Ray
Bonoff	Kubly	Murphy	Scheid	Vickerman
Carlson	Langseth	Olseen	Sheran	Wiger
Chaudhary	Larson	Olson, M.	Sieben	
Clark	Latz	Pappas	Skoe	
Cohen	Lourey	Pogemiller	Skogen	

Those who voted in the negative were:

Day	Gimse	Jungbauer	Neuville	Robling
Dille	Hann	Koch	Olson, G.	Senjem
Fischbach	Ingebrigtsen	Limmer	Ortman	Vanderveer
Frederickson	Johnson	Michel	Pariseau	Wergin

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 reverted to the Orders of Business of Reports of Committees and Second Reading of Senate Bills.

REPORTS OF COMMITTEES

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

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

S.F. No. 310: A bill for an act relating to human services; expanding the definition of chemically dependent person; amending Minnesota Statutes 2006, sections 253B.02, subdivision 2; 626.5561, subdivisions 1, 2; repealing Minnesota Statutes 2006, section 626.5563.

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

Page 1, after line 19, insert:

"Sec. 2. Minnesota Statutes 2006, section 253B.065, subdivision 5, is amended to read:

Subd. 5. **Early intervention criteria.** (a) A court shall order early intervention treatment of a proposed patient who meets the criteria under paragraph (b) or (c). The early intervention treatment must be less intrusive than long-term inpatient commitment and must be the least restrictive treatment program available that can meet the patient's treatment needs.

(b) The court shall order early intervention treatment if the court finds all of the elements of the following factors by clear and convincing evidence:

- (1) the proposed patient is mentally ill;
- (2) the proposed patient refuses to accept appropriate mental health treatment; and
- (3) the proposed patient's mental illness is manifested by instances of grossly disturbed behavior or faulty perceptions and either:
 - (i) the grossly disturbed behavior or faulty perceptions significantly interfere with the proposed patient's ability to care for self and the proposed patient, when competent, would have chosen substantially similar treatment under the same circumstances; or
 - (ii) due to the mental illness, the proposed patient received court-ordered inpatient treatment under section 253B.09 at least two times in the previous three years; the patient is exhibiting symptoms or behavior substantially similar to those that precipitated one or more of the court-ordered treatments; and the patient is reasonably expected to physically or mentally deteriorate to the point of meeting the criteria for commitment under section 253B.09 unless treated.

For purposes of this paragraph, a proposed patient who was released under section 253B.095 and whose release was not revoked is not considered to have received court-ordered inpatient treatment

under section 253B.09.

(c) The court may order early intervention treatment if the court finds by clear and convincing evidence that a pregnant woman is a chemically dependent person. A chemically dependent person for purposes of this section is a woman who has during pregnancy engaged in excessive use, for a nonmedical purpose, of controlled substances or their derivatives, alcohol, or inhalants that will pose a substantial risk of damage to the brain or physical development of the fetus.

(d) For purposes of ~~paragraph~~ paragraphs (b) and (c), none of the following constitute a refusal to accept appropriate mental health treatment:

- (1) a willingness to take medication but a reasonable disagreement about type or dosage;
- (2) a good-faith effort to follow a reasonable alternative treatment plan, including treatment as specified in a valid advance directive under chapter 145C or section 253B.03, subdivision 6d;
- (3) an inability to obtain access to appropriate treatment because of inadequate health care coverage or an insurer's refusal or delay in providing coverage for the treatment; or
- (4) an inability to obtain access to needed mental health services because the provider will only accept patients who are under a court order or because the provider gives persons under a court order a priority over voluntary patients in obtaining treatment and services."

Renumber the sections in sequence

Amend the title numbers accordingly

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

Senator Moua from the Committee on Judiciary, to which was referred

S.F. No. 927: A bill for an act relating to crime victims; expanding the protection against employer retaliation; amending Minnesota Statutes 2006, section 611A.036, subdivisions 2, 7.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2006, section 611A.036, subdivision 2, is amended to read:

Subd. 2. **Victim's spouse or ~~next-of-kin~~ immediate family members.** An employer must allow a victim of a ~~heinous~~ violent crime, as well as the victim's spouse or ~~next-of-kin~~ immediate family members, reasonable time off from work to attend criminal proceedings related to the victim's case.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 2. Minnesota Statutes 2006, section 611A.036, subdivision 7, is amended to read:

Subd. 7. **Definition.** As used in this section, "~~heinous-crime~~" "violent crime" means a violation or attempt to violate any of the following: section 609.185 (murder in the first degree); 609.19 (murder in the second degree); 609.195 (murder in the third degree); 609.20 (manslaughter in the first degree); 609.205 (manslaughter in the second degree); 609.21 (criminal vehicular homicide and injury); 609.221 (assault in the first degree); 609.222 (assault in the second degree); 609.223

(assault in the third degree); 609.2231 (assault in the fourth degree); 609.2241 (knowing transfer of communicable disease); 609.2242 (domestic assault); 609.2245 (female genital mutilation); 609.2247 (domestic assault by strangulation); 609.228 (great bodily harm caused by distribution of drugs); 609.23 (mistreatment of persons confined); 609.231 (mistreatment of residents or patients); 609.2325 (criminal abuse); 609.233 (criminal neglect); 609.235 (use of drugs to injure or facilitate crime); 609.24 (simple robbery); 609.245 (aggravated robbery); 609.25 (kidnapping); 609.255 (false imprisonment); 609.265 (abduction); 609.2661 (murder of an unborn child in the first degree); 609.2662 (murder of an unborn child in the second degree); 609.2663 (murder of an unborn child in the third degree); 609.2664 (manslaughter of an unborn child in the first degree); 609.2665 (manslaughter of an unborn child in the second degree); 609.267 (assault of an unborn child in the first degree); 609.2671 (assault of an unborn child in the second degree); 609.2672 (assault of an unborn child in the third degree); 609.268 (injury or death of an unborn child in commission of a crime); 609.282 (labor trafficking); 609.342 (criminal sexual conduct in the first degree); 609.343 (criminal sexual conduct in the second degree); 609.344 (criminal sexual conduct in the third degree); 609.345 (criminal sexual conduct in the fourth degree); 609.3451 (criminal sexual conduct in the fifth degree); 609.3453 (criminal sexual predatory conduct); 609.352 (solicitation of children to engage in sexual conduct); 609.377 (malicious punishment of a child); 609.378 (neglect or endangerment of a child); 609.561, subdivision 1, (arson in the first degree; dwelling); 609.582, subdivision 1, paragraph (a) or (c), (burglary in the first degree; occupied dwelling or involving an assault); or 609.66, subdivision 1e, paragraph (b), (drive-by shooting; firing at or toward a person, or an occupied building or motor vehicle).

~~(1) a violation or attempted violation of section 609.185 or 609.19;~~

~~(2) a violation of section 609.195 or 609.221; or~~

~~(3) a violation of section 609.342, 609.343, or 609.344, if the offense was committed with force or violence or if the complainant was a minor at the time of the offense.~~

EFFECTIVE DATE. This section is effective July 1, 2007."

