

ONE HUNDRED NINTH DAY

St. Paul, Minnesota, Wednesday, April 25, 2012

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

RECESS

Senator Senjem moved that the Senate do now recess until 2:30 p.m. The motion prevailed.

The hour of 2:30 p.m. having arrived, the President called the Senate to order.

CALL OF THE SENATE

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

Prayer was offered by the Chaplain, Rev. Paul Rogers.

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

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

Bakk	Gazelka	Koch	Nelson	Sieben
Benson	Gerlach	Koenen	Newman	Skoe
Bonoff	Gimse	Kruse	Nienow	Sparks
Brown	Goodwin	Langseth	Olson	Stumpf
Carlson	Hall	Latz	Ortman	Thompson
Chamberlain	Hann	Lillie	Pappas	Tomassoni
Cohen	Harrington	Limmer	Parry	Torres Ray
Dahms	Hayden	Lourey	Pederson	Vandever
Daley	Higgins	Magnus	Reinert	Wiger
DeKruif	Hoffman	Marty	Rest	Wolf
Dibble	Howe	McGuire	Robling	
Dziedzic	Ingebrigtsen	Metzen	Rosen	
Eaton	Jungbauer	Michel	Saxhaug	
Fischbach	Kelash	Miller	Senjem	

The President declared a quorum present.

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

MESSAGES FROM THE HOUSE

Madam President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee, consisting of 3 members of the House, on the amendments adopted by the House to the following Senate File:

S.F. No. 1143: A bill for an act relating to state government; classifying and authorizing sharing of data; making technical changes to data practices; amending Minnesota Statutes 2010, sections 13.02, subdivisions 3, 4, 8a, 9, 12, 13, 14, 15; 13.10, subdivision 1; 13.201; 13.202, subdivision 3; 13.35; 13.3805, subdivisions 1, 2; 13.384, subdivision 1; 13.39, subdivision 2; 13.392, subdivision 1; 13.393; 13.40, subdivision 1; 13.41, subdivision 2; 13.44, subdivision 3; 13.46, subdivisions 2, 3, 4, 5, 6; 13.462, subdivision 1; 13.467, subdivision 1; 13.47, subdivision 1; 13.485, by adding subdivisions; 13.495; 13.51, subdivisions 1, 2; 13.52; 13.548; 13.55, subdivision 1; 13.585, subdivisions 2, 3, 4; 13.59, subdivisions 1, 2, 3; 13.591, subdivision 4; 13.601, subdivision 3; 13.643, subdivisions 1, 2, 3, 5, 6, 7; 13.6435, by adding a subdivision; 13.65, subdivisions 1, 2, 3; 13.67; 13.679, subdivisions 1, 2; 13.714; 13.719, subdivisions 1, 5; 13.7191, subdivisions 14, 18; 13.72, subdivisions 7, 11, by adding subdivisions; 13.792; 13.7932; 13.82, subdivisions 2, 3, 6, 7; 13.83, subdivisions 2, 4, 6; 13.861, subdivision 1; 13.87, subdivisions 1, 2; 79A.16; 79A.28; 216C.266; 237.701, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 13D.

There has been appointed as such committee on the part of the House:

Scott, Holberg and Simon.

Senate File No. 1143 is herewith returned to the Senate.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Returned April 25, 2012

Madam President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 2171:

H.F. No. 2171: A bill for an act relating to natural resources; modifying game and fish license provisions; providing for taking wolf; modifying requirements to take and transport wild animals; modifying department authority and duties; creating walk-in access program; modifying predator control program; modifying deer baiting restrictions; modifying authority to remove beavers; providing for disposition of certain receipts; eliminating venison donation program; modifying snowmobile registration and trail sticker requirements; modifying snowmobile operation provisions; modifying watercraft license fees; modifying shooting range provisions; modifying temporary drawdown of public waters provisions; modifying 2012 fishing opener date; requiring rulemaking; providing civil penalties; appropriating money; amending Minnesota Statutes 2010, sections 84.027, subdivisions 14, 15; 84.82, subdivisions 2, 3; 84.8205, subdivision 1; 84.83, subdivisions 2, 3; 84.86, subdivision 1; 84.8712, subdivision 1; 86B.301, subdivision 2;

86B.415, subdivisions 1, 2, by adding a subdivision; 87A.01, subdivision 4; 87A.02, subdivision 2; 97A.015, subdivisions 3a, 53; 97A.065, subdivision 6; 97A.085, by adding a subdivision; 97A.095, subdivisions 1, 2; 97A.137, subdivision 5; 97A.405, subdivision 4, by adding a subdivision; 97A.421, subdivision 3; 97A.441, subdivision 7; 97A.451, subdivisions 3, 4, by adding a subdivision; 97A.473, subdivisions 3, 5, 5a; 97A.475, subdivisions 2, 3, 3a, 4, 20, 44; 97A.482; 97B.001, subdivision 7; 97B.031, subdivisions 1, 2; 97B.035, subdivision 1a; 97B.071; 97B.085, subdivision 3; 97B.328; 97B.601, subdivisions 3a, 4; 97B.603; 97B.605; 97B.671, subdivisions 3, 4; 97B.711, subdivision 1; 97B.805, subdivision 1; 97B.901; 97C.355, subdivision 1, by adding a subdivision; 97C.395, subdivision 1; 97C.515, subdivisions 2, 4, 5; 103G.005, by adding a subdivision; 103G.408; Minnesota Statutes 2011 Supplement, sections 97A.075, subdivision 1, by adding a subdivision; 97B.075; 97B.645, subdivision 9; 97B.667; proposing coding for new law in Minnesota Statutes, chapters 31; 87A; 97A; 97B; repealing Minnesota Statutes 2010, sections 17.035; 17.4993, subdivision 2; 87A.02, subdivision 1; 97A.045, subdivisions 8, 13; 97A.065, subdivision 1; 97A.095, subdivision 3; 97A.331, subdivision 7; 97A.485, subdivision 12; 97A.552; 97B.303; 97B.645, subdivision 2; 97C.031.

The House respectfully requests that a Conference Committee of 5 members be appointed thereon.

Hackbarth, Buesgens, Cornish, McNamara and Dill have been appointed as such committee on the part of the House.

House File No. 2171 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Transmitted April 25, 2012

Senator Ingebrigtsen moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 2171, and that a Conference Committee of 5 members be appointed by the Subcommittee on Conference Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

REPORTS OF COMMITTEES

Senator Senjem moved that the Committee Reports at the Desk be now adopted, with the exception of the reports pertaining to appointments. The motion prevailed.

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

H.F. No. 418 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
418	933				

Pursuant to Rule 45, the Committee on Rules and Administration recommends that H.F. No. 418 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 418, the third engrossment; and insert the language after the enacting clause of S.F. No. 933, the second engrossment; further, delete the title of H.F. No. 418, the third engrossment; and insert the title of S.F. No. 933, the second engrossment.

And when so amended H.F. No. 418 will be identical to S.F. No. 933, and further recommends that H.F. No. 418 be given its second reading and substituted for S.F. No. 933, and that the Senate File be indefinitely postponed.

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

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

H.F. No. 2690 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
2690	2136				

Pursuant to Rule 45, the Committee on Rules and Administration recommends that H.F. No. 2690 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 2690, the second engrossment; and insert the language after the enacting clause of S.F. No. 2136, the first engrossment; further, delete the title of H.F. No. 2690, the second engrossment; and insert the title of S.F. No. 2136, the first engrossment.

And when so amended H.F. No. 2690 will be identical to S.F. No. 2136, and further recommends that H.F. No. 2690 be given its second reading and substituted for S.F. No. 2136, and that the Senate File be indefinitely postponed.

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

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

H.F. No. 2795 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
2795	1727				

and that the above Senate File be indefinitely postponed.

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

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

H.F. No. 2967 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
2967	2558				

Pursuant to Rule 45, the Committee on Rules and Administration recommends that H.F. No. 2967 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 2967, the second engrossment; and insert the language after the enacting clause of S.F. No. 2558, the first engrossment; further, delete the title of H.F. No. 2967, the second engrossment; and insert the title of S.F. No. 2558, the first engrossment.

And when so amended H.F. No. 2967 will be identical to S.F. No. 2558, and further recommends that H.F. No. 2967 be given its second reading and substituted for S.F. No. 2558, and that the Senate File be indefinitely postponed.

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

Senator Limmer from the Committee on Judiciary and Public Safety, to which was referred the following appointment:

BOARD ON JUDICIAL STANDARDS
Terry Saario

Reports the same back with the recommendation that the appointment be confirmed.