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

Senator Bakk from the Committee on Taxes, to which was re-referred

S.F. No. 2095: A bill for an act relating to education; providing for early childhood and family, kindergarten through grade 12, and adult education including general education, education excellence, special programs, facilities and technology, nutrition and accounting, libraries, early childhood education, prevention, self-sufficiency and lifelong learning, state agencies, forecast adjustments, and technical and conforming amendments; providing for reports; providing for rulemaking; appropriating money; amending Minnesota Statutes 2006, sections 16A.152, subdivision 2; 119A.52; 120A.22, subdivision 7; 120B.024; 120B.12, subdivision 2; 120B.132; 121A.17, subdivision 5; 121A.19; 122A.16; 122A.415, by adding subdivisions; 122A.61, by adding a subdivision; 122A.628, subdivision 2; 123A.44; 123A.441; 123A.442; 123A.443; 123A.73, subdivision 8; 123B.143, subdivision 1; 123B.53, subdivision 1; 123B.54; 123B.57, subdivision 3; 123B.63, subdivision 3; 123B.71, subdivision 9; 123B.749; 123B.79, subdivision 6, by adding a subdivision; 123B.81, subdivisions 2, 4, 7; 123B.83, subdivision 2; 123B.92, subdivisions 1, 3; 124D.095, subdivision 3; 124D.10, subdivisions 3, 4, 23a, 24; 124D.11, subdivision 1; 124D.111, subdivision 1; 124D.128, subdivisions 1, 2, 3; 124D.13, subdivision 2, by adding a subdivision;

124D.135, subdivisions 1, 3, 5, 6; 124D.15, subdivision 3; 124D.175; 124D.34, subdivision 7; 124D.42, by adding a subdivision; 124D.4531, subdivisions 1, 3; 124D.454, subdivisions 2, 3; 124D.531, subdivision 4; 124D.55; 124D.65, subdivisions 6, 11; 124D.84, subdivision 1; 125A.11, subdivision 1; 125A.14; 125A.39; 125A.42; 125A.44; 125A.45; 125A.56; 125A.75, subdivisions 1, 4, by adding a subdivision; 125A.76, subdivisions 1, 2, 4, 5; 125A.79, subdivisions 1, 5, 6, 8; 125B.15; 126C.01, subdivision 9; 126C.05, subdivision 1; 126C.10, subdivisions 1, 2, 13a, 13b, 18, 24, 26, 27, 29, 30, 31, 32, 33, 34, 35, 36, by adding a subdivision; 126C.13, subdivision 4, by adding subdivisions; 126C.21, subdivisions 3, 5; 126C.44; 126C.45; 126C.48, subdivision 7; 127A.441; 127A.47, subdivisions 7, 8; 127A.49, subdivisions 2, 3; 128D.11, subdivision 3; 134.31, by adding a subdivision; 134.355, subdivision 9; 270B.14, subdivision 1, by adding a subdivision; 272.02, subdivision 64; 272.029, by adding a subdivision; 275.065, subdivision 1; 517.08, subdivision 1c; Laws 2006, chapter 263, article 3, section 15; Laws 2006, chapter 282, article 2, section 28, subdivision 4; article 3, section 4, subdivision 2; Laws 2005, First Special Session chapter 5, article 1, section 54, subdivisions 2, as amended, 4, 5, as amended, 6, as amended, 7, as amended, 8, as amended; article 2, sections 81, as amended; 84, subdivisions 2, as amended, 3, as amended, 4, as amended, 6, as amended, 10, as amended; article 3, section 18, subdivisions 2, 3, as amended, 4, as amended, 5, 6; article 4, section 25, subdivisions 2, as amended, 3, as amended; article 5, section 17, subdivision 3, as amended; article 7, section 20, subdivisions 2, as amended, 3, as amended, 4, as amended; article 8, section 8, subdivisions 2, as amended, 5, as amended; article 9, section 4, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 122A; 124D; 127A; 270C; repealing Minnesota Statutes 2006, sections 123A.22, subdivision 11; 123B.81, subdivision 8; 124D.06; 124D.454, subdivisions 4, 5, 6, 7; 124D.531, subdivision 5; 124D.62; 125A.10; 125A.75, subdivision 6; 125A.76, subdivision 3; 126C.10, subdivisions 13a, 13b, 25, 28, 29, 30, 32, 33, 34, 35, 36.

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

Page 13, after line 9, insert:

"Sec. 29. Minnesota Statutes 2006, section 126C.41, subdivision 2, is amended to read:

Subd. 2. Retired employee health benefits. A district may levy an amount up to the amount the district is required by the collective bargaining agreement in effect on March 30, 1992, to pay for health insurance or unreimbursed medical expenses for licensed and nonlicensed employees who have terminated services in the employing district and withdrawn from active teaching service or other active service, as applicable, before July 1, 1992, or July 1, 1998, if a sunset clause is in effect for the current collective bargaining agreement. The total amount of the levy each year may not exceed \$600,000.

EFFECTIVE DATE. This section is effective for taxes payable 2009 to 2013."

Page 19, line 10, delete "\$75,000,000" and insert "\$78,000,000"

Page 19, after line 28, insert:

"Sec. 42. **FISCAL YEARS 2008 AND 2009 DECLINING PUPIL UNIT AID, RED LAKE.**

For fiscal years 2008 and 2009 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 \$4,974 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 times .75. Notwithstanding Minnesota Statutes, section 126C.13, the declining pupil unit aid must be included in calculating the district's general education aid."

Page 22, after line 21, insert:

"Subd. 14. **Declining pupil aid, Red Lake.** For a grant to Independent School District No. 38, Red Lake, for declining pupil aid:

\$	<u>455,000</u>	<u>.....</u>	<u>2008</u>
\$	<u>50,000</u>	<u>.....</u>	<u>2009"</u>

Page 29, delete section 6

Page 31, after line 24, insert:

"Sec. 10. Minnesota Statutes 2006, section 123B.02, is amended by adding a subdivision to read:

Subd. 24. **Membership in economic development community and civic organizations.** The board may authorize and pay for the membership of any administrator designated by the board and the school district in those local economic development associations or other community or civic organizations it deems appropriate."

Page 38, line 24, delete "\$92" and insert "\$91"

Page 39, line 18, after "(1)" insert "the greater of \$15,000 or"

Page 50, after line 26, insert:

"Subd. 28. **Libre Academy Sober School.** For a grant to the Libre Academy Sober School in Litchfield:

\$	<u>25,000</u>	<u>.....</u>	<u>2008</u>
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This grant must not be paid unless the school receives a grant of \$25,000 from Meeker County."

Page 54, line 23, strike "(a)"

Page 55, strike lines 18 to 21

Page 79, line 12, delete the new language and reinstate the stricken language

Page 79, line 13, after "and" insert "a description of how the facility will incorporate"

Page 83, line 6, after the period, insert "The school district may recognize this revenue in fiscal year 2007."

Page 83, line 8, delete "2008-2011" and insert "2008-2012"

Page 83, line 10, delete ".25" and insert ".20"

Page 84, delete section 1

Page 90, after line 2, insert:

"Sec. 7. **REPEALER.**

Minnesota Statutes 2006, section 123B.749, is repealed."

Page 94, line 17, delete "3" and insert "2"

Pages 96 to 103, delete sections 11 to 17

Page 105, delete subdivision 8

Renumber the sections in sequence

Amend the title numbers accordingly

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

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

S.F. No. 485: A bill for an act relating to health care; creating a study group to make recommendations on the creation and operation of a voluntary, statewide health plan purchasing pool; appropriating money.

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

Page 2, delete lines 3 to 5 and insert:

"(1) three members of the senate appointed by the Subcommittee on Committees of the Committee on Rules and Administration, including one member of the minority;"

Page 3, line 11, after "finance" insert ", the Health Care Access Commission,"

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

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

S.F. No. 265: A bill for an act relating to economic development; establishing the Minnesota Biomedical Sciences Research Facilities Authority and the biomedical sciences research project funding program; providing for the University of Minnesota to apply for facility program funds; authorizing sale of state bonds to fund program; requiring reports; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 116J.