Senator Senjem moved that the foregoing committee report be laid on the table. The motion prevailed.

Senator Limmer from the Committee on Judiciary and Public Safety, to which was referred the following appointment:

BOARD ON JUDICIAL STANDARDS
William Wernz

Reports the same back without recommendation.

Senator Senjem moved that the foregoing committee report be laid on the table. The motion prevailed.

SECOND READING OF HOUSE BILLS

H.F. Nos. 418, 2690, 2795 and 2967 were read the second time.

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bills were read the first time.

Senators Parry, Hoffman, Brown, DeKruif and Nienow introduced—

S.F. No. 2614: A joint resolution applying to Congress to call a constitutional convention to propose amendments to the Constitution of the United States to require a balanced federal budget.

Referred to the Committee on Rules and Administration.

Senator Higgins introduced—

S.F. No. 2615: A bill for an act relating to health; regulating the practice of orthotics, prosthetics, and pedorthics; requiring licensure; proposing coding for new law as Minnesota Statutes, chapter 153B.

Referred to the Committee on Health and Human Services.

Senator Chamberlain introduced—

S.F. No. 2616: A bill for an act relating to elections; modifying certificate on absentee ballot envelopes; modifying presidential electors nomination procedure; amending Minnesota Statutes 2010, sections 203B.21, subdivision 3; 208.03.

Referred to the Committee on Local Government and Elections.

MOTIONS AND RESOLUTIONS**Senator Koenen introduced –**

Senate Resolution No. 155: A Senate resolution congratulating Alex Almich for receiving the Eagle Award.

Referred to the Committee on Rules and Administration.

Senator Ingebrigtsen introduced –

Senate Resolution No. 156: A Senate resolution honoring the memory of Don McMillan.

Referred to the Committee on Rules and Administration.

Senator Senjem moved that H.F. No. 2269 be taken from the table and given a second reading. The motion prevailed.

H.F. No. 2269: A bill for an act relating to elections; determining funds for Help America Vote Act; appropriating money.

H.F. No. 2269 was read the second time.

Senator Senjem moved that H.F. No. 2269 be laid on the table. The motion prevailed.

Senator Thompson moved that his name be stricken as chief author, shown as a co-author, and the name of Senator Gazelka be added as chief author to S.F. No. 2310. The motion prevailed.

Senator Thompson moved that his name be stricken as chief author, shown as a co-author, and the name of Senator Newman be added as chief author to S.F. No. 2340. The motion prevailed.

SPECIAL ORDERS

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

H.F. No. 2136, S.F. No. 1761 and H.F. No. 2046.

SPECIAL ORDER

H.F. No. 2136: A bill for an act relating to motor vehicles; providing for electronic insurance identification cards; regulating salvage titles; modifying the disclosure of motor vehicle damage; amending Minnesota Statutes 2010, sections 65B.482, subdivision 1; 168A.01, subdivisions 6a, 8a, 12a; 168A.151, subdivision 1; 325F.6641; 325F.6644, subdivision 1.

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

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

Bakk	Fischbach	Koenen	Nelson	Sieben
Benson	Gazelka	Kruse	Newman	Skoe
Bonoff	Gimse	Langseth	Nienow	Sparks
Brown	Goodwin	Latz	Olson	Stumpf
Carlson	Hall	Lillie	Ortman	Thompson
Chamberlain	Harrington	Limmer	Pappas	Tomassoni
Cohen	Hayden	Lourey	Parry	Torres Ray
Dahms	Higgins	Magnus	Reinert	Vanderveer
Daley	Hoffman	Marty	Rest	Wiger
DeKruif	Howe	McGuire	Robling	Wolf
Dibble	Ingebrigtsen	Metzen	Rosen	
Dziedzic	Kelash	Michel	Saxhaug	
Eaton	Koch	Miller	Senjem	

So the bill passed and its title was agreed to.

SPECIAL ORDER

S.F. No. 1761: A bill for an act relating to local government; authorizing the city of Sandstone

and its economic development authority to sell a housing development.

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

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

Bakk	Fischbach	Koenen	Nelson	Senjem
Benson	Gazelka	Kruse	Newman	Sieben
Bonoff	Gimse	Langseth	Nienow	Skoe
Brown	Goodwin	Latz	Olson	Sparks
Carlson	Hall	Lillie	Ortman	Stumpf
Chamberlain	Harrington	Limmer	Pappas	Thompson
Cohen	Hayden	Lourey	Parry	Tomassoni
Dahms	Higgins	Magnus	Pederson	Torres Ray
Daley	Hoffman	Marty	Reinert	Vanderveer
DeKruif	Howe	McGuire	Rest	Wiger
Dibble	Ingebrigtsen	Metzen	Robling	Wolf
Dziedzic	Kelash	Michel	Rosen	
Eaton	Koch	Miller	Saxhaug	

So the bill passed and its title was agreed to.

SPECIAL ORDER

H.F. No. 2046: A bill for an act relating to public safety; permitting law enforcement access to Department of Human Services electronic civil commitment data for a background check on an applicant for a permit to possess explosives; amending Minnesota Statutes 2010, section 245.041.

Senator Gazelka moved to amend H.F. No. 2046 as follows:

Page 1, after line 17, insert:

"Sec. 2. **[340A.3022] DISTILLED SPIRITS REPORTING.**

Subdivision 1. **Reports.** In order to facilitate the recall of distilled spirits for reasons of safety or quality, any wholesaler which imports into the state distilled spirits from a person other than the manufacturer must report to the department on a monthly basis an itemized list of the brand, type, container size, proof, lot number, and uniform product code of any distilled spirits so imported; the identity and location of the person from whom the distilled spirits were acquired; and the name and location of every person to whom such distilled spirits are sold.

Subd. 2. **Data.** Data collected pursuant to this section is public data under chapter 13.

Subd. 3. **Rules.** The department may adopt rules to implement this section.

Subd. 4. **Costs.** The department may assess the costs of adopting the rules required by this section and the costs of implementing this section on any wholesaler importing distilled spirits from a source other than the manufacturer.

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

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Senator Tomassoni questioned whether the amendment was germane.

The President ruled that the amendment was not germane.

Senator Limmer moved to amend H.F. No. 2046 as follows:

Page 1, after line 6, insert:

"Section 1. Minnesota Statutes 2010, section 181A.04, subdivision 5, is amended to read:

Subd. 5. **Hazardous occupations.** No minor under the age of 18 shall be permitted to work in any occupation which the commissioner shall find to be particularly hazardous for the employment of children under 18 years of age or detrimental to their well-being. A list of such occupations shall be established and promulgated by rule pursuant to section 181A.09. Notwithstanding any law or rule to the contrary, this subdivision does not apply to minors employed in retail stores that are nonseasonal and are of a nontransient nature and which sell or offer for sale explosives or pyrotechnics.

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

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

H.F. No. 2046 was read the third time, as amended, and placed on its final passage.

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

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

Those who voted in the affirmative were:

Bakk	Fischbach	Koch	Miller	Saxhaug
Benson	Gazelka	Koenen	Nelson	Senjem
Bonoff	Gimse	Kruse	Newman	Sieben
Brown	Goodwin	Langseth	Nienow	Skoe
Carlson	Hall	Latz	Olson	Sparks
Chamberlain	Hann	Lillie	Ortman	Stumpf
Cohen	Harrington	Limmer	Pappas	Thompson
Dahms	Hayden	Lourey	Parry	Tomassoni
Daley	Higgins	Magnus	Pederson	Torres Ray
DeKruif	Hoffman	Marty	Reinert	Vanderveer
Dibble	Howe	McGuire	Rest	Wiger
Dziedzic	Ingebrigtsen	Metzen	Robling	Wolf
Eaton	Kelash	Michel	Rosen	

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

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 2296 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 2296

A bill for an act relating to elections; modifying certificate on absentee ballot envelopes; amending Minnesota Statutes 2010, section 203B.21, subdivision 3.

April 24, 2012

The Honorable Michelle L. Fischbach
President of the Senate

The Honorable Kurt Zellers
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 2296 report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 2296 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2010, section 203B.21, subdivision 3, is amended to read:

Subd. 3. **Back of return envelope.** On the back of the return envelope a certificate shall appear with space for:

- (1) the voter's address of present or former residence in Minnesota;
- (2) the voter's current e-mail address, if the voter has one;
- (3) a statement indicating the category described in section 203B.16 to which the voter belongs;
- (4) a statement that the voter has not cast and will not cast another absentee ballot in the same election or elections;
- (5) a statement that the voter personally marked the ballots without showing them to anyone, or if physically unable to mark them, that the voter directed another individual to mark them; and
- (6) the same voter's passport number, Minnesota driver's license or state identification card number, or the last four digits of the voter's Social Security number as provided on the absentee ballot application; if the voter does not have access to any of these documents, the voter may attest to the truthfulness of the contents of the certificate under penalty of perjury.