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

Page 2, delete subdivision 1 and insert:

"Subdivision 1. **Membership.** (a) The Minnesota Biomedical Science Research Facilities Authority consists of:

(1) a public member appointed by the governor with the advice and consent of the senate to serve as chair;

(2) the chairs of the committees of the senate and house of representatives with jurisdiction over capital improvements;

(3) two members of the senate appointed by the Subcommittee on Committees of the Committee on Rules and Administration; and

(4) two members of the house of representatives appointed by the speaker of the house of representatives.

(b) The initial appointments must be made by September 1, 2007."

Page 3, delete section 4 and insert:

"Sec. 4. [116J.8863] RECOMMENDATIONS; IMPLEMENTATION.

The authority shall report to the legislature by January 15 of each odd-numbered year its recommendations for project grants for the coming biennium and the progress made since its last report on implementing the projects approved by the legislature in previous years."

Page 3, line 30, delete everything after the period

Page 3, delete line 31

Page 6, lines 1 and 5, delete "approve" and insert "recommend to the legislature"

Page 6, lines 2, 4, and 14, delete "authority" and insert "legislature"

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

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

S.F. No. 857: A bill for an act relating to health; extending the essential community provider designation to a mental health provider located in Hennepin County; amending Minnesota Statutes 2006, section 62Q.19, subdivision 2.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2006, section 62A.65, subdivision 3, is amended to read:

Subd. 3. **Premium rate restrictions.** No individual health plan may be offered, sold, issued, or renewed to a Minnesota resident unless the premium rate charged is determined in accordance with the following requirements:

(a) Premium rates must be no more than 25 percent above and no more than 25 percent below the index rate charged to individuals for the same or similar coverage, adjusted pro rata for rating periods of less than one year. The premium variations permitted by this paragraph must be based only upon health status, claims experience, and occupation. For purposes of this paragraph, health status includes refraining from tobacco use or other actuarially valid lifestyle factors associated with good health, provided that the lifestyle factor and its effect upon premium rates have been determined by the commissioner to be actuarially valid and have been approved by the commissioner. Variations

permitted under this paragraph must not be based upon age or applied differently at different ages. This paragraph does not prohibit use of a constant percentage adjustment for factors permitted to be used under this paragraph.

(b) Premium rates may vary based upon the ages of covered persons only as provided in this paragraph. In addition to the variation permitted under paragraph (a), each health carrier may use an additional premium variation based upon age of up to plus or minus 50 percent of the index rate.

(c) A health carrier may request approval by the commissioner to establish separate geographic regions determined by the health carrier and to establish separate index rates for each such region. The commissioner shall grant approval if the following conditions are met:

(1) the geographic regions must be applied uniformly by the health carrier;

(2) each geographic region must be composed of no fewer than seven counties that create a contiguous region; and

(3) the health carrier provides actuarial justification acceptable to the commissioner for the proposed geographic variations in index rates, establishing that the variations are based upon differences in the cost to the health carrier of providing coverage.

(d) Health carriers may use rate cells and must file with the commissioner the rate cells they use. Rate cells must be based upon the number of adults or children covered under the policy and may reflect the availability of Medicare coverage. The rates for different rate cells must not in any way reflect generalized differences in expected costs between principal insureds and their spouses.

(e) In developing its index rates and premiums for a health plan, a health carrier shall take into account only the following factors:

(1) actuarially valid differences in rating factors permitted under paragraphs (a) and (b); and

(2) actuarially valid geographic variations if approved by the commissioner as provided in paragraph (c).

(f) All premium variations must be justified in initial rate filings and upon request of the commissioner in rate revision filings. All rate variations are subject to approval by the commissioner.

(g) The loss ratio must comply with the section 62A.021 requirements for individual health plans.

(h) Notwithstanding paragraphs (a) to (g), the rates must not be approved, unless the commissioner has determined that the rates are reasonable. In determining reasonableness, the commissioner shall consider the growth rates applied under section 62J.04, subdivision 1, paragraph (b) apply the premium growth limits established under section 62J.04, subdivision 1b, to the calendar year or years that the proposed premium rate would be in effect, and shall consider actuarially valid changes in risks associated with the enrollee populations, and actuarially valid changes as a result of statutory changes in Laws 1992, chapter 549.

(i) An insurer may, as part of a minimum lifetime loss ratio guarantee filing under section 62A.02, subdivision 3a, include a rating practices guarantee as provided in this paragraph. The rating practices guarantee must be in writing and must guarantee that the policy form will be

offered, sold, issued, and renewed only with premium rates and premium rating practices that comply with subdivisions 2, 3, 4, and 5. The rating practices guarantee must be accompanied by an actuarial memorandum that demonstrates that the premium rates and premium rating system used in connection with the policy form will satisfy the guarantee. The guarantee must guarantee refunds of any excess premiums to policyholders charged premiums that exceed those permitted under subdivision 2, 3, 4, or 5. An insurer that complies with this paragraph in connection with a policy form is exempt from the requirement of prior approval by the commissioner under paragraphs (c), (f), and (h).

Sec. 2. Minnesota Statutes 2006, section 62J.04, is amended by adding a subdivision to read:

Subd. 1b. Premium growth limits. (a) For calendar year 2008 and each year thereafter, the commissioner shall set annual premium growth limits for health plan companies. The premium limits set by the commissioner for calendar years 2008 to 2013 shall not exceed the regional Consumer Price Index for urban consumers for the preceding calendar year plus two percentage points and an additional one percentage point to be used to finance the implementation of the electronic medical record system described under section 62J.495. The commissioner shall ensure that the additional percentage point is being used to provide financial assistance to health care providers to implement electronic medical record systems either directly or through an increase in reimbursement.

(b) For the calendar years beyond 2013, the rate of premium growth shall be limited to the change in the Consumer Price Index for urban consumers for the previous calendar year plus two percentage points. The commissioners of health and commerce shall make a recommendation to the legislature by January 15, 2012, regarding the continuation of the additional percentage point to the growth limit described in paragraph (a). The recommendation shall be based on the progress made by health care providers in instituting an electronic medical record system and in creating a statewide interactive electronic health record system.

(c) The commissioner may add additional percentage points as needed to the premium limit for a calendar year if a major disaster, bioterrorism, or a public health emergency occurs that results in higher health care costs. Any additional percentage points must reflect the additional cost to the health care system directly attributed to the disaster or emergency.

(d) The commissioner shall publish the annual premium growth limits in the State Register by January 31 of the year that the limits are to be in effect.

(e) For the purposes of this subdivision, premium growth is measured as the percentage change in per member, per month premium revenue from the current year to the previous year. Premium growth rates shall be calculated for the following lines of business: individual, small group, and large group. Data used for premium growth rate calculations shall be submitted as part of the cost containment filing under section 62J.38.

(f) For purposes of this subdivision, "health plan company" has the meaning given in section 62J.041.

Sec. 3. Minnesota Statutes 2006, section 62J.04, subdivision 3, is amended to read:

Subd. 3. Cost containment duties. The commissioner shall:

(1) establish statewide and regional cost containment goals for total health care spending

under this section and collect data as described in sections 62J.38 to 62J.41 to monitor statewide achievement of the cost containment goals and premium growth limits;

(2) divide the state into no fewer than four regions, with one of those regions being the Minneapolis/St. Paul metropolitan statistical area but excluding Chisago, Isanti, Wright, and Sherburne Counties, for purposes of fostering the development of regional health planning and coordination of health care delivery among regional health care systems and working to achieve the cost containment goals;

(3) monitor the quality of health care throughout the state and take action as necessary to ensure an appropriate level of quality;

(4) issue recommendations regarding uniform billing forms, uniform electronic billing procedures and data interchanges, patient identification cards, and other uniform claims and administrative procedures for health care providers and private and public sector payers. In developing the recommendations, the commissioner shall review the work of the work group on electronic data interchange (WEDI) and the American National Standards Institute (ANSI) at the national level, and the work being done at the state and local level. The commissioner may adopt rules requiring the use of the Uniform Bill 82/92 form, the National Council of Prescription Drug Providers (NCPDP) 3.2 electronic version, the Centers for Medicare and Medicaid Services 1500 form, or other standardized forms or procedures;

(5) undertake health planning responsibilities;

(6) authorize, fund, or promote research and experimentation on new technologies and health care procedures;

(7) within the limits of appropriations for these purposes, administer or contract for statewide consumer education and wellness programs that will improve the health of Minnesotans and increase individual responsibility relating to personal health and the delivery of health care services, undertake prevention programs including initiatives to improve birth outcomes, expand childhood immunization efforts, and provide start-up grants for worksite wellness programs;

(8) undertake other activities to monitor and oversee the delivery of health care services in Minnesota with the goal of improving affordability, quality, and accessibility of health care for all Minnesotans; and

(9) make the cost containment goal and premium growth limit data available to the public in a consumer-oriented manner.

Sec. 4. Minnesota Statutes 2006, section 62J.041, is amended to read:

62J.041 INTERIM HEALTH PLAN COMPANY COST CONTAINMENT GOALS HEALTH CARE EXPENDITURE LIMITS.

Subdivision 1. **Definitions.** (a) For purposes of this section, the following definitions apply.

(b) "Health plan company" has the definition provided in section 62Q.01. This definition does not include the state employee health plan offered under chapter 43A or the public employees insurance program offered under section 43A.316.

(c) "~~Total~~ Health care expenditures" means incurred claims or expenditures on health care

services, administrative expenses, charitable contributions, and all other payments made by health plan companies out of premium revenues.

~~(d)~~ "Net expenditures" means total expenditures minus exempted taxes and assessments and payments or allocations made to establish or maintain reserves.

~~(e)~~ "Exempted taxes and assessments" means direct payments for taxes to government agencies, contributions to the Minnesota Comprehensive Health Association, the medical assistance provider's surcharge under section 256.9657, the MinnesotaCare provider tax under section 295.52, assessments by the Health Coverage Reinsurance Association, assessments by the Minnesota Life and Health Insurance Guaranty Association, assessments by the Minnesota Risk Adjustment Association, and any new assessments imposed by federal or state law.

~~(f)~~ (d) "Consumer cost-sharing or subscriber liability" means enrollee coinsurance, co-payment, deductible payments, and amounts in excess of benefit plan maximums.

Subd. 2. **Establishment.** The commissioner of health shall establish ~~cost containment goals~~ health care expenditure limits for ~~the increase in net~~ calendar year 2008, and each year thereafter, for health care expenditures by each health plan company for calendar years 1994, 1995, 1996, and 1997. ~~The cost containment goals must be the same as the annual cost containment goals for health care spending established under section 62J.04, subdivision 1, paragraph (b).~~ Health plan companies that are affiliates may elect to meet one combined ~~cost containment goal~~ health care expenditure limit. The limits set by the commissioner shall not exceed the premium limits established in section 62J.04, subdivision 1b.

Subd. 3. **Determination of expenditures.** Health plan companies shall submit to the commissioner of health, by April 1, 1994, for calendar year 1993; April 1, 1995, for calendar year 1994; April 1, 1996, for calendar year 1995; April 1, 1997, for calendar year 1996; and April 1, 1998, for calendar year 1997 of each year, beginning 2008, all information the commissioner determines to be necessary to implement this section. The information must be submitted in the form specified by the commissioner. The information must include, but is not limited to, health care expenditures per member per month or cost per employee per month, and detailed information on revenues and reserves. The commissioner, to the extent possible, shall coordinate the submittal of the information required under this section with the submittal of the financial data required under chapter 62J, to minimize the administrative burden on health plan companies. The commissioner may adjust final expenditure figures for demographic changes, risk selection, changes in basic benefits, and legislative initiatives that materially change health care costs, as long as these adjustments are consistent with the methodology submitted by the health plan company to the commissioner, and approved by the commissioner as actuarially justified. ~~The methodology to be used for adjustments and the election to meet one cost containment goal for affiliated health plan companies must be submitted to the commissioner by September 1, 1994. Community integrated service networks may submit the information with their application for licensure. The commissioner shall also accept changes to methodologies already submitted. The adjustment methodology submitted and approved by the commissioner must apply to the data submitted for calendar years 1994 and 1995. The commissioner may allow changes to accepted adjustment methodologies for data submitted for calendar years 1996 and 1997. Changes to the adjustment methodology must be received by September 1, 1996, and must be approved by the commissioner.~~

Subd. 4. **Monitoring of reserves.** (a) The commissioners of health and commerce shall monitor

health plan company reserves and net worth as established under chapters 60A, 62C, 62D, 62H, and 64B, with respect to the health plan companies that each commissioner respectively regulates to assess the degree to which savings resulting from the establishment of cost containment goals are passed on to consumers in the form of lower premium rates.

(b) Health plan companies shall fully reflect in the premium rates the savings generated by the cost containment goals. No premium rate, currently reviewed by the Department of Health or Commerce, may be approved for those health plan companies unless the health plan company establishes to the satisfaction of the commissioner of commerce or the commissioner of health, as appropriate, that the proposed new rate would comply with this paragraph.

(c) Health plan companies, except those licensed under chapter 60A to sell accident and sickness insurance under chapter 62A, shall annually before the end of the fourth fiscal quarter provide to the commissioner of health or commerce, as applicable, a projection of the level of reserves the company expects to attain during each quarter of the following fiscal year. These health plan companies shall submit with required quarterly financial statements a calculation of the actual reserve level attained by the company at the end of each quarter including identification of the sources of any significant changes in the reserve level and an updated projection of the level of reserves the health plan company expects to attain by the end of the fiscal year. In cases where the health plan company has been given a certificate to operate a new health maintenance organization under chapter 62D, or been licensed as a community integrated service network under chapter 62N, or formed an affiliation with one of these organizations, the health plan company shall also submit with its quarterly financial statement, total enrollment at the beginning and end of the quarter and enrollment changes within each service area of the new organization. The reserve calculations shall be maintained by the commissioners as trade secret information, except to the extent that such information is also required to be filed by another provision of state law and is not treated as trade secret information under such other provisions.

(d) Health plan companies in paragraph (c) whose reserves are less than the required minimum or more than the required maximum at the end of the fiscal year shall submit a plan of corrective action to the commissioner of health or commerce under subdivision 7.

(e) The commissioner of commerce, in consultation with the commissioner of health, shall report to the legislature no later than January 15, 1995, as to whether the concept of a reserve corridor or other mechanism for purposes of monitoring reserves is adaptable for use with indemnity health insurers that do business in multiple states and that must comply with their domiciliary state's reserves requirements.