The certificate shall also contain a signed ~~and dated~~ oath in the form required by section 705 of the Help America Vote Act, Public Law 107-252, which must read:

"I swear or affirm, under penalty of perjury, that:

I am a member of the uniformed services or merchant marine on active duty or an eligible spouse or dependent of such a member; a United States citizen temporarily residing outside the United States; or other United States citizen residing outside the United States; and I am a United States citizen, at least 18 years of age (or will be by the date of the election), and I am eligible to vote in the requested jurisdiction; I have not been convicted of a felony, or other disqualifying offense, or been adjudicated mentally incompetent, or, if so, my voting rights have been reinstated; and I am

not registering, requesting a ballot, or voting in any other jurisdiction in the United States except the jurisdiction cited in this voting form. In voting, I have marked and sealed my ballot in private and have not allowed any person to observe the marking of the ballot, except for those authorized to assist voters under state or federal law. I have not been influenced.

~~My signature and date below indicate when I completed this document.~~

The information on this form is true, accurate, and complete to the best of my knowledge. I understand that a material misstatement of fact in completion of this document may constitute grounds for a conviction for perjury."

EFFECTIVE DATE. This section is effective June 29, 2012.

Sec. 2. Minnesota Statutes 2010, section 208.03, is amended to read:

208.03 NOMINATION OF PRESIDENTIAL ELECTORS.

Presidential electors for the major political parties of this state shall be nominated by delegate conventions called and held under the supervision of the respective state central committees of the parties of this state. At least ~~77~~ 71 days before the general election day the chair of the major political party shall certify to the secretary of state the names of the persons nominated as presidential electors, the names of eight alternate presidential electors, and the names of the party candidates for president and vice president. The chair shall also certify that the party candidates for president and vice president have no affidavit on file as a candidate for any office in this state at the ensuing general election.

Sec. 3. Minnesota Statutes 2010, section 211B.10, is amended by adding a subdivision to read:

Subd. 1a. **Prohibited activities of a political party.** A political party unit may not, through imposition or threatened imposition of any fine, sanction, or other penalty, attempt to coerce an individual who does not have the party unit's official endorsement as a means to prevent the individual from filing as a candidate for office.

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

Delete the title and insert:

"A bill for an act relating to elections; modifying certificate on absentee ballot envelopes; prohibiting certain activities of a political party; modifying presidential elector nomination procedures; amending Minnesota Statutes 2010, sections 203B.21, subdivision 3; 208.03; 211B.10, by adding a subdivision."

We request the adoption of this report and repassage of the bill.

Senate Conferees: Roger C. Chamberlain, Pam Wolf, Terri E. Bonoff

House Conferees: Tim Sanders, Kurt Daudt, Steve Simon

Senator Chamberlain moved that the foregoing recommendations and Conference Committee Report on S.F. No. 2296 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 2296 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 48 and nays 14, as follows:

Those who voted in the affirmative were:

Bakk	Gimse	Kruse	Olson	Sieben
Benson	Goodwin	Latz	Ortman	Skoe
Bonoff	Hall	Lourey	Pappas	Sparks
Brown	Hayden	Magnus	Parry	Stumpf
Carlson	Higgins	McGuire	Pederson	Thompson
Chamberlain	Hoffman	Metzen	Rest	Tomassoni
DeKruif	Howe	Michel	Robling	Wiger
Dibble	Kelash	Miller	Rosen	Wolf
Dziedzic	Koch	Nelson	Saxhaug	
Gazelka	Koenen	Nienow	Senjem	

Those who voted in the negative were:

Cohen	Eaton	Harrington	Marty	Torres Ray
Dahms	Gerlach	Ingebrigtsen	Newman	Vandever
Daley	Hann	Limmer	Reinert	

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

CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 12.5, Senator Fischbach moved that the following members be excused for a Conference Committee on S.F. No. 1573 at 5:30 p.m.:

Senators Fischbach, Carlson, Miller, Robling and Tomassoni. The motion prevailed.

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 2334 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 2334

A bill for an act relating to lobbying; modifying principal reports; amending Minnesota Statutes 2010, section 10A.04, subdivision 6.

April 24, 2012

The Honorable Michelle L. Fischbach
President of the Senate

The Honorable Kurt Zellers
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 2334 report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments.

We request the adoption of this report and repassage of the bill.

Senate Conferees: Ray Vandever, Warren Limmer, Katie Sieben

House Conferees: Joyce Peppin, Michael Beard, Michael V. Nelson

Senator Vandever moved that the foregoing recommendations and Conference Committee Report on S.F. No. 2334 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 2334 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

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

Those who voted in the affirmative were:

Bakk	Gerlach	Koenen	Newman	Sieben
Benson	Gimse	Kruse	Nienow	Skoe
Bonoff	Goodwin	Latz	Olson	Sparks
Brown	Hall	Lillie	Ortman	Stumpf
Chamberlain	Hann	Limmer	Pappas	Thompson
Cohen	Harrington	Lourey	Parry	Torres Ray
Dahms	Hayden	Magnus	Pederson	Vandever
Daley	Higgins	Marty	Reinert	Wiger
DeKruif	Hoffman	McGuire	Rest	Wolf
Dibble	Howe	Metzen	Robling	
Dziedzic	Ingebrigtsen	Michel	Rosen	
Eaton	Kelash	Miller	Saxhaug	
Gazelka	Koch	Nelson	Senjem	

So the bill, as amended by the Conference Committee, was repassed 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 Messages From the House and Reports of Committees.

MESSAGES FROM THE HOUSE

Madam President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 2244, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2244 is herewith transmitted to the Senate.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Transmitted April 25, 2012

CONFERENCE COMMITTEE REPORT ON H. F. NO. 2244

A bill for an act relating to the permanent school fund; changing the Permanent School Fund Advisory Committee into a legislative commission; establishing a permanent school fund board; granting the board authority to employ a director to oversee, manage, and administer school trust lands; amending Minnesota Statutes 2010, sections 16A.06, subdivision 11; 16A.125, subdivision 5; 84.027, subdivision 18; 84.085, subdivision 1; 92.12, subdivision 1; 92.121; 92.13; 93.2236; 94.342, subdivision 5; 127A.30; 477A.11, subdivisions 3, 4, by adding a subdivision; 477A.12, subdivisions 2, 3; Minnesota Statutes 2011 Supplement, section 477A.12, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 127A.

April 24, 2012

The Honorable Kurt Zellers
Speaker of the House of Representatives

The Honorable Michelle L. Fischbach
President of the Senate

We, the undersigned conferees for H. F. No. 2244 report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 2244 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2010, section 15A.0815, subdivision 3, is amended to read:

Subd. 3. **Group II salary limits.** The salaries for positions in this subdivision may not exceed 85 percent of the salary of the governor:

Executive director of Gambling Control Board;

Commissioner, Iron Range Resources and Rehabilitation Board;

Commissioner, Bureau of Mediation Services;

Ombudsman for Mental Health and Developmental Disabilities;

Chair, Metropolitan Council;

School trust lands director;

Executive director of pari-mutuel racing; and

Commissioner, Public Utilities Commission.

Sec. 2. Minnesota Statutes 2010, section 16A.06, subdivision 11, is amended to read:

Subd. 11. **Permanent school fund reporting.** The commissioner shall annually report to

the ~~Legislative Permanent School Fund Advisory Committee~~ Commission, and the legislature the amount of the permanent school fund transfer and information about the investment of the permanent school fund provided by the State Board of Investment. The State Board of Investment shall provide information about how they maximized the long-term economic return of the permanent school fund.

Sec. 3. Minnesota Statutes 2010, section 16A.125, subdivision 5, is amended to read:

Subd. 5. **Forest trust lands.** (a) The term "state forest trust fund lands" as used in this subdivision, means public land in trust under the Constitution set apart as "forest lands under the authority of the commissioner" of natural resources as defined by section 89.001, subdivision 13.

(b) The commissioner of management and budget shall credit the revenue from the forest trust fund lands to the forest suspense account. The account must specify the trust funds interested in the lands and the respective receipts of the lands.