Subd. 5. **Notice.** The commissioner of health shall publish in the State Register and make available to the public by July 1, ~~1995~~ 2009, and each year thereafter, a list of all health plan companies that exceeded their ~~cost containment goal~~ health care expenditure limit for the ~~1994~~ previous calendar year. ~~The commissioner shall publish in the State Register and make available to the public by July 1, 1996, a list of all health plan companies that exceeded their combined cost containment goal for calendar years 1994 and 1995.~~ The commissioner shall notify each health plan company that the commissioner has determined that the health plan company exceeded its ~~cost containment goal,~~ health care expenditure limit at least 30 days before publishing the list, and shall provide each health plan company ~~with~~ ten days to provide an explanation for exceeding the ~~cost containment goal~~ health care expenditure limit. The commissioner shall review the explanation and may change a ~~determination~~ determination if the commissioner determines the explanation to be valid.

Subd. 6. **Assistance by the commissioner of commerce.** The commissioner of commerce shall provide assistance to the commissioner of health in monitoring health plan companies regulated by the commissioner of commerce.

Sec. 5. Minnesota Statutes 2006, section 62J.301, subdivision 3, is amended to read:

Subd. 3. **General duties.** The commissioner shall:

(1) collect and maintain data which enable population-based monitoring and trending of the access, utilization, quality, and cost of health care services within Minnesota;

(2) collect and maintain data for the purpose of estimating total Minnesota health care expenditures and trends;

(3) collect and maintain data for the purposes of setting cost containment goals and premium growth limits under section 62J.04, and measuring cost containment goal and premium growth limit compliance;

(4) conduct applied research using existing and new data and promote applications based on existing research;

(5) develop and implement data collection procedures to ensure a high level of cooperation from health care providers and health plan companies, as defined in section 62Q.01, subdivision 4;

(6) work closely with health plan companies and health care providers to promote improvements in health care efficiency and effectiveness; and

(7) participate as a partner or sponsor of private sector initiatives that promote publicly disseminated applied research on health care delivery, outcomes, costs, quality, and management.

Sec. 6. Minnesota Statutes 2006, section 62J.38, is amended to read:

62J.38 COST CONTAINMENT DATA FROM GROUP PURCHASERS.

(a) The commissioner shall require group purchasers to submit detailed data on total health care spending for each calendar year. Group purchasers shall submit data for the 1993 calendar year by April 1, 1994, and each April 1 thereafter shall submit data for the preceding calendar year.

(b) The commissioner shall require each group purchaser to submit data on revenue, expenses, and member months, as applicable. Revenue data must distinguish between premium revenue and revenue from other sources and must also include information on the amount of revenue in reserves and changes in reserves. Premium revenue data, information on aggregate enrollment, and data on member months must be broken down to distinguish between individual market, small group market, and large group market. Filings under this section for calendar year 2008 must also include information broken down by individual market, small group market, and large group market for calendar year 2007. Expenditure data must distinguish between costs incurred for patient care and administrative costs. Patient care and administrative costs must include only expenses incurred on behalf of health plan members and must not include the cost of providing health care services for nonmembers at facilities owned by the group purchaser or affiliate. Expenditure data must be provided separately for the following categories and for other categories required by the commissioner: physician services, dental services, other professional services, inpatient hospital services, outpatient hospital services, emergency, pharmacy services and other nondurable medical

goods, mental health, and chemical dependency services, other expenditures, subscriber liability, and administrative costs. Administrative costs must include costs for marketing; advertising; overhead; salaries and benefits of central office staff who do not provide direct patient care; underwriting; lobbying; claims processing; provider contracting and credentialing; detection and prevention of payment for fraudulent or unjustified requests for reimbursement or services; clinical quality assurance and other types of medical care quality improvement efforts; concurrent or prospective utilization review as defined in section 62M.02; costs incurred to acquire a hospital, clinic, or health care facility, or the assets thereof; capital costs incurred on behalf of a hospital or clinic; lease payments; or any other costs incurred pursuant to a partnership, joint venture, integration, or affiliation agreement with a hospital, clinic, or other health care provider. Capital costs and costs incurred must be recorded according to standard accounting principles. The reports of this data must also separately identify expenses for local, state, and federal taxes, fees, and assessments. The commissioner may require each group purchaser to submit any other data, including data in unaggregated form, for the purposes of developing spending estimates, setting spending limits, and monitoring actual spending and costs. In addition to reporting administrative costs incurred to acquire a hospital, clinic, or health care facility, or the assets thereof; or any other costs incurred pursuant to a partnership, joint venture, integration, or affiliation agreement with a hospital, clinic, or other health care provider; reports submitted under this section also must include the payments made during the calendar year for these purposes. The commissioner shall make public, by group purchaser data collected under this paragraph in accordance with section 62J.321, subdivision 5. Workers' compensation insurance plans and automobile insurance plans are exempt from complying with this paragraph as it relates to the submission of administrative costs.

(c) The commissioner may collect information on:

(1) premiums, benefit levels, managed care procedures, and other features of health plan companies;

(2) prices, provider experience, and other information for services less commonly covered by insurance or for which patients commonly face significant out-of-pocket expenses; and

(3) information on health care services not provided through health plan companies, including information on prices, costs, expenditures, and utilization.

(d) All group purchasers shall provide the required data using a uniform format and uniform definitions, as prescribed by the commissioner.

Sec. 7. Minnesota Statutes 2006, section 62L.08, subdivision 8, is amended to read:

Subd. 8. **Filing requirement.** (a) A health carrier that offers, sells, issues, or renews a health benefit plan for small employers shall file with the commissioner the index rates and must demonstrate that all rates shall be within the rating restrictions defined in this chapter. Such demonstration must include the allowable range of rates from the index rates and a description of how the health carrier intends to use demographic factors including case characteristics in calculating the premium rates.

(b) Notwithstanding paragraph (a), the rates shall not be approved, unless the commissioner has determined that the rates are reasonable. In determining reasonableness, the commissioner shall consider the growth rates applied under section 62J.04, subdivision 1, paragraph (b) apply the premium growth limits established under section 62J.04, subdivision 1b, to the calendar year

or years that the proposed premium rate would be in effect, and shall consider actuarially valid changes in risk associated with the enrollee population, and actuarially valid changes as a result of statutory changes in Laws 1992, chapter 549."

Delete the title and insert:

"A bill for an act relating to health care; establishing premium rate restrictions and expenditure limits; amending Minnesota Statutes 2006, sections 62A.65, subdivision 3; 62J.04, subdivision 3, by adding a subdivision; 62J.041; 62J.301, subdivision 3; 62J.38; 62L.08, subdivision 8."

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

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

S.F. No. 438: A bill for an act relating to natural resources; modifying sales authority; creating an account; extending expiration of sustainable forest resources provisions; modifying restrictions on vehicles hauling unfinished forest products; modifying timber sales on tax-forfeited lands; modifying apportionment of net income; defining wood products industry; modifying certain tax exemptions; appropriating money; amending Minnesota Statutes 2006, sections 84.025, subdivision 9; 84.026, subdivision 1; 84.0855, subdivisions 1, 2; 89A.11; 169.8261; 282.04, subdivision 1; 290.191, subdivision 2; 297A.68, subdivision 5; 297A.69, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 89.

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

Page 1, delete sections 1 and 2

Page 2, delete sections 3 to 5

Page 3, delete section 6

Page 12, delete section 12

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, delete everything after the first semicolon

Page 1, line 3, delete everything before "modifying"

Page 1, line 6, delete everything after the second semicolon

Amend the title numbers accordingly

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

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

S.F. No. 846: A bill for an act relating to state government; providing deficiency funding for certain state agencies; appropriating money.