(c) After a fiscal year, the commissioner of management and budget shall certify the ~~total~~ costs incurred for forestry during that year under appropriations for the ~~protection~~, improvement, administration, and management of state forest trust fund lands and construction and improvement of forest roads to enhance the forest value of the lands. The certificate must specify the trust funds interested in the lands. After presentation to the Legislative Permanent School Fund Commission, the commissioner of natural resources shall supply the commissioner of management and budget with the information needed for the certificate. The certificate shall include an analysis that compares costs certified under this section with costs incurred on other public and private lands with similar land assets.

(d) After a fiscal year, the commissioner shall distribute the receipts credited to the suspense account during that fiscal year as follows:

(1) the amount of the certified costs incurred by the state for forest management, forest improvement, and road improvement during the fiscal year shall be transferred to the forest management investment account established under section 89.039;

(2) the balance of the certified costs incurred by the state during the fiscal year shall be transferred to the general fund; and

(3) the balance of the receipts shall then be returned prorated to the trust funds in proportion to their respective interests in the lands which produced the receipts.

Sec. 4. Minnesota Statutes 2010, section 84.027, subdivision 18, is amended to read:

Subd. 18. **Permanent school fund authority; reporting.** (a) The commissioner of natural resources has the authority and responsibility for the administration of school trust lands under sections 92.121 and 127A.31. The commissioner shall biannually report to the ~~Permanent School Fund Advisory Committee~~ Legislative Permanent School Fund Commission and the legislature on the management of the school trust lands that shows how the commissioner has and will continue to achieve the following goals:

(1) manage the school trust lands efficiently and in a manner that reflects the undivided loyalty to the beneficiaries consistent with the commissioner's fiduciary duties;

(2) reduce the management expenditures of school trust lands and maximize the revenues deposited in the permanent school trust fund;

(3) manage the sale, exchange, and commercial leasing of school trust lands, requiring returns of not less than fair market value, to maximize the revenues deposited in the permanent school trust fund and retain the value from the long-term appreciation of the school trust lands; ~~and~~

(4) manage the school trust lands to maximize the long-term economic return for the permanent school trust fund while maintaining sound natural resource conservation and management principles;

(5) optimize school trust land revenues and maximize the value of the trust consistent with the balancing of short-term and long-term interests, so that long-term benefits are not lost in an effort to maximize short-term gains; and

(6) maintain the integrity of the trust and prevent the misapplication of its lands and its revenues.

(b) When the commissioner finds an irresolvable conflict between maximizing the long-term economic return and protecting natural resources and recreational values on school trust lands, the commissioner shall give precedence to the long-term economic return in managing school trust lands. By July 1, 2018, the permanent school fund shall be compensated for all school trust lands included under a designation or policy provision that prohibits long-term economic return. The commissioner shall submit recommendations to the appropriate legislative committees and divisions on methods of funding for the compensation required under this paragraph, including recommendations for appropriations from the general fund, nongeneral funds, and the state bond fund. Any uncompensated designation or policy provision restrictions on the long-term economic return on school trust lands remaining after July 1, 2018, shall be compiled and submitted to the Legislative Permanent School Fund Commission for review.

(c) By December 31, 2013, the report required under paragraph (a) shall provide an inventory and identification of all school trust lands that are included under a designation or policy provision that prohibits long-term economic return. The report shall include a plan to compensate the permanent school fund through the purchase or exchange of the lands or a plan to manage the school trust land to generate long-term economic return to the permanent school fund. Subsequent reports under paragraph (a) shall include a status report of the commissioner's progress in maximizing the long-term economic return on lands identified in the 2013 report.

(d) When future designations or policies by the commissioner prohibit the long-term economic return on school trust land, the conflict shall be resolved by compensating the permanent school fund through an exchange or purchase of the lands before designation or application of the policy.

Sec. 5. Minnesota Statutes 2010, section 92.45, is amended to read:

92.45 STATE LAND ON MEANDERED LAKES WITHDRAWN FROM SALE.

All state lands, excluding school trust lands, bordering on or adjacent to meandered lakes and other public waters and watercourses, with the live timber growing on them, are withdrawn from sale except as provided in this section. The commissioner of natural resources may sell the timber as otherwise provided by law for cutting and removal under conditions the commissioner prescribes. The conditions must be in accordance with approved, sustained-yield forestry practices. The commissioner must reserve the timber and impose other conditions the commissioner deems

necessary to protect watersheds, wildlife habitat, shorelines, and scenic features. Within the area in Cook, Lake, and St. Louis Counties described in the Act of Congress approved July 10, 1930, (Statutes at Large, volume 46, page 1020), the timber on state lands is subject to restrictions like those now imposed by the act on federal lands.

The following land is reserved for public travel: of all land bordering on or adjacent to meandered lakes and other public waters and watercourses and withdrawn from sale, a strip two rods wide, the ordinary high-water mark being its waterside boundary, and its landside boundary a line drawn parallel to the ordinary high-water mark and two rods distant landward from it. Wherever the conformation of the shore line or conditions require, the commissioner must reserve a wider strip.

Except for sales under section 282.018, subdivision 1, when a state agency or any other unit of government requests the legislature to authorize the sale of state lands bordering on or adjacent to meandered lakes and other public waters and watercourses, the commissioner shall evaluate the lands and their public benefits and make recommendations on the proposed dispositions to the committees of the legislature with jurisdiction over natural resources. The commissioner shall include any recommendations of the commissioner for disposition of lands withdrawn from sale under this section over which the commissioner has jurisdiction. The commissioner's recommendations may include a public sale, sale to a private party, acquisition by the commissioner for public purposes, retention of a conservation easement for shoreland preservation by the commissioner under chapter 84C, or a cooperative management agreement with, or transfer to, another unit of government.

The commissioner may sell state lands bordering on or adjacent to the Mississippi River or any lakes, waters, and watercourses in its bottom lands, desired or needed by the United States government for, or in connection with, any project heretofore authorized by Congress, to improve navigation in the Mississippi River at public sale according to law, as in other cases, upon application by an authorized United States official. The application must describe the land and include a map showing its location with reference to adjoining properties.

Sec. 6. Minnesota Statutes 2010, section 94.342, subdivision 5, is amended to read:

Subd. 5. **Additional restrictions on school trust land.** School trust land may be exchanged with other Class A land only if the ~~Permanent School Fund Advisory Committee~~ school trust lands director is appointed as temporary trustee of the school trust land for purposes of the exchange. ~~The committee~~ Legislative Permanent School Fund Commission shall provide independent legal counsel to review ~~the~~ exchanges.

Sec. 7. Minnesota Statutes 2010, section 127A.30, is amended to read:

127A.30 LEGISLATIVE PERMANENT SCHOOL FUND ~~ADVISORY COMMITTEE~~ COMMISSION.

Subdivision 1. **Commission established; membership.** ~~A state~~ (a) The Legislative Permanent School Fund ~~Advisory Committee~~ Commission of 12 members is established to advise the Department of Natural Resources and the school trust lands director on the management of permanent school fund land, which is held in trust for the school districts of the state and to review legislation affecting permanent school fund land. The ~~advisory committee must consist~~ commission consists of the following persons ~~or their designees: the chairs of the education committees of~~

~~the legislature, the chairs of the legislative committees with jurisdiction over the K-12 education budget, the chairs of the legislative committees with jurisdiction over the environment and natural resources policy and budget, the chair of the senate Committee on Finance and the chair of the house of representatives Committee on Ways and Means, the commissioner of education, one superintendent from a nonmetropolitan district, one superintendent from a metropolitan area district, one person with an expertise in forestry, one person with an expertise in minerals and mining, one person with an expertise in real estate development, one person with an expertise in renewable energy, one person with an expertise in finance and land management, and one person with an expertise in natural resource conservation. The school district superintendents shall be appointed by the commissioner of education. The committee members with areas of expertise in forestry, minerals and mining, real estate development, renewable energy, finance and land management, and natural resource conservation shall be appointed by the commissioner of natural resources. Members of the legislature shall be given the opportunity to recommend candidates for vacancies on the committee to the commissioners of education and natural resources. The advisory committee must also include a nonvoting member appointed by the commissioner of natural resources. The commissioner of natural resources shall provide administrative support to the committee. The members of the committee shall serve without compensation. The members of the Permanent School Fund Advisory Committee shall elect their chair and are bound by the provisions of sections 43A.38 and 116P.09, subdivision 6.~~

(1) six members of the senate, including three majority party members appointed by the majority leader and three minority party members appointed by the minority leader; and

(2) six members of the house of representatives, including three majority party members appointed by the speaker of the house and three minority party members appointed by the minority leader.