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

Delete everything after the enacting clause and insert:

"Section 1. **SUMMARY OF APPROPRIATIONS.**

The amount shown in this section summarizes direct appropriations, by fund, made in this act.

		<u>Total</u>
<u>General</u>	\$	<u>10,379,000</u>
<u>State Government Special Revenue</u>		<u>192,000</u>
<u>Total</u>	\$	<u>10,571,000</u>

Sec. 2. **APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are appropriated from the general fund to the agencies and for the purposes specified in this act, to be available for the fiscal year indicated for each purpose, and are added to appropriations in Laws 2005, chapters 136 and 156, and Laws 2005, First Special Session chapters 4 and 6. The figure "2007," where used in this act, means that the appropriation or appropriations listed under it are available for the year ending June 30, 2007.

APPROPRIATIONS
Available for the Year
Ending June 30
2007

Sec. 3. **TAX COURT** \$ 47,000

This appropriation is to pay for an expected deficiency in the fiscal year 2007 operating budget and is added to appropriations in Laws 2005, chapter 136, article 1, section 5. This is a onetime appropriation.

Sec. 4. **BOARD ON JUDICIAL STANDARDS** \$ 200,000

This appropriation is to pay for special hearing costs and is added to appropriations in Laws 2005, chapter 136, article 1, section 7. This is a onetime appropriation.

Sec. 5. **BOARD OF PUBLIC DEFENSE** \$ 200,000

This appropriation is to pay for transcript costs and is added to appropriations in Laws 2005, chapter 136, article 1, section 8. This is a onetime appropriation.

Sec. 6. PUBLIC SAFETY

Subdivision 1. Total Appropriation **\$ 1,299,000**

Appropriations by Fund

2007

<u>General</u>	<u>1,107,000</u>
<u>State Government Special Revenue</u>	<u>192,000</u>

The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. FEMA Match **1,107,000**

This appropriation is to provide a match for FEMA money received for natural disaster assistance payments and is added to appropriations in Laws 2005, chapter 136, article 1, section 9, subdivision 2. This appropriation is available until June 30, 2008. This is a onetime appropriation.

Subd. 3. Parenting Time Centers **192,000**

This appropriation is from the state government special revenue fund for parenting time centers as described in Minnesota Statutes, section 119A.37. \$96,000 of the appropriation is attributable to expenses incurred in fiscal year 2006 and \$96,000 is attributable to expenses incurred in fiscal year 2007.

Sec. 7. OMBUDSMAN FOR MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES **\$ 66,000**

This appropriation is to pay for an expected deficiency in the fiscal year 2007 operating budget and is added to appropriations in Laws 2005, First Special Session chapter 4, article

9, section 8. This is a onetime appropriation.

Sec. 8. **TRANSPORTATION** \$ **522,000**

This appropriation is to pay for Greater Minnesota transit assistance and is added to appropriations in Laws 2005, First Special Session chapter 6, article 1, section 2, subdivision 2, paragraph (b). This is a onetime appropriation.

Sec. 9. **METROPOLITAN COUNCIL** \$ **7,847,000**

This appropriation is to pay for bus system operations and is added to appropriations in Laws 2005, First Special Session chapter 6, article 1, section 3, paragraph (a). This is a onetime appropriation.

The Metropolitan Council must award a contract to purchase buses for the bus system to the lowest bidder.

Sec. 10. **CAMPAIGN FINANCE AND PUBLIC DISCLOSURE BOARD** \$ **150,000**

This appropriation is for court-ordered payments and is added to appropriations in Laws 2005, chapter 156, article 1, section 7. This is a onetime appropriation.

Sec. 11. **FINANCE** \$ **240,000**

The commissioner of finance shall pay this amount to the court administrator of the Fourth Judicial District for distribution according to Minnesota Statutes 2004, section 488A.03, subdivision 9. This appropriation replaces funding lost in fiscal year 2007 due to the inadvertent repeal of Minnesota Statutes, section 488A.03, subdivision 9, in Laws 2006, chapter 260, article 5, section 54. This is a onetime appropriation.

Sec. 12. **EFFECTIVE DATE.**

This act is effective the day following final enactment."

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

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

S.F. No. 238: A bill for an act relating to health; establishing public policy to protect employees and the general public from the hazards of secondhand smoke; requiring persons to refrain from smoking in certain areas; amending Minnesota Statutes 2006, sections 144.412; 144.413, subdivisions 2, 4, by adding subdivisions; 144.414; 144.416; 144.417; proposing coding for new law in Minnesota Statutes, chapter 144; repealing Minnesota Statutes 2006, section 144.415.

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

Page 5, after line 25, insert:

"Subd. 5. **Outdoor patio.** (a) A bingo hall, restaurant, or bar may build an outdoor patio consistent with state and local building codes where smoking may be permitted under the following conditions:

- (i) the patio must have ventilation to circulate air;
- (ii) there can be no food and beverage service by employees; and
- (iii) no employee may smoke on the patio while working.

The establishment may construct the patio to accommodate electricity and a heating system.

(b) A patio built under paragraph (a) must comply with a city or county ordinance regulating outdoor smoking adopted prior to the effective date of this section."

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

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

S.F. No. 6: A bill for an act relating to natural and cultural resources; proposing an amendment to the Minnesota Constitution, article XI; increasing the sales tax rate by three-eighths of one percent and dedicating the receipts for natural and cultural resource purposes; creating an arts, humanities, museum, and public broadcasting fund; creating a heritage enhancement fund; creating a parks and trails fund; creating a clean water fund; establishing a Heritage Enhancement Council; amending Minnesota Statutes 2006, sections 10A.01, subdivision 35; 114D.20, subdivision 6; 114D.30, subdivision 6; 114D.45; 297A.62, subdivision 1; 297A.94; 297B.02, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 85; 97A; 129D.

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

Delete everything after the enacting clause and insert:

"Section 1. **TITLE.**

This act shall be titled the "Dallas Sams Outdoor and Cultural Legacy Act."

Sec. 2. **CONSTITUTIONAL AMENDMENT.**

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

Sec. 15. Beginning July 1, 2009, until June 30, 2034, the sales and use tax rate shall be increased by three-eighths of one percent on sales and uses taxable under the general state sales and use tax law. Receipts from the increase, plus penalties and interest and reduced by any refunds, are dedicated as follows: 33 percent of the receipts shall be deposited in the heritage enhancement fund and may be spent only to preserve, enhance, or protect the state's fish, wildlife, habitat, and land resources; 43 percent of the receipts shall be deposited in the great outdoors Minnesota fund and may be spent only on protection and restoration of the state's lakes, rivers, streams, wetlands, groundwater, parks, trails, natural areas, and historic sites; and 24 percent of the receipts shall be deposited in the cultural legacy fund and may be spent only on arts, arts education, and arts access. A cultural legacy fund; a heritage enhancement fund; and a great outdoors Minnesota fund are created in the state treasury. The money dedicated under this section shall be appropriated by law. The money dedicated under this section shall not be used as a substitute for traditional funding sources for the purposes specified, but the dedicated money shall supplement traditional sources of funding for those purposes. Land acquired by fee with money deposited in the heritage enhancement fund under this section must be open to public taking of fish and game during the open season unless otherwise provided by law.

Sec. 3. SUBMISSION TO VOTERS.