(b) Appointed legislative members serve at the pleasure of the appointing authority and continue to serve until their successors are appointed.

(c) The first meeting of the commission 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 commission. The chair may convene meetings as necessary to conduct the duties prescribed by this section.

Subd. 2. **Duties.** ~~The advisory committee~~ commission shall review the policies of the Department of Natural Resources and current statutes on management of school trust fund lands at least annually and shall recommend necessary changes in statutes, policy, and implementation in order to ensure provident utilization of the permanent school fund lands. By January 15 of each year, the ~~advisory committee~~ commission shall submit a report to the legislature with recommendations for the management of school trust lands to secure long-term economic return for the permanent school fund, consistent with sections 92.121 and 127A.31. ~~The committee's~~ commission's annual report may include recommendations to:

- (1) manage the school trust lands efficiently;
- (2) reduce the management expenditures of school trust lands and maximize the revenues deposited in the permanent school trust fund;
- (3) manage the sale, exchange, and commercial leasing of school trust lands to maximize the

revenues deposited in the permanent school trust fund and retain the value from the long-term appreciation of the school trust lands; ~~and~~

(4) manage the school trust lands to maximize the long-term economic return for the permanent school trust fund while maintaining sound natural resource conservation and management principles; and

(5) manage the asset allocation of the permanent school fund.

~~Subd. 3. **Duration.** Notwithstanding section 15.059, subdivision 5, the advisory committee is permanent and does not expire.~~

Sec. 8. [127A.351] POLICY AND PURPOSE.

(a) The purpose of sections 127A.351 to 127A.353 is to establish a school trust lands director position to recommend management policies for Minnesota's school trust lands in accordance with the provisions of the Minnesota Constitution, article XI, section 8.

(b) As trustee, the state must manage the lands and revenues generated from the lands consistent with the best interests of the trust beneficiaries as defined in the Minnesota Constitution, article XI, section 8. When it is in the best interest of the school trust lands, ecological benefits shall be taken into consideration.

(c) The trustee must be concerned with both income for the current beneficiaries and the preservation of trust assets for future beneficiaries, which requires a balancing of short-term and long-term interests so that long-term benefits are not lost in an effort to maximize short-term gains.

(d) Sections 127A.351 to 127A.353 shall be liberally construed to enable the school trust lands director and the commissioner of natural resources to faithfully fulfill the state's obligations to the trust beneficiaries.

Sec. 9. [127A.352] POLICY RECOMMENDATIONS; DUTIES.

Subdivision 1. **Recommendations.** The Legislative Permanent School Fund Commission shall recommend policies for the school trust lands director and the commissioner of natural resources that are consistent with the Minnesota Constitution, state law, and the goals established under section 84.027, subdivision 18.

Subd. 2. **Duties.** The commissioner of natural resources and the school trust lands director shall recommend to the governor and the Legislative Permanent School Fund Commission any necessary or desirable changes in statutes relating to the trust or their trust responsibilities consistent with the policies under section 127A.351.

Subd. 3. **Notice to commission and governor.** If the school trust lands director has an irreconcilable disagreement with the commissioner of natural resources pertaining to the fiduciary responsibilities consistent with the school trust lands, it is the duty of the director to report the subject of the disagreement to the Legislative Permanent School Fund Commission and the governor.

Sec. 10. [127A.353] SCHOOL TRUST LANDS DIRECTOR.

Subdivision 1. **Appointment.** The school trust lands director shall be appointed by the governor.

The commissioner of administration shall provide office space for the director. The commissioner shall provide human resources, payroll, accounting, procurement, and other similar administrative services to the school trust lands director. The director's appointment is subject to the advice and consent of the senate.

Subd. 2. **Qualifications.** The governor shall select the school trust lands director on the basis of outstanding professional qualifications and knowledge of finance, business practices, minerals, forest and real estate management, and the fiduciary responsibilities of a trustee to the beneficiaries of a trust. The school trust lands director serves in the unclassified service for a term of four years. The first term shall end on December 31, 2016. The governor may remove the school trust lands director for cause. If a director resigns or is removed for cause, the governor shall appoint a director for the remainder of the term.

Subd. 3. **Compensation.** Compensation of the school trust lands director shall be established under chapter 15A.

Subd. 4. **Duties; powers.** (a) The school trust lands director shall:

- (1) take an oath of office before assuming any duties as the director;
- (2) evaluate the school trust land asset position;
- (3) determine the estimated current and potential market value of school trust lands;
- (4) advise the governor, Executive Council, commissioner of natural resources, and the Legislative Permanent School Fund Commission on the management of school trust lands, including:
 - (i) Department of Natural Resources school trust land management plans;
 - (ii) leases of school trust lands;
 - (iii) royalty agreements on school trust lands;
 - (iv) land sales and exchanges;
 - (v) cost certification; and
 - (vi) revenue generating options;
- (5) propose to the Legislative Permanent School Fund Commission legislative changes that will improve the asset allocation of the school trust lands;
- (6) develop a ten-year strategic plan and a 25-year framework for management of school trust lands, in conjunction with the commissioner of natural resources, that is updated every five years and implemented by the commissioner, with goals to:
 - (i) retain core real estate assets;
 - (ii) increase the value of the real estate assets and the cash flow from those assets;
 - (iii) rebalance the portfolio in assets with high performance potential and the strategic disposal of selected assets;

- (iv) establish priorities for management actions; and
 - (v) balance revenue enhancement and resource stewardship;
 - (7) submit to the Legislative Permanent School Fund Commission for review an annual budget and management plan for the director; and
 - (8) keep the beneficiaries, governor, legislature, and the public informed about the work of the director by reporting to the Legislative Permanent School Fund Commission in a public meeting at least once during each calendar quarter.
- (b) In carrying out the duties under paragraph (a), the school trust lands director shall have the authority to:
- (1) direct and control money appropriated to the director;
 - (2) establish job descriptions and employ up to five employees in the unclassified service, within the limitations of money appropriated to the director;
 - (3) enter into interdepartmental agreements with any other state agency; and
 - (4) submit recommendations on strategies for school trust land leases, sales, or exchanges to the commissioner of natural resources and the Legislative Permanent School Fund Commission.

Sec. 11. COSTS OF SCHOOL TRUST LANDS DIRECTOR AND LEGISLATIVE PERMANENT SCHOOL FUND COMMISSION.

(a) The costs of the school trust lands director, including the costs of hiring staff, and the Legislative Permanent School Fund Commission for fiscal years 2014 and 2015 shall be from the state forest development account under Minnesota Statutes, section 16A.125, and from the minerals management account under Minnesota Statutes, section 93.2236, as appropriated by the legislature.

(b) The school trust lands director and the Legislative Permanent School Fund Commission shall submit to the 2014 legislature a proposal to fund the operational costs of the Legislative Permanent School Fund Commission and school trust lands director and staff with a cost certification method using revenues generated by the permanent school fund lands.

Sec. 12. EFFECTIVE DATE.

Sections 1 to 10 are effective July 1, 2013."

Delete the title and insert:

"A bill for an act relating to the permanent school fund; changing the Permanent School Fund Advisory Committee into a legislative commission; providing for a director for school trust lands; amending Minnesota Statutes 2010, sections 15A.0815, subdivision 3; 16A.06, subdivision 11; 16A.125, subdivision 5; 84.027, subdivision 18; 92.45; 94.342, subdivision 5; 127A.30; proposing coding for new law in Minnesota Statutes, chapter 127A."

We request the adoption of this report and repassage of the bill.

House Conferees: Tim O'Driscoll, Carolyn McElfatrick, Denny McNamara, Denise Dittrich, Steve Simon

Senate Conferees: Benjamin A. Kruse, Thomas M. Bakk, John J. Carlson, Gen Olson, Dave A. Thompson

Senator Kruse moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2244 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 2244 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 42 and nays 20, as follows:

Those who voted in the affirmative were:

Bakk	Fischbach	Koch	Nelson	Senjem
Benson	Gazelka	Koenen	Newman	Stumpf
Bonoff	Gerlach	Kruse	Nienow	Thompson
Brown	Gimse	Latz	Olson	Tomassoni
Carlson	Hall	Lillie	Parry	Wiger
Chamberlain	Hann	Limmer	Pederson	Wolf
Dahms	Hoffman	Magnus	Robling	
Daley	Howe	Michel	Rosen	
DeKruif	Ingebrigtsen	Miller	Saxhaug	

Those who voted in the negative were:

Cohen	Goodwin	Kelash	Metzen	Skoe
Dibble	Harrington	Lourey	Reinert	Sparks
Dziedzic	Hayden	Marty	Rest	Torres Ray
Eaton	Higgins	McGuire	Sieben	Vandever

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

REPORTS OF COMMITTEES

Senator Senjem moved that the Committee Report at the Desk be now adopted. The motion prevailed.