The proposed amendment shall be submitted to the people at the 2008 general election. The question submitted shall be:

"Shall the Minnesota Constitution be amended to provide funding beginning July 1, 2009, to preserve, enhance, or protect the state's fish, wildlife, habitat, and land resources; its lakes, rivers, streams, wetlands, groundwater, parks, trails, natural areas, and historic sites; and its cultural heritage by increasing the sales and use tax rate by three-eighths of one percent on taxable sales until the year 2034?"

Yes

No"

Sec. 4. Minnesota Statutes 2006, section 10A.01, subdivision 35, is amended to read:

Subd. 35. **Public official.** "Public official" means any:

- (1) member of the legislature;
- (2) individual employed by the legislature as secretary of the senate, legislative auditor, chief clerk of the house, revisor of statutes, or researcher, legislative analyst, or attorney in the Office of Senate Counsel and Research or House Research;
- (3) constitutional officer in the executive branch and the officer's chief administrative deputy;
- (4) solicitor general or deputy, assistant, or special assistant attorney general;
- (5) commissioner, deputy commissioner, or assistant commissioner of any state department or agency as listed in section 15.01 or 15.06, or the state chief information officer;
- (6) member, chief administrative officer, or deputy chief administrative officer of a state board or commission that has either the power to adopt, amend, or repeal rules under chapter 14, or the power to adjudicate contested cases or appeals under chapter 14;

(7) individual employed in the executive branch who is authorized to adopt, amend, or repeal rules under chapter 14 or adjudicate contested cases under chapter 14;

(8) executive director of the State Board of Investment;

(9) deputy of any official listed in clauses (7) and (8);

(10) judge of the Workers' Compensation Court of Appeals;

(11) administrative law judge or compensation judge in the State Office of Administrative Hearings or referee in the Department of Employment and Economic Development;

(12) member, regional administrator, division director, general counsel, or operations manager of the Metropolitan Council;

(13) member or chief administrator of a metropolitan agency;

(14) director of the Division of Alcohol and Gambling Enforcement in the Department of Public Safety;

(15) member or executive director of the Higher Education Facilities Authority;

(16) member of the board of directors or president of Minnesota Technology, Inc.;

(17) member of the board of directors or executive director of the Minnesota State High School League;

(18) member of the Minnesota Ballpark Authority established in section 473.755; ~~or~~

(19) citizen member of the Legislative-Citizen Commission on Minnesota Resources; or

(20) member of the Heritage Enhancement Council.

EFFECTIVE DATE. This section is effective November 15, 2008, if the constitutional amendment proposed in section 2 is adopted by the voters.

Sec. 5. [84E.01] GREAT OUTDOORS MINNESOTA FUND.

The great outdoors Minnesota fund is established in the Minnesota Constitution, article XI, section 15. All money earned by the great outdoors Minnesota fund must be credited to the fund. Money in the fund may be spent only on the protection and restoration of the state's lakes, rivers, streams, wetlands, groundwater, parks, trails, natural areas, and historic sites. Money appropriated for parks from the fund shall be based on park usage, expenditures, and acreage.

EFFECTIVE DATE. This section is effective July 1, 2009, if the constitutional amendment proposed in section 2 is adopted by the voters.

Sec. 6. [97A.056] HERITAGE ENHANCEMENT FUND; HERITAGE ENHANCEMENT COUNCIL.

Subdivision 1. **Heritage enhancement fund.** (a) The heritage enhancement fund is established in the Minnesota Constitution, article XI, section 15. All money earned by the heritage enhancement fund must be credited to the fund. At least 97 percent of the money appropriated from the fund must be spent on specific fish, wildlife, habitat, and land conservation projects.

(b) A forest legacy and forest consolidation account is created within the heritage enhancement fund. From the receipts deposited in the heritage enhancement fund under the Minnesota Constitution, article XI, section 15, 25 percent each fiscal year must be credited to the forest legacy and forest consolidation account. Money in the account may be spent only for the acquisition of permanent easements on private forest land or for the acquisition of land for forest consolidation.

Subd. 2. **Heritage Enhancement Council.** (a) A Heritage Enhancement Council of 16 members is created in the legislative branch, consisting of:

(1) three members of the senate appointed by the senate Subcommittee on Committees of the Committee on Rules and Administration;

(2) three members of the house of representatives appointed by the speaker of the house;

(3) three public members representing hunting, fishing, wildlife, forestry, or land conservation interests appointed by the senate Subcommittee on Committees of the Committee on Rules and Administration;

(4) three public members representing hunting, fishing, wildlife, forestry, or land conservation interests appointed by the speaker of the house; and

(5) four public members representing hunting, fishing, wildlife, forestry, or land conservation interests appointed by the governor.

(b) One member from the senate and one member from the house of representatives must be from the minority caucus.

(c) In making appointments to the council, appointing authorities shall consult with hunting, fishing, wildlife, forestry, and land conservation groups and shall consider geographic balance. Appointments to the council shall be made by February 1, 2009.

(d) Legislative members are entitled to reimbursement for per diem expenses plus travel expenses incurred in the services of the council. The removal and, beginning July 1, 2009, the compensation of public members is as provided in section 15.0575.

(e) The first meeting of the council shall be convened by the chair of the Legislative Coordinating Commission. Members shall elect a chair, vice chair, secretary, and other officers as determined by the council. The chair may convene meetings as necessary to conduct the duties prescribed by this section.

(f) Public membership terms are coterminous with the appointing authority and legislative membership terms are at the pleasure of the appointing authority, except that members shall serve on the council until their successors are appointed.

(g) Vacancies occurring on the council do not affect the authority of the remaining members of the council to carry out their duties. Vacancies shall be filled in the same manner as under paragraph (a).

(h) The governor's appointments to the council are subject to the advice and consent of the senate.

Subd. 3. **Duties of council.** (a) The council, in consultation with statewide and local fishing, hunting, wildlife, forestry, and land conservation groups, shall develop a biennial budget plan to

recommend expenditures from the heritage enhancement fund to the legislature and the governor. The biennial budget plan shall include at least \$5,000,000 in each fiscal year for a conservation partners program to provide matching grants of up to \$20,000 to local sporting and conservation clubs for the improvement, enhancement, and protection of fish, game, wildlife, habitat, forestry, and land conservation. Approval of the biennial budget plan for the heritage enhancement fund requires an affirmative vote of at least 11 members of the council.

(b) In the biennial budget submitted to the legislature, the governor shall submit separate budget detail for planned expenditures from the heritage enhancement fund as recommended by the council.

(c) As a condition of acceptance of an appropriation from the heritage enhancement fund, an agency or entity receiving an appropriation shall submit a work program and quarterly progress reports for appropriations from the heritage enhancement fund to the members of the Heritage Enhancement Council in the form determined by the council.

Subd. 4. **Council administration.** (a) The council may employ personnel and contract with consultants as necessary to carry out functions and duties of the council. Permanent employees shall be in the unclassified service. The council may request staff assistance, legal opinion, and data from agencies of state government as needed for the execution of the responsibilities of the council.

(b) Beginning July 1, 2009, the administrative expenses of the council shall be paid from the heritage enhancement fund, as appropriated by law.

(c) A council member or an employee of the council may not participate in or vote on a decision of the council relating to an organization in which the member or employee has either a direct or indirect personal financial interest. While serving on or employed by the council, a person shall avoid any potential conflict of interest.

Subd. 5. **Open meetings.** (a) Meetings of the council and other groups the council may establish must be open to the public. Except where prohibited by law, the council shall establish additional processes to broaden public involvement in all aspects of its deliberations. For the purposes of this subdivision, a meeting occurs when a quorum is present and action is taken regarding a matter within the jurisdiction of the council.

(b) For legislative members of the council, enforcement of this subdivision shall be governed by section 3.055, subdivision 2. For nonlegislative members of the council, enforcement of this subdivision shall be governed by section 13D.06, subdivisions 1 and 2.

Subd. 6. **Council expiration.** Subdivisions 2 to 5 expire on June 30, 2013, unless extended by law.

EFFECTIVE DATE. This section is effective November 15, 2008, if the constitutional amendment proposed in section 2 is adopted by the voters.

Sec. 7. [129D.17] CULTURAL LEGACY FUND; EXPENDITURES.

Subdivision 1. **Fund.** The cultural legacy fund is established in the Minnesota Constitution, article XI, section 15. All money earned by the fund must be credited to the fund.

Subd. 2. **Expenditures.** Subject to the appropriation by law, receipts to the fund must be allocated as follows:

(1) 43 percent of the receipts may be spent only for grants to nonprofit art organizations to be allocated by the Minnesota Board of the Arts; and

(2) 57 percent may be spent only to provide access to arts education for Minnesota students through grants to schools and Minnesota-based nonprofit arts organizations.

EFFECTIVE DATE. This section is effective July 1, 2009, if the constitutional amendment proposed in section 2 is adopted by the voters.

Sec. 8. Minnesota Statutes 2006, section 297A.62, subdivision 1, is amended to read:

Subdivision 1. **Generally.** (a) Except as otherwise provided in subdivision 2 or 3 or in this chapter, a sales tax of 6.5 percent is imposed on the gross receipts from retail sales as defined in section 297A.61, subdivision 4, made in this state or to a destination in this state by a person who is required to have or voluntarily obtains a permit under section 297A.83, subdivision 1.

(b) The increased rate required under the Minnesota Constitution, article XI, section 15, shall be added to the rate imposed under paragraph (a).

EFFECTIVE DATE. This section is effective July 1, 2009, if the constitutional amendment proposed in section 2 is adopted by the voters.

Sec. 9. Minnesota Statutes 2006, section 297A.94, is amended to read:

297A.94 DEPOSIT OF REVENUES.

(a) Except as provided in this section and the Minnesota Constitution, article XI, section 15, the commissioner shall deposit the revenues, including interest and penalties, derived from the taxes imposed by this chapter in the state treasury and credit them to the general fund.

(b) The commissioner shall deposit taxes in the Minnesota agricultural and economic account in the special revenue fund if:

(1) the taxes are derived from sales and use of property and services purchased for the construction and operation of an agricultural resource project; and

(2) the purchase was made on or after the date on which a conditional commitment was made for a loan guaranty for the project under section 41A.04, subdivision 3.

The commissioner of finance shall certify to the commissioner the date on which the project received the conditional commitment. The amount deposited in the loan guaranty account must be reduced by any refunds and by the costs incurred by the Department of Revenue to administer and enforce the assessment and collection of the taxes.

(c) The commissioner shall deposit the revenues, including interest and penalties, derived from the taxes imposed on sales and purchases included in section 297A.61, subdivision 3, paragraph (g), clauses (1) and (4), in the state treasury, and credit them as follows:

(1) first to the general obligation special tax bond debt service account in each fiscal year the amount required by section 16A.661, subdivision 3, paragraph (b); and

(2) after the requirements of clause (1) have been met, the balance to the general fund.

(d) The commissioner shall deposit the revenues, including interest and penalties, collected under section 297A.64, subdivision 5, in the state treasury and credit them to the general fund. By July 15 of each year the commissioner shall transfer to the highway user tax distribution fund an amount equal to the excess fees collected under section 297A.64, subdivision 5, for the previous calendar year.

(e) For fiscal year 2001, 97 percent; for fiscal years 2002 and 2003, 87 percent; and for fiscal year 2004 and thereafter, 72.43 percent of the revenues, including interest and penalties, transmitted to the commissioner under section 297A.65, must be deposited by the commissioner in the state treasury as follows:

(1) 50 percent of the receipts must be deposited in the heritage enhancement account in the game and fish fund, and may be spent only on activities that improve, enhance, or protect fish and wildlife resources, including conservation, restoration, and enhancement of land, water, and other natural resources of the state;

(2) 22.5 percent of the receipts must be deposited in the natural resources fund, and may be spent only for state parks and trails;

(3) 22.5 percent of the receipts must be deposited in the natural resources fund, and may be spent only on metropolitan park and trail grants;

(4) three percent of the receipts must be deposited in the natural resources fund, and may be spent only on local trail grants; and

(5) two percent of the receipts must be deposited in the natural resources fund, and may be spent only for the Minnesota Zoological Garden, the Como Park Zoo and Conservatory, and the Duluth Zoo.

(f) The revenue dedicated under paragraph (e) may not be used as a substitute for traditional sources of funding for the purposes specified, but the dedicated revenue shall supplement traditional sources of funding for those purposes. Land acquired with money deposited in the game and fish fund under paragraph (e) must be open to public hunting and fishing during the open season, except that in aquatic management areas or on lands where angling easements have been acquired, fishing may be prohibited during certain times of the year and hunting may be prohibited. At least 87 percent of the money deposited in the game and fish fund for improvement, enhancement, or protection of fish and wildlife resources under paragraph (e) must be allocated for field operations.

EFFECTIVE DATE. This section is effective July 1, 2009, if the constitutional amendment proposed in section 2 is adopted by the voters.

Sec. 10. Minnesota Statutes 2006, section 297B.02, subdivision 1, is amended to read:

Subdivision 1. **Rate.** There is imposed an excise tax at the rate provided in ~~chapter 297A~~ section 297A.62, subdivision 1, paragraph (a), on the purchase price of any motor vehicle purchased or acquired, either in or outside of the state of Minnesota, which is required to be registered under the laws of this state.

The excise tax is also imposed on the purchase price of motor vehicles purchased or acquired on Indian reservations when the tribal council has entered into a sales tax on motor vehicles refund agreement with the state of Minnesota.

EFFECTIVE DATE. This section is effective July 1, 2009, if the constitutional amendment proposed in section 2 is adopted by the voters."

Delete the title and insert:

"A bill for an act relating to natural and cultural resources; proposing an amendment to the Minnesota Constitution, article XI; increasing the sales tax rate by three-eighths of one percent and dedicating the receipts for natural and cultural heritage purposes; creating a cultural legacy fund; creating a heritage enhancement fund; creating a great outdoors Minnesota fund; establishing a Heritage Enhancement Council; amending Minnesota Statutes 2006, sections 10A.01, subdivision 35; 297A.62, subdivision 1; 297A.94; 297B.02, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 97A; 129D; proposing coding for new law as Minnesota Statutes, chapter 84E."

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

SECOND READING OF SENATE BILLS

S.F. Nos. 310, 927, 2095, 857, 846 and 238 were read the second time.

MOTIONS AND RESOLUTIONS - CONTINUED

Senator Murphy moved that the names of Senators Jungbauer and Lourey be added as co-authors to S.F. No. 400. The motion prevailed.

Senator Kubly moved that the name of Senator Anderson be added as a co-author to S.F. No. 2069. The motion prevailed.

MEMBERS EXCUSED

Senators Dibble, Gerlach, Higgins and Rosen were excused from the Session of today.

ADJOURNMENT

Senator Pogemiller moved that the Senate do now adjourn until 12:00 noon, Monday, March 26, 2007. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

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