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

S.F. No. 2391: A bill for an act relating to stadiums; providing for a new National Football League stadium in Minnesota; establishing a Minnesota Sports Facilities Authority; authorizing the sale and issuance of state appropriation bonds; abolishing the Metropolitan Sports Facilities Commission; providing for use of certain local tax revenue; providing for electronic pull-tab games, electronic linked bingo games, and sports-themed tipboard games; providing for the conditional imposition of certain taxes and collection of other revenues; modifying certain rates of tax on lawful gambling; providing for forgiveness of debt for St. Paul RiverCentre; appropriating money; amending Minnesota Statutes 2010, sections 3.971, subdivision 6; 3.9741, by adding a subdivision; 13.55, subdivision 1; 297E.01, subdivisions 7, 8, 9; 297E.02, subdivisions 1, 3, 6, 7, 10, 11, by adding a subdivision; 297E.13, subdivision 5; 349.12, subdivisions 3b, 3c, 5, 6a, 12a, 18, 25, 25b, 25c, 25d, 29, 31, 32, by adding subdivisions; 349.13; 349.151, subdivisions 4b, 4c, by

adding a subdivision; 349.155, subdivisions 3, 4; 349.161, subdivisions 1, 5; 349.162, subdivision 5; 349.163, subdivisions 1, 5, 6; 349.1635, subdivisions 2, 3, by adding a subdivision; 349.165, subdivision 2; 349.17, subdivisions 6, 7, 8, by adding a subdivision; 349.1721; 349.18, subdivision 1; 349.19, subdivisions 2, 3, 5, 10; 349.211, subdivision 1a; 352.01, subdivision 2a; 473.121, subdivision 5a; 473.164; 473.565, subdivision 1; Minnesota Statutes 2011 Supplement, section 10A.01, subdivision 35; Laws 1986, chapter 396, sections 4, as amended; 5, as amended; Laws 1993, chapter 375, article 9, section 46, subdivisions 2, as amended, 5, as amended; Laws 1998, chapter 404, section 23, subdivision 6, as amended; proposing coding for new law in Minnesota Statutes, chapters 16A; 297A; proposing coding for new law as Minnesota Statutes, chapter 473J; repealing Minnesota Statutes 2010, sections 297E.02, subdivision 4; 349.12, subdivision 2; 473.551; 473.552; 473.553, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13; 473.556, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 16, 17; 473.561; 473.564, subdivisions 2, 3; 473.572; 473.581; 473.592, subdivision 1; 473.595; 473.598; 473.599; 473.76.

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

Page 8, line 23, delete "shall control, operate, and have" and insert "controls, operates, and has"

Page 9, line 1, after "finance" insert a comma

Page 11, line 12, before "city" insert "state,"

Page 15, line 6, after the period, insert "In addition, the authority shall contract with an employment assistance firm, preferably minority-owned, to create an employment program to recruit, hire, and retain minorities for the stadium facility. The authority shall hold a job fair and recruit and advertise at Minneapolis Urban League, Sabathani, American Indian OIC, Youthbuild organizations, and other such organizations."

Page 15, line 23, after "stadium" insert "in Indianapolis, Indiana,"

Page 20, line 12, after "be" insert "used to pay down the remaining debt service. If any portion remains after debt service is paid, that amount is"

Page 20, line 14, delete "18" and insert "25"

Page 20, line 16, delete the comma and insert "for the first ten years" and delete "in" and insert ", declining to 15 percent for the next ten years, and further declining to ten percent for the next ten years."

Page 20, line 17, delete everything before "The"

Page 21, line 1, after "certification" insert "or the Green Building Initiative Green Globes certification"

Page 28, line 22, delete "and"

Page 28, line 24, delete the period and insert a semicolon

Page 28, after line 24, insert:

"(5) the appropriations under article 2, section 3, paragraphs (a) to (c); and

(6) the appropriations under article 2, section 3, paragraph (f)."

Page 29, line 6, after the semicolon, insert "and"

Page 29, line 8, delete "; and" and insert a period

Page 29, delete lines 9 and 10

Page 35, line 31, delete "NFL team" and insert "state"

Page 36, line 5, delete "2046" and insert "2056"

Page 39, line 24, delete "2046" and insert "2056"

Page 42, line 14, delete everything after "(5)" and insert "has no additional function as an amusement or gambling device other than as an electronic pull-tab game as defined under section 349.12, subdivision 12c;"

Page 42, line 15, delete the second "and"

Page 42, line 17, delete the period and insert "; and"

Page 42, after line 17, insert:

"(8) has the capability to allow use by a player who is visually impaired."

Page 42, line 33, delete everything after "(6)" and insert "has no additional function as a gambling device other than as an electronic-linked bingo game played on a device defined under section 349.12, subdivision 12a;"

Page 43, line 8, delete the second "and"

Page 43, line 9, delete the period and insert "; and"

Page 43, after line 9, insert:

"(11) has the capability to allow use by a player who is visually impaired."

Page 70, after line 34, insert:

"ARTICLE 6

RACINO

Section 1. [47.522] PROHIBITION NEAR RACINO.

No detached facility may be located on the premises of a racetrack referenced in section 349A.17, subdivision 1, paragraph (a).

Sec. 2. Minnesota Statutes 2010, section 240.03, is amended to read:

240.03 COMMISSION POWERS AND DUTIES.

The commission has the following powers and duties:

- (1) to regulate horse racing in Minnesota to ensure that it is conducted in the public interest;
- (2) to issue licenses as provided in this chapter;

- (3) to enforce all laws and rules governing horse racing;
- (4) to collect and distribute all taxes provided for in this chapter;
- (5) to conduct necessary investigations and inquiries and compel the submission of information, documents, and records it deems necessary to carry out its duties;
- (6) to supervise the conduct of pari-mutuel betting on horse racing;
- (7) to employ and supervise personnel under this chapter;
- (8) to determine the number of racing days to be held in the state and at each licensed racetrack;
- (9) to take all necessary steps to ensure the integrity of racing in Minnesota; ~~and~~

(10) to impose fees on the racing and card playing industries sufficient to recover the operating costs of the commission with the approval of the legislature according to section 16A.1283. Notwithstanding section 16A.1283, when the legislature is not in session, the commissioner of management and budget may grant interim approval for any new fees or adjustments to existing fees that are not statutorily specified, until such time as the legislature reconvenes and acts upon the new fees or adjustments. As part of its biennial budget request, the commission must propose changes to its fees that will be sufficient to recover the operating costs of the commission; and

(11) to take all necessary steps to ensure the security of all activities in a class A licensed racetrack. The duties and responsibilities of the commission include but are not limited to licensing employees of a class A licensee and vendors to the class A licensee involved in the conduct of gaming machines authorized by a location contract with the director of the State Lottery under section 349A.17 and overall surveillance and security of all conduct on all facilities of a licensed racetrack. The commission shall require that a class A licensed racetrack reimburse it for the commission's actual costs, including personnel costs, for conducting activities provided in this clause and amounts received must be deposited as provided in section 240.155, subdivision 1. The commission shall review procedures of the class A licensee to ensure compliance with section 240.13, subdivision 5a.

Sec. 3. Minnesota Statutes 2010, section 240.13, is amended by adding a subdivision to read:

Subd. 5a. Equine industry improvement fund. (a) To compensate the horse racing industry for the presence of lottery gaming machines at class A racing facilities, the commission shall establish and maintain an equine industry improvement fund. Each licensee holding a location contract with the lottery director shall, as directed by the commission, transmit an amount equal to 12 percent of the location contract compensation received from the lottery director to the commission for deposit into the equine industry improvement fund. Seventy-five percent of the funds shall be allocated for purse supplements. The commission shall routinely transfer 80 percent of the fund allocated for purse supplements to a licensee conducting live racing for more than one breed of horse and 20 percent to a licensee conducting live racing for only one breed of horse and direct the licensee to use the funds to supplement purses offered for live races. Purse supplements required under this subdivision are in addition to purse payments otherwise established by law or contract. The location contract holder and the organization representing the majority of horsepersons racing at the location contract holder's racetrack may, by written contract, agree to use a portion of the transferred funds for racing-related purposes other than purse supplementation.

(b) The commission shall allocate 20 percent of the fund for breeder's fund purposes and shall transmit that amount to the breeder's fund for the benefit of each breed racing at a class A licensed facility hosting lottery gaming machines. Amounts transferred shall be in the same proportions established, under this subdivision, for purse supplements. Amounts transferred to a breeder's fund shall be used for the purposes of section 240.18, subdivisions 2, paragraph (d), and 3, paragraph (b), subject to the proportionality requirement in section 240.18, subdivision 1.

(c) Five percent of the fund shall be placed in an equine industry enhancement fund established by the commission. The commission shall award grants from this account designed to support and improve the nonracing equine industry including, but not limited to, construction of facilities and trails, production of shows, and issues related to retired horses.

Sec. 4. Minnesota Statutes 2010, section 240.14, is amended by adding a subdivision to read:

Subd. 5. **Lottery contract holder; minimum racing days.** Licensees holding location contracts with the director of the lottery, who are authorized to conduct live racing for more than one breed of horse, shall conduct thoroughbred and quarter horse racing. In any year the licensee shall offer the equivalent of at least two quarter horse races for each racing day granted to the licensee by the commission, however, the licensee and the organization representing the majority of quarter horses owners licensed to race in the state may agree to a different number of live races to be offered. Scheduling of quarter horse races shall be as approved by the commission pursuant to section 240.03, clause (8). Willful failure to offer the races required by this subdivision shall subject the licensee to disciplinary action as deemed appropriate by the commission.

Sec. 5. **[297A.651] LOTTERY GAMING MACHINES; IN-LIEU FEE.**

Adjusted gross revenue from the operation of gaming machines authorized under chapter 349A is exempt from the tax imposed under section 297A.62 and chapter 297E and any other tax, license, permit, or assessment for conducting a gambling activity that is not imposed by this section. The State Lottery must, on or before the 20th day of each month, transmit to the commissioner an amount equal to the adjusted gross gaming machine revenue from the operation of gaming machines, as defined in section 349A.01, for the previous month multiplied by: (1) 25 percent of annual adjusted gross gaming machine revenue generated by each person that has a location contract under section 349A.17, subdivision 1, up to \$150,000,000; (2) 30 percent of annual adjusted gross gaming machine revenue generated by each person that has a location contract under section 349A.17, subdivision 1, between \$150,000,000 and \$200,000,000; and (3) 40 percent of annual adjusted gross gaming machine revenue generated by each person that has a location contract under section 349A.17, subdivision 1, in excess of \$200,000,000. The commissioner shall deposit the money transmitted under this section in the state treasury.

Sec. 6. Minnesota Statutes 2010, section 299L.07, subdivision 2, is amended to read:

Subd. 2. **Exclusions.** Notwithstanding subdivision 1, a gambling device:

(1) may be sold by a person who is not licensed under this section, if the person (i) is not engaged in the trade or business of selling gambling devices, and (ii) does not sell more than one gambling device in any calendar year;

(2) may be sold by the governing body of a federally recognized Indian tribe described in subdivision 2a, paragraph (b), clause (1), which is not licensed under this section, if (i) the gambling

device was operated by the Indian tribe, (ii) the sale is to a distributor licensed under this section, and (iii) the licensed distributor notifies the commissioner of the purchase, in the same manner as is required when the licensed distributor ships a gambling device into Minnesota;

(3) may be possessed by a person not licensed under this section if the person holds a permit issued under section 299L.08; ~~and~~

(4) may be possessed by a state agency, with the written authorization of the director, for display or evaluation purposes only and not for the conduct of gambling; and

(5) may be possessed by the State Lottery or a person who has entered into a location contract with the State Lottery as authorized under chapter 349A.

Sec. 7. Minnesota Statutes 2010, section 299L.07, subdivision 2a, is amended to read:

Subd. 2a. **Restrictions.** (a) A manufacturer licensed under this section may sell, offer to sell, lease, or rent, in whole or in part, a gambling device only to a distributor licensed under this section or to the State Lottery as authorized under chapter 349A.

(b) A distributor licensed under this section may sell, offer to sell, market, rent, lease, or otherwise provide, in whole or in part, a gambling device only to:

(1) the governing body of a federally recognized Indian tribe that is authorized to operate the gambling device under a tribal state compact under the Indian Gaming Regulatory Act, Public Law 100-497, and future amendments to it;

(2) a person for use in the person's dwelling for display or amusement purposes in a manner that does not afford players an opportunity to obtain anything of value;

(3) another distributor licensed under this section; ~~or~~

(4) a person in another state who is authorized under the laws of that state to possess the gambling device; or

(5) the State Lottery as authorized under chapter 349A.

Sec. 8. Minnesota Statutes 2010, section 349A.01, is amended by adding a subdivision to read:

Subd. 1a. **Adjusted gross gaming machine revenue.** "Adjusted gross gaming machine revenue" means the sum of all money received by the lottery for gaming machine plays, other than promotional plays, less the amount paid out in prizes for gaming machine games.

Sec. 9. Minnesota Statutes 2010, section 349A.01, is amended by adding a subdivision to read:

Subd. 6a. **Gaming machine.** "Gaming machine" means any electronic device which, upon insertion of money, coin, token, voucher, electronic card, or other consideration, allows the play of a game, authorized by the director, the outcome of which is determined entirely or partly by chance. A gaming machine may award a player a prize in the form of money, tokens, prize slips, or other authorized consideration.

Sec. 10. Minnesota Statutes 2010, section 349A.01, is amended by adding a subdivision to read:

Subd. 6b. **Gaming machine area.** "Gaming machine area" means an area within ten feet of a

gaming machine.

Sec. 11. Minnesota Statutes 2010, section 349A.01, is amended by adding a subdivision to read:

Subd. 6c. **Gaming machine game.** "Gaming machine game" means a game operated by a gaming machine as authorized by the director.

Sec. 12. Minnesota Statutes 2010, section 349A.01, is amended by adding a subdivision to read:

Subd. 6d. **Gaming machine play.** "Gaming machine play" means an electronic record that proves participation in a gaming machine game.

Sec. 13. Minnesota Statutes 2010, section 349A.01, subdivision 10, is amended to read:

Subd. 10. **Lottery procurement contract.** "Lottery procurement contract" means a contract to provide lottery products, gaming machines, maintenance of gaming machines, computer hardware and software used to monitor sales of lottery tickets and gaming machine plays, and lottery tickets. "Lottery procurement contract" does not include a contract to provide an annuity or prize payment agreement or materials, supplies, equipment, or services common to the ordinary operation of a state agency.

Sec. 14. Minnesota Statutes 2010, section 349A.10, subdivision 3, is amended to read:

Subd. 3. **Lottery operations.** (a) The director shall establish a lottery operations account in the lottery fund. The director shall pay all costs of operating the lottery, including payroll costs or amounts transferred to the state treasury for payroll costs, but not including lottery prizes, from the lottery operating account. The director shall credit to the lottery operations account amounts sufficient to pay the operating costs of the lottery.

(b) Except as provided in paragraph (e), the director may not credit in any fiscal year thereafter amounts to the lottery operations account which when totaled exceed nine percent of gross revenue to the lottery fund in that fiscal year. In computing total amounts credited to the lottery operations account under this paragraph the director shall disregard amounts transferred to or retained by lottery retailers as sales commissions or other compensation and amounts transferred or retained by a racetrack under a location contract under section 349A.17.

(c) The director of the lottery may not expend after July 1, 1991, more than 2-3/4 percent of gross revenues in a fiscal year for contracts for the preparation, publication, and placement of advertising.

(d) Except as the director determines, the lottery is not subject to chapter 16A relating to budgeting, payroll, and the purchase of goods and services.

(e) In addition to the amounts credited to the lottery operations account under paragraph (b), the director is authorized, if necessary, to meet the current obligations of the lottery and to credit up to 25 percent of an amount equal to the average annual amount which was authorized to be credited to the lottery operations account for the previous three fiscal years but was not needed to meet the obligations of the lottery.

Sec. 15. Minnesota Statutes 2010, section 349A.13, is amended to read:

349A.13 RESTRICTIONS.

Nothing in this chapter:

(1) authorizes the director to conduct a lottery game or contest the winner or winners of which are determined by the result of a sporting event other than a horse race conducted under chapter 240;

(2) authorizes the director to install or operate a lottery device operated by coin or currency which when operated determines the winner of a game, except as authorized under section 349A.17; and

(3) authorizes the director to sell pull-tabs as defined under section 349.12, subdivision 32.

Sec. 16. [349A.17] GAMING MACHINES.

Subdivision 1. Location contract. (a) The director may enter into a contract with a person to provide locations for gaming machines. Contracts entered into under this section are not subject to chapter 16C. The director may only enter a contract under this subdivision with a person who holds a class A license under chapter 240. The gaming machines may only be placed at the racetrack for which the class A license under chapter 240 was issued. Contracts entered into under this section are void if the racetrack: (1) has not hosted at least 75 days of live racing, authorized by the Minnesota Racing Commission, during the previous year, or (2) has not been approved, unless approval is pending, for at least 75 days of live racing during the present year. In the case of licensees authorized to conduct racing for only one breed of horse, the live racing requirement is 50 days.

(b) The director may cancel, suspend, or refuse to renew the location contract if the person:

(1) fails to account for proceeds from the gaming machines;

(2) fails to remit funds to the director in accordance with the location contract;

(3) violates a law, rule, or order of the director;

(4) fails to comply with a material term of the location contract; or

(5) has acted in a manner prejudicial to the public confidence in the integrity of the operation of the gaming machines.

The cancellation, suspension, or refusal to renew the location contract is a contested case under sections 14.57 to 14.69.

(c) Contracts entered into under this section must provide for compensation to the licensee in recognition of goods, services, and facilities provided expenses, risk factors, and losses. Compensation shall be in an amount equal to at least the following percentages of adjusted gross gaming machine revenue generated at the licensee's facility:

(1) of the first \$150,000,000 of annual adjusted gross gaming machine revenue, 60 percent;

(2) of annual adjusted gross gaming machine revenue between \$150,000,000 and \$200,000,000, 55 percent; and

(3) of annual adjusted gross gaming machine revenue in excess of \$200,000,000, 45 percent.

(d) A licensee must annually remit one percent of the compensation it receives pursuant to this section to the city, and one percent to the county in which the licensee conducts racing.

Subd. 2. **Operation.** (a) All gaming machines that are placed at a racetrack under subdivision 1 must be operated and controlled by the director.

(b) Gaming machines must be owned or leased by the director, however, the financial responsibility for all other activities related to the gaming facility including, but not limited to, advertising, marketing, facility expenses, staffing, security, and surveillance, shall be borne by the holder of the location contract.

(c) Gaming machines must be maintained by the lottery, or by a vendor that is under the control and direction of the director.

(d) The director must have a central communications system that monitors activities on each gaming machine. The central communications system must be located at a lottery office.

(e) The director must approve and oversee the general security arrangements associated with and relating to the operation of the gaming machines and implement procedures as deemed appropriate.

(f) Advertising and promotional material produced by the racetrack relating to gaming machines located at the facility must be approved by the director.

(g) The director may implement such other controls as are deemed necessary for the operation of gaming machines under this section.

(h) The holder of a location contract must make reasonable efforts to prevent drinking or possession of intoxicating beverages in gaming machine areas, and must not serve or allow consumption of intoxicating beverages in gaming machine areas. A violation of this section by location provider is subject to section 340A.415. The holder of a location contract is, however, exempt from this provision, and may allow serving and possession of intoxicating beverages in the gaming machine area, if the premises is located within ten miles of a facility conducting class III gambling under section 3.9221 that allows alcohol consumption in its gaming machine area.

Subd. 3. **Specifications.** Gaming machines must be capable of being linked electronically to a central communications system to provide auditing program information as required by the director.

Subd. 4. **Games.** The director shall specify the games that may be placed on a gaming machine as provided in section 349A.04. Gaming machines may conduct pari-mutuel wagering and display horse races under specifications provided by the director.

Subd. 5. **Examination of machines.** The director shall examine prototypes of gaming machines and require that the manufacturer of the machine pay the cost of the examination. The director may contract for the examination of gaming machines.

Subd. 6. **Testing of machines.** The director may require working models of a gaming machine to be transported to the locations the director designates for testing, examination, and analysis. The manufacturer shall pay all costs for testing, examination, analysis, and transportation of the machine model.

Subd. 7. **Prizes.** A person who plays a gaming machine agrees to be bound by the rules and game procedures applicable to that particular gaming machine game. The player acknowledges that the determination of whether the player has won a prize is subject to the rules and game procedures adopted by the director, claim procedures established by the director for the game, and

any confidential or public validation tests established by the director for the game. A person under 18 years of age may not claim a prize from the operation of a gaming machine. A prize claimed from the play of a gaming machine game is not subject to section 349A.08, subdivision 8.

Subd. 8. **Prohibitions.** (a) A person under the age of 18 years may not play a game on a gaming machine.

(b) The director or any employee of the lottery, or a member of the immediate family residing in the same household, may not play a game on a gaming machine or receive a prize from the operation of a gaming machine.

(c) No person shall consume or possess intoxicating beverages within a gaming machine area.

Subd. 9. **Compulsive gambling notice.** The director shall prominently post, in the area where the gaming machines are located, the toll-free telephone number established by the commissioner of human services in connection with the compulsive gambling program established under section 245.98. The director and the location provider shall establish a responsible gambling plan in consultation with the National Council on Problem Gambling or the Minnesota affiliate. By January 15 of each year, the director shall submit a report to the legislature, of not more than five pages in length, setting forth the status of the responsible gambling plan.

Subd. 10. **Local licenses.** Except as provided in subdivision 1, paragraph (d), no political subdivision may require a license to operate a gaming machine, restrict or regulate the placement of gaming machines, or impose a tax or fee on the business of operating gaming machines.

Sec. 17. **LOTTERY BUDGET.**

The director of the State Lottery shall submit a budget for the operation and control of gaming machines to the commissioner of management and budget. Notwithstanding Minnesota Statutes, section 349A.10, subdivision 6, the director of the State Lottery may expend amounts necessary to operate and control the gaming machines. Amounts expended by the director of the State Lottery for the operation and control of the gaming machines in fiscal years 2013 and 2014 are not subject to the maximum amount set in law for the operation of the lottery.

Sec. 18. **RACINO REVENUE.**

Revenue transmitted to the commissioner under Minnesota Statutes, section 297A.651, must be deposited in the general fund.

Sec. 19. **SEVERABILITY; SAVINGS.**

If any provision of this act is found to be invalid because it is in conflict with a provision of the Minnesota Constitution or the Constitution of the United States, or for any other reason, all other provisions of this act shall remain valid and any rights, remedies, and privileges that have been otherwise accrued by this act, shall remain in effect and may be proceeded with and concluded under this act.

Sec. 20. **REPEALER.**

Minnesota Statutes 2010, section 240.30, subdivisions 3 and 8, are repealed.

Sec. 21. **EFFECTIVE DATE.**

This article is effective the day following final enactment."

Page 71, line 22, delete everything before "for"

Page 73, line 31, delete "2013" and insert "2012"

Page 74, line 25, delete "2013" and insert "2012"

Page 77, delete article 8

Renumber the articles in sequence

Amend the title as follows:

Page 1, line 9, delete "providing for forgiveness of debt for St. Paul RiverCentre" and insert "authorizing the director of the State Lottery to establish gaming machines at a licensed racetrack"

Amend the title numbers accordingly

And when so amended the bill be re-referred to the Committee on Taxes without recommendation. Amendments adopted. Report adopted.

MOTIONS AND RESOLUTIONS - CONTINUED

Senator Bakk moved that H.F. No. 2022, No. 10 on General Orders, be stricken and laid on the table. The motion prevailed.

RECESS

Senator Senjem 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.

APPOINTMENTS

Senator Senjem from the Subcommittee on Conference Committees recommends that the following Senators be and they hereby are appointed as a Conference Committee on:

H.F. No. 2171: Senators Ingebrigtsen, Gazelka, Carlson, Dziedzic and Miller.

Senator Senjem moved that the foregoing appointments be approved. The motion prevailed.

MEMBERS EXCUSED

Senator Sheran was excused from the Session of today. Senator Jungbauer was excused from the Session of today at 4:50 p.m. Senator Pederson was excused from the Session of today from 4:50 to 5:15 p.m. Senator Hann was excused from the Session of today from 4:50 to 5:20 p.m. Senator Pappas was excused from the Session of today at 6:00 p.m.

109TH DAY]

WEDNESDAY, APRIL 25, 2012

6501

ADJOURNMENT

Senator Senjem moved that the Senate do now adjourn until 1:00 p.m., Thursday, April 26, 2012.
The motion prevailed.

Cal R. Ludeman, Secretary of the Senate